California Energy Commission

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ABSTRACT

These program guidelines for the Demand Side Grid Support (DSGS) Program establish the rules for the program, including eligibility requirements, participation process, and incentive structure. Created by Assembly Bill (AB) 205 (Ting, Chapter 61, Statutes of 2022), and expanded by AB 209 (Ting, Chapter 251, Statutes of 2022), as part of the Strategic Reliability Reserve the DSGS Program provides incentives to reduce customer net energy load during extreme events with upfront capacity commitments and per-unit reductions in net load.

Keywords: AB 205, AB 209, Strategic Reliability Reserve, DSGS, load reduction, extreme event

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WHAT'S NEW IN THESE GUIDELINES?

This section summarizes the proposed changes in the proposed second edition of the Demand Side Grid Support (DSGS) guidelines as compared with the previous version, *DSGS Program Guidelines, First Edition* (August 2022).

New Legislation

These guidelines implement Assembly Bill 209 (Ting, Chapter 251, Statutes of 2022), which expands DSGS Program eligibility.

Chapter 1: Program Overview

This chapter:

- Updates the summary of key program design elements.
- Updates program background to include a summary of new legislation that impacted the program since the adoption of the *DSGS Program Guidelines, First Edition*.
- Updates the program budget to reflect an increase in overall program budget.

Chapter 2: Eligibility and Participation

This chapter:

- Expands eligible DSGS providers to include all retail suppliers and aggregators of customers.
- Requires aggregators of customers to get written permission from publicly owned utilities (POUs) before enrolling POU customers and provide written notice to investor-owned utilities (IOUs) and community choice aggregators (CCAs) of intent to enroll IOU customers.
- Expands eligible participants to include specific customers of community choice aggregators and electrical corporations: (1) customers participating with backup generators, (2) customers participating through incentive Option 2 or Option 3, and (3) water agencies (water utilities, wastewater facilities, and irrigation districts).
- Updates DSGS provider application package requirements to reflect new incentive options and that aggregators of customers can enroll directly with the CEC as DSGS providers.
- Allows specific participants to enroll directly with the CEC and updates application requirements to help facilitate direct enrollment.
- Updates the enrolled participant report process and requirements to reflect direct participant enrollment and the new incentive options.

- Requires CARB reporting on the use of backup generation as a precondition to receiving incentive payments and clarifies DSGS providers must work with their participants to determine who is responsible for submitting the reports to CARB.

Chapter 3: Incentive Option 1: Standby and Energy Payment

This chapter:

- Consolidates the former *Incentive Option 1: Energy Payment Only* and *Incentive Option 2: Standby and Energy Payment* into one incentive option, streamlining participation to enable a participant to provide a committed load reduction amount upon notice of a standby event.
- Includes the information needed for participants to enroll in the DSGS Program under Incentive Option 1.
- Provides a default process for calculating the verified incremental load reduction.
- Clarifies standby payments apply when the committed load reduction amount is not dispatched because the balancing authority did not issue an EEA at the level at which the participant's combustion resource may dispatch under the guidelines, the Governor did not issue an emergency proclamation authorizing dispatch of backup generators, or both.
- Limits reimbursement of incremental increases in customer demand charges that result from participation in the program to those incurred during the billing period in which a DSGS Program event occurred.
- Expands the program availability from June 1 through October 31 to May 1 through October 31 each year and removes the 4:00 p.m. to 9:00 p.m. program availability time frame.
- Clarifies the dispatch period shall be determined by the EEA level at which the participating resource may dispatch to reduce electric load and the time frames identified in the EEA notices issued by the applicable balancing authority.
- Changes the EEA level at which noncombustion resources may dispatch from an EEA 1 to an EEA Watch.
- Specifies combustion resources may dispatch an EEA level lower than an EEA 2 if authorized by an executive order issued by the Governor.
- Clarifies standby and dispatch notification process.
- Adds a one-time controllable generation incentive for backup generators powered by biomethane, natural gas, or diesel that are remotely controllable.

Chapter 4: Incentive Option 2: Incremental Market-Integrated DR Capacity

This chapter:

- Establishes the eligibility, enrollment process, incentive amount, resource availability requirements, performance measurement method, and data requirements for a new Incentive Option 2: Incremental Market-Integrated DR Capacity.

Chapter 5: Incentive Option 3: Market-Aware Behind-the-Meter Battery Storage

This chapter:

- Establishes the eligibility, enrollment process, incentives, program availability and event triggers, and performance measurement method for a new Incentive Option 3: Market-Aware Behind-the-Meter Battery Storage.

Chapter 6: Program Payments

This chapter:

- Updates the incentive payment process to include procedures for direct participants to submit incentive claims.
- Removes the deadlines for submitting incentive claims but continues the first-come-first-served review basis.
- Updates language throughout to remove references to "reimbursement" where applicable to reflect direct participants are not submitting for reimbursement but rather claims for incentives.
- Specifies electrical corporations may receive up to 5 percent of incentive payments as administrative cost, if selecting administrative cost reimbursement based on incentive payments provided to participants.
- Increases the number of business days within which claimants must supplement incomplete claims from 5 to 10.
- Clarifies and updates the information and supporting documentation required to receive incentive payments under Incentive Option 1.
- Specifies the information and supporting documentation required to receive incentive payments under the new Incentive Options 2 and 3.
- Removes the net-incentive payment requirements.

Chapter 7: Administration

This chapter:

- Updates language to reflect direct customer enrollment.

CHAPTER 1: Program Overview

A. Summary of Key Program Design Elements

Created by Assembly Bill (AB) 205 (Ting, Chapter 61, Statutes of 2022) as part of the Strategic Reliability Reserve, the Demand Side Grid Support (DSGS) Program compensates eligible customers for upfront capacity commitments and per-unit reductions in net energy load during extreme events (as defined in Public Resources Code [PRC] Section 25790.5[b]) achieved through reduced usage or use of backup generation or both.

The DSGS Program has three incentive structure options. Participants can select a different incentive structure for each load reduction resource. Participants may enroll with eligible DSGS providers, or in limited circumstances, directly with the CEC.

B. Background

AB 205, available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB205, requires the CEC to implement and administer the DSGS Program, codified under PRC Section 25792. Assembly Bill 209 (Ting, Chapter 251, Statutes of 2022), available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB209, expanded the eligibility of the DSGS Program to include all energy customers in the state, except those enrolled in demand response or emergency load-reduction programs offered by entities under the jurisdiction of the California Public Utilities Commission (CPUC). AB 209 also states that the CEC, in consultation with the CPUC, may adopt additional participation requirements or limitations.

The DSGS Program provides incentives to reduce customer net load during extreme events with upfront capacity commitments and for per-unit reductions in net load. Section 18 of AB 205 authorizes the CEC to adopt guidelines for the DSGS Program. Furthermore, PRC Section 25792(e) directs the CEC to develop guidelines to determine when to implement the program, including which resources are dispatched first to minimize local pollution and emissions of greenhouse gases.

C. Program Budget

DSGS Program funding is authorized under AB 205, AB 102 (Ting, Chapter 28, Statutes of 2023), and SB 101 (Skinner, Chapter 12, Statutes of 2023) with an overall budget of $314 million. There is no specific restriction on annual spending or set-aside allotments for enrolled DSGS providers. Incentive payment is available on a first-come, first-served basis. The CEC will provide estimates and updates of DSGS Program expenditures and available funding annually once activity is reconciled.

CHAPTER 2: Eligibility and Participation

This chapter contains the program-wide eligibility criteria and establishes the process for participating in the program, including enrollment and reporting. The CEC will notify interested parties when each incentive option is open for enrollment.

A. DSGS Program Eligibility

1. Eligible DSGS Providers

Eligible DSGS providers include:

a. Retail suppliers as defined in Public Utilities Code (PUC) Section 398.2.

b. Federal power marketing administrations.

c. Aggregators of customers.

i. Before enrolling customers in the service territory of a local publicly owned electric utility (POU), aggregators of customers must notify each POU of their intent to enroll customers within their service territory by providing the information required in Section A.1.c.ii, below, and obtain a written statement from each applicable POU that the POU:

- Does not object to the aggregator enrolling the POU’s customers to participate in the DSGS Program.
- Will provide the aggregator the data necessary for the aggregator to administer the DSGS Program, as determined by the POU, subject to the aggregator (1) receiving authorization from participants and (2) entering into a data sharing agreement with the POU, if required.
- Understands it can be reimbursed for its costs associated with the DSGS Program pursuant to Chapter 6, Section B.

Aggregators must provide the CEC a copy of this statement within 5 business days of receipt by the aggregator. POUs may establish terms and conditions for aggregators to enroll the POU’s customers to participate in the DSGS Program, including protocols for communicating and coordinating with the POU regarding program events and the circumstances under which the POU may grant or revoke the aggregator’s ability to enroll the POU’s customers in the DSGS program.

ii. Aggregators of customers must notify investor-owned utilities (IOUs) and community choice aggregators (CCAs) in writing of their intent to enroll customers within their service territory. The notice shall include:

- The aggregator’s name.

- Which DSGS incentive option(s) the DSGS provider will offer to participants.
- A description of the types of customers (such as residential, commercial, industrial, and so forth) and load reduction resources the aggregator plans to enroll in each incentive option.

Aggregators must provide the CEC evidence of this notice within 5 business days of sending to the IOU or CCA.

Incentive Options 2 and 3 include additional DSGS provider eligibility requirements described in Chapter 4, Section A, and Chapter 5, Section A.

