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Tesla Comments on Modified DSGS Guidelines

Additional submitted attachment is included below.

July 11, 2023

California Energy Commission
Docket Unit, MS-4
715 P Street
Sacramento, CA 95814

Re: Docket No. 22-RENEW-01—Comments on DSGS Revised Guidelines

California Energy Commissioners and Staff:

Tesla greatly appreciates the opportunity to comment on the Modified Proposed Draft Program Guidelines of the Demand Side Grid Support (DSGS) Program.

I. Introduction

In general, Tesla feels the program changes made in the Modified Guidelines move the program in a positive direction, particularly the flexibility afforded to Publicly-Owned Utilities (POUs) to design programs that fit their particular reliability needs. In these comments, we offer suggestions and recommendations that we feel would provide additional clarity, improve program operations, and boost participation and customer enrollment in DSGS.

1. The Guidelines should allow administrative costs to be reimbursed for Options 2 and 3 if DSGS providers choose to pass all incentive payments through to participants

In Chapter 6 of the Modified Guidelines, the policy around reimbursement of administrative costs for DSGS providers is changed such that only administrative costs associated with implementing Incentive Option 1 are reimbursed, and DSGS providers are required to pay the eligible incentive amount under Option 1 directly to program participants. Tesla understands that this change is intended to allow DSGS providers participating in Options 2 and 3 to collect their administrative costs from the incentive payments as they see fit, consistent with the flexibility inherent in pilot programs.

While this logic makes sense, Tesla feels that DSGS providers participating in Options 2 and 3 should also have the opportunity to pass along all of the incentive payments to customers, and for the DSGS provider to be compensated separately for their administrative costs, similar to Option 1. Allowing DSGS providers to receive compensation through a separate administrative payment would avoid a potential situation where customers who learn of the total incentive amount from the Program Guidelines are confused as to why they did not receive the proscribed amount. DSGS providers wishing to be compensated via a portion of the incentive payment would still have the option to do so.

2. Tesla agrees with allowing Publicly-Owned Utilities (POUs) to design their own programs; the language should be modified to make clear that they can customize Option 1 as well

In Chapter 2.B, the Modified Guidelines are revised to allow POUs to develop "alternative dispatch requirements and associated performance measurement criteria to those described in Chapters 3-5 if the requirements … contribute to reliability within the balancing authority." However, the Modified Guidelines then state that the alternative proposal may include "different incentive structures to those described in Chapters 4 and 5, so long as the total incentive amount is not higher than the incentives in Chapters 4 and 5."

Because Chapter 3 – which describes DSGS Option 1 – is included in the first sentence describing alternative dispatch requirements, but not the following sentence describing incentive structures and limits on incentive payments, it is not clear whether the Modified Guidelines intend to allow POUs to design their own program based on DSGS Option 1. For example, presumably if a POU outside of the CAISO balancing authority were to deploy DSGS Option 1 with a different dispatch trigger (other than CAISO emergency conditions), a limit on the total incentive amount paid would need to be included in the program rules. The Commission should clarify this in the final version of the Guidelines.

3. Any attestations or other customer agreements should be allowed through a click-through, in-app process

In Chapters 3 – 5, under "Participant Enrollment," there are some attestations that must be submitted under penalty of perjury. While the Modified Guidelines don't specify the format for these attestations, Tesla is concerned that these attestations will require customer signatures, either on ink and paper, or through an e-sign process. Either of these options would likely deter customer participation. Rather, the Guidelines should specify that customer agreements can be executed using a click-through process in an app, rather than through a signature.

In the smartphone era, when consumers are used to simple, one-click processes for everything from ordering groceries to enrolling in classes, a complex and time-consuming enrollment process is certain to deter customers from enrolling in a demand response program where compensation is relatively modest.

II. Conclusion

Tesla greatly appreciates the opportunity to comment on the DSGS Modified Program Guidelines, Second Edition, and we reiterate our thanks for the careful and intelligent program design exhibited by CAISO staff.

Sincerely,

/s/ Damon Franz

Damon Franz
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Tesla