

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.

Rulemaking 17-09-020
(Filed September 28, 2017)

**REPLY OF ENGIE STORAGE, ENEL X NORTH AMERICA, INC., TESLA, INC.,
SUNRUN INC., CENTER FOR ENERGY EFFICIENCY AND RENEWABLE
TECHNOLOGIES, CALIFORNIA ENERGY STORAGE ALLIANCE, AND VOTE
SOLAR TO RESPONSES TO JOINT MOTION TO ESTABLISH A SCHEDULE AND
PROCESS FOR DETERMINING THE CAPACITY VALUE OF HYBRID RESOURCES**

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October 24, 2019

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Pursuant to Rule 11.1 of the California Public Utility Commission’s (“**Commission**”) Rules of Practice and Procedure, Engie Storage, Enel X North America, Inc., Tesla, Inc., Sunrun Inc., Center for Energy Efficiency and Renewable Technologies, the California Energy Storage Alliance, and Vote Solar (together, the “**Joint Parties**”)¹ hereby submit these reply comments in response to comments filed by other parties on the *Joint Motion of Engie Storage, Enel X North America, Inc., Tesla, Inc., Sunrun Inc., Center for Energy Efficiency and Renewable Technologies, California Energy Storage Alliance, and Vote Solar to Establish a Schedule and Process for Determining the Capacity Value of Hybrid Resources* (“**Joint Motion**”).² Administrative Law Judge Chiv granted the Joint Parties’ request to file and serve a reply to responses to the Joint Motion via an email to parties to this proceeding on October 17, 2019.

¹ Joint Parties have consented to Sunrun Inc. filing this reply on their behalf.

² R.17-09-020, *Joint Motion of Engie Storage, Enel X North America, Inc., Tesla, Inc., Sunrun Inc., Center for Energy Efficiency and Renewable Technologies, California Energy Storage Alliance, and Vote Solar to Establish a Schedule and Process for Determining the Capacity Value of Hybrid Resources* (September 27, 2019).

I. Response to Party Comments on the Joint Motion

First, the Joint Parties highlight that all parties, with only one exception,³ generally supported the Joint Motion. This response represents significant party support for development of hybrid resources in California to meet energy and environmental needs. Many parties highlight the significant commercial interest and potential that already exists for hybrid projects, and these projects' potential to meet growing resource adequacy (“**RA**”) challenges. To this point, the California Independent System Operator Corporation (“**CAISO**”) notes that it “expects that hybrid resources will be essential to meeting the reliability needs identified in the Integrated Resource Planning (IRP) proceeding. There is currently a significant amount of hybrid resources in the CAISO’s interconnection queue.”⁴ As Southern California Edison (“**SCE**”) correctly points out in its comments, “[w]ithout proper identification of the reliability value of such resources to meet RA needs . . . LSEs will be left to speculate as to the future RA value of these resources or pass up the technology due to the uncertainty of its RA value in comparison to other resources.”⁵ In light of this broad support, we again urge the Commission to act without delay.

Second, we respond to the comments of SCE, specifically on the issue of hybrid resources located behind the utility meter. The Joint Parties agree with SCE that the Commission should expedite efforts to set a qualifying capacity (“**QC**”) value for hybrid resources,⁶ and advocate that this value should also apply to behind-the-meter (“**BTM**”) hybrid resources participating in the wholesale market. SCE expresses caution in setting a QC value for

³ See R.17-09-020, *Response of Pacific Gas and Electric Company (U 39 E) to Joint Motion to Establish a Schedule and Process for Determining the Capacity Value of Hybrid Resources* (October 14, 2019).

⁴ R.16-02-007, *Comments of the California Independent System Operator Corporation*, p. 1 (October 14, 2019) (responding to the nearly identical joint motion filed in R.16-02-007).

⁵ R.17-09-020, *Response of Southern California Edison Company (U 338-E) to Joint Motion to Establish a Schedule and Process for Determining the Capacity Value of Hybrid Resources*, p. 2 (October 14, 2019).

⁶ *Id.*, pp. 2-3.

hybrid resources participating in the market as proxy demand response (“**PDR**”) resources, based on an argument that doing so is premature.⁷ The Joint Parties disagree that the Commission must wait for Federal Energy Regulatory Commission (“**FERC**”) action, as SCE suggests,⁸ before exercising its own authority.

The Joint Parties clarify that our request is for the QC value to apply to BTM resources participating in the market under any participation model, including the Distributed Energy Resource Provider (“**DERP**”) model. It is worth noting that the DERP model does not qualify for RA today because hybrid resources do not yet have a QC value. For reasons that we do not describe here, the current PDR model is not ideal for BTM hybrid resources. Further, the Joint Parties clarify that we do not offer any comment here as to the QC methodology for PDR resources as it exists today, as doing so would be out of scope for this motion.

There are several aspects to enabling BTM resource participation in the market in a way that is workable. None of these aspects require the Commission to wait to assign a QC value to BTM hybrid resources until the FERC, or any other party for that matter, takes action. For clarity, the Joint Parties envision the following process for advancing wholesale market participation for distributed energy resources (“**DERs**”):

- The first step was to create a wholesale market participation model for DERs, which the CAISO did when it created and approved the DERP and PDR models, both of which the FERC approved.
- The next step will be to assign a QC value and methodology for these resources. It is this step that the Joint Parties focus on in the Joint Motion. The Commission has clear jurisdiction to set QC value for resources that are procured for RA.
- Additional steps include refinement of wholesale market participation rules, in which several of the Joint Parties are currently engaged.

⁷ *Id.*, pp. 3-5.

⁸ *Id.*

II. Conclusion

As set forth herein, the Joint Parties respectfully request that the Commission, either in this proceeding or in R.16-02-007 where the Joint Parties submitted a similar motion, grant the Joint Parties' motion and act without delay.

Respectfully submitted October 24, 2019,

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