2. Eligible Participants

a. Eligible participants are:

   i. All customers of POUs.

   ii. All customers of federal power marketing administrations.

   iii. The following customers of CCAs, energy service providers, and electrical corporations:

   - Customers participating with backup generators.
   - Customers participating through incentive Option 2 or Option 3 described in Chapter 4 and Chapter 5.
   - Water agencies, which include water utilities, wastewater facilities, and irrigation districts.

b. A participant is not eligible to receive incentives if the participant's load reduction resource with the DSGS provider is:

   i. Enrolled in the Emergency Load Reduction Program or the Base Interruptible Program.

   ii. Receiving payment or accounting for the same reduction in use of electricity, including energy export, through any other utility, CCA, or state program.

   iii. A cogeneration facility with a power purchase agreement.

c. DSGS providers may include additional eligibility requirements for their participants.

d. A customer participating through Incentive Option 3 must also meet the eligibility requirements described in Chapter 5, Section A.

B. DSGS Incentive Options

The DSGS Program has three incentive structure options, which are described in Chapters 3–5. Participants may select a different incentive structure option for each load reduction resource enrolled with their provider, as long as each load reduction resource has fully separate metering. DSGS providers may limit which incentive structure options are available to their participants. All load reductions that would not have occurred in the absence of the DSGS Program, including those that result in negative load at the meter (i.e., exports), are eligible for incentives.

Incentive Option 2 and Option 3 are pilot incentive pathways intended to test new program designs. The CEC will prepare a report assessing the performance and cost-effectiveness of these pilots.

POUs outside the California ISO may develop alternative dispatch requirements and associated performance measurement criteria, to those described in Chapters 3–5 if the requirements are suitable to the operations of the applicable balancing authority and contribute to reliability within the balancing authority area. The alternative proposal may also include different incentive structures, so long as the total incentive amount is not higher than the incentives in Chapters 3–5.

POU DSGS providers outside of the California ISO wishing to submit custom proposals must submit a description of the proposed incentive structure, dispatch requirements, and performance measurement criteria to the CEC for approval with their application package described in Chapter 2, Section C.1.b. A DSGS provider may also submit this information after it enrolls, but participants may not enroll to participate in the proposed incentive structure unless the CEC has approved the proposal.

C. DSGS Enrollment Process

1. DSGS Provider Enrollment Process

DSGS providers enroll in the program by electronically submitting an application to CEC.

a. **DSGS Provider Application Timing:** Applications are accepted on a first-come, first-served basis.

   i. The date and time the CEC receives the electronically submitted complete application will establish the order for the queue for review of DSGS provider applications.

   ii. The CEC will notify the DSGS provider if its application is incomplete. The DSGS provider will have 10 business days to supplement the incomplete application. Failure to respond within the 10 business days will result in the cancellation of the application.

   iii. The cancellation of an application does not preclude a DSGS provider from reapplying.

b. **DSGS Provider Application Package:** DSGS providers must submit to the CEC the following information in a format provided by the CEC:

   i. Legal name of the DSGS provider.

   ii. DSGS provider's contact name, title, address, email address, and phone number.

   iii. Description of how the DSGS provider will verify which load-reduction resources are used by participants.

iv. Description of how the DSGS provider will verify participant eligibility prior to enrollment of participants.

v. Which DSGS incentive options the DSGS provider will offer to participants.

vi. If offering Incentive Option 1:

- Description of how the DSGS provider will implement the dispatch loading order requirements described in Chapter 3, Section D.
- Description of how the DSGS provider will verify actual incremental load reduction amounts, including the DSGS provider's method for determining energy use baselines and actual energy usage during a DSGS Program event.
- Indication of which administrative cost structure described in Chapter 6, Section B, the DSGS provider has chosen.

vii. If offering Incentive Option 2 or Incentive Option 3:

- Description of how the DSGS provider meets the eligibility requirements specific to the incentive option and how the DSGS provider plans to implement the program under the incentive option structure, including how the DSGS provider plans to allocate incentives to participants.

viii. If the DSGS provider is an aggregator of customers:

- A description of the types of customers (such as residential, commercial, industrial, and so forth) and load reduction resources the DSGS provider plans to enroll and the utility territories in which the DSGS provider plans to operate.

ix. Verify in writing the accuracy and completeness of the information submitted and agreeing to the terms and conditions of the DSGS Program guidelines.

c. **Application Review and Approval**. The CEC will review DSGS provider applications to determine completeness and eligibility. After approving a complete DSGS provider application, the CEC will provide an electronic DSGS Program enrollment letter to the DSGS provider.

d. **Withdrawal**. A DSGS provider can voluntarily withdraw from the program by notifying the CEC electronically in writing. Voluntary withdrawal from the program does not preclude the DSGS provider from reapplying in the future or from submitting a claim pursuant to Chapter 6 for program participation prior to withdrawal. Withdrawal from the program will remove all of the DSGS provider's enrolled DSGS participants from the program.

2. Participant Enrollment Process

a. **How to enroll.** Except as provided below, eligible participants must enroll to participate in the DSGS Program through a DSGS provider.

An eligible participant may enroll directly with the CEC only to participate under Incentive Option 1 and only if enrollment through the participant's load-serving entity is not possible, such as if the load serving entity is not enrolled as a DSGS provider or is not offering DSGS Program participation for that type of customer or load reduction resource. Residential customers are not eligible for direct enrollment. A POU customer participant must obtain a written statement from its POU stating that the POU does not object to the participant enrolling directly in the DSGS Program. The CEC will work with the participant's load-serving entity, as appropriate, to confirm eligibility as soon as practicable.

The required application information for each incentive option is described in Chapters 3–5.

b. Withdrawal. A participant can voluntarily withdraw from the program by notifying the DSGS provider or the CEC if directly enrolled in the program. Voluntary withdrawal from the program does not preclude the participant from reapplying in the future or from submitting a claim pursuant to Chapter 6 for program participation prior to withdrawal.

D. DSGS Program Reporting

1. Enrolled Participation Reports

a. Initial Report Due Date. Within 10 business days of the DSGS provider's enrollment, or as soon as practicable, DSGS providers must submit to the CEC an initial report on enrolled participation with the information required in Sections 1.c, 1.d, and 1.e, as applicable.

b. On-going Reporting Due Dates. DSGS providers must submit to the CEC updated enrolled participation reports to identify changes to participation as follows:

- Incentive Option 1: Within 5 business days after any changes to participants enrolled or expected load reduction resources.
- Incentive Option 2: Before the first day of each month.
- Incentive Option 3: Before the first day of each month the virtual power plant (VPP) participates in the DSGS Program.

c. Enrolled Participation Report for Incentive Option 1.

The initial report must include the following information on each participant enrolled under Incentive Option 1, segmented by host utility and balancing authority, in a format provided by the CEC:

- Name of the participant.
- Participant contact's name, title, email address, and phone number.
- Information on the load reduction resources the participant will use during a DSGS Program event, including:
  - Types of available resources, including the applicable loading order category (for example, demand response, renewable or zero-emission resource, near zero-emission resource, biomethane or natural gas resource, or diesel

backup generator or other conventional resource, or any combination of the above).
  - Address and customer identification number where the participant will deploy each resource.
  - Expected minimum and maximum load reduction amount (in kW) for each resource.
  - Whether the resource may require a 202(c) emergency order pursuant to the Federal Power Act to participate in the DSGS Program.

d. Enrolled Participation Report for Incentive Option 2.

- California ISO Resource ID(s) for all resources under the aggregator enrolled in DSGS.
- Number of end-use customers and customer class, sector, or load type of customers for each Resource ID.

e. Enrolled Participation Report for Incentive Option 3.

- The utility distribution company (UDC) service territory, nominated duration (hours), and estimated capacity (kW) for each aggregation participating in the DSGS Program. DSGS providers should submit no more than one entry for each combination of UDC and nominated duration.
- Information on each participating site, including a unique identification number, legal name of participant, contact name and title (if contact name is different from participant name), service account address, phone number, UDC, nominal battery power rating (kW), nominal storage energy capacity (kWh), and nominated duration (hours).
- If available: customer identification number (for example, service agreement ID) and LSE, included with above.
- If claiming a baseline of zero (see Chapter 5, Section E): A field indicating the customer has attested that the relevant resource is not and will not receive Self-Generation Incentive Program (SGIP funding) and the permission-to-operate date is on or after July 1, 2023.

2. Reports to the California Air Resources Board on Backup Generation

Within 10 business days after the end of each month in which a DSGS Program event occurred, DSGS providers or participants participating in Incentive Option 1 shall provide to the CEC and the California Air Resources Board (CARB) the following information regarding backup generation participants used during a DSGS Program event:

- The address or GPS coordinates where such backup generation occurred
- Information on whether the backup generation is portable or stationary
- The engine size, age, rated horsepower, and federal emissions tier for each generator dispatched under the program

- The type and amount of fuel used by each generator dispatched under the program
- The hours of operation on each day with a program event of each generator dispatched under the program

The CEC will not approve requests for incentive payments for backup generation until CARB receives the report associated with that backup generation for each month in which the backup generation participated.

DSGS providers must determine with their participants who is responsible for submitting the reports. Participants enrolled directly with the CEC are responsible for submitting the reports.

CHAPTER 3:
Incentive Option 1: Standby and Energy Payment

A. Participant Enrollment

Eligible participants must enroll to participate under Incentive Option 1 by submitting to the DSGS provider, or to the CEC if directly enrolling, the following information in a format provided by the DSGS provider, or the CEC if directly enrolling:

- Legal name of the participant.
- Participant contact's name, title, email address, and phone number.
- If enrolling with an aggregator or the CEC: UDC, load-serving entity, customer identification number (such as service account identification number), phone number on file with the load-serving entity, or any other information necessary to verify participant eligibility with the load-serving entity, as appropriate.
- Information on the load-reduction resources the participant will use during a DSGS Program event, including:
    - Types of available resources, including the applicable loading order category (for example, demand response, renewable or zero-emission resource, near zero-emission resource, biomethane or natural gas resource, or diesel backup generator or other conventional resource, or any combination of the above).
    - Address and customer identification number where participant will deploy each resource.
    - Expected minimum and maximum load-reduction capacity (in kilowatts [kW]) for each resource.
    - Whether the resource may require a 202(c) emergency order pursuant to the Federal Power Act to participate in the DSGS Program.
- Verify in writing that:
    - The participant meets the eligibility requirements of the DSGS Guidelines to the best of their knowledge.
    - The participant will allow the CEC access to all documentation to verify compliance with the program.
    - The information submitted is accurate and complete.
    - The participant agrees to the terms and conditions of the program.
- Any other information the DSGS provider or CEC deems necessary.

