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Guideline Advisory

Demand Side Grid Support Program Provisions During the State of Emergency

September 3, 2022

This advisory provides guidance from the California Energy Commission (CEC) pertaining to the implementation and program rules of the Demand Side Grid Support (DSGS) Program in response to Governor Newsom's Proclamation of a State of Emergency (Proclamation) from August 31, 2022, through September 7, 2022, Executive Order N-14-2, and any future extensions related to this extreme heat event.

Background

AB 205 (Ting, Chapter 61, Statutes of 2022) established the Strategic Reliability Reserve Fund and the Demand Side Grid Support account and program within the fund to ensure electricity reliability during extreme events. On August 10, 2022, the CEC adopted initial guidelines (Guidelines) to begin implementing the program with the understanding that the program would evolve in response to identified needs and experience gained through implementation.

On August 31, 2022, the Governor proclaimed a State of Emergency to exist in California due to an Extreme Heat Event through September 7, 2022, and found that it was necessary to take action immediately to respond to the Extreme Heat Event given its forecasted severity and duration. The Proclamation also finds that conditions of extreme peril to the safety of persons and property exists and that strict compliance with the various statutes and regulations specified in the Proclamation would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the Extreme Heat Event. The Proclamation provides that any permit, regulation, or law prohibiting, restricting, or penalizing the use of stationary or portable generators or other conduct allowed by the Proclamation during the time periods specified is suspended.

After issuance of the Proclamation, temperatures rose quicker than expected, several power plants experienced heat-related outages, and several sources of electricity supply were lost or threatened due to fire, prompting the Governor to issue a follow-on Executive Order to address this State of Emergency. (EO N-14-22.) Among other things, the Executive Order provided additional relief from

existing requirements for the operation of stationary and portable backup generators to aid in the emergency response. The Executive Order established that the use of stationary or portable generators on any day with respect to which the California Independent System Operator (CAISO) has issued an Energy Emergency Alert (EEA) Watch or Energy Emergency Alert shall be deemed an emergency use or an emergency event. Given this State of Emergency the Energy Commission has determined that all available resources are needed upon an EEA Watch to support grid reliability.

Therefore, in light of the State of Emergency and under the authority provided to the CEC by AB 205 to implement the Demand Side Grid Support Program, the CEC makes the following clarifications to the program to ensure sufficient resources are available to respond to the State of Emergency.

Official Guidance

Aggregators of Customers

As allowed by Public Resources Code Section 25792(b)(2), aggregators of customers may participate in the DSGS Program as DSGS providers in territories where a retail supplier is not currently enrolled as a DSGS provider.

Aggregators must provide information of enrolled customers to the appropriate retail supplier, CAISO, and the CEC in as close to real-time as possible.

Actions Available Upon CAISO Declaring an EEA Watch

During an EEA Watch declared by CAISO, all resources may be dispatched, regardless of time of day, and energy payments specified in the Guidelines will be available to the resources dispatched. Backup generators can receive energy payments if dispatched during an EEA Watch.

For resources participating in DSGS incentive Option 2, energy payments and standby payments will be stacked upon demonstration that the resource has been dispatched (total of \$2,250 per MWh). Standby payments will remain at \$250 per MWh.

Additional Actions

If AB 209 (Ting, Statutes of 2022) is enacted into law, the DSGS Program will immediately be opened to community choice aggregators and specific customers in investor-owned utility territories, except those that are enrolled in demand response or emergency load reduction programs offered by entities under the jurisdiction of the Public Utilities Commission.

Illustration of New Guidance Under Emergency Proclamation

CAISO Notification	Initial Guidelines	New Guidance Under Emergency Proclamation
EEA Watch Period	All resources on standby	All resources may dispatch pursuant to the Emergency Proclamation. Ramp-up periods are eligible for standby payments until resource dispatches
EEA 1 Period	Non-combustion resources dispatch Combustion resources on standby	Non-combustion resources dispatch Combustion resources may dispatch
EEA 2 Period	All resources dispatch	(No change)
EEA 3 Period	All resources dispatch	(No change)

Example:

On Day 1, CAISO issues a notification of an EEA Watch on Day 2, from 5-8pm. On Day 2, an EEA 1 is noticed from 6-8pm and an EEA 2 is noticed for 8-10pm.

Event	Possible Actions
Day 1	
CAISO Issues EEA Watch for Day 2 from 5-8 PM	<ul style="list-style-type: none"> Ramp-up of backup generators allowed under the Emergency Proclamation, if necessary
Day 2	
EEA Watch, 5-6pm	<ul style="list-style-type: none"> Dispatch of all resources allowed Standby payments provided if enrolled resource is not dispatched
EEA 1, 6-8pm	<ul style="list-style-type: none"> Non-combustion resources dispatched Dispatch of combustion resources allowed Standby payments provided if enrolled combustion resource is not dispatched
EEA 2, 8-10pm	<ul style="list-style-type: none"> Dispatch of all resources