What to Know About Incentive Option 1 Claims

November 7th, 2023

DSGS Provider Webinar Series

	Option 1	Option 2	Option 3
Date	11/7/2023 1pm-2pm	10/31/2023 2pm-3pm	10/19/2023 1pm-2pm
Topic	Standby and Energy Payments, Controllable Generation Incentive, Increased Customer Demand Charges, Administrative Cost Recovery	Incremental Market-Integrated Demand Response Capacity Pilot	 Market-Aware Behind-the-Meter Battery Storage Pilot
Target Audience	DSGS Option 1 Providers	DSGS Option 2 Providers	DSGS Option 3 Providers

Agenda

- Introduction/Background
- Option 1 Overview
- Review of Incentive Calculation
  - Energy Payment
  - Standby Payment
  - Controllable Generation Incentive
  - Increased Customer Demand Charges
  - Administrative Cost Recovery
- 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 to Calculate Settlements**
   a) Energy Dispatch Calculations
   b) Standby Dispatch Calculations
   c) Controllable Generation Calculations

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

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

Event Day
7/26/2023

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

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	**Adjustment Window**
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	**DSGS Event Time**
Hour Ending 18:00	14.18 kWh	
Hour Ending 19:00	10.25 kWh	
Hour Ending 20:00	8.33 kWh	
…	…	

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) $\frac{7.4}{22.1} = 0.334$

2) **Min (0.6 , 0.334)**

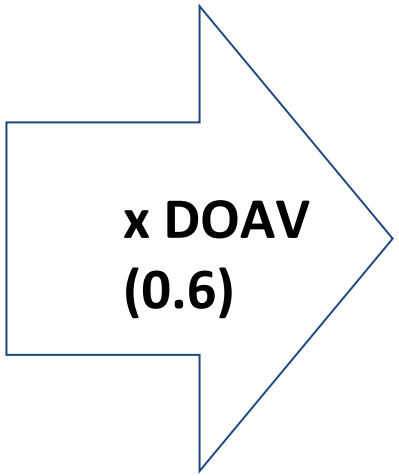
3) **DOAV = 0.6**

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 and a MIN of 0.6.

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
…	…



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

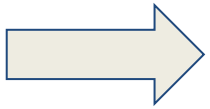
Hourly Time Interval	Adjusted Energy Baseline (AEB)	Event Day Usage	Reduction: (AEB - Event Usage)
…	…	…	…
Hour Ending 14:00	4.47 kWh	2.1 kWh	2.37 kWh
Hour Ending 15:00	4.95 kWh	2.2 kWh	2.75 kWh
Hour Ending 16:00	7.39 kWh	1.8 kWh	5.58 kWh
Hour Ending 17:00	4.7 kWh	1.2 kWh	3.5 kWh
Hour Ending 18:00	8.50 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
…	…	…	…

DSGS Event Time

Final Calculation

1) Set any negative incremental load reduction values to 0

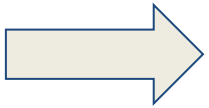
Reduction (kWh)
35 kWh
-7.0 kWh
51.2 kWh



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**

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

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

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**

Steps:

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

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 Provider.

Review of Incentive Calculation - Administrative Cost Recovery

- Providers are eligible for up to $1 million per year in administrative costs based on the administrative cost structure identified in the initial application:
  - Actual incremental costs incurred in administering Incentive Option 1, such as costs derived from employee timesheets or invoices from third-party contractors, and for indirect/overhead costs (not to exceed 10 percent of actual incremental costs).
  - Percentage of total incentive payments:
    - Electrical corporations: 5 percent of incentive payments provided to participants
    - All other providers: 10 percent of incentive payments provided to participants

Review of Incentive Calculation - Administrative Cost Recovery

- The following is a non-comprehensive list of the categories of administrative expenses that will be reimbursed:

Valid Expense Types	Invalid Expense Types
Application Process & Program Guideline Review	Program Management (no business/leadership/management salaries will be reimbursed)
Enrollment & Outreach	
Event Planning and Coordination	
Incentive Payment Processing	
Legal consultation	

- Administrative costs will be reimbursed on a case-by-case basis. If you are unsure of whether a particular expense will be reimbursed, please contact the administrative team.

Option 1 Claim Package Requirements

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

The Option 1 Claim Form includes:

- DSGS provider name and primary contact for claim communications. This contact information should include name, title, email address, and phone number
- Reporting period applicable
- Event activity reports for each event (7/20, 7/25, and 7/26), including participant details, verified load reduction amounts per hour, and standby energy eligible for compensation
- Controllable Generator nameplate capacity amount and nameplate capacity units (kW or hp)
- Amount of Increased Demand Charges, if applicable
- Administrative Cost Recovery method and total claimed amount

If the claim submission meets the criteria for an audit, be prepared to provide all meter data for all customer sites covering the period from 60 days prior to the event date through the event date.

Option 1 Claim Package Requirements

Attachments:

- **For Energy Payments,** Documentation evidencing load reduction activities, such as data and supporting calculations demonstrating how the claimant calculated the baseline and actual load reduction amount.