B. Incentives

1. Energy Payment

a. Participants shall receive an energy payment at a rate of $2 per kWh of verified incremental load reduction provided during a dispatch period as outlined in Chapter 3, Section D.

b. The default process for calculating the verified incremental load reduction is as follows:

- Step 1: Calculate the energy baseline (EB). A service account must have at least 10 similar days of interval meter data available to have a valid baseline.
- Step 2: The EB and adjusted energy baseline (AEB) will all be calculated at the service account level. The EB and AEB will be calculated on an hourly basis using the average of the preceding similar days.[1]
- Step 3: Calculate the day-of adjustment value (DOAV). A DOAV shall not be less than 0.60 or greater than 1.40. The DOAV is a ratio of (a) the average load of the first three hours of the four hours prior to the event to (b) the average load of the same hours from the days selected in accordance with Step 2 above. If either (a) or (b) are negative, the DOAV is 1.0.
- Step 4: Calculate the AEB. When the EB is greater than zero, a service account's AEB for a DSGS event is calculated by multiplying the EB by the DOAV. If this value is less than zero in an hour, the AEB shall be considered zero for that hour.
- Step 5: Calculate the incremental load reduction. The incremental load reduction for each hour is the AEB minus the actual event load. If this value is negative, the incremental load reduction in that hour shall be considered zero.

If the participant has an interconnected device with export capability under the interconnection agreement, the participant may choose to count exported energy, up to their export rating, in the incremental load reduction calculation. In that case, the baseline is modified to account for exported energy during non-event days and count exported energy in the incremental load reduction.

DSGS providers may propose an alternate method of calculating verified incremental load reduction in their application described in Chapter 2.C.1.

2. Standby Payment

Participants using combustion resources that provide a standby commitment identifying their available combustion capacity upon notice of standby event described in Chapter 3, Section F shall receive a standby payment of $0.25 per kWh for each hour or portion thereof in which the standby commitment is not actually dispatched

1 The 10 non-excluded weekdays will be selected for weekday events; for weekend and holiday events, the 4 non-excluded weekend and holiday days will be selected.

because the balancing authority did not issue an energy emergency alert (EEA) at the level at which the participant's resource may dispatch under Chapter 3, Section D, the Governor did not issue an emergency proclamation authorizing dispatch of backup generators, or both.

The standby payment will be based on the standby commitment. If the actual average load reduction during the dispatch period is less than the standby commitment, the standby payment shall be prorated to reflect the actual average load reduction demonstrated by the resource.

The standby commitment requirements are detailed in Chapter 3, Section F.

3. Increased Customer Demand Charges

Participants shall also be reimbursed for incremental increases in customer demand charges that result from participation in the program and are incurred during the billing period in which a DSGS Program event occurred, if any.

4. Controllable Generation Incentive

Participants using backup generators powered by biomethane, natural gas, or diesel that are remotely controllable shall receive a one-time bonus incentive of $2.00/kW or $1.50/horsepower (HP), as defined on the specification sheet of the generator. To be considered remotely controllable, the backup generator must be:

- Able to start and stop operation without physical intervention on site.
- Connected to controls by the internet, a local area network, or similar on-site network.
- Capable of ramping to full power output (kW or HP) within 15 minutes.
- Able and programmed to log and record generator runtime, fuel consumption, or electric generation in hourly or subhourly increments.

Participants may receive this controllable generation incentive after the system is installed and operational.

Backup generators receiving the controllable generation incentive are subject to additional dispatch limitations described in Chapter 3.E.

The total amount of incentives paid under this section shall be limited to $2 million and may be paid from funds from the Distributed Electricity Backup Assets Account.

C. Program Availability

To receive payment under Incentive Option 1, resources shall dispatch to reduce electric load in response to EEAs issued by any California balancing authority during the following times:

- May 1 through October 31 each year ("program year")
- Seven days a week

EEA levels include, in ascending order:

- EEA Watch.
- EEA 1.
- EEA 2.
- EEA 3.

Participants may respond to an EEA issued by any California balancing authority at the discretion of the DSGS provider, or for direct participants, at the discretion of the CEC in coordination with the balancing authority issuing the EEA and the participant's host POU. If two or more California balancing authorities issue an EEA during the same time frame, participants shall prioritize providing load reduction to the balancing authority area in which the participant is located.

D. Dispatch Loading Order

In alignment with the state's climate and air quality goals, to the maximum extent feasible, the DSGS provider, or participants, shall dispatch load reduction resources in the following order:

1. Demand-response resources, including batteries
2. Renewable and zero-emission resources
3. Near zero-emission resources
4. Biomethane and natural gas resources
5. Conventional diesel and gas resources

DSGS providers, or the CEC for direct participants, will dispatch participants with backup generators only if authorized under a state of emergency proclamation issued by the Governor. Participation in the program does not waive any air or operation permit requirements.

Participation in the program cannot extend the useful life of a resource in contravention of the state's climate and air quality goals.

E. Dispatch Period

The dispatch period for a dispatch event shall be determined by the EEA level at which the participating resource may dispatch to reduce electric load and the time frames identified in the EEA notices issued by the applicable balancing authority. If the start time or end time identified in the EEA notice is not hour-aligned, participants may dispatch resources for the full hour, unless the notice is within 10 minutes of the end of the current hour, in which case the start time of the dispatch period is the beginning of the next hour.

Participants may dispatch noncombustion resources during an EEA level of EEA Watch or higher. Participants may dispatch combustion resources during an EEA level of EEA 2 or higher and authorized to dispatch by an executive order issued by the Governor, unless authorized to dispatch at a lower EEA level in an executive order issued by the Governor.

Participants that receive a controllable generation incentive described in Chapter 3.B.4 may not dispatch at an EEA level lower than EEA 2, regardless of any executive order. The CEC shall notify DSGS providers and direct participants of any change in the EEA level at which combustion resources may be dispatched.

F. Standby and Dispatch Notification Process

When a California balancing authority issues an EEA Watch or an EEA 1, DSGS providers, or the CEC for direct participants, shall notify all participants with noncombustion resources to dispatch during the dispatch period as described in Chapter 3, Section E, and notify all participants with combustion resources of a standby event and to be ready to potentially dispatch if a dispatch event is issued. DSGS providers, or the CEC for direct participants, shall determine from the participants the amount of incremental load reduction that will be available from noncombustion resources and would be available from combustion resources during each hour of the EEA Watch or EEA 1 time frame (standby commitment). Participants are not required to provide a standby commitment. Participants that choose to provide a standby commitment must provide a commitment in response to each standby event. Standby commitments are specific to a single standby event and are not carried over to subsequent standby events.

DSGS providers, or the DSGS provider's balancing authority, shall report to the applicable balancing authority and the CEC the amount of incremental load reduction committed to be available during the EEA Watch or EEA 1 time frame within one hour or as quickly as feasible after the balancing authority issues the EEA Watch or EEA 1, but before the event start time.

DSGS providers and direct participants shall provide to the CEC any updates to the standby commitments as soon as practicable.

DSGS providers, or the CEC for direct participants, shall notify participants to dispatch and reduce electric load during a dispatch period, as defined in Chapter 3, Section D.

CHAPTER 4:
Incentive Option 2: Incremental Market-Integrated Demand Response Capacity Pilot

A. Demand Response Provider Eligibility

A DSGS provider, or its authorized third party, is considered a Demand Response (DR) provider when administering Incentive Option 2. Third-party DR aggregators and POUs are eligible to serve as DR providers. DR providers operating within the California ISO balancing authority area must have at least one proxy demand resource (PDR) registered to participate under the incremental market-integrated DR capacity pathway.

B. Participant Enrollment

Eligible participants must be enrolled in a PDR within the California ISO.DR providers must collect and retain participant information, which may be reviewed by the CEC in an audit, as described in Chapter 7, Section D.

C. Incentives

Incremental DR capacity incentive payments will be made to DR providers based on demonstrated capacity in excess of resource adequacy (RA) capacity commitments. DR providers shall allocate incentive payments between the DR provider and its participants pursuant to the terms and conditions agreed upon by the DR provider and participants. The DSGS incremental DR capacity prices offered are summarized in Table 1.

Table 1: Incremental DR Capacity Prices by Month ($/MW)

Month	Capacity Value
May	$9,000
June	$9,300
July	$16,800
August	$18,000
September	$19,200
October	$10,500
Season Total	**$82,800**

Source: CEC staff

An additional 30 percent bonus shall be applied to capacity incentives for program years 2023 and 2024 for early participation in the program. Additional bonuses in future years may be provided at CEC discretion.

Additionally, DR providers are eligible to receive incentives for the months of May, June, and July 2023 on the condition that DR performance data from each month is included in the calculation of demonstrated capacity.

Demonstrated capacity shall be calculated and incentive payments shall be disbursed following the season completion each program year. After at least 3 months of participation, DR providers may request one additional interim calculation of demonstrated capacity and incentive disbursement before the completion of the program year. If requested, the CEC shall calculate the season-to-date capacity value of the aggregator and provide the aggregator the associated incentive payment for the completed months. This interim incentive payment shall be deducted from the total incentive payment made at the end of the season.

D. Resource Availability Requirements

Demonstrated capacity (defined in the following section) will be calculated based on resource availability and performance during a defined daily availability window. For a resource with a capacity obligation on a monthly RA showing, the RA availability and bidding rules take precedence over DSGS on days when the must-offer obligation of a resource obligation is subject to the Resource Adequacy Availability Incentive Mechanism (RAAIM).[2]

On days when a shown DR resource must-offer obligation is not subject to RAAIM and for all days for resources that are not shown on a supply plan, the resource must bid or self-schedule for at least three consecutive hours between 4:00 p.m. and 10:00 p.m. However, unlike the must-offer obligation under the RA program, DSGS does not require offering any minimum amount (MWh). Instead, the DR provider may determine the appropriate amount to offer; this amount may factor into demonstrated capacity if dispatched. If the DR provider does not bid (or self-schedule) during these hours, a value of zero will be entered into the performance calculation described in the following section.

