Item 7: Demand Side Grid Support (DSGS) Program Guidelines (Docket No. 22-RENEW-01)

March 17, 2025, Business Meeting

Ashley Emery, Program Manager
Reliability, Renewable Energy & Decarbonization Incentives (RREDI) Division
Reliability Reserve Incentives Branch

CEC Reliability Reserve Incentive Programs

Distributed Electricity Backup Assets (DEBA)	Demand Side Grid Support (DSGS)
• Purchase of **new** cleaner, more efficient distributed energy assets to serve as emergency supply or load reduction	• Use of **existing** load reduction resources during extreme events

Benefits to Californians

- Support grid reliability by enhancing load capacity during extreme events
- Increase visibility into resource capacity
- Prioritize dispatch of clean resources first

Current DSGS Participation Options

	Option 1 – Emergency Dispatch	Option 2 – Market Integrated Demand Response (DR)	Option 3 – Market Aware Storage Virtual Power Plant (VPP)
Eligible Resources	Any load reduction resource	Market-integrated demand response	Storage (batteries + V2X)
Event Trigger	Energy Emergency Alerts (EEA)	California ISO market bidding & scheduling	California ISO day-ahead energy market locational marginal price threshold
Incentive Structure	Standby and energy payments	• Capacity payment • Based on demonstrated capacity incremental to resource adequacy	• Capacity payment • Based on VPP's demonstrated capacity
Year Launched	August 2022	August 2023	August 2023

Summer 2024 Program Enrollment and Activity

Over 260,000 participants and 500 MW enrolled

	Option #1 Emergency Dispatch	Option #2 Market Integrated Demand Response	Option #3 Market Aware Storage VPP
Events	1 Energy Emergency Alert	Varies by Provider	26 hours over 16 days
Providers Enrolled	8	5	14
Participants Enrolled	34	231,468	37,627
Capacity Enrolled	141 MW	117 MW	248 MW

Revised DSGS Guidelines for 2025 Season

- Incorporate lessons learned

- Grow participation from cleaner resources

- Improve program effectiveness

Changes to Grow Participation from Clean Resources

- **New Incentive Option 4: Emergency Load Flexibility Virtual Power Plant (VPP) Pilot**
  - o Capacity-based compensation
  - o Triggered by energy emergency alerts

- **Revisions to Option 3: Storage VPP**
  - o Add energy emergency alert triggers to Incentive Option 3
  - o Allow dual participation in Option 3 with supply-side demand response for export capacity
  - o Clarify virtual net metering systems are eligible to participate in Option 3

Changes to Improve Program Effectiveness

- Monthly performance reporting for Incentive Options 2, 3, and 4

- CEC must receive day-ahead notice of Option 3 test events

- Update baselines for all Option 3 resources in 2026 to reflect VPP incrementality

Public Engagement

2024 / 2025	Milestone
Oct 18, 2024	Public workshop on DSGS Program Draft Guidelines, Fourth Edition
Oct 4 – Oct 30, 2024	Public comment period
Nov – Dec 2024	Staff consideration of public comments
Jan 14, 2025	Modified DSGS Program Draft Guidelines, Fourth Edition
Jan 14 - Jan 28, 2025	Public comment period
Jan – March 2025	Staff consideration of public comments
March 6, 2025	Post proposed guidelines for consideration for adoption by the CEC
March 17, 2025	CEC consideration of guidelines adoption at business meeting DSGS Phase 4: Program launch

Recommendation

- Approve DSGS Program Guidelines, Fourth Edition
- Adopt recommendation that approval of the DSGS Program Guidelines, 4th Edition, is exempt from CEQA