



Item 5: Demand Side Grid Support (DSGS) Program – 22-RENEW-01

July 26, 2023, Business Meeting

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Reliability Reserve Incentive Programs (AB 205 and AB 209)

	Demand Side Grid Support (DSGS)	Distributed Electricity Backup Assets (DEBA)
Funding	\$314 Million (over 5 years)	\$545 Million (\$595 Million over 5 years)
Incentivized Activities	Use of load reduction resources during extreme events	Purchase of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction
Eligibility	Statewide	Statewide
Program Status	Launched Aug 2022; incorporating lessons learned	Under Development



Benefits to Californians



Support grid reliability (keep the lights on) by enhancing load capacity during extreme events

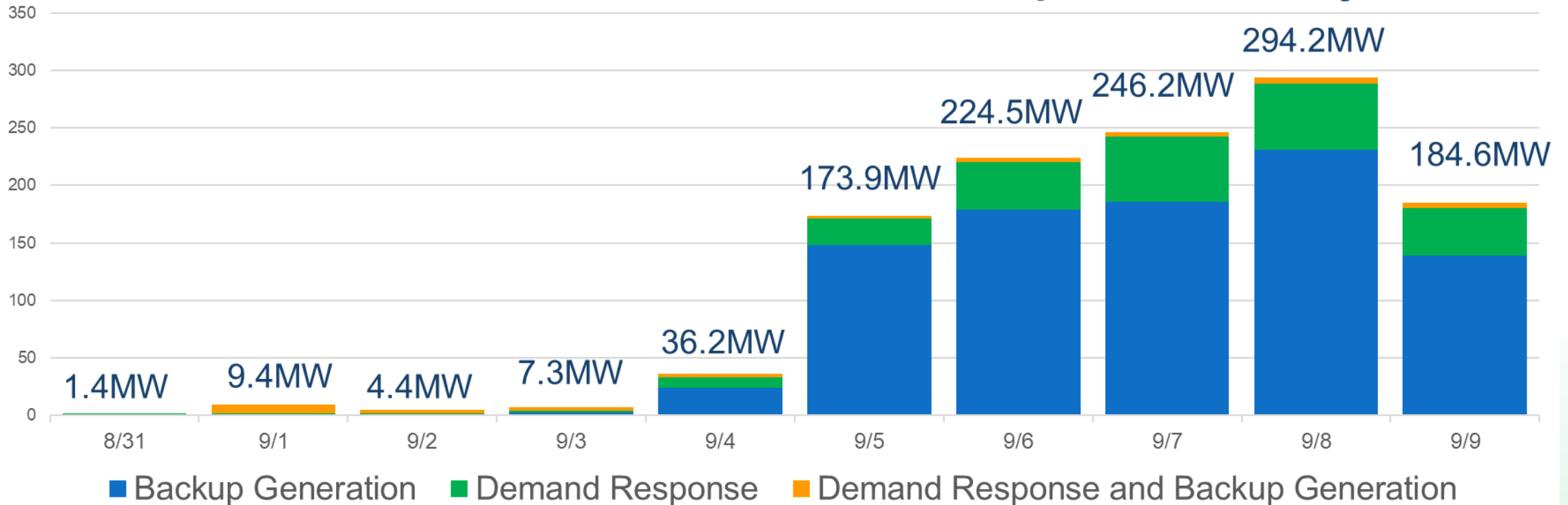
- Increase visibility into resource capacity
- Prioritize dispatch of clean resources first



DSGS Summer 2022 Impact

- **Over 44** Individual Entities Participated
- **Over 315 MW** Enrolled
- **Over 3,189 MWh** Dispatch Compensated

Total Estimated MW Enrolled to Dispatch Each Day





Extensive Public Stakeholder Engagement

2023	Milestone
January 27	<ul style="list-style-type: none">Public workshop on summer 2022 lessons learned
February 17	<ul style="list-style-type: none">Public comments due
February–April	<ul style="list-style-type: none">Staff consideration of public comments
April 20–May 11	<ul style="list-style-type: none">Public comment period on draft modified guidelines
April 26	<ul style="list-style-type: none">Public workshop
May–June	<ul style="list-style-type: none">Staff consideration of public comments
June 30–July 10	<ul style="list-style-type: none">Public comment period on revised draft modified guidelines
July 21	<ul style="list-style-type: none">Post final guidelines for consideration for adoption by the CEC
July 26	<ul style="list-style-type: none">CEC consideration of guidelines adoption at business meetingDSGS Phase 2: Program launch
Winter 2023/24	<ul style="list-style-type: none">Public workshop to review lessons learned and inform future guidelines



Revised Guidelines Incorporate Lessons Learned from Summer 2022



- Grow participation from cleaner resources, including demand response
- Incorporate flexibility to accommodate emergency conditions
- Address enrollment complexities
- Streamline and strengthen communications
- Provide visibility for CAISO, balancing authorities and host utilities



Proposed Changes for Summer 2023

Bring on More Cleaner Resources

- Dispatch cleaner resources earlier
- New market-integrated demand response incentive pilot
- New market-aware battery storage VPP incentive pilot
- New one-time bonus incentive for remote controllable generation

Expand and Streamline Participation

- Expand eligibility to certain IOU and CCA customers
 - ✓ Backup generation
 - ✓ Water agencies
 - ✓ New market-integrated DR and market-aware battery storage pilots
- Incorporate aggregators as DSGS providers
- Direct customer enrollment (in limited circumstances)
- Olivine, Inc., as third-party administrator



DSGS Incentive Structures

1. Standby and Energy Payment

315 MW enrolled last summer

- \$2 per kWh energy payment
- \$0.25 per kWh standby payment

2. Market-Integrated Incremental Demand Response Capacity **Proposed Pilot**

- Payments based on demonstrated capacity in excess of resource adequacy capacity commitments

3. Market-Aware Behind-the-Meter Battery Storage **Proposed Pilot**

- Payments based on demonstrated battery capacity of an aggregated virtual power plant



Incentive Option 1 Program Events: Energy Emergency Alerts



EEA Watch

- Standby – combustion resources
- Dispatch – non-combustion resources
- Issued around 3pm day before



EEA 1

- Standby – combustion resources
- Dispatch – non-combustion resources
- Morning + day of event



EEA 2

- Dispatch all resources



EEA 3

- Dispatch all resources





Staff Recommendation

- Approve DSGS Program Guidelines, Second Edition
- Adopt determination this action is exempt from CEQA