E. Measuring Performance

Under DSGS, incremental demonstrated capacity is calculated using the following method. The CEC shall allow DR providers to measure capacity at the Resource ID or Sub-LAP level. The CEC may grant DR providers the ability to create aggregations of Resource IDs with similar characteristics and in the same Sub-LAP. The unit of analysis for these metrics is an "aggregation," which may consist of a single Resource ID for resource-level analysis or multiple Resource IDs for Sub-LAP or custom aggregations.

1. Calculate Aggregation-Level Input Values

DSGS capacity measurement relies on the data streams listed below, each of which must be aggregated to the hourly level. These data streams and the aggregation required for each include the following:

2 Resource adequacy resources generally have a 24x7 must-offer obligation, unless otherwise specified by the CAISO Tarriff.

- **Offer:** The offer value is the real-time bid quantity at a price no greater than \$600/MWh plus Self-Schedules (MW) in the real-time market during each hour. The offer value for aggregation *a* (consisting of *n* Resource IDs *r,* where n≥1) in hour *h* is defined as:

$$Offer_{a,h} = \sum_{r=1}^{n} Bid_{r,h} + SelfSched_{r,h}$$

  where *Bid* refers to the bid quantity at a price of ≤\$600/MWh.

- **Demand Response Energy Measurement (DREM):** DREM is the delivered energy value (MWh) determined through California ISO settlement processes. The DREM value for aggregation *a* (consisting of *n* Resource IDs *r,* where n≥1) in hour *h* over the twelve 5-minute intervals *i* is defined as:

$$\mathrm{DREM}_{a,h} = \sum_{r=1}^{n} \sum_{i=1}^{12} \mathrm{DREM}_{r,h,i}$$

- **Total Expected Energy (TEE):** TEE is the total amount of energy (MWh) a Resource ID is expected to deliver in the California ISO based on its real-time market schedules. The TEE value for aggregation *a* (consisting of *n* Resource IDs *r,* where n≥1) in hour *h* over the twelve 5-minute intervals *i* is defined as:

$$\mathrm{TEE}_{a,h} = \sum_{r=1}^{n} \sum_{i=1}^{12} \mathrm{TEE}_{r,h,i}$$

- **Temperature:** Temperature is defined on a daily basis on the number of participating customers. This temperature metric is the average of daily high (TMax) and low (TMin) averaged across all dispatched customers on a given day. The daily high and low temperatures for a given customer are defined as those values from the weather station matching the DR Registration System (DRRS) customer ZIP code in the California ISO "NOAA Station to Zip Mapping" file.[3] The temperature ("Temp") value for aggregation *a* (which may consist of one or more Resource IDs within a single sub-LAP) on date *d* is defined as:

$$\mathrm{Temp}_{a,d} = \frac{\sum_{c=1}^{n} \frac{1}{2}\left(\mathrm{TMax}_{c,d} + \mathrm{TMin}_{c,d}\right)}{n}$$

3 http://www.caiso.com/Documents/NOAA-Station-to-Zip-Mapping.xlsx

where c is the index for customers dispatched on date d and n is the number of customers.

Equivalently, this value can be determined from counts of customers by ZIP code z:

$$\mathrm{Temp}_{a,d} = \frac{\sum_{z=1}^{m} \frac{n_{z,d}}{2}\left(\mathrm{TMax}_{z,d} + \mathrm{TMin}_{z,d}\right)}{\sum_{z=1}^{m} n_{z,d}}$$

where m is the number of zip codes and n is the number of dispatched customers in each ZIP code.

2. Individual Settled Load Impacts Are Calculated and Adjusted Relative to Bids

Hourly load impacts determined by California ISO settlement are adjusted relative to the amount offered, and dispatched according to the following definition of bid-normalized load impacts (BNLI) in each hour h:

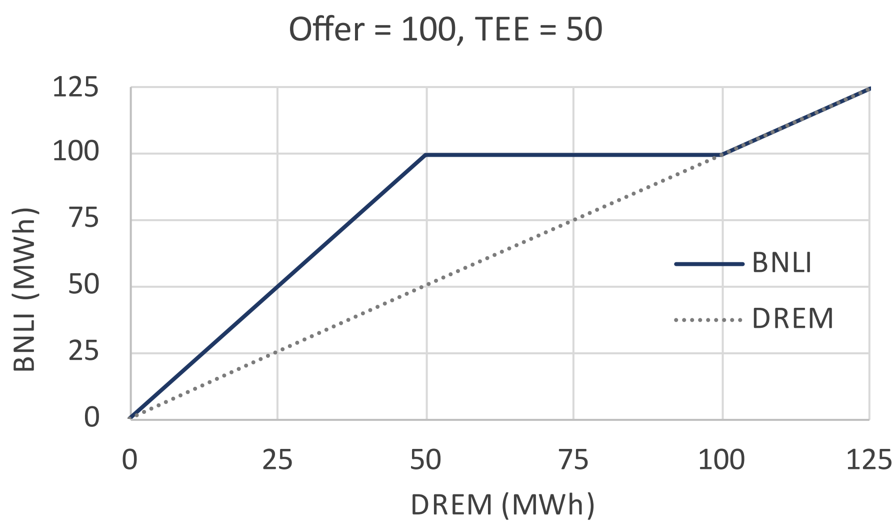
$$BNLI_h = \mathrm{Max}\left(Offer_h\left(\frac{\mathrm{Min}(DREM_h, TEE_h)}{TEE_h}\right), DREM_h\right)$$

where $Offer$, $DREM$, and TEE are the hourly resource or aggregational values as defined above. If $TEE < 0.2 Offer$ in an hour, the event shall be omitted from the calculation of demonstrated capacity. Only those dispatched intervals during the program hours are to be included.

Intervals in which a DR resource has a must-offer obligation subject to RAAIM or DSGS obligation (see previous section) but does not bid will be assigned a bid-normalized load-impact value of zero. The hours the resource would have bid under an RA or DSGS obligation will be assumed to be the hours within the availability window with the highest consecutive day-ahead locational marginal price (LMPs).

Figure 1 illustrates bid-normalized load impacts as a function of actual DREM when the Offer value is greater than TEE. When TEE is greater than or equal to Offer, for example because the resource received a dispatch on bid amounts above $600/MWh, BNLI will always be equal to DREM.

Figure 1: Example Bid-Normalized Load Impacts (BNLI) for Offer = 100 MWh and DREM = 50 MWh



Source: CEC staff analysis

3. Load Impact Profiles Are Determined by Weighted Linear Regression or Weighted Average

DR providers may elect to apply a weather-sensitive or non-weather-sensitive method for each resource in their portfolio. For weather-sensitive resources, an ordinary least-squares linear regression models bid-normalized load impacts as a function of temperature. For non-weather-sensitive resources, capacity is defined as the mean LMP-weighted bid-normalized load impacts.

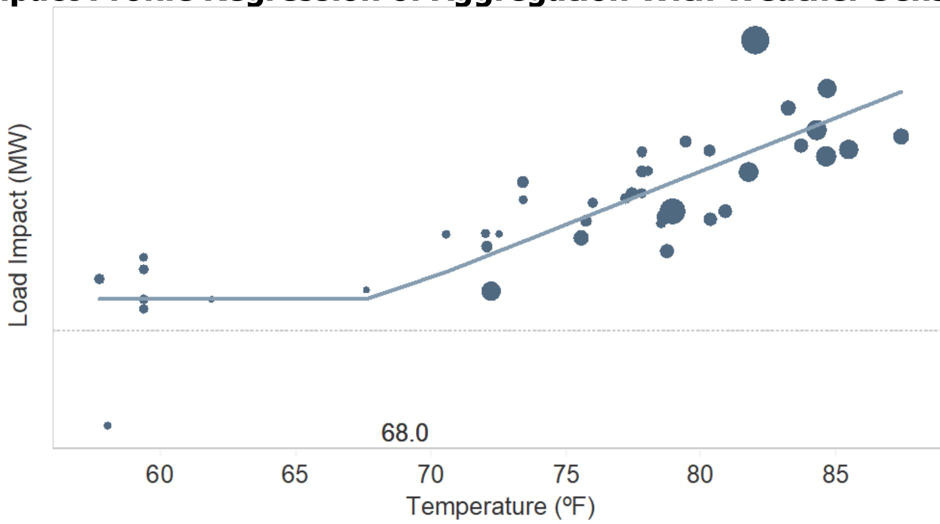
For weather-sensitive aggregations, the capability specification takes the following form:

$$BNLI_h = \beta_0 + \beta_1 \max(Temp_h, C) + \varepsilon_h$$

where $BNLI_h$ is the estimated bid-normalized load impact value (MWh) in hour h, β_0 is the model intercept value, β_1 is a term reflecting sensitivity to hot weather, $Temp_h$ is the average of daily high and low temperature (ºF) for a representative sub-LAP weather station, C is a change point between regions under which the resource does and does not show weather sensitivity, and ε_h is an error term. Change point C will be determined by testing values across the range of temperatures in the data in increments of 2ºF and selecting the change point with the highest corresponding R^2 value.

The regression is weighted by day-ahead LMP for the sub-load aggregation point (sub-LAP). Temperature is the average of daily high and low for a representative weather station for each sub-LAP. Figure 2 shows the load impact profile regression for a sample resource with a changepoint at 68ºF, with LMP represented by point size.

