

**DOCKETED**

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*Comment Received From: PowerFlex Inc*  
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**PowerFlex Comments\_DSGS Proposed Changes 4th Edition**

*Additional submitted attachment is included below.*



October 30, 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 Program Proposed Draft Guidelines, Fourth Edition, and October 18, 2024, Workshop**

California Energy Commissioners and Staff:

PowerFlex appreciates the opportunity to comment on the California Energy Commission's (Commission's) Demand Side Grid Support (DSGS) Program Proposed Draft Guidelines, Fourth Edition and October 18, 2024, workshop (Workshop). PowerFlex was very supportive of creating DSGS Option 3 and participated with 6 sites comprising 3.2 MW / 8.7 kWh in that option in 2024. With this experience, PowerFlex offers the following comments on the Commission's proposed changes for the 2025 season.

**Need for Program Stability**

Before responding to specific proposed changes to DSGS, PowerFlex wishes to emphasize the need for programs and tariffs that provide continuity and predictability to foster market growth. This is true across technologies and customer segments; dramatic program changes year to year in any program or market discourage participation and reduce overall success. Thus, PowerFlex strongly urges the Commission to make only minor changes to DSGS Option 3 each year and base these changes on reliable, consistent program data with the goal of improving overall program success.

Several of the proposed changes, including changes to Option 3's performance measurement, have dramatic changes to anticipated program revenue and have been proposed before the Commission has received data from a complete program season. If the Commission makes significant program changes annually, industry will lose interest in participating in the program. Additionally, developers need several years to sell, construct, and interconnect projects. It is very harmful to developers and customers to significantly change program rules during this sales and installation period.

Consequently, PowerFlex proposes that the Commission keep existing program rules within each option for at least 5 full program seasons. At that point, the Commission should have enough data to inform which aspects of the program it should change. During this 5-year period, minor updates could be made to clarify existing rules or make needed improvements, but changes that significantly change the value of a specific participation option should not be made each year.

**Measuring Performance**

The Commission is proposing that all resources participating under Option 3 will use the prescriptive baseline currently used for residential systems funded by SGIP or interconnected to the grid before July 1, 2023. During the workshop, Commission staff indicated that this is due to performance patterns, particularly from non-residential systems, observed during the 2023 season. However, the data analyzed represents only 3 months of data which were also the first 3 months of the pilot.



PowerFlex agrees that systems participating in DSGS provide value to the grid during DSGS events but strongly disagrees with implementing prescriptive baselines to all projects to accomplish this goal. Prescriptive baselines for all projects will reduce overall compensation that aggregations receive by 15% to 30% for 2-hour to 4-hour resources, respectively. This will discourage sites from participating in the program and even impact some customers' decisions to install storage. Therefore, if prescriptive baselines are implemented, PowerFlex urges the Commission to increase capacity payments to correspond with reduced capacity valuation to continue encouraging sites to participate in the program.

Additionally, the Workshop "Questions For Consideration" ask whether DSGS Option 3 should "switch from prescriptive to measured baseline for a more accurate determination of demonstrated capacity". PowerFlex strongly opposes using measured baselines for DSGS Option 3 as they are an antiquated method of measuring event performance and create an incentive for batteries to discharge less during non-event days to manipulate their baseline, or alternatively they "punish" sites that regularly discharge during non-event days by reducing measured performance during event hours. PowerFlex believes that measured baselines in Option 3 would drive most aggregators out of the program. Not using measured baselines is one of the main attractions of DSGS Option 3 over other grid services and/or demand response programs in California as this Option encourages systems to regularly cycle on non-event days.

Alternatively, PowerFlex proposes that the Commission first gather program data from multiple seasons, preferably at least 5, and analyze how systems are performing before proposing prescriptive baselines or other major changes to the program. This would allow the Commission to have a clearer perspective of how systems and aggregations are performing.

### **Performance Reports**

The Commission proposes that within 3 business days after the end of each month, Option 3 providers submit sub-meter data in the specified format for the prior month for all sites active in the aggregation that month. However, from the aggregator's perspective, 3 business days is not enough time to submit this data, particularly at the sub-meter rather than aggregation level. Rather, PowerFlex proposes that aggregators have at least 2 weeks to submit data, which PowerFlex believes would be sufficient time to compile and submit data. It is also worth noting that the template for data collection is not yet available to Option 3 providers. A clear and agreed-upon template format must first be created to limit the administrative burden on Option 3 providers to provide the data and to do so quickly. Alternatively, PowerFlex proposes that Olivine directly pull data from providers, eliminating the need for aggregators to package and submit data each month. Allowing Olivine to pull data would give the Commission real-time access to program data and significantly reduce the administrative time for aggregators to participate in the program.

PowerFlex appreciates the opportunity to provide these comments in response to the Commission's DSGS Proposed Draft Guidelines and looks forward to future collaboration on this program.

Respectfully,

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PowerFlex Inc.