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Sunrun Comments on CEC-200-2022-001-CMD

Additional submitted attachment is included below.

Comments of Sunrun, Inc., on “Qualifying Capacity of Supply-Side Demand Response Working Group Draft Report”, in CEC Docket 21-DR-01

Sunrun is actively developing supply-side, virtual power plants (VPP) in California, using the proxy demand response (PDR) model. We are now in our third year of preparing a load impact protocol evaluation for our 2023 PDR resource adequacy (RA) assets. Sunrun is a member of the Supply Side Demand Response Working Group run by the California Energy Commission (CEC). We offer the following comments on the draft report from that process - “*Qualifying Capacity of Supply-Side Demand Response Working Group Draft Report*”, in CEC Docket 21-DR-01

Recommendations for 2023 RA Year

In its draft report, the CEC recommends that third parties be afforded optionality as to whether to keep with the existing LIP methodology, or select the incentive based approach or the LIP informed effective load carrying capability (ELCC)¹. Sunrun appreciates the CEC’s consideration of the constraints faced by third parties - in particular the current overlapping LIP timeline for 2023 - and strongly supports this recommendation.

Sunrun filed its LIP evaluation plan for 2023 RA assets on December 30, 2021. As we understand it, layering ELCC on top of our LIP analysis for 2023 would mean a significant amount of additional work with unclear results. In fact, we have been quite concerned that the LIP-informed ELCC will result in a fairly significant reduction in the capacity value for our VPP assets. This possibility is reflected in the CEC’s draft report.² Notably, Sunrun has done its own LIP evaluation work in-house for the last two resource adequacy (RA) years, 2021 and 2022, and expects to continue to do so for RA year 2023. A sudden redirect in how the evaluation is to be done would tax our *internal* staff resources, as we cannot simply direct a consultant to do this work.

Finally, given the uncertainty associated with new approaches to establishing qualifying capacity value for our resources, we appreciate the CEC’s recognition that third parties be afforded the opportunity “...to participate in testing new methods without committing to the results of the new method.”³

Recommendations for the 2024 RA Year and Thereafter

Sunrun supports the CEC’s recommendation to continue the working group beyond the submittal of its report for the 2023 resource adequacy year. Sunrun is participating in the CEC’s working group as well as following discussions regarding slice of day reform proposals, and agrees with the CEC’s assessment that there is a timing mismatch between the two processes. Continuing the working group to focus on the 2024 RA year and beyond, to adequately consider

¹ Draft report, page 30.

² Ibid, page 12.

³ Ibid, page 30.

alignment with slice of day reforms, as well as a more permanent methodology for DR QC is important to develop a durable and fair framework. In addition, a significant amount of the working group's time has been taken up with the discussion of whether or not to utilize ELCC.

As the working group continues, Sunrun recommends that such finer points as permitting capacity measurement at the submeter for RA settlement purposes be explored, for DR resources backed by energy storage. The discussions to date have been focused largely on the three capacity measurement options for RA Year 2023, and less so on important details such as submetering for behind the meter assets using the LIP.

Given the deliberative process established by, and relative neutrality of, the CEC thus far, we also support the final recommendation to continue collaboration between the CPUC and CEC to develop and implement a durable counting method for DR resources over the long term.⁴

Thank you for considering these comments.

Sincerely,

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⁴ Ibid, page 32.