What to Know About Incentive Option 1 Direct Participant Claims

November 14th, 2023

Agenda

- Introduction/Background
- Option 1 Overview
- Review of Incentive Calculation
  - Energy Payment
  - Standby Payment
  - Controllable Generation Incentive
  - Increased Customer Demand Charges
- Option 1 Claim Package Requirements
- Submitting Claim Packages
- Overview Payment Timeline
- Q & A

DSGS Option 1 Overview

Event Season:

- May 1st to October 31st
- 7 days a week

Event Types:

- Energy Dispatch
  - Non-Combustion Resources and Combustion Resources when permitted
- Standby Dispatch
  - Combustion Resources Only

Event Triggers:

- EEA Watch, EEA 1, EEA 2, and EEA 3 issued in any CA Balancing Authority territory
- Combustion Dispatch is triggered with a Governor's Executive Order

Understanding the DSGS Payments System

1) **DSGS Incentives**
   a) Energy Dispatch: $ 2.00 per kWh of reduction
   b) Standby Dispatch: $ 0.25 per kWh of capacity
   c) Controllable Generation: $ 2.00 per kW / $ 1.50 per HP of capacity

2) **How Settlements are Calculated**
   a) Energy Dispatch Calculations – calculated by administrator
   b) Standby Dispatch Calculations – calculated by administrator
   c) Controllable Generation Calculations

3) **Cost Reimbursements**
   a) Demand Charge Recovery

Energy and Standby Dispatch Incentives

- **Energy Payments:** DSGS Program Administrator will calculate energy payments based on incremental load reduction from a standard 10-in-10 baseline

- **Standby Payments:** DSGS Program Administrator will calculate your standby payment based on standby capacity you responded to event notification(s) with

- **Meter data:** in order to calculate energy payments, we will reach out to participants individually on next steps related to retrieving meter data

Review of Incentive Calculation - Controllable Generation Incentive

- Participants using BUGs powered by biomethane, natural gas, or diesel that are remotely controllable shall receive a one-time bonus incentive of **$2.00/kW or $1.50/horsepower (HP)**.
- To be considered remotely controllable, the backup generator must be:
  - Able to start and stop operation without physical intervention on site.
  - Connected to controls by the internet, a local area network, or similar on-site network.
  - Capable of ramping to full power output (kW or HP) within 15 minutes.
  - Able and programmed to log and record generator runtime, fuel consumption, or electric generation in hourly or subhourly increments.
- Participants may receive this controllable generation incentive after the system is installed and operational.

Review of Incentive Calculation - Controllable Generation Incentive

- To calculate the controllable generation incentive, multiply the generator nameplate capacity by the incentive rate. You may choose either kW or hp depending on the generator capacity provided by the generator manufacturer.

CGI = Generator Nameplate Capacity x ($2.00/kW OR $1.50/hp)

- Example:

Generator Nameplate Capacity	Compensation per kW	Controllable Generation Incentive Amount
100 kW	$ 2.00	**$ 200.00**

Review of Incentive Calculation - Increased Customer Demand Charges

- Participants shall be reimbursed for incremental increases in customer demand charges that result from participation in the program and are incurred during the billing period in which a DSGS Program event occurred, if any.

- A default calculation methodology by which to determine increased customer demand charges is not specified in the guidelines and therefore will not be provided. We will assess these claims on a case-by-case basis by evaluating the supporting documentation provided by the participant.

Event Overview

- Energy and Standby Events:
  - 7/20: 7:30pm - 10pm
  - 7/25: 7:26pm - 11:59pm
  - 7/26: 6pm - 10pm
    - *DSGS Option 1 settlements are hour aligned and this is reflected in the claim template*

- **Who is eligible for incentives?** In order to be eligible for energy or standby incentive payments, participants must meet both of the following criteria:
  - Received event dispatch notifications
  - Must have enrolled before submitting a claim

Option 1 Claim Package Requirements

Option 1 participants will submit claims at the end of the season initiating the incentive payment process for all sites they have enrolled in DSGS.

The Option 1 Claim Form includes:

- DSGS participant name and primary contact for claim communications. This contact information should include name, title, email address, and phone number
- Reporting period applicable
- Controllable Generator nameplate capacity amount and nameplate capacity units (kW or hp)
- Amount of Increased Demand Charges, if applicable

Additional data may be requested from participants on a case-by-case basis and the program administrator will work with you if this is needed (e.g. meter data authorization).