Figure 2: Impact Profile Regression of Aggregation With Weather Sensitivity



Source: CEC staff analysis

For non-weather-sensitive resources, the LMP-weighted mean bid-normalized load impact is calculated according to the following formula:

$$Capacity = \frac{sum(BNLI_h LMP_h)}{sum(LMP_h)}$$

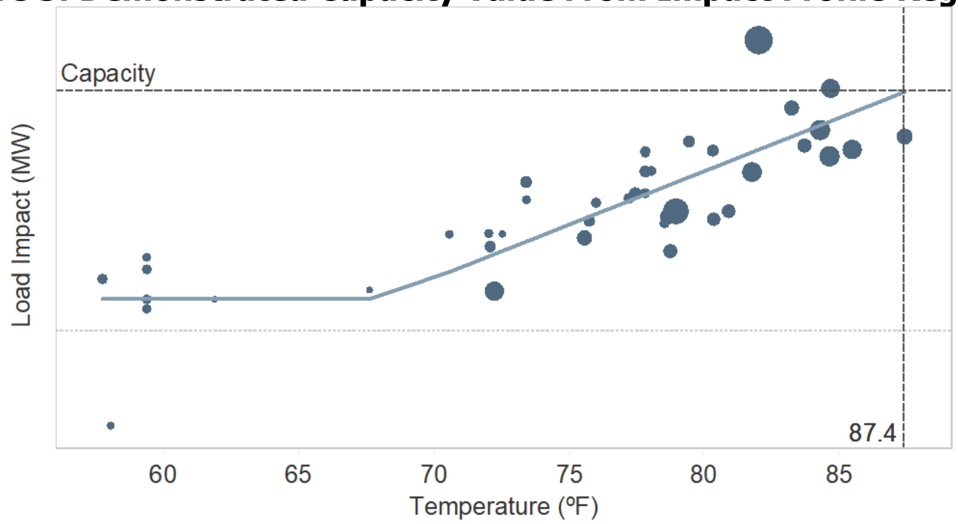
Where $BNLI_h$ is the bid-normalized load impact and LMP_h is the sub-LAP day-ahead LMP in hour *h.*

DR providers bear the responsibility to develop enough dispatches to develop a demonstrated capacity value through the regression model or weighted average. In the absence of any event data in a month, DR aggregations will be awarded a demonstrated capacity value of zero. In the case of a single dispatch, the LMP-weighted average load impact value will be used for capacity across all temperatures.

4. Determine Demonstrated Capacity From Load Impact Profiles

For weather-sensitive resources, the seasonal demonstrated capacity is defined as the value of the regression profile at the maximum temperature (as previously defined) for which the resource had a dispatch event during the program year. Figure 3 illustrates the demonstrated capacity derived from the highest dispatch event temperature of 87.4ºF.

Figure 3: Demonstrated Capacity Value From Impact Profile Regression



Source: CEC staff analysis

For non-weather-sensitive resources, demonstrated capacity is calculated directly in the previous step.

5. **Calculate Incremental Demonstrated Capacity Relative to Resource Adequacy Obligation**

   Sum a DR provider's capacity obligations included in month-ahead RA showings across all California ISO LSEs by month. The month with the highest total RA capacity showing is considered the reference RA obligation. Sum all resource-level demonstrated capacity values from above and subtract the reference RA obligation. Any positive difference is the incremental demonstrated capacity.

   Payment to each DR provider shall be made for this incremental capacity for all program months the provider participated in at the rates enumerated in Table 1.

F. Data Requirements

DR providers participating in the incremental capacity pathway must authorize the California ISO to transmit resource-level data required to calculate demonstrated capacity to the CEC. Authorization for the following data streams is required:

- **Real-time market bids and self-schedules** (in MWh) by Resource ID.
- **Total Expected Energy** (TEE, in MWh) by Resource ID.
- **Demand Response Energy Measurement** (DREM, in MWh) by Resource ID and by end-use customer (service account ID, in kWh).

CHAPTER 5: Incentive Option 3: Market-Aware Behind-the-Meter Battery Storage Pilot

A. Aggregator and Participant Eligibility

A DSGS provider, or its authorized third party, is considered a behind-the-meter (BTM) virtual power plant (VPP) aggregator when administering Incentive Option 3. Third-party battery providers, POUs, and CCAs are eligible to serve as VPP aggregators. POUs and CCAs may serve only customers for which they serve as the LSE or retail provider.

A VPP may consist of storage paired with net-energy metering (NEM) solar or stand-alone storage or both deployed with residential (bundled or unbundled) or nonresidential (bundled or unbundled) customers or both.

To be eligible to serve as a VPP aggregator of Incentive Option 3, VPP aggregators must:

- Send dispatch signals or directly control individual batteries.
- Collect and provide hourly or subhourly charge/discharge interval data from a battery inverter or submeter to the CEC.
- Receive authorization from participants allowing for the use of their device for the purpose of DSGS Program participation.
- Comply with the participants' interconnection agreements (for example, a Rule 21 tariff) if the participant plans to export under the DSGS Program. Dispatch in violation of an interconnection agreement is not eligible for incentive payments.

At a minimum, each individual customer site participating in a DSGS BTM storage VPP must:

- Have an operational stationary battery system capable of discharging at least 1 kW for at least 2 hours.
- Provide no more than 1,000 kW during any hour of any DSGS program event.
- Have permission to operate from the host utility (for example, under a Rule 21 tariff) and operate in a manner compliant with existing rules and tariffs applicable to the site.
- Not be participating in a CAISO Proxy Demand Resource (PDR) or Reliability Demand Response Resource (RDRR), unless the participant's customer energy baseline reflects total gross consumption (that is, consumption independent of any energy produced or consumed by behind-the-meter battery storage) consistent with California ISO tariff Section 4.13.4.[4]

4 http://www.caiso.com/Documents/Section4-Roles-and-Responsibilities-asof-Feb11-2023.pdf

At a minimum, to participate in DSGS as a BTM storage VPP, each aggregation must:

- Consist of customer sites located within the same UDC service territory.
- Consist of storage assets nominated for the same duration (number of hours, see following section for details).
- Have a total minimum nominal power rating of 100 kW for aggregations consisting of customers from a single POU or CCA and 500 kW for aggregations consisting of customers from a single IOU. The total nominal power rating is determined by summing the nominal continuous power rating (kW) from the specification sheets of the individual storage devices comprising the aggregation.

B. Participant Enrollment

Eligible participants must enroll to participate under Incentive Option 3 by submitting to the VPP aggregator the following information in a form provided by the VPP aggregator:

- Legal name of the participant.
- Participant contact's name and title (if contact name is different from legal name) and email address.
- If enrolling with an aggregator: UDC, service account address, phone number on file with the UDC, or any other information necessary to verify participant eligibility with the UDC, as appropriate.
- Authorization from the participant allowing for the use of their device or site electric load data or both for purposes of program participation.
- Acknowledgement and agreement from the participant that:
    - The participant meets the eligibility requirements of the DSGS Guidelines to the best of their knowledge.
    - The participant will allow the CEC access to all documentation to verify compliance with the program and program performance.
    - The information submitted is accurate and complete.
    - The participant agrees to the terms and conditions of the program.
    - If claiming a baseline of zero (see Chapter 5., Section E): the permission to operate date is on or after July 1, 2023, and the participant has not received and will not apply for SGIP incentives.
- Any other information the VPP aggregator deems necessary.

VPP aggregators must collect and retain participant enrollment information, which may be reviewed by the CEC in an audit as described in Chapter 7, Section D.

C. Incentives

Incentive payments shall be made to VPP aggregators based on the demonstrated battery capacity of an aggregated VPP. VPP aggregators shall allocate incentive payments between the VPP aggregator and its participants pursuant to the terms and conditions agreed to between the VPP aggregator and participant. Different levels of incentives for capacity (kW) are available for VPPs of varying durations (hours). VPP aggregators shall be eligible for a payment for demonstrated capacity at the rates defined in Table 2 based on the capacity (kW) and duration (hours) demonstrated by the VPP aggregator in each month.

Table 2: Monthly BTM Storage Capacity Prices by Month ($/kW)

Month	4-Hour	3-Hour	2-Hour
May	$9.00	$8.10	$6.75 ‘
June	$9.30	$8.37	$6.98
July	$16.80	$15.12	$12.60
August	$18.00	$16.20	$13.50
September	$19.20	$17.28	$14.40
October	$10.50	$9.45	$7.88
Annual Total	**$82.80**	**$74.52**	**$62.10**

Source: CEC staff analysis

An additional 30 percent bonus shall be applied to capacity incentives for program years 2023 and 2024 for early participation in the program. Additional bonuses in future years may be provided at CEC discretion.

Additionally, VPP aggregators shall receive incentives for the months of May, June, and July 2023 based on their highest monthly demonstrated capacity shown in program year 2023.

D. Program Availability and Event Triggers

Program events may occur only during the following times:

- **Daily Availability:** Starting no earlier than 4:00 p.m. and ending no later than 9:00 p.m.
- **Weekly Availability:** Seven days a week
- **Maximum Events:** Thirty-five events per program year (May–October). If the events called in a month bring the total for a given resource to more than 35 events for that program year, the events in that month with the highest performance shall be included in the 35-event maximum and used to determine demonstrated capacity. Participation in more than 35 events is not required.
- **Minimum Events:** One per month (may be a test event called by the VPP aggregator in the absence of a DSGS Program event)
- **Exceptions:** An event may be discarded from the performance calculation at the discretion of the VPP aggregator if customers representing 10 percent or more of the nominal power rating of the aggregation lose power on an event day before or during the event.

