DOCKETED	
Docket Number:	22-RENEW-01
Project Title:	Demand Side Grid Support Program
TN #:	244238
Document Title:	Sunrun comments on Proposed Draft Program Guidelines for DSGS
Description:	N/A
Filer:	System
Organization:	Sunrun/Rachel McMahon
Submitter Role:	Public
Submission Date:	7/29/2022 10:26:27 AM
Docketed Date:	7/29/2022

Comment Received From: Rachel McMahon
Submitted On: 7/29/2022
Docket Number: 22-RENEW-01

Sunrun comments - Proposed Draft Program Guidelines for DSGS - CEC Docket 22-RENEW-01

Additional submitted attachment is included below.

Comments - Proposed Draft Program Guidelines for Demand Side Grid Support Program
CEC Docket 22-RENEW-01

Sunrun appreciates the opportunity to provide these comments on the Proposed Draft Program Guidelines for the Demand Side Grid Support (DSGS) Program. We commend Energy Commission staff for coming up with detailed guidelines and a robust workshop in such a short period of time. At the top of the workshop, data was presented as to capacity and energy storages in 2022 and 2025. Those data appear to reflect the conditions in the CAISO market, and not necessarily that of municipal utilities. As prescribed in statute, and reflected in the draft program guidelines, only customers of publicly owned utilities and direct access providers may participate. Thus, DSGS is a $200M program - collected from all taxpayers - for a small subset of customers, the majority of which are not in CAISO and thus may not experience the same reliability issues. In other words, it's not entirely clear that the program, as proposed, is designed to address the problems identified. Sunrun recommends prioritizing this issue for resolution first, with the aim of making DSGS a statewide program that prohibits dual participation in DR programs so as to avoid double counting.

Questions Posed by CEC Staff:

Sunrun offers responses to some - not all - of the questions posed by staff at the workshop.

- ***Do the proposed DSGS eligibility requirements ensure the program does not negatively impact pre-existing demand response programs?***

The program eligibility requirements describe a complete exclusion of eligible participants in CPUC-jurisdictional programs - from the perspective of those programs, the proposed DSGS requirements pose no impact. Interestingly, the proposed guidelines do not discuss any eligibility requirements associated with existing demand response programs provided by municipal utilities. This is the relevant comparison, as municipal utilities are the entities whose customers qualify for this program.

Sunrun agrees with comments at the workshop that the legislature likely did not intend a full scale prohibition, but rather to avoid dual participation in demand response programs. Simply because a customer is *eligible* for a program doesn't mean that customer will participate in that program.

The exclusion of net energy metering (NEM) eligible participants from the program goes beyond the legislation, and any similar program established by the CPUC - including ELRP and all DR programs. First, tying the exclusion to NEM eligibility is far too restrictive, just as for any other program. Second, the inclusion of NEM by the CEC creates an entirely new precedent, and not for a like service. Offsetting customer demand via NEM is entirely different from providing fast dispatchable capacity in response to system events and warnings.

- ***Are the incentive structures and values effective for participation? What modifications should be considered?***

The first two options are consistent with the Emergency Load Reduction Program (ELRP). Sunrun appreciates the inclusion of Option 3, the capacity option.

It would be helpful to understand how CEC staff arrived at the specified capacity prices for each month, which sum at $55,000/MW-year, or $55/kW-year. Differentiated monthly capacity prices are entirely appropriate and consistent with other programs and procurements. However, the $55/kW-year is significantly less than the CAISO's capacity procurement mechanism (CPM) soft offer price of $75.68/kW-year[1]. It is also less than capacity prices under similar programs such as the Capacity Bidding Program[2] (CBP). These prices are relevant to CPUC-jurisdictional entities, and CAISO. If limitations on eligibility for the program are not changed, then it would make sense to align capacity prices with the cost and value of capacity to municipal utilities. From this perspective, it may be true that the $55/kW-year is already in alignment. If so, Sunrun recommends that the CEC staff explain that alignment for purposes of clarity, and to ensure that DSGS resources are compensated appropriately.

The guidelines are unclear as to whether the program will compensate for exports from behind-the-meter (BTM) storage systems beyond the customers' load. By comparison, the Emergency Load Reduction Program (ELRP) does compensate for exports. Sunrun recommends that the proposed guidelines be clarified to explicitly compensate for exports from BTM systems.

- ***What's the most efficient method for DSGS providers to keep the CEC informed under the program as they communicate with the balancing authorities and their customers?***

With specific regard to the bid price requirements, the desire to place wholesale market bid price ranges into the program is understandable. Specific to any resources in CAISO, if the CEC wishes to rely on more than provider attestation, and verification of bid price behavior is a necessary precursor to settlement, there may be major time inconsistencies.

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[1] CAISO Fifth Replacement Electronic Tariff, Section 43A. April 22, 2022.
[2] In comparing monthly capacity rates for day-ahead options for CBP, for May - October, the comparable annual payments for each utility are: PG&E - $63.42/kW-year; SCE - $62.06/kW-year; and, SDG&E - $64.48/kW-year.

- ***Do any of the proposed terms and conditions create a barrier to participation?***

It is unclear whether aggregators of customers of eligible retail sellers may be DSGS providers, or whether only the retail suppliers may be DSGS providers. Sunrun recommends that the guidelines be clarified to clearly allow third parties to aggregate customer load resources - particularly those with controllable technology, such as energy storage.

- ***What elements of program design can be improved?***

As discussed earlier in these comments, Sunrun recommends making four major changes to the program:

1) Endeavor to make the program statewide, as the funding for this program was collected from all taxpayers. If possible, given legislative direction, this modification would be a major improvement;
2) Modify eligibility restrictions to customers that participate in programs, rather than those eligible to participate in programs, in order to avoid double counting. Remove NEM customers from the guidelines entirely, as they should be eligible;
3) Value exports from BTM systems beyond customer load; and,
4) Clarify that third party aggregators may be DSGS providers, as well as the retail sellers, themselves.

Sincerely,

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