Option 1 Claim Package Requirements

Attachments:

- **If claiming the Controllable Generation Incentive**, include the specification sheet or other supporting documentation showing nameplate kW or HP of the generator

Option 1 Claim Package Requirements

Attachments:

- **If claiming Increased Customer Demand Charges**:
  - Utility bill showing demand charge for billing period covering the DSGS events that purportedly resulted in an increase in the customer demand charge.
  - Description of methodology used to determine what the peak demand in that billing period would have been but for the actions taken to respond to the DSGS event.
  - Calculation of total incremental demand charge across all billing periods in which DSGS events occurred.

Option 1 Claim Package Requirements

Attachments:

- Payee data record (STD-204). If the designated payee has already submitted a complete STD-204 form with a prior reimbursement claim and has received a payment within the past year from the CEC, a new STD-204 is not needed.

- Signed attestation, submitted under penalty of perjury, that the payment will reimburse eligible incentive payments and administrative costs and to the accuracy and completeness of the information submitted.

Overview Payment Timeline
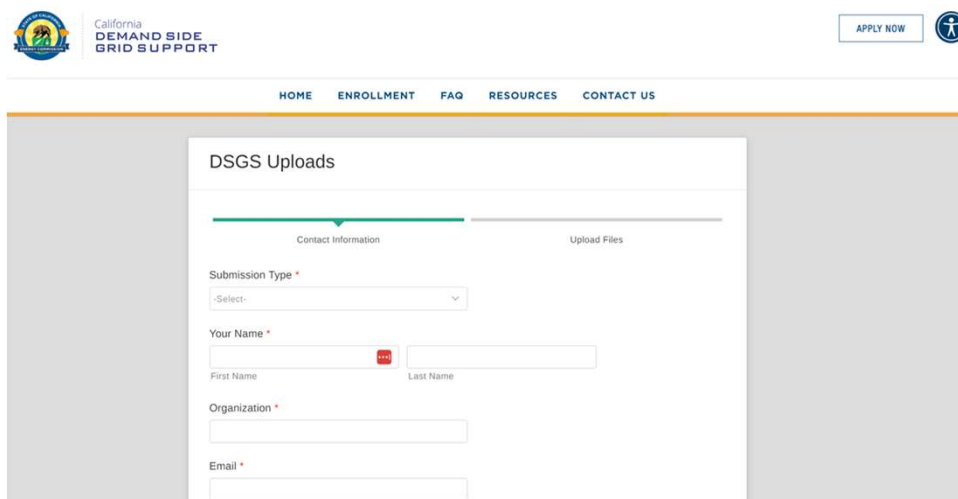
Description of Activity	Timeline
Direct enrollees submit claims	12/29/2023
Administrator reviews and approves claims	1/5/2024
CEC sends check to participant	1/19/2024

These are estimated timeframes and may vary case to case, depending on volume, and depending on any necessary validation of customer info and eligibility.

Submitting Claim Packages

- To submit a claim package, place the claim form and all supporting documentation into a zipped folder and upload to the DSGS Website at: https://dsgs.olivineinc.com/upload/
    - Navigate to program website upload link
    - Select "Option 1 Claim Package" under Submission Type
    - Fill in all required fields

Q&A

Steps for calculating an Energy Payment

1) Identify the correct "Similar Days" to the event day

    a) Select the 10 similar days preceding a weekday event

    b) Select the 4 similar days preceding a weekend or holiday event

2) Calculate the Energy Baseline (EB) across the selected similar days

3) Determine the Adjustment Window

4) Calculate the Day of Adjustment Value (DOAV)

5) Calculate the Adjusted Energy Baseline (AEB)

6) Calculate the incremental load reduction

7) Calculate the Energy Payment

Selecting 10 Similar Days - Weekdays
10 in 10 Baseline

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
7/2	7/3	7/4	7/5	7/6	7/7	7/8
7/9	7/10	**7/11**	**7/12**	**7/13**	**7/14**	7/15
7/16	**7/17**	**7/18**	**7/19**	7/20	**7/21**	7/22
7/23	**7/24**	**7/25**	7/26	7/27	7/28	7/29

Calendar Key	
Event Day	
Selected Days	
Available Days	
Previous Event Day	
Ineligible Days	

Note that 7/26 and 7/20 were actual Option 1 event days in 2023, however these were selected for illustrative purposes.

Selecting 4 Similar Days - Weekends/Holidays
4 in 4 Baseline

Event Day
7/29/2023

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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
7/2	7/3	7/4	7/5	7/6	7/7	7/8
7/9	7/10	7/11	7/12	7/13	7/14	**7/15**
7/16	7/17	7/18	7/19	7/20	7/21	7/22
7/23	7/24	7/25	7/26	7/27	7/28	7/29

Calendar Key	
Event Day	
Selected Days	
Available Days	
Previous Event Day	
Ineligible Days	

Note that 7/29 and 7/22 were not actual Option 1 event days in 2023 - these were selected for illustrative purposes.