An event is defined by any hour that meets both of two price-based criteria within the program hours. An event may last from one hour to the maximum resource duration. For all resources, price is defined as the California ISO day-ahead locational marginal price (LMP) for the default load aggregation point (DLAP) of the host UDC, or the Path 15 zone of the host UDC if a DLAP is not available.[5] These criteria are:

- **Absolute Price Trigger:** The LMP must be greater than or equal to $200/MWh. If no hours within the program window meet this threshold, no event shall be called.
  - **Nonconsecutive Prices ≥$200/MWh:** If multiple hours within the program window meet the absolute price trigger but are not consecutive, the hour or hours in between shall also be considered to meet this criterion.
- **Relative Price Trigger:** The hours with the highest mean consecutive LMP over the duration of the 2-, 3-, or 4-hour capacity commitment. If the number of hours where the day-ahead LMP ≥$200/MWh exceeds the nominated capacity duration, only those consecutive hours with the highest mean LMP shall be considered event hours.
  - **Equal Values:** If the highest mean consecutive hourly price applies to more than one set of hours (that is, if there is a tie), the event will be the first (that is, earliest) set of hours meeting these conditions.

For example, the performance of a 3-hour resource will be measured over the three highest-priced consecutive hours that meet or exceed $200/MWh during the 4:00 p.m.–9:00 p.m. program window. If more than three hours meet or exceed $200/MWh during this window on a given day, only the three highest-priced consecutive hours will count toward performance. If less than three hours meet or exceed $200/MWh, only those hours will count toward performance.

In the absence of a program event during a participation month, a VPP aggregator must define one or more test events to substantiate a demonstrated capacity value. The test hours must be consistent with the relative price trigger (that is, must occur during hours with the highest consecutive LMPs within the program hours) and last for the duration of the capacity commitment. A VPP aggregator may take the highest performance of multiple test events as the demonstrated capacity. Test events do not count toward the maximum number of DSGS events.

E. Measuring Performance

Hourly battery performance shall be measured determined by submeter or inverter-level measured battery discharge, regardless of whether the energy serves BTM load or is exported to the grid. For battery resources receiving self-generation incentive program (SGIP) funding or with a host utility permission-to-operate date before July 1, 2023, an hourly prescriptive baseline shall be applied to battery discharge:

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5 The UDCs and corresponding aggregate pricing node IDs are Pacific Gas and Electric ("DLAP_PGAE-APND"), Southern California Edison ("DLAP_SCE-APND"), San Diego Gas & Electric ("DLAP_SDGE-APND"), and the POUs of Anaheim, Azusa, Banning, Pasadena, Riverside, and Vernon (SP15, "TH_SP15_GEN-APND").

- **Residential:** $\mathbf{0.074}\boldsymbol{Capacity_{kWh}}$
- **Nonresidential:** $\mathbf{0.028}\boldsymbol{Capacity_{kWh}}$

Where $Capacity_{kWh}$ is the nominal energy capacity (kWh) of the battery as defined on the specification sheet for the battery. The resulting baseline value is in kWh per hour, or kW.

For all other batteries, the baseline is defined as zero kW.

Demonstrated capacity shall be defined as the weighted average discharge (less the baseline), where the weights are given by the relevant LMP across all program event (or test) hours in a participation month:

$$\frac{sum((Discharge_h - Baseline_h)LMP_h)}{sum(LMP_h)}$$

Where $Discharge_h$ is the metered battery discharge (kW), $Baseline_h$ is the baseline, and LMP_h is the day-ahead LMP, all in hour *h*.

CHAPTER 6:
Program Payments

This chapter identifies the information and steps to receive administrative costs and incentive payments.

A. Incentive Payments

DSGS providers shall pay eligible incentive amounts under Incentive Option 1 directly to their participants and submit to the CEC claims for administrative costs and incentive payments. Participants enrolled directly with the CEC shall submit to the CEC claims for incentive payments.

B. Administrative Costs

The CEC shall reimburse each DSGS provider for up to $1 million per year in administrative costs associated with implementing Incentive Option 1 based on the administrative cost structure identified in the initial application. The DSGS provider shall select one of the following administrative cost structures:

- Actual incremental costs incurred in administering Incentive Option 1, such as costs derived from employee timesheets or invoices from third-party contractors, pending specified conditions, and for indirect/overhead costs (not to exceed 10 percent of actual incremental costs).
- 10 percent of incentive payments provided to participants under Incentive Option 1, or if an electrical corporation, 5 percent of incentive payments provided to participants under Incentive Option 1.

The CEC shall also reimburse utilities not enrolled as DSGS providers for actual incremental costs incurred in facilitating an aggregator's administration of the program in the utility's service territory and a direct participant's participation in the program. Each utility not enrolled as a DSGS provider is limited to reimbursement of up to $250,000 each year in actual incremental costs.

C. Process for Requesting Administrative Costs and Incentive Payments

1. Claim Timing

The CEC shall accept and review claims for administrative costs and incentive payments on a first-come, first-served basis.

a. The date and time of the electronically submitted completed claim will establish the order for the queue for review of claims.

b. The CEC shall notify claimants if claim packages are incomplete. The claimant shall supplement the incomplete claim within 10 business days. Failure to respond within the 10 business days will result in the cancellation of the claim.

c. The cancellation of a claim does not preclude a claimant from resubmitting a claim, but the date and time of the electronic resubmission will determine the order of review of the claim.

2. Claim Package

a. DSGS Provider Claim Package. DSGS providers must include the following items:

i. The following information in a format provided by the CEC:

- Reporting period
- DSGS provider name
- DSGS provider's contact name, title, email address, and phone number
- For each participant with resources enrolled in Incentive Option 1:
  - Participant name
  - Type of resources dispatched including the applicable loading order category (for example, demand response or efficiency resource, renewable or zero-emission resources, near zero-emission resource, biomethane or natural gas resource, or diesel backup generator or other conventional resource, or any combination of the above)
  - Address where each resource is located
  - Verified incremental load reduction (in kWh) dispatched each hour of each dispatch period during the reporting period
  - Eligible standby (in kWh) each hour during the reporting period, as described in Chapter 3
  - Amount of incremental increases in customer demand charges that result from participation in the program during the billing period in which a DSGS Program event occurred, if any, and supporting documentation
  - Documentation evidencing load reduction activities, such as data and supporting calculations demonstrating how the claimant calculated the baseline and actual load reduction amount.
  - If claiming the one-time controllable generation incentive described in Chapter 3, Section C.4, kW or HP as defined on the specification sheet of the generator and supporting documentation.

- For participation under Incentive Option 2, if requested by the CEC:
  - Real-time market bids and self-schedules (in kWh) by Resource ID
  - Total Expected Energy (TEE, in kWh) by Resource ID
  - Demand Response Energy Measurement (DREM, in kWh) by Resource ID
  - Customer-weighted average of daily high and low temperature by dispatch event
- For each participant within a VPP enrolled under Incentive Option 3:
  - All information required under the enrolled participation report described in Chapter 2, Section D.1.e, updated to include all participants enrolled by the end of the most recent participation month.
  - Hourly submetered or battery inverter charge and discharge data (kWh) for each participant, labeled with the unique identification number, for the entirety of each month in which the participant was enrolled in the DSGS program under Incentive Option 3.
  - If no events occurred within a participation month: the date, start time, and stop time of any test events within the month.

ii. For administration of Incentive Option 1, amount of administrative costs being claimed based on the selected administrative cost reimbursement structure described in Chapter 6, Section B. DSGS providers seeking reimbursement based on actual incremental costs must provide documentation evidencing claimed administrative costs.

iii. Payee data record (STD-204). If the designated payee has already submitted a complete STD-204 form with a prior reimbursement claim and has received a payment within the past year from the CEC, a new STD-204 is not needed.

iv. Attestation, submitted under penalty of perjury, that the payment will reimburse eligible incentive payments and administrative costs and to the accuracy and completeness of the information submitted.

b. **Direct Participant Claim Package**. Participants enrolled directly with the CEC must provide the following items:

i. The following information in a format provided by the CEC:

- Reporting period
- Participant name
- Participant’s contact name, title, email address, and phone number
- For each load reduction resource:
  - Load-serving entity for the resource

        - Type of resource, including the applicable loading order category (for example, demand response or efficiency resource, renewable or zero-emission resources, near zero-emission resource, biomethane or natural gas resource, or diesel backup generator or other conventional resource, or any combination of the above)
        - Address where the resource is located
        - Verified incremental load reduction (in kWh) dispatched each hour of each dispatch period during the reporting period
        - Eligible standby (in kWh) each hour during the reporting period, as described in Chapter 3
        - Documentation evidencing load reduction activities, such as data and supporting calculations demonstrating how the claimant calculated the baseline and actual load reduction amount
        - If claiming the one-time controllable generation incentive described in Chapter 3, Section C.4, kW or HP as defined on the specification sheet of the generator and supporting documentation.
    - Amount of incremental increases in customer demand charges that result from participation in the program during the billing period in which a DSGS Program event occurred, if any, and supporting documentation

ii. Payee data record (STD-204). If the designated payee has already submitted a complete STD-204 form with a prior reimbursement claim and has received a payment within the past year from the CEC, a new STD-204 is not needed.

iii. Attestation, submitted under penalty of perjury, that the payment will cover eligible incentive payments and to the accuracy and completeness of the information submitted.

c. **Non-DSGS Provider Utility Administrative Cost Claim Package.** Utilities not enrolled as DSGS providers claiming actual incremental costs pursuant to Chapter 6, Section B, must provide the following items:

i. Reporting period

ii. Utility name

iii. Utility's contact name, title, email address, and phone number

iv. Amount of administrative costs being claimed

v. Documentation evidencing claimed administrative costs

vi. Payee data record (STD-204). If the designated payee has already submitted a complete STD-204 form with a prior reimbursement claim and has received a payment within the past year from the CEC, a new STD-204 is not needed.

vii. Verify in writing that:

- The payment will reimburse eligible administrative costs.

- The information submitted is accurate and complete.
- The utility agrees to the requirements of the terms listed in Chapter 7, Section S.

3. Claim Review and Approval

If, during the claim review, a complete and timely submitted reimbursement claim package is found to contain minor errors, discrepancies, or omissions, the CEC will request clarification from the claimant. The claimant will be responsible for obtaining all information requested by the CEC to process the request. The CEC may impose a reasonable deadline for claimants to respond to and provide any information requested under this section.

