

Fund DSGS & DEBA: Key Affordability & Reliability Programs



August 19, 2025

Senate President pro Tempore Mike McGuire
1021 O street, Suite 8518
Sacramento, CA 95814

Assembly Speaker Robert Rivas
1021 O Street, Suite 8330
Sacramento, CA 95814

Senator Scott Wiener
1021 O Street, Suite 8620
Sacramento, CA 95814

Assemblymember Jesse Gabriel
1021 O Street, Suite 8230
Sacramento, CA 95814

RE: Restore Funding for Affordability & Reliability Programs DSGS & DEBA

Dear Pro Tem McGuire, Speaker Rivas, Senator Wiener, and Assemblymember Gabriel,

We are writing to respectfully urge you to restore funding commitments made to the Demand Side Grid Support (DSGS) and the Distributed Electricity Backup Assets (DEBA) programs. These programs are critical to California’s ability to manage an increasingly constrained electricity supply, reduce the state’s reliance on polluting “peaker” plants, and reduce energy costs for all Californians. In doing so, these programs represent some of our most important tools to keep the lights on while building a resilient, clean, and affordable energy future.

Californians are already facing some of the highest electricity bills in the nation, and reliability threats from extreme heat, wildfires, and climate-driven disasters are only growing. At a time when affordability and reliability are under such strain, cutting these programs would take away proven, cost-saving solutions just as they are most needed.

That’s why it is critical to keep DSGS afloat with a minimum allocation of \$75 million this year and to ensure DEBA gets off the ground by appropriating its \$50 million of committed Proposition 4 funding.

DSGS compensates existing electric customers who provide system-wide demand reduction and backup generation through mechanisms such as virtual power plants (VPPs). Since its launch in the summer of 2022, it has grown to over 1,000 MW in capacity this year,¹ enough to power over 1 million homes. A recent study shows that DSGS’s distributed storage program is projected to nearly double in capacity by 2028 and could provide **up to \$206 million in net cost savings to all Californians.**²

¹ Olivine, *Demand Side Grid Support (DSGS) Program FAQ*, <https://dsgs.olivineinc.com/faq/#acc-w21g721-2>.

² The Brattle Group, *The Demand Side Grid Support Program: An Assessment of Scale and Value* (July 2025), <https://www.brattle.com/wp-content/uploads/2025/08/The-Demand-Side-Grid-Support-Program-An-Assessment-of-Scale-and-Value.pdf>

DSGS needs at least \$75 million this year to remain operative in 2026 and multi-year funding to give providers program certainty, continue attracting private investment, and unlock its full affordability benefits. Without restored funding, DSGS is projected to run out of funds by the end of 2025, shutting down one of California’s most effective affordability and reliability programs that could replace OTC peaker plants.

DEBA is designed to develop new clean distributed energy resources (DERs), such as energy storage and microgrids, in communities across California. These projects will not only provide direct reliability and affordability benefits locally but can also participate as virtual power plants (VPPs) in programs like DSGS, delivering additional grid support and cost savings to all California ratepayers.

The \$50 million allocated to DEBA through Proposition 4 must be appropriated this year to get this critical program off the ground.

Defunding or delaying either program at this crucial juncture would not only undermine affordability and reliability, but also damage California’s credibility as a reliable partner for the businesses driving clean energy forward at a time when we should be leveraging their innovation and investment. In an environment where clean energy is under attack nationally, California cannot afford to drive away the very partners we need to maximize distributed resources, strengthen the grid, and keep energy costs down.

Given the critical importance of these programs to avoiding dire energy shortages, meeting the state’s climate goals, and lowering electricity costs for all Californians, we urge you to restore and implement funding for the DSGS and DEBA programs.

Thank you for your attention to this important matter. We are available to discuss this further and provide any additional information needed.

Sincerely,

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Advanced Energy United

Cheryl Auger
President
Ban SUP (Single Use Plastic)

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California Energy Storage Alliance

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Kimaya Abreu
Manager, Regulatory Affairs
Voltus

CC: The Honorable Ben Allen, Chair, Senate Budget Subcommittee No. 2 on Resources,
Environmental Protection and Energy
The Honorable Steve Bennet, Chair, Assembly Budget Subcommittee No. 4 on Climate
Crisis, Resources, Energy and Transportation
The Honorable Josh Becker, Chair, Senate Energy, Utilities and Communications
Committee
The Honorable Rosilicie Ochoa Bogh, Vice Chair, Senate Energy, Utilities and
Communications Committee
The Honorable Cottie Petrie-Norris, Chair, Assembly Utilities and Energy Committee
The Honorable Joe Patterson, Vice Chair, Assembly Utilities and Energy Committee