

California State Senate

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THIRTEENTH SENATE DISTRICT



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March 6, 2026

The Honorable John Laird
Senate Budget & Fiscal Review Committee, Chair
1020 N. Street, Room 502
Sacramento, CA 95814

The Honorable Eloise Gómez Reyes
Senate Budget & Fiscal Review Subcommittee 2 on Resources, Environmental Protection and Energy, Chair
1020 O Street, Suite 7210
Sacramento, CA 95814

RE: \$75 million to the Demand Side Grid Support (DSGS) Program

Dear Chairs Laird & Reyes:

We write to urge the Senate Budget Committee to allocate \$75 million to the Demand Side Grid Support (DSGS) program at the California Energy Commission (CEC) in the 2026-27 budget to urgently address rising electricity costs for Californians and secure the short-term reliability of our power grid.

As the nation's largest network of community-based power, at over 1.1 GW of capacity, DSGS is called upon when the grid is stressed and prices spike. This capacity helps us avoid rolling blackouts and also provides capacity for less than the cost to keep dirty, old peaker plants available for grid emergencies, because it relies on flexible devices that are already in people's homes. DSGS was added to the Strategic Reliability Reserve as part of the agreement to extend Diablo Canyon, with the aim of shifting the Reserve from relying on Once-Through-Cooling (OTC) peaker plants and other fossil fuel resources and toward cleaner and less expensive demand-side alternatives. At a time when the state is facing an energy affordability crisis, the Legislature needs to find ways to maintain our clean energy commitments and lower costs for Californians—we should not reverse course now.

Since its launch, the program has demonstrated that we can aggregate distributed energy resources at scale in a manner that is both reliable and cost-effective. Last summer, customer-sited batteries participating in DSGS delivered over 500 megawatts to the grid—roughly half of the peak electricity demand of San Francisco. The

CEC built a program that was able to scale up quickly and has proven to be cost-effective. DSGS now provides a model for how customer-sited resources can be scaled up to help the grid on a daily basis rather than just as emergency resources. It is critical to secure at least \$75 million this year so that we don't lose access to this essential peak capacity during the next couple of years. It will take that long to implement reforms to create a viable path for transitioning these resources into a non-emergency, market-integrated resource adequacy program that can achieve similar scale. The Legislature should work with the Administration to identify and implement the needed reforms to enable that shift from a budget-funded emergency program to a utility-funded resource adequacy program, but budget funding is urgently needed to bridge the gap.

With the proper funding, the program's distributed storage capacity could double by 2028 while generating an estimated \$206 million in net savings for Californians. If the program goes unfunded, we risk losing access to the over 1.1 GW of capacity that DSGS has organized, putting the grid at a higher risk of blackouts during hot evenings this fall, and then having to recreate a new program from square one to build capacity back up later. Securing at least \$75 million this year is essential to keeping the program viable, sustaining long-term capacity, and protecting Californians from grid outages, higher bills, and unnecessary pollution.

We respectfully request funding for this important program to sustain it through 2026 and beyond, and to allow the Legislature and the California Public Utilities Commission ample time to implement reforms that will enable distributed energy resources to continue to support our grid for the long term without budget support.

Sincerely,



Josh Becker
Senator, District 13



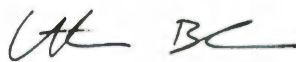
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