If the claim package demonstrates that a claimed cost is ineligible for reimbursement, the CEC will not approve the claimed cost.

Payment of approved eligible incentive payments and administrative costs will be made to the payee according to the Payee Data Record (STD-204).

CHAPTER 7: Administration

A. Effective Date of Guidelines

The DSGS Program Guidelines will take effect only after they have been approved at a CEC business meeting. Once finalized, the CEC will post the adopted DSGS Program Guidelines on its website, available at https://www.energy.ca.gov/programs-and-topics/programs/demand-side-grid-support-program.

Applicants and interested persons may also obtain the program guidelines by contacting DSGS@energy.ca.gov.

B. Compliance and Verification

As a condition of receiving a DSGS incentive, DSGS providers and participants must agree to provide the CEC with access to relevant documents to verify load reduction activities and confirm that funding is being used to reimburse eligible administrative costs and incentive payments as directed by DSGS Program Guidelines. CEC staff, and its agents, may take various steps, as needed, to ensure compliance with program requirements.

DSGS providers and participants must agree to provide information, access to participant application records, and documentation evidencing load reduction activities as reasonably requested by CEC staff, or its agent, to verify eligibility for DSGS incentives. These steps may include:

1. Requesting relevant documents or other materials from the DSGS provider or participant.
2. Contacting the participant or its retail supplier.
3. Contacting the ISO or applicable balancing authority.
4. Performing an audit, as discussed below in Section E.

C. Enforcement

In addition to any other rights the CEC has, the CEC may take any of the following actions necessary to enforce the CEC's rights and program requirements. By applying for funds under this program, DSGS providers and participants agree that any effort to enforce this funding arrangement in court shall have the venue in Sacramento County, and this funding arrangement shall be interpreted in accordance with and governed in all respects by California law.

1. Recovery of Overpayment

In addition to all rights and remedies available to the CEC, the CEC may direct its chief counsel to commence formal legal action against any current or former DSGS provider or participant to recover any portion of an incentive or administrative payment, and any other amounts due under the law, that the CEC's executive director determines the DSGS provider or participant or former DSGS provider or participant was not otherwise entitled to receive.

2. Fraud and Misrepresentation

The executive director may initiate an investigation of any current or former DSGS provider, participant, or applicant that the executive director has reason to believe may have misstated, falsified, or misrepresented information in submitting an application, reimbursement request, or any reporting or other information required under the program. Based on the results of the investigation, the executive director may take any action deemed appropriate, including, but not limited to, removal from the program and recovery of any overpayment, and, with the concurrence of the CEC, recommending the Attorney General initiate an investigation and prosecution under Government Code Section 12650, et seq., or other provisions of law.

3. Noncompliance With Guidelines

The CEC may seek remedies for noncompliance with guideline requirements and terms, including but not limited to termination of enrollment, withholding requested payments, recovery of funds, or any other administrative or civil action.

Without limiting any of its other remedies, the CEC may, for eligible an DSGS provider's, participant's, or applicant's noncompliance with any guideline requirement, withhold future reimbursement payments, demand and be entitled to repayment of past reimbursements, and suspend or cancel the DSGS provider's or participant's enrollment.

D. Audits

DSGS providers and participants shall keep separate, complete, and correct accounting of the costs involved in participating in this program, as applicable. The CEC, the Bureau of State Audits, or their authorized agents may audit any applicant or participant to verify compliance with all program requirements, including the accuracy of any information included as part of the application, reimbursement claim, or report required under these guidelines. As part of an audit, a DSGS provider or participant may be required to provide the CEC or its authorized agents with all information and records necessary to verify the accuracy of any information included in the DSGS provider's or participant's application, reimbursement claims, or reports. A DSGS provider or participant may also be required to open its business records for on-site inspections and audit by the CEC or its authorized agents to verify the accuracy of any information included therein. An audit may be performed at any time within five years after payment by the CEC of the DSGS provider's or participant's final claim payment.

If an audit finds that a DSGS provider or participant has incorrectly stated or falsified information included on the DSGS provider's or participant's application, claims, or reports, the CEC shall notify the DSGS provider or participant of its findings in writing within 30 days of completing the audit. Based on the audit results and without limiting any of CEC's other rights, a DSGS provider or participant may be required to refund all or a portion of the DSGS claim payments it has received. In addition, the DSGS provider's or participant’s enrollment may be terminated and enforcement actions initiated following Section D of Chapter 7: Administration.

E. Authorized Third Parties

Authorized third parties may complete applications on behalf of an eligible DSGS provider but may not sign attestations on their behalf. A letter of authorization from the DSGS provider specifying any authority or responsibility delegated to the third party is required as part of the application package.

F. Records Retention: Use and Disclosure of Information and Records and Confidentiality

Any entity receiving a DSGS payment from the CEC must retain all records required to be submitted to the CEC for a period of five years after the date the project receives its final, or most recent, incentive payment from the CEC. Unless an applicable exception or exemption to public disclosure applies, all documents submitted to the CEC or its technical assistance providers, including as part of any audit, are considered public records subject to disclosure under the California Public Records Act. The CEC or other state agencies may also use any of these documents or information for any purpose, including to determine eligibility and compliance with the DSGS Program, applicable law, or a particular guideline document; evaluate related or relevant programs or program elements; or prepare reports. These documents and information include, but are not limited to, applications, invoices, and any documentation submitted in support of the applications; all incentive deliverables; and documents prepared for other reporting requirements.

If the CEC requires a DSGS provider or participant to provide copies of records that the DSGS provider or participant believes contain confidential, proprietary, or any other information entitled to protection under the California Public Records Act or other law, the DSGS provider or participant may request that such records be designated confidential according to the CEC’s regulations for confidential designation, Title 20, California Code of Regulations, Section 2505. If the confidential information within a document can be redacted without removing the portion of the record that is required for verification of compliance with these guidelines, the DSGS provider or participant shall submit versions of documents with the confidential information masked or redacted rather than requesting confidential designation. Questions regarding whether redactions may inhibit verification of compliance with these guidelines should be submitted to CEC staff with sufficient time to resolve the question before reimbursement.

DSGS providers and participants considering confidentiality should note that DSGS funds are subject to information disclosure requirements to ensure transparency. Information concerning the identity of DSGS providers and participants and the amounts provided are public information and will be published in CEC reports and disclosed in response to requests filed under the California Public Records Act. This information, as well as other public information, may also be disclosed through the CEC’s website, another State of California agency website, or through other means. The CEC will not disclose information in a manner that is otherwise protected by the Public Records Act, including qualifying trade secrets or confidential or privileged information, including energy use.

In addition to any other disclosure requirements under the law, the CEC can disclose confidential information and records to other governmental entities, including other local, state, or federal agencies that are funding eligible projects, and law enforcement authorities for civil and criminal investigation and enforcement.

G. Nondiscrimination Statement of Compliance

While participating in the DSGS Program, DSGS providers, DSGS participants, and subcontractors will not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of any of the following:

- Sex
- Sexual orientation
- Race
- Color
- Ancestry
- Religious creed
- National origin
- Physical disability (including HIV and AIDS)
- Mental disability
- Medical condition
- Age
- Genetic information
- Gender
- Gender identity
- Gender expression
- Military and veterans status
- Marital status or
- Denial of family care leave

DSGS providers, DSGS participants, and subcontractors will ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

DSGS providers, DSGS participants, and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Sections 12990 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 11000 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4.1 of Title 2 of the California Code of Regulations, are incorporated into these guidelines by reference and made a part of it as if set forth in full. The DSGS provider, DSGS participants, and subcontractors will give written notice of their obligations under this section to labor organizations with which they have a collective bargaining or other agreement.

DSGS providers shall include and shall ensure all subcontractors include the nondiscrimination and compliance provisions in this section in all subcontracts under this program.

H. Drug-Free Workplace Certification

By participating in the DSGS Program, the DSGS provider certifies under penalty of perjury under the laws of the State of California that it will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited, and specifying actions to be taken against employees for violations as required by Government Code Section 8355(a).
2. Establish a Drug-Free Awareness Program as required by Government Code Section 8355(b) to inform employees about all of the following:
   - The dangers of drug abuse in the workplace
   - The person’s or organization’s policy of maintaining a drug-free workplace
   - Any available counseling, rehabilitation, and employee assistance programs
   - Penalties that may be imposed upon employees for drug abuse violations.
3. Provide, as required by Government Code Section 8355(c), that every employee who works on the proposed project:
   - Will receive a copy of the company's drug-free policy statement.
   - Will agree to abide by the terms of the company's statement as a condition of employment on the project.

In addition to any other rights and remedies available to the CEC, failure to comply with these requirements may result in suspension of payments under the DSGS Program or termination of participation, and the DSGS provider may be ineligible for any future state awards if the CEC determines that any of the following has occurred: (1) the DSGS provider has made false certification or (2) violates the certification by failing to carry out the requirements as noted above.

J. Americans With Disabilities Act

By participating in the DSGS Program, the DSGS provider assures the CEC that it complies with the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. Section 12101, et seq.), which prohibits discrimination on the basis of disability, as well as applicable regulations and guidelines issued pursuant to the ADA.

K. Air or Water Pollution Violation

This term applies to DSGS providers receiving more than $10,000. Under state laws, DSGS providers shall not be (1) in violation of any order or resolution not subject to review promulgated by the California Air Resources Board or an air pollution control district, (2) subject to cease and desist order not subject to review issued under Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions, or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

L. Prompt Payment

Payment will be made in accordance with the Prompt Payment Act, Government Code Chapter 4.5, commencing with Section 927, which requires payment of properly submitted, undisputed invoices within 45 days of receipt or automatically pay late payment penalties when applicable.

M. Amendments

No amendment or variation of the terms of the agreement between the CEC and DSGS providers shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or agreement not incorporated in the agreement is binding on any of the parties.

