Distributed Capacity Procurement

A New Utility Capacity Resource

sparkfund

Electricity demand from AI data centers, manufacturing, and electrification is rising faster than new power generation and transmission projects can be built. However, much of the existing grid remains underutilized outside of peak hours, leaving significant capacity unused. Distributed Capacity Procurement quickly unlocks that additional capacity by deploying distributed assets in months.

What is DCP?

Distributed Capacity Procurement (DCP) is a utility-led model for deploying distributed batteries and generators as grid infrastructure. Instead of waiting years for major infrastructure upgrades, utilities can add targeted capacity quickly to improve reliability and support growing demand.

Key Benefits

- Quickly adds usable and dispatchable grid capacity in high-growth areas
- Strengthens reliability in exact areas of the local grid most prone to stress, overloads, or outages
- Puts downward pressure on rates by deferring costly transmission and distribution upgrades and improving grid utilization
- Costs roughly 25% less than traditional third-party-led models

9-12 Months to first distributed asset capacity

100-300+ MW deployed per year

How the DCP Model Works

1. Design

Utilities determine the optimal type, number, and location of batteries and/or generators to address grid challenges.

2. Deploy

Utilities hire a DCP partner to engage customer site hosts, organize a competitive local bid process, and manage deployments.

3. Dispatch

Distributed assets are operated as grid infrastructure through utility control rooms and dispatched as needed.

Industry Endorsed

Google · SDGE · Georgia Power · Smart Electric Power Alliance · Xcel Energy

DCP, Simplified

Who

Utilities identify where battery or generator sites are needed, own and control the assets, and integrate them into their operations.

Host sites at businesses, non-profits, schools, industrial facilities, and houses of worship are paid monthly lease payments.

DCP partners are deployment and program management specialists who ensure projects are done to utility-grade standards, on time and on budget.

> A DCP partner using open-book procurement can eliminate $502/kW in developer margins.

Vendors include engineers, trade contractors (electrical, civil, mechanical), equipment suppliers, and maintenance servicers subcontracted to ensure on-time, on-budget delivery of DCP assets.

> More than 80% of DCP program value is competitively bid to local vendors.

Regulators ensure public interest is served by reviewing and approving DCP programs, evaluating cost recovery, ensuring ratepayer protections, assessing reliability, and overseeing environmental justice/ community requirements.

What

1–5 MW front-of-the-meter batteries and generators, requiring roughly 3,000 sq. ft. of space. These then become **utility-dispatched infrastructure**, integrated into DERMS, ADMS, and SCADA systems.

Where

Connected directly to the grid, reaching the missing middle between transmission and behind-the-meter layers.

Strategically sited at feeders, substations, and host sites where capacity is needed most, housed behind secure, protective barriers.

How

Operates through **bilateral agreements, Energy Services Agreements, or large-load tariffs**, which can be funded through utility rate-basing, direct hyperscaler investment, or third-party infrastructure financing.

> Deployments can include underserved community siting criteria, as well as small and diverse business contracting provisions.

When

First assets permitted, built, and connected in 9-12 months.

> In contrast, centralized infrastructure projects are taking 3–10 years to build out.

Deployments can be modular and deployed in 5-10+ MW increments to scale with load growth, totaling up to 100-300+ MW deployed per year.

Comparing Flexible Energy Models

Model	What It Is	Who Owns It	Where It Sits	Primary Goal	Challenges
DCP	Front-of-the-meter batteries and generators deployed across the local distribution grid	Utility owned and utility dispatched	Distribution grid, in front of the meter at commercial / industrial sites	Add targeted capacity quickly to improve reliability and support growing demand	Utility coordination and regulatory approval
Traditional Customer-Sited Generation and Storage	Batteries and generators installed at individual customer properties	Customer or third-party owner	Behind the customer's meter, residential, commercial, or industrial	Reduce demand, lower customer bills, provide customer backup power, optimize solar panels	Not strategically placed for grid needs, slow adoption
Virtual Power Plant (VPP) / Demand Response	Customer owned energy assets, aggregated with software that pay customers to use less electricity	Customers own assets; aggregator coordinates them	Primarily behind the meter	Combine many small devices and reduce demand or supply power during peak periods	Dependent on customer behavior and voluntary participation
Co-location	Building generation/ storage directly next to a large-load facility	Large-load customers like hyperscalers or manufacturers	At or adjacent to large-load facility	Bypass the grid with dedicated power supply	Expensive, slow, doesn't improve broader grid

DCP gives utilities a faster, more flexible way to add real grid capacity where it's needed most.

Learn more at sparkfund.com