

DOCKETED	
Docket Number:	22-RENEW-01
Project Title:	Reliability Reserve Incentive Programs
TN #:	258053
Document Title:	PowerFlex Inc Comments - PowerFlex Comments_DSGS DEBA Budget
Description:	N/A
Filer:	System
Organization:	PowerFlex Inc
Submitter Role:	Public
Submission Date:	7/26/2024 11:46:21 AM
Docketed Date:	7/26/2024

*Comment Received From: PowerFlex Inc
Submitted On: 7/26/2024
Docket Number: 22-RENEW-01*

PowerFlex Comments_DSGS DEBA Budget

Additional submitted attachment is included below.



July 26, 2024

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

Re: Docket No. 22-RENEW-01—PowerFlex Comments on Demand Side Grid Support (DSGS) Program And Distributed Electricity Backup Assets (DEBA) Program Budgets

California Energy Commissioners and Staff:

PowerFlex appreciates the California Energy Commission's (Commission's) efforts in designing and implementing both the Demand Side Grid Support (DSGS) and Distributed Electricity Backup Assets (DEBA) programs. PowerFlex has been an active participant in proposing program design recommendations to the Commission on both programs. Additionally, PowerFlex is a current participant in DSGS Option 3 with a large and growing aggregation that is expected to grow to more than 12 MW of capacity by the end of the 2025 season. Representing up to 20% of the value stack for storage and solar projects, DSGS is a critical part of enabling such projects to be built and ultimately deliver resiliency benefits to California's grid.

With the passage of California's budget that enacts cuts to both the DSGS and DEBA budgets and grants the Commission the ability to allocate \$75 Million between the DSGS and/or DEBA programs, PowerFlex wishes to provide its recommendations on how to allocate this money. PowerFlex strongly supports allocating the full amount to DSGS rather than splitting the money between the two programs for several reasons, including:

- DSGS is already operational and has all the of the administrative structure in place to support the program
- DSGS Option 3 rules and requirements were designed to accommodate behind-the-meter technologies, specifically batteries and bi-directional electric vehicle chargers, and allows these resources to be compensated for the value they provide
- DSGS incentive levels are attractive enough to encourage participation and enroll new customers in future years
- DSGS provides meaningful and reasonably predictable capacity when the State determines the grid needs it most
- DEBA rules, requirements, and incentive levels are still unknown
- Timing for DEBA (i.e. when program rules will be developed and finalized, when the first solicitation will come out, when projects must be online, when projects will get paid, etc.) is unknown
- Given the unknown program aspects and timing of DEBA, developers cannot currently model DEBA revenue or operational requirements when designing and selling projects
- If the final DEBA program is close to what was proposed by the Commission earlier this year, PowerFlex is concerned with its basic structure, such as:
 - The Grant Funding Opportunity process is administratively complex and time consuming with a lot of uncertainty around procuring incentive funds.
 - The program is designed to benefit only a few developers rather than fostering broader market participation. This is especially true with a decreased budget.



- The potential inability to stack incentives with other programs, such as DSGS or the Self-Generation Incentive Program.
- The high-capacity thresholds to be eligible to apply for the different options.

Given these reasons, PowerFlex strongly encourages the Commission to allocate the full \$75 Million to the DSGS program in the next program year to create funding certainty and encourage program participation. DSGS is a scalable and sellable program that delivers a material resiliency benefit to California's grid. Moreover, DSGS is aligned with the direction of Federal and State policy, which prioritizes pay for performance programs that help bolster a transition to solar plus storage and soon bi-directional EVSE, while socializing the benefits of those assets to all ratepayers, including those without distributed generation. Defunding this program, at a time when the Biden Administration has invested billions of dollars in virtual power plant programs, and other states like New Jersey, Maryland and Colorado are all enacting similar programs in the next year, will be a significant setback to California's increasingly precarious role as a national climate policy leader.

PowerFlex appreciates the opportunity to provide these comments and appreciates the Commission's willingness to work with industry in designing and implementing innovative programs. PowerFlex continues to support the Commission's efforts to use distributed energy resources to provide grid benefits.

Respectfully,

Raghav Murali
Director, Policy and Government Affairs
Raghav.murali@powerflex.com
PowerFlex Inc.