N. Termination Without Cause

The CEC may terminate agreements with a DSGS provider without cause upon giving written notice. In this event, the DSGS provider will use all reasonable efforts to mitigate its expenses and obligations.

O. Public Works

If a DSGS provider engages in public works or has subcontractors or DSGS participants engage in public works under this program, the DSGS provider shall comply with all applicable public work laws (for example, Labor Code Section 1720 et seq.), a requirement of which is to pay prevailing wages. If an entity engages in public works, then it is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

P. Independent Capacity

In the performance under this program, DSGS providers, DSGS participants, and subcontractors and their respective agents and employees will act in an independent capacity and not as officers, employees, or agents of the CEC or the State of California.

Q. Third-Party Beneficiary

DSGS providers shall ensure every subcontract and agreement with DSGS participants under this program includes a provision indicating the CEC is a third-party beneficiary to the agreement.

R. Travel and Per Diem

1. Any travel for which DSGS providers and subcontractors want to be reimbursed must be preapproved in writing by the CEC before such costs are incurred.
2. The CEC shall only pay travel and per diem up to, but not to exceed, the rates allowed nonrepresented state employees. Current allowable travel reimbursement rates can be obtained from the Commission's website at http://www.energy.ca.gov/contracts/TRAVEL_PER_DIEM.PDF.
3. DSGS providers and their subcontractors shall not invoice for or spend, and the CEC shall not pay, any CEC funds for food or beverages other than for allowable per diem charges. DSGS providers and their subcontractors are responsible for any amounts more than this allowed amount.
4. DSGS providers and their subcontractors shall not invoice for or spend, and the CEC shall not pay, any CEC funds for alcohol or travel and meals for non-DSGS, entertainment, or public relations purposes.
5. DSGS providers shall not allow subcontractors to invoice for, and the CEC shall not pay, any funds for a profit amount greater than 10 percent.

S. Flow-Down Requirements

DSGS providers shall flow down in their agreements with subcontractors and DSGS participants and shall ensure subcontractors flow down in their subcontracts, the requirements in the following terms:

- Compliance and Verification (Chapter 7, Section C)
- Enforcement (Chapter 7, Section D)
- Audits (Chapter 7, Section E)
- Records Retention (Chapter 7, Section G)
- Nondiscrimination Statement of Compliance (Chapter 7, Section H)
- Drug-Free Workplace Certification (Chapter 7, Section I)
- Americans with Disabilities Act (Chapter 7, Section J)
- Air and Water Pollution Violation (Chapter 7, Section K)
- Prompt Payment (Chapter 7, Section L)
- Public Works (Chapter 7, Section O)
- Third-Party Beneficiary (Chapter 7, Section Q)
- Travel and Per Diem (Chapter 7, Section R)
- Flow-Down Requirements (Chapter 7, Section S, this section)
- Survival of Terms (Chapter 7, Section V)
- A provision indicating the person or entity agrees to comply with all applicable laws and DSGS Program requirements.

T. Severability

If any provision of these guidelines is unenforceable or held to be unenforceable, all other provisions of these guidelines will remain in full force and effect.

U. Waiver

No waiver of any breach of these guidelines constitutes waiver of any other breach. All remedies in these guidelines will be taken and construed as cumulative, meaning in addition to every other remedy provided in the guidelines or by law.

V. Survival of Terms

Certain provisions will survive the withdrawal of a DSGS provider or participant from the program for any reason. The provisions include but are not limited to:

- Program Payments (Chapter 6).
- Compliance and Verification (Chapter 7, Section C).
- Enforcement (Chapter 7, Section D).
- Audits (Chapter 7, Section E).
- Records Retention: Use and Disclosure of Information and Records and Confidentiality (Chapter 7, Section G).
- Public Works (Chapter 7, Section O).
- Third-Party Beneficiary (Chapter 7, Section Q).
- Severability (Chapter 7, Section T).
- Waiver (Chapter 7, Section U).
- Survival of Terms (Chapter 7, Section V, this section).

Reference Documents

Assembly Bill 205 (Committee on budget, Stats. 2022, Ch. 61)
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB205

Assembly Bill 209 (Committee on budget, Stats 2022, Ch. 251)
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB209

California ISO Emergency Notifications Fact Sheet
http://www.caiso.com/Documents/Emergency-Notifications-Fact-Sheet.pdf

North American Electric Reliability Corporation Reliability Standard EOP-011-1
https://www.nerc.com/pa/Stand/Reliability%20Standards/EOP-011-1.pdf

Glossary

Key Words and Terms

Word/Term	Definition
Aggregator	An entity that dispatches behind-the-meter load reduction or battery storage discharge of multiple customers for the benefit of a load-serving entity or balancing authority.
Balancing authority area	A balancing authority area as defined in Public Utilities Code section 399.12(c).
Base Interruptible Program (BIP)	A program created by the CPUC and managed by the State's IOUs that pays customers to reduce their electricity use during electrical grid emergencies
California ISO or ISO	California Independent System Operator
California balancing authority	A California balancing authority as defined in Public Utilities Code section 399.12(d).
CEC	State Energy Resources Conservation and Development Commission, commonly called the California Energy Commission, the Energy Commission, or the CEC. This term also includes any entity the CEC has contracted with to implement all or part of this program.
Community choice aggregator	Community choice aggregator means any of the following entities, if that entity is not within the jurisdiction of a local publicly owned electric utility that provided electrical service as of January 1, 2003: (a) Any city, county, or city and county whose governing board elects to combine the loads of its residents, businesses, and municipal facilities in a communitywide electricity buyers' program. (b) Any group of cities, counties, or cities and counties whose governing boards have elected to combine the loads of their programs, through the formation of a joint powers agency established under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

	(c) The Kings River Conservation District, the Sonoma County Water Agency, and any California public agency possessing statutory authority to generate and deliver electricity at retail within its designated jurisdiction, provided the entity may only combine the loads of residences, businesses, and governmental facilities of cities and counties within, or contiguous to, its jurisdiction that have, by resolution exercised pursuant to paragraph (12) of subdivision (c) of Section 366.2, requested the agency to implement a community choice aggregation program. (Public Utilities Code section 331.1.)
Customer(s)	A utility service account representing a home, business, or other entity.
DSGS Program event	DSGS Program events include the standby and dispatch periods described in the DSGS Program Events and Notification Process in Chapter 4, Section C and Section D, and a dispatch pursuant to the requirements outlined in Option 3: Capacity Payment and Bid Structure in Chapter 3, Section C.
DSGS provider	A retail supplier as defined in Public Utilities Code Section 398.2, Federal power marketing administrations, and aggregators of customers enrolled with the CEC to administer the DSGS Program for participants.
EEA Watch	An Energy Emergency Alert Watch issued by the ISO when analysis shows all available resources are committed or forecasted to be in use, and energy deficiencies are expected. Market participants are encouraged to offer supplemental energy.
EEA 1	An Energy Emergency Alert 1 as defined in the North American Electric Reliability Corporation's Reliability Standard EOP-011-1. A balancing authority issues an EEA 1 when it is experiencing conditions where all available generation resources are committed to meet firm load, firm transactions, and reserve commitments, and is concerned about sustaining its required contingency reserves.
EEA 2	An Energy Emergency Alert 2 as defined in the North American Electric Reliability Corporation's Reliability Standard EOP-011-1. A balancing authority issues an EEA 2 when it is no longer able to provide its expected energy requirements and is energy deficient.
EEA 3	An Energy Emergency Alert 3 as defined in the North American Electric Reliability Corporation's Reliability Standard EOP-011-1.

	An energy deficient balancing authority issues an EEA 3 when it is unable to meet minimum contingency reserve requirements.
Emergency Load Reduction Program (ELRP)	A program created by the CPUC in Decision 21-03-056 and managed by the State's IOUs to pay electricity consumers for reducing energy consumption or increasing electricity supply during electrical grid emergencies.
Extreme event	An extreme event is defined in Public Resources Code Section 25790.5(b) to mean either of the following: • An event occurring at a time and place in which weather, climate, or environmental conditions, including temperature, precipitation, drought, fire, or flooding, present a level of risk that would constitute or exceed a one-in-ten event, as referred to by the North American Electric Reliability Corporation, including when forecast in advance by a load-serving entity or local publicly owned electric utility. • An event where emergency measures are taken by a California balancing authority, including when forecast in advance by the California balancing authority.
Investor-owned utility (IOU)	As used in this document, investor-owned utilities include Pacific Gas and Electric Company (PG&E), Southern California Edison, and San Diego Gas & Electric Company (SDG&E).
Load reduction	A decrease in electric demand as measured at a customer site relative to a counterfactual baseline. Load reductions include behind-the-meter generation or storage discharge that result in negative demand (i.e., exports) except where otherwise prohibited.
Load-serving entity	An electric customer's retail supplier or federal power marketing administration.
Local publicly owned electric utility (POU)	Local publicly owned electric utility means a municipality or municipal corporation operating as a "public utility" furnishing electric service as provided in Section 10001, a municipal utility district furnishing electric service formed pursuant to Division 6 (commencing with Section 11501), a public utility district furnishing electric services formed pursuant to the Public Utility District Act set forth in Division 7 (commencing with Section 15501), an irrigation district furnishing electric services formed pursuant to the Irrigation District Law set forth in Division 11 (commencing with Section 20500) of the Water Code, or a joint powers authority that includes one or more of these agencies and that owns generation or transmission facilities, or furnishes

	electric services over its own or its member's electric distribution system. (Public Utility Code section 224.3.)
Participant	An energy customer that has enrolled in the DSGS Program
Rule 21	CPUC Electric Rule 21 is a tariff that describes the interconnection, operating, and metering requirements for generation facilities to be connected to a utility's distribution system.
Subcontract	An executed contract between a DSGS provider and a person or entity assisting the DSGS provider in fulfilling the requirements of this program that is not a DSGS participant. It also means any lower tier of sub-subcontract.
Subcontractor	A person or entity that executes a subcontract.