- **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.

ENERGY STATEMENT
www.pge.com/MyEnergy

Account No: 1234567890-1
Statement Date: 09/07/2019
Due Date: 09/28/2019

Service For:
SPARKY JOULE
12345 ENERGY CT

Your Account Summary

Amount Due on Previous Statement	$91.57
Payment(s) Received Since Last Statement	-91.57
Previous Unpaid Balance	$0.00
Current PG&E Electric Delivery Charges	$55.66
Silicon Valley Clean Energy Electric Generation Charges	$32.48
Total Amount Due by 08/28/2019	**$88.14**

Questions about your bill?
Monday-Friday 7 a.m.-9 p.m.
Saturday 8 a.m.-6 p.m.
Phone: 1-800-743-5000
www.pge.com/MyEnergy

Ways To Pay
www.pge.com/waystopay

Monthly Billing History

Daily Usage Comparison

Important Messages
The Family Electric Rate Assistance (FERA) Program provides a monthly discount on electric bills for income-qualified households of three or more persons. To see if you qualify, please call 1-800-PGE-5000 or apply online at www.pge.com/fera.

El Programa FERA ofrece ahorros mensuales sólo en las facturas de electricidad a hogares de ingresos económicos bajos y medianos con tres o más personas. Para determinar si califica, por favor llame al 1-800-PGE-5000 o puede aplicar a través de nuestra página web www.pge.com/fera.

Continued on page 6

Please return this portion with your payment. No staples or paper clips. Do not fold. Thank you.

Account Number: 123456789-1
Due Date: 09/28/2019
Total Amount Due: $88.14
Amount Enclosed: $

PG&E
BOX 997300
SACRAMENTO, CA 95899-7300

Page 1 of 6

- **If claiming Administrative Cost Recovery**, include a completed Administrative Cost Recovery form. DSGS providers seeking reimbursement based on actual incremental costs must provide documentation evidencing claimed administrative costs.

Option 1 Claim Package Requirements

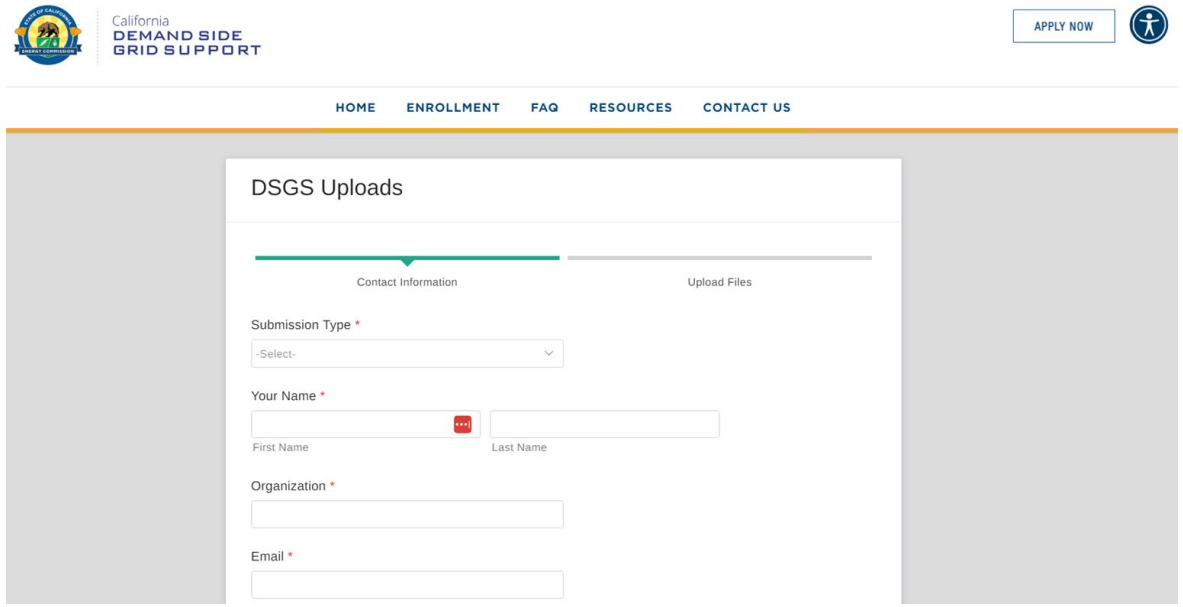
Attachments:

- 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.

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



Overview Payment Timeline

Description of Activity	Timeline
A: Providers submit claim package	Rolling
B: Administrator reviews provider claim	A + 15 BD
C: Administrator approves claim or requests changes/additional information	B + 2 BD
D: Provider resubmits claim package (if needed)	C + 10 BD*
E: CEC sends check to provider	C or D +15 BD

*Claim packages will be reviewed on a first-come, first-served basis. In order to ensure we are able to process your claim in a timely manner, we request resubmissions are provided within this time frame. If you are not able to resubmit in this time frame, you will still be able to resubmit your claim package, however the schedule will restart at Step A.

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

Q&A