Creating the Energy Baseline - 10 in 10 baseline example

Hourly Time Interval	7/11	7/12	…	7/25		Energy Baseline
…	…	…	…	…		…
Hour Ending 9:00	9.5 kWh	8.7 kWh	…	5.9 kWh		**7.65 kWh**
Hour Ending 10:00	7.6 kWh	8.1 kWh	…	10.1 kWh		**8.75 kWh**
Hour Ending 11:00	6.6 kWh	4.5 kWh	…	9.9 kWh		**7.52 kWh**
Hour Ending 12:00	4.4 kWh	8.1 kWh	…	5.5 kWh		**6.38 kWh**
Hour Ending 13:00	28.1 kWh	7.1 kWh	…	7.4 kWh		**7.46 kWh**
Hour Ending 14:00	29.9 kWh	6.9 kWh	…	8.2 kWh		**8.26 kWh**
Hour Ending 15:00	31.4 kWh	6.5 kWh	…	9.4 kWh		**12.33 kWh**
Hour Ending 16:00	25.6 kWh	6.6 kWh	…	7.8 kWh		**7.84 kWh**
Hour Ending 17:00	18.4 kWh	8.6 kWh	…	8.5 kWh		**14.18 kWh**
Hour Ending 18:00	9.5 kWh	6.7 kWh	…	12.2 kWh		**10.25 kWh**
Hour Ending 19:00	5.3 kWh	6.9 kWh	…	11.0 kWh		**8.33 kWh**
…	…	…	…	…		…

Steps:

1) Sum the net energy usage across each hourly interval.*

2) Divide by the number of similar days to get the energy baseline.

*For meter data that is more granular than hourly, sum the data to the hour level

Finding the Adjustment Window

Steps:

1) Find the four hour period before the event starts

2) Select the first three of those four hours as the adjustment window

Hourly Time Interval	Energy Baseline
…	…
Hour Ending 10:00	7.65 kWh
Hour Ending 11:00	8.75 kWh
Hour Ending 12:00	7.52 kWh
Hour Ending 13:00	6.38 kWh
Hour Ending 14:00	7.46 kWh
Hour Ending 15:00	8.26 kWh
Hour Ending 16:00	12.33 kWh
Hour Ending 17:00	7.84 kWh
Hour Ending 18:00	14.18 kWh
Hour Ending 19:00	10.25 kWh
Hour Ending 20:00	8.33 kWh
…	…

Adjustment Window

DSGS Event Time

Finding the Day Of Adjustment Value (DOAV)

Hourly Time Interval	Event Day Usage	Energy Baseline
Hour Ending 13:00	4.2 kWh	6.38 kWh
Hour Ending 14:00	1.0 kWh	7.46 kWh
Hour Ending 15:00	2.2 kWh	8.26 kWh
Sum	7.4	22.1

Adjustment Window

DOAV Calculation:

1) $\dfrac{7.4}{22.1} = 0.334$

2) Min (0.6 , 0.334)

3) DOAV = 0.6

Steps:

1) Sum the event day usage and the energy baseline separately across the Adjustment Window

2) If Either sum is negative or 0, the DOAV is 1.0.

3) Otherwise the DOAV = Sum(Event Day Adjustment Intervals) / Sum(Energy Baseline Adjustment Intervals)

4) Cap the DOAV to a MAX of 1.4 and a MIN of 0.6.

VB0

VB0   Minor typo here
            Vollbrecht, Brian@Energy, 2023-11-13T18:23:07.296

Finding the Adjusted Energy Baseline

Hourly Time Interval	Energy Baseline
…	…
Hour Ending 10:00	7.65 kWh
Hour Ending 11:00	8.75 kWh
Hour Ending 12:00	7.52 kWh
Hour Ending 13:00	6.38 kWh
Hour Ending 14:00	7.46 kWh
Hour Ending 15:00	8.26 kWh
Hour Ending 16:00	12.33 kWh
Hour Ending 17:00	7.84 kWh
Hour Ending 18:00	14.18 kWh
Hour Ending 19:00	10.25 kWh
Hour Ending 20:00	8.33 kWh
…	…

x DOAV (0.6)
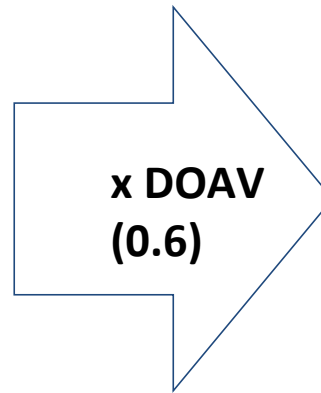
Multiplied by the Day of Adjustment Value

