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Sunrun's Comments on DSGS Draft Fifth Edition Guidelines

Additional submitted attachment is included below.

March 16, 2026

California Energy Commission
Docket No. 22-RENEW-01
715 P Street
Sacramento, California 95814

RE: Sunrun Comments on the Demand Side Grid Support (DSGS) Program Draft Guidelines, Fifth Edition

Sunrun Inc. (Sunrun) respectfully submits these comments responding to the Demand Side Grid Support (DSGS) Program Draft Guidelines, Fifth Edition. Sunrun appreciates the California Energy Commission's (CEC) efforts to update and refine its DSGS program for the 2026 program season while balancing budget uncertainty.

Sunrun is appreciative of CEC staff's efforts to scale DSGS into the largest virtual power plant (VPP) program in the country (and likely the world) in 2025. Building upon this success, we encourage the CEC to continue to develop the program as a valuable emergency grid resource for California. Sunrun offers our continued support to the CEC team.

Sunrun Supports Movement to a Measured Baseline and Recommends Modifications to Ensure DSGS Is Consistent with Other California Grid Services Programs

Sunrun supports the CEC's transition to a measured baseline for Option 3. While a prescriptive baseline was appropriate in the earlier stages of DSGS and did accurately capture the overall incrementality of the program, the switch to a measured baseline will ensure that incrementality is assessed more precisely. One of the benefits of moving to a measured baseline is also to allow for more direct comparisons between DSGS and other grid service programs in California.

However, instead of creating an entirely new baselining methodology, the CEC should seek to align DSGS with well-established methodologies used by existing programs to ensure consistency. The purpose of a measured baseline is to identify typical non-event-day behavior against which event performance can be measured. As such, the methodology should select days that reflect normal operating conditions and should not over penalize aggregators by selecting the highest hourly discharge to calculate the baseline or by calculating different baselines for different hours.

With these established principles in mind, the 10-in-10 (weekday) or 5-in-5 (weekend/holiday) baseline methodologies have been commonly used in other grid services programs, such as the Emergency Load Reduction Program (ELRP), and the CAISO wholesale market (specifically, the Proxy Demand Response (PDR) product), and we highly recommend that CEC adopt these approaches to measure incremental capacity performance in the DSGS program starting this summer.

Sunrun also recommends that DSGS align with ELRP by calculating baselines and measuring performance at the individual device/customer level. In the Draft Guidelines, the CEC proposes to measure baselines and performance at the aggregator level. Measuring at the device level will allow for more direct comparison of performance between DSGS and ELRP as programs. It will also enable additional insight into device-level operations and additional analysis could be conducted on performance across different customer groups, instead of only comparing aggregator performance as a whole.

The draft guidelines also propose allowing CEC staff to audit the integrity of an aggregation's baseline by applying an alternative baseline and denying compensation if the difference exceeds 10%. Sunrun recommends that the CEC remove this audit requirement from the final guidelines. The proposed audit would effectively penalize aggregators if the baseline does not maximize the comparison value. In addition, a 10% variance threshold is extremely low and could easily penalize aggregators for normal and expected variations in discharge across non-event days, driven by common factors such as variability in household energy consumption or solar generation due to weather.

Sunrun also suggests that all DSGS Providers should be subject to the same baseline methodology. While Sunrun appreciates the CEC's efforts to provide flexibility in baseline methodologies, we recommend that all DSGS participants use the same baseline in order to create a more consistent evaluation of performance across the entire program. If different providers are using different methodologies, calculating the overall impact of DSGS as a program will be very challenging and quantitatively evaluating the program will be difficult.

CEC Should Improve the Definition in Dual-Compensation Prohibition Language to Provide Necessary Clarity and Prevent Unintended Consequences

We appreciate the CEC's continued efforts to ensure that program rules appropriately address incrementality and the prohibition on dual compensation. These principles are important for maintaining program integrity while enabling distributed resources to provide meaningful reliability support during grid emergencies.

