Comments of Sunrun Inc. on CAISO ESDER 3 Issue Paper

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Sunrun appreciates the opportunity to comment on the Energy Storage and Distributed Energy Resources (ESDER) Phase 3 scoping workshop and discussion on January 16, 2018.[1]

First and foremost, we urge CAISO to take a leadership position in enabling retail program participants to address current planning challenges. Program design can address concerns with double compensation and create market opportunities to enable much broader DER participation. Retail DERs can modify their operations to align with CAISO needs as an additional grid service.

Specifically, we agree with the California Energy Storage Alliance ("CESA") that CAISO should prioritize improving the DERP model. The DERP model has major utilization barriers, primarily that Behind-the-Meter resources cannot pursue retail non-market functions without exposure to wholesale markets. We believe that DERP participation must evolve to include retail participation to ensure the most cost effective procurement of grid services.

We also urge CAISO to focus on the ESDER 3 Load Shift Program. This program, if designed properly, could be a key enabler to demonstrate how retail DERs can be leveraged to address current CAISO planning challenges and would be an ideal starting point to enable retail DER participation. Specifically, CAISO should target uncontrolled retail DERs that were installed prior to retail time of use (TOU) requirements (legacy DERs) because when these projects were designed, they were not encouraged to manage generation to align with current CAISO system

[1] http://www.caiso.com/Pages/documentsbygroup.aspx?GroupID=263724F0-4524-4B2B-9497-1C56AA541F0D

needs. Without a market opportunity that creates the incentive to upgrade these facilities to align with CAISO needs, they will continue to export energy to the grid at the same time that CAISO is directing future load shifting program participants to build load to address daytime excess energy. Moreover, the same legacy DER customers would then have to rely on CAISO for energy during the system peak.

- In response to daytime excess energy dispatch: If CAISO were to leverage retail DERs in the ESDER 3 Load Shift Program, they could be upgraded and coordinated to load build when directed to do so by CAISO. In response to CAISO dispatch, these retail DER customers would be foregoing coincidental NEM credits from power that would have been exported during this period when CAISO does not want the energy and, in turn, the customers would have an incentive to manage their systems to align with CAISO needs.
- In response to program peaking capacity requirements: Legacy DERs could have sufficient energy stored to provide peaking capacity coordinated with CAISO system needs. The peaking capacity component of the program's design should not prevent exports to the grid, but instead enable legacy DERs to be managed and aggregated to meet the CAISO system needs. This can be accomplished without concern for double compensation by foregoing wholesale energy payments and allowing the customer to be compensated for energy exports within the current retail program.