Adjusted Energy Baseline
…
4.59 kWh
5.25 kWh
4.51 kWh
3.82 kWh
4.47 kWh
4.95 kWh
7.39 kWh
4.7 kWh
8.50 kWh
6.12 kWh
4.99 kWh
…

Finding the Interval Load Reduction

Hourly Time Interval	Adjusted Energy Baseline (AEB)	Event Day Usage	Reduction: (AEB - Event Usage)	
…	…	…	…	
Hour Ending 14:00	4.47 kWh	2.1 kWh	2.37 kWh	
Hour Ending 15:00	4.95 kWh	2.2 kWh	2.75 kWh	
Hour Ending 16:00	7.39 kWh	1.8 kWh	5.58 kWh	
Hour Ending 17:00	4.7 kWh	1.2 kWh	3.5 kWh	**DSGS Event Time**
Hour Ending 18:00	8.50 kWh	1.5 kWh	7.0 kWh	
Hour Ending 19:00	6.12 kWh	1.0 kWh	5.12 kWh	
Hour Ending 20:00	4.99 kWh	2.1 kWh	2.89 kWh	
…	…	…	…	

Final Calculation

1) Set any negative incremental load reduction values to 0

Reduction (kWh)
35 kWh
-7.0 kWh
51.2 kWh

VB0

Adjusted Reduction (kWh)
35 kWh
0.0 kWh
51.2 kWh

2) Sum the reduction across event hours

Adjusted Reduction (kWh)
35 kWh
0.0 kWh
51.2 kWh

Sum
86.2 kWh

3) Multiply sum by $2.00/kWh

Energy Payout	$ 172.40

VB0   Should these values match those on the previous slide? I.e., 3.5 kWh instead of 35, and 5.12 kWh instead of 51.2? This applies for this entire slide.
Vollbrecht, Brian@Energy, 2023-11-13T18:34:12.812

MG0 0   Brian, we realized after making the slides that we wanted to be able to provide an example of negative performance in an interval, so we developed sample numbers to demonstrate this. We will voice over in the presentation that this slide contains completely different numbers.
Marc Gaulier, 2023-11-13T19:20:06.822

Example Standby Energy Calculation

1) For Combustion Resources: Standby Event issued

Event Notice:	EEA 1
Event Start Time:	16:00
Event End Time:	21:00

2) Response with Standby Commitments

Note: It is mandatory to provide a standby commitment for each standby event to receive a standby payment for that event

Event Interval	Standby Commitment
Hour Ending 17:00	100 kWh
Hour Ending 18:00	100 kWh
Hour Ending 19:00	100 kWh
Hour Ending 20:00	100 kWh
Hour Ending 21:00	100 kWh

Calculation with NO combustion resource event called

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Steps:

1) Multiply each event interval hour standby commitment by a $ 0.25 standby compensation factor

2) Sum the standby interval compensation for each hour to get the total standby compensation

Event Interval	Standby Commitment	Compensation per kWh	Standby Interval Compensation
Hour Ending 17:00	100 kWh	$ 0.25	$ 25.00
Hour Ending 18:00	100 kWh	$ 0.25	$ 25.00
Hour Ending 19:00	100 kWh	$ 0.25	$ 25.00
Hour Ending 20:00	100 kWh	$ 0.25	$ 25.00
Hour Ending 21:00	100 kWh	$ 0.25	$ 25.00
		Total:	$ 125.00

Calculation with a combustion resource event called

Steps:

Event Notice:	EEA 1	Combustion Event (EEA2)
Event Start Time:	16:00	19:00
Event End Time:	21:00	21:00
Event Date:	8/14/2023	8/14/2023

Event Interval	Standby Commitment	Compensation per kWh	Standby Interval Compensation
Hour Ending 17:00	100 kWh	$ 0.25	$ 25.00
Hour Ending 18:00	100 kWh	$ 0.25	$ 25.00
Hour Ending 19:00	100 kWh	$ 0.25	$ 25.00
Hour Ending 20:00	100 kWh	$ 0.25	
Hour Ending 21:00	100 kWh	$ 0.25	
		Total:	**$ 75.00**

1) Combustion resources become allowed when an EEA 2/3 and executive order are issued*

2) Standby energy payments are only calculated for Standby Event intervals that don't overlap with Dispatch Event intervals

3) Use the standard energy payout method to determine the payout during combustion event hours

4) If the actual performance during an event does not match the standby commitment, the standby commitment will be prorated to the actual load reduction of the resource

*The exception is that an Executive Order can explicitly allow use of BUGs at EEA Watch/1, though this does not apply to Controllable Generators