



Life Runs on Clean Energy

November 6, 2024

Honorable Chair and Commissioners
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Dear Commissioners,

Sunrun supports the work of the Public Service Commission and other state leaders as we work to meet pressing energy challenges, including soaring electricity demand, increasing ratepayer costs, and need to improve access to reliable, clean and affordable energy to homes and businesses across New York. The urgency of these issues also present opportunities to leverage the full benefits that distributed energy resources (DERs) like home solar and batteries can provide.

As the nation's largest rooftop solar and battery company, with more than 1 million customers in 22 states (including New York), the District of Columbia, and Puerto Rico, Sunrun brings a unique perspective on the development and implementation of Virtual Power Plant (VPP) programs. Sunrun has a proven track record enabling customer devices to support local power grids as we currently participate in more than a dozen VPP programs across the country, including the largest single-owner VPP program, made up of 16,000+



solar and battery customers in California. We recently announced the launch of the largest VPP in New York with Orange & Rockland Utilities (O&R).¹

Tariff-based, retail VPP programs in other states including California, Hawaii, Massachusetts, Texas, and Puerto Rico, to highlight a few, leverage customer-sited DERs to meet growing demand, improve grid reliability, lower costs for all ratepayers, and enhance resiliency for individual customers. The end goals are not dissimilar from those of New York's programs, but the participation rules, compensation rates and structures, and other elements of program implementation have led to very different outcomes.

Programs in other states have successfully attracted robust residential customer participation whereas New York's tariff-based programs have not.² Sunrun offers the following observations and encouragement based on our extensive experience operating and participating in VPP programs around the country to help improve program opportunities in New York.

¹ Sunrun Press Release: [Sunrun Builds and Operates New York's Largest Residential Power Plant in Partnership with Orange and Rockland Utilities](#)

² Sunrun's VPP with O&R is unique because it was developed directly between Sunrun and O&R. New York can build on this success with targeted adjustments to the tariff-based grid service programs and expand VPP program opportunities to customers across the state.



Sunrun supports programmatic pathways that encourage robust participation from battery customers across New York. Electricity needs are too great today, and in the near future, for New York to not fully take advantage of every available kW of capacity. Residential home batteries across New York hold enormous potential to enhance grid reliability, improve grid operating efficiencies, reduce costs for all customers, and drive the clean energy transition. Well-designed grid service programs that both leverage robust participation of existing resources and create a pathway for broader access to new participants will create long-term flexible and scalable resources to meet New York’s growing energy demand consistent with the state’s climate and energy goals.

In Sunrun’s experience, most residential customers install batteries in conjunction with onsite solar and participate in the state’s net metering (“NEM”) and Phase 1 NEM program. However, program complexities and ongoing uncertainty about whether and how NEM and Phase 1 NEM customers will be able to participate in New York’s VPP program opportunities are major hurdles to residential customer enrollment. Specifically, current program rules either prohibit outright the participation of NEM and Phase 1 NEM customer battery storage devices, limit participation from these customers’ systems to load reduction only, or remove crucial components of the value proposition when they are allowed to participate. Guidance from the Commission is needed to address these constraints and ensure New York’s VPP programs enable full participation of these valuable customer resources.



First, we commend the Commission for approving earlier this year National Grid, NYSEG, RG&E, and O&R's proposals to expand the Direct Load Control (DLC) program eligibility, which is currently open to smart thermostats, to allow enrollment of battery storage from NEM and Phase 1 NEM residential customers.³ The addition of battery storage can greatly expand the DLC program's ability to provide capacity services through greater host customer load reduction *and* power injections to the grid.

The Commission's March 15, 2024 order directed the utilities to adopt this change in their upcoming dynamic load management program filings on November 15, 2024. However, because the DLC program currently provides capacity through host customer load reduction only, it is not clear whether the revised program will allow the newly eligible battery storage to provide the capacity service through customer load reduction *and* injections to the grid; or if it will limit battery participation to load reduction only. The Commission's March 15, 2024 order does not speak to this issue and thus Commission guidance that NEM and Phase 1 NEM customer batteries may participate in the DLC program by providing both load reduction and grid injections is crucial to maximize program value for ratepayers and participating customers alike.

³ Case No. 14-E-0423, Order Directing Dynamic Load Management Changes (Mar. 15, 2024).

Second, the Commission’s March 15, 2024 order requires additional explanation about how NEM and Phase I NEM customer participation in the Commercial System Relief Program (CSRP) and the Distribution Load Relief Program (DLRP) to clarify the available program opportunities for these customers. It is our understanding that in the ConEdison (ConEd) and O&R territories, NEM and Phase 1 NEM solar and battery storage customers are not eligible earn \$/kWh Performance Payments, due to concerns about double counting, but they may be eligible to earn the \$/kW reservation payments.⁴ The ability to realize the full value of participation, including the Performance Payment, is critical to encourage customer participation in any VPP. By making NEM and Phase 1 NEM customers ineligible for the Performance Payment part of program compensation, the program imposes additional barriers that in practice work to further exclude mass market customer participation.

Third, it is our understanding that for CSRP, at every utility except ConEd and O&R, solar customers with battery storage enrolled under the VDER tariff, not NEM or Phase 1 NEM, may participate but in order to receive the Performance Payment they must remove the DRV and LSRV components of the VDER export compensation. The VDER export rates and the CSRP program Participation Payment value are not sufficient to motivate mass market customer participation. Thus, like the exclusion of NEM customers, the program also excludes residential VDER customer participation.

⁴ *Id.*



National Grid submitted a Petition for Clarification, Reconsideration, or Rehearing on these issues on April 15, 2024.⁵ Sunrun supports clarification on these important issues, and emphasizes that Performance Payments for NEM and Phase 1 NEM battery customers are essential to drive residential customer participation in these programs.

The issues discussed herein highlight aspects of New York's grid service programs and certain policy underpinnings that prohibit mass market customer participation. The ConnectedSolutions program in Massachusetts and VPP programs in other states have successfully enabled residential NEM customers to provide capacity for peak load reduction and other services while at the same time delivering net benefits to non-participating customers. Sunrun encourages the Commission and policy leaders across the state to draw from these programs to develop targeted revisions that allow residential NEM and Phase 1 NEM customers to participate and deliver VPP program benefits to all New Yorkers.

Timely guidance on these issues is needed to inform the utilities upcoming DLM program filings and stakeholder input on the proposed programs, including proposed program revisions specifically directed by the Commission.

⁵ Case No. 14-E-0423, National Grid Petition for Rehearing, Reconsideration, and Clarification and Motion for Stay of the Commission's March 15, 2024 Order Directing Dynamic Load Management Program Changes (Apr. 15, 2024).



Finally, NYSERDA has communicated that it is their hope that Blocks 2 and beyond of the upcoming Storage Implementation Plan, Residential and Retail Energy Storage Market Acceleration Incentives⁶, will require that customers must participate in a DLM program to receive this battery incentive. At a high level, we support this because we want residential batteries to help reduce strain on the grid overall, but it's important that the DLM specific issues outlined above are clarified so that the full benefits of this BTM battery program are realized.

Sunrun is committed to advancing successful VPP programs across New York and we welcome the opportunity for continued discussion on these opportunities.

Sincerely,

Bartlett Jackson
Sr. Manager, Policy
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CC:
John O'Leary, Deputy Secretary for Energy
Sean Ewart, Assistant Secretary for Energy
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⁶ Case 18-E-0130, In the Matter of Energy Storage Deployment Program