

DOCKETED	
Docket Number:	21-ESR-01
Project Title:	Energy System Reliability
TN #:	250183
Document Title:	Demand Side Grid Support and Distributed Electricity Backup Assets
Description:	9 - CEC - Presentation
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Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	5/16/2023 5:02:30 PM
Docketed Date:	5/17/2023



Demand Side Grid Support and Distributed Electricity Backup Assets

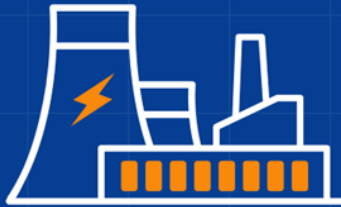
Presenter: Ashley Emery, CEC



Strategic Reliability Reserve (AB 205)



Strategic Electricity Reliability Reserve (AB 205)



\$2.4 Billion

**Strategic Reliability
Infrastructure Assets**



\$700 Million

**Distributed Electricity
Backup Assets**



\$295 Million

**Demand Side
Grid Support**



\$3.4 BILLION TOTAL

*As of September 2022



CEC Reliability Reserve Incentive Programs (AB 205 and AB 209)

	Demand Side Grid Support (DSGS)	Distributed Electricity Backup Assets (DEBA)
Funding	\$295 Million (over 5 years)	\$700 Million (over 5 years)
Incentivized Activities	Use of load reduction resources during extreme events	Purchase of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction
Eligibility	Statewide	Statewide
Program Status	Launched August 2022 Incorporating lessons learned	Under development



Phased Approach to DSGS Expansion

2022	Phase 1: Expedited development and launch
2023	Phase 2: <ul style="list-style-type: none">• Streamline and simplify participation• Test approaches to maximize demand response• Prepare for 2024 and beyond<ul style="list-style-type: none">• Explore and resolve policy tensions and operational complexities• Secure a third-party administrator
2024 & Beyond	Phase 3: <ul style="list-style-type: none">• Scale• Unlock and grow cleaner resources for Strategic Reliability Reserve

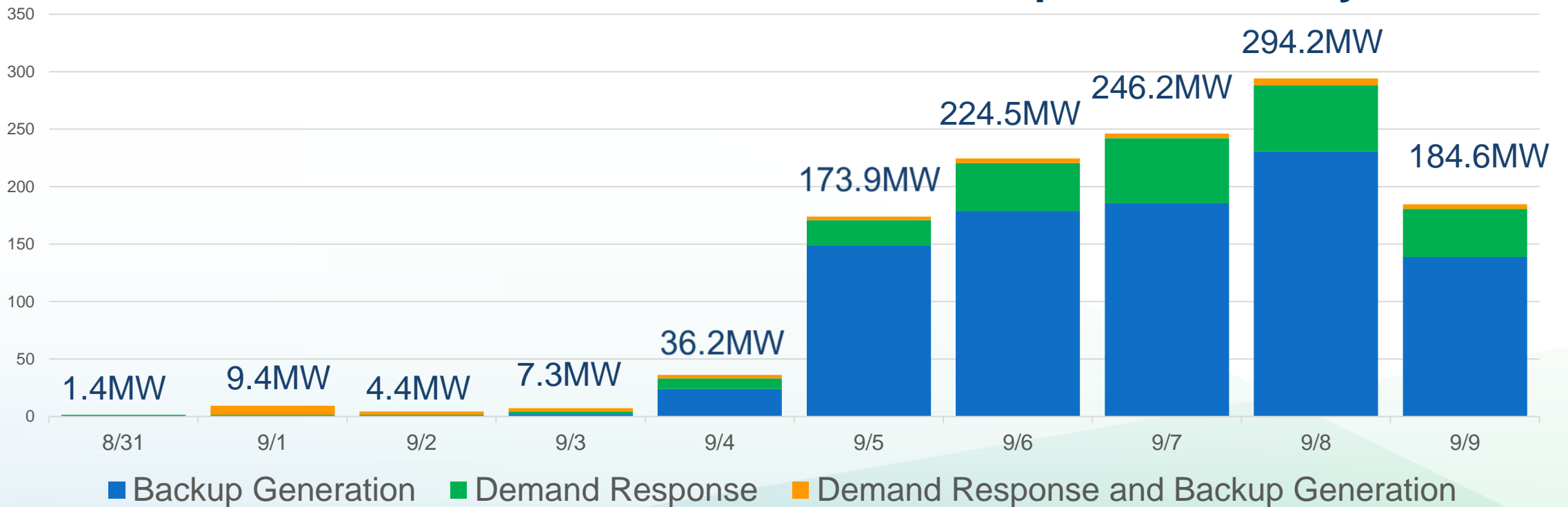


DSGS Summer 2022 Impact: Estimates Based on Enrollment

Over 44 Individual Entities Participated

Over 315 MW Enrolled

Total Estimated MW Enrolled to Dispatch Each Day





Lessons Learned from Summer 2022

- **Incorporate programmatic features inherently designed for contingencies.**
- **Address enrollment complexities.**
- **Improve communications.**
- **Offer increased visibility for CAISO and energy market into the energy load including customer and aggregator activity.**



Potential Guideline Changes for Summer 2023

- **Expand eligibility to certain IOU customers.**
- **Incorporate aggregators of customers as DSGS providers.**
- **Dispatch cleaner resources earlier.**
- **New market-integrated demand response incentive pathway.**
- **New market-aware battery storage incentive pathway.**



Target 2023 DSGS Timetable

Target Dates (Subject to Change)	Milestone
January 27–February 17	<ul style="list-style-type: none">• Workshop on lessons learned from Summer 2022.• Written public comment period.
Winter and Spring 2023	<ul style="list-style-type: none">• Prepare draft modified guidelines.
April 26–May 11	<ul style="list-style-type: none">• Workshop on proposed draft modified guidelines.• Written public comment period.
May 2023	<ul style="list-style-type: none">• Staff consideration of comments and revisions.• Revised draft modified guidelines released.
June 2023	<ul style="list-style-type: none">• CEC consideration of modified guidelines at Business Meeting.
Early Summer 2023	<ul style="list-style-type: none">• DSGS Program Guidelines, 2nd Edition, effective.
Summer 2023	<ul style="list-style-type: none">• Grow DSGS enrollment.



DEBA Program Eligibility

- Available statewide
- Funding recipients must participate as an on-call emergency resource
- Eligible Projects:

Efficiency
Upgrades to
Existing Power
Plants

Incremental Clean
Energy Additions at
Existing Power
Plants

Distributed Clean
On-Peak Electricity
Supply (Generation
and/or Storage)

Equipment or
Systems to Enable
Demand Flexibility



DEBA Preliminary Investment Plan

Category	Budget Over Five Years
Bulk Grid Investments Efficiency upgrades, maintenance, and clean capacity additions to existing power generators;	~\$150M
Distributed Resources New zero- or low-emission technologies, including, but not limited to, fuel cells or energy storage, at existing or new facilities	~\$500M
CEC & Administrative Costs (Third Party Program Implementer for DEBA & DSGS)	Up to \$50M
Total	\$700M



DEBA Development Plan