However, during the March 9 workshop several stakeholders expressed valid concerns that the draft language is ambiguous and could be interpreted more broadly than intended. The new draft language will create uncertainty about whether certain customers – particularly those taking service under retail tariffs – will remain eligible to participate in DSGS. Such ambiguity will discourage participation in DSGS.

Sunrun recommends that the CEC consider simplifying or revising the proposed language to clearly focus on the prohibition of double payments for the same incremental performance, rather than creating potential ambiguity around general program eligibility related to retail tariffs or retroactive eligibility determinations. We encourage the CEC to incorporate the industry trade associations' proposed language on dual participation submitted in this round of public comments to ensure the program is implemented clearly and without perverse impacts on eligibility of resources.

Batteries with Permission to Operate After 2025 Should Be Allowed to Participate in DSGS

In the Revised Draft Guidelines, the CEC proposes to limit energy storage participation in DSGS to devices that received Permission to Operate (PTO) before 2026. This requirement is overly-limiting and unnecessary to achieve the goals of the program.

During the workshop on the Draft Guidelines, the CEC clarified that this requirement was put in place to maintain current enrollment levels in DSGS between 2025 and 2026 due to budget concerns and pending trailer bill language. However, the CEC has proposed a robust methodology for aggregator enrollment and budget allocation to ensure 2026 DSGS enrollment levels stay within budget limitations. Accordingly, including the PTO limitation is unnecessary.

New battery storage resources are coming online every day in California, and these resources can provide valuable grid capacity to California. These customers might also be better positioned to participate in DSGS compared to other grid service programs. For example, during the workshop, the CEC clarified that potential budget transfers to DSGS are unlikely to be confirmed before California's June Budget, which is after the program season starts. This means that aggregators will likely place their existing fleets into the program based on current budget levels. If additional funding becomes available, the customers that can more easily enroll in the program mid-season will be newer PTO customers that are not enrolled in other programs.

Additionally, it can be difficult for some DSGS providers who aren't the original asset developers to verify the exact PTO date for individual customers to confirm that they came

online by December 31, 2025. Aggregators confirm the assets have active interconnection agreements when enrolling them in the DSGS program, but confirming the exact PTO date is time-consuming and costly, especially if the aggregators are not the original asset developers. Removing this unnecessary requirement will not impact the program's ability to remain at appropriate enrollment levels for the existing budget while also allowing those providers to enroll additional resources mid-season if further funding becomes available.

The Requirement for Three Test Events in a Row in August Is Unnecessary and Should Be Removed

The Draft Guidelines propose that DSGS Providers be required to call full-duration test events on three consecutive days in August. While such a requirement could theoretically provide additional evidence of capacity, it is unclear whether consecutive test events will provide much value to the grid and ratepayers in the absence of an actual grid need.

Given that Option 3 consists of battery storage devices and that performance is measured at the device, consecutive test events that demonstrate a lack of performance degradation are not needed. Unlike other demand response resources that focus on customer behavior or change meaningful appliance settings (i.e., thermostats) in a home, a battery energy storage dispatch has no impact on customers' day-to-day experiences. This means that these resources can dispatch consistently across days with very little to no degradation in performance. However, conducting multiple test events in August may increase utility bill impacts for customers participating under the Net Billing Tariff when the test dispatch window does not align with optimal battery dispatch patterns that maximize customer bill savings.

For Option 3 resources, a single successful full-duration test event provides sufficient verification of capacity. We therefore recommend the Commission remove the consecutive-day requirement for storage assets.

Conclusion

Sunrun appreciates the CEC's efforts to sustain and improve the DSGS program, particularly in light of budgetary uncertainty. Sunrun offers our continued support for the program and we thank staff for your consideration of our comments. Please do not hesitate to contact us with any follow-up questions.

Respectfully submitted,

/s/ Chris Rauscher

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