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**CMUA Comments on the Demand Side Grid Support Proposed Guidelines Fourth Edition**

Please see the attached comments.

*Additional submitted attachment is included below.*

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:

Reliability Reserve Incentive Programs

Docket No. 22-RENEW-01

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**COMMENTS OF THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION  
ON THE PROPOSED DEMAND SIDE GRID SUPPORT (DSGS) PROGRAM  
GUIDELINES, FOURTH EDITION**

The California Municipal Utilities Association (CMUA) respectfully provides the following comments to the California Energy Resources Conservation and Development Commission (Commission) regarding the Proposed Demand Side Grid Support (DSGS) Program Guidelines, Fourth Edition (Proposed Guidelines).

CMUA is a statewide organization of local public agencies in California that provide essential public services including electricity, water, and wastewater service throughout California. CMUA membership includes publicly owned electric utilities (POUs) that operate electric distribution and transmission systems that serve approximately 25 percent of the electric load in California, and public water and wastewater agencies that serve approximately 75% of California's water customers. California's POUs and public water and wastewater agencies are committed to, and have a strong track record of, providing safe, reliable, affordable, and sustainable electric, water, and wastewater service. During the September 2022 grid emergency, California's POUs and public water and wastewater agencies provided approximately 400 megawatts (MW) of net load reduction. CMUA members stand ready to help maintain reliable, affordable, and sustainable electric service to help moderate the grid impacts of future extreme events.

## **I. INTRODUCTION**

CMUA members appreciate the opportunity to collaborate with Commission staff and stakeholders on potential modifications to the DSGS program. We offer the following comments on the Proposed Guidelines and potential modifications to the DSGS program:

- CMUA supports Commission efforts to clarify and simplify participation in the DSGS program.
- The Commission should continue to ensure that utilities are eligible for full reimbursement of administrative costs.
- CMUA supports the introduction of Option 4: Emergency Load Flexibility Virtual Power Plant Pilot.

## **II. COMMENTS ON THE PROPOSED GUIDELINES**

**CMUA supports Commission efforts to clarify and simplify participation in the DSGS program.**

CMUA members support the DSGS program and encourage the Commission to continue to look to simplify the process for providers and participants. The DSGS program can be complicated for participants, particularly for residential and smaller commercial customers. Throughout the DSGS implementation process, CMUA members have worked to simplify the process for participants and appreciate similar efforts by the Commission.

CMUA supports the Commission continuing to recognize the need for POU's to customize the program for their service area. Particularly, the Guidelines continue to provide POU's outside the California Independent System Operator (CAISO) with the ability to develop alternative incentive structures, dispatch requirements, and performance measurement criteria and authorize the POU and/or third-party providers to serve as DSGS providers. California's POU's know their customers and communities and are best suited to develop programs for their customers.

Additionally, CMUA supports the clarification that if multiple balancing authority areas (BAAs) issue Energy Emergency Alerts (EEAs) during the same time period, participants shall prioritize providing load reduction to the BAA in which the participant is located.

**The Commission should continue to ensure that utilities are eligible for full reimbursement of administrative costs.**

CMUA supports continuing to permit reimbursement of utilities' actual costs, up to \$250,000 each year, for facilitating an aggregator's administration of the program.

Administrative costs associated with DSGS can be significant for POU. To encourage POU to authorize potential aggregators interested in administrating DSGS programs for their customers, POU must be assured that administrative costs will be fully reimbursed.

However, CMUA opposes the \$7,500 cap on administrative costs for DSGS providers if no events are called. Due to the extensive internal coordination with affected departments as well as external coordination with each DSGS participant, both of which are triggered as soon as an event will *potentially be* called (e.g. heat waves, EEA Watches, etc.) POU, acting as DSGS providers, incur nearly the same costs to administer the DSGS program, irrespective of whether a program event is ultimately called. \$7,500 is extremely minimal and, if enacted, will cause some POU to cease their participation as a DSGS provider due to the risks of significant non-reimbursable costs. Further, some POU have entered into vendor contracts, or are considering entering into such contracts, to help administer their DSGS participation, with the contracts far exceeding \$7,500 annually. These contracts are intended to help the POU expand DSGS participation and create a more robust program that will benefit the state. As such, a \$7,500 cap is not sufficient to cover the costs to administer the program. While CMUA recognizes the need to impose a cap on administrative costs, the Commission should continue to apply the \$1 million administrative cost cap regardless of whether events are called.

**CMUA supports the introduction of Option 4: Emergency Load Flexibility Virtual Power Plant Pilot.**

CMUA supports the introduction of Option 4, the Emergency Load Flexibility Virtual Power Plant Pilot. This program can be a source of additional demand response for both residential and commercial customers. Additionally, by including electric water heaters, this program option helps support the state's goal of fuel switching. CMUA notes that the structure and implementation process adds complexity to the DSGS program. As such, CMUA encourages the Commission to evaluate both the performance of this option and the experience of utilities implementing it at the end of the 2025 program season.

### III. CONCLUSION

CMUA appreciates the opportunity to offer these comments on the DSGS Workshop and Proposed DSGS Guidelines. CMUA welcomes the opportunity to continue to collaborate with the Commission and other stakeholders as the DSGS program is further developed and refined.

Dated: October 30, 2024

Respectfully submitted,



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