FC1130 - 2018 - M - 226, RM9-2017-01-E - 2018 - 8, RM29-2017-01-E - 2018 - 6, RM36-2017-01-E - 2018 - 5, RM40-2017-02-E - 2018 - 4, RM41-2017-01-M - 2018 - 11, RM42-2017-01-M - 2018 - 5, RM44-2017-01-M - 2018 - 6, RM13-2017-02-T - 2018 - 4

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February 1, 2018

Via Electronic Filing

Brinda Westbook-Sedgwick
Commission Secretary
DC Public Service Commission
1325 G Street, N.W., Suite 800
Washington, D.C. 20005

RE: Formal Case No. 1130, In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability

Dear Ms. Westbrook-Sedgwick:

Please find enclosed for filing in the above-captioned proceeding the "Reply Comments of Sunrun Inc. on Notice of Proposed Rulemaking on Amendments to Various Definitions."

Thank you for your attention to this matter and please do not hesitate to contact me if you have any questions regarding this filing.

Best regards,

/s/ Evan Dube

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Senior Director, Public Policy
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BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF THE	**:**	
INVESTIGATION INTO	**:**	
MODERNIZING THE ENERGY	**:**	**Formal Case No. 1130**
DELIVERY SYSTEM FOR	**:**	
INCREASED SUSTAINABILITY	**:**	

REPLY COMMENTS OF SUNRUN INC. ON NOTICE OF PROPOSED RULEMAKING ON AMENDMENTS TO VARIOUS DEFINITIONS

Pursuant to the Public Service Commission of the District of Columbia's ("Commission") November 3, 2017 Notice of Proposed Rulemaking ("NOPR") in the above-referenced matter,[1] Formal Case No. 1130 – modernizing the energy delivery system for increased sustainability ("MEDSIS"), Sunrun Inc. ("Sunrun") respectfully submits these reply comments to the initial comments of the Potomac Electric Power Company ("Pepco" or "the Utility") regarding the Commission's proposed amendments to provisions of Title 15 (Public Utilities and Cable Television) of the District of Columbia Municipal Regulations ("DCMR"): Chapter 9 (Net Energy Metering); Chapter 13 (Rules Implementing the Public Utilities Reimbursement Fee Act of 1980); Chapter 29 (Renewable Energy Portfolio Standard); Chapter 36 (Electricity Quality of Service Standards); Chapter 40 (District of Columbia Small Generator Interconnection Rules); Chapter 41 (The District of Columbia Standard Offer Service Rules); Chapter 42 (Fuel Mix and Emissions Disclosure Reports); and Chapter 44 (Submetering and Energy Allocation). Specifically, Sunrun opposes Pepco's recommendation to amend the

[1] This NOPR is cross-referenced with various other matters pending before the Commission. They include: RM-09-2017-01, In The Matter of 15 DCMR Chapter 9 - Net Energy Metering; RM-13-2017-01, In The Matter of 15 DCMR Chapter 13 – Rules Implementing The Public Utilities Reimbursement Fee Act of 1980; RM-29-2017-01, In The Matter of 15 DCMR Chapter 29 – Renewable Energy Portfolio Standard; RM-36-2017-01, In The Matter of 15 DCMR Chapter 36 – Electricity Quality of Service Standards; RM-40-2017-01, In The Matter of 15 DCMR Chapter 40 - District of Columbia Small Generator Interconnection Rules; RM-41-2017-01, In The Matter of 15 DCMR Chapter 41 - The District of Columbia Standard Offer Service Rules; RM-42-2017-01, In The Matter of 15 DCMR Chapter 42 - Fuel Mix and Emissions Disclosure Reports; and RM-44-20I7-01, In The Matter of 15 DCMR Chapter 44 – Submetering and Energy Allocation.

definition of energy storage to allow utility ownership of any energy storage resource. Sunrun is pleased that Pepco is in the process of strategizing how energy storage systems can be integrated into the electric distribution system for greater grid resiliency and reliability; however, to the extent that Pepco's recommendation to authorize utility ownership of energy storage resources would allow it to own and operate behind-the-meter ("BTM"), it should be rejected. Sunrun looks forward to staying engaged in the conversation regarding how to incorporate energy storage in a manner that supports choice and empowerment for District consumers.

I. REPLY COMMENTS

a. Pepco's Comments on Proposed Definition of Energy Storage

In its initial comments regarding the NOPR, Pepco recommends the following edits to the Commission's proposed definition of electric storage.

> "~~Electric~~ **Energy** storage" — A resource capable of absorbing electric energy, storing it for a period of time and thereafter dispatching the energy regardless of where the resource is located on the electric distribution system. These resources include all types of ~~electric~~ **energy** storage technologies, regardless of their size, storage medium (e.g., batteries, flywheels, electric vehicles, compressed air), or operational purpose. **An energy storage resource may be owned by an electrical company and is not an electric generating facility, as defined in D.C. Code Section 34-205.**[2]

Sunrun does not object to Pepco's recommendation that the term be changed to "energy storage" from "electric storage." Changing the nomenclature of the term in the DCMR would appropriately allow for coverage of thermal energy systems within the definition. Given that the MEDSIS proceeding is concerned with facilitating a more sustainable energy delivery system – not only an electric delivery system – framing the definition in the regulation to include thermal energy systems aligns with the objectives of this initiative. This perspective is also supported by DC Climate Action in its initial comments on the NOPR.

[2] Initial Comments of Potomac Electric Power Company on the Notices of Proposed Rulemaking in MEDSIS ("Pepco Initial Comments"), filed on January 2, 2018 at 3.

With respect to Pepco's proposed additional language that would enable the Utility to own energy storage, Sunrun vigorously opposes the recommendation to the extent that it would allow Pepco to own BTM energy storage resources. Utility ownership of BTM energy storage, and distributed energy resources ("DER") more broadly, would have grave consequences to ratepayers and undermine the District's mandates and support for competition and consumer choice.

Sunrun agrees with Pepco that energy storage is not generation; however, this does not justify utility ownership of BTM energy storage resources. Like other DERs, the BTM energy storage market is a competitive market. This competition enhances consumer choice, stimulates job creation, and encourages the cost-effective deployment of DERs. Allowing a rate-regulated utility to own assets behind a customer's meter would fundamentally alter the future of the District's DER market, and the energy storage market in particular. Allowing utility ownership would grant Pepco numerous competitive advantages over non-utility third-party companies, including:

- The ability to earn a guaranteed rate of return on energy storage investments;
- Enhanced marketing opportunities through a captive customer base;
- Exclusive access to certain consumer data;
- Informed interconnection opportunities;
- Information regarding the system's capacity to host energy storage without infrastructure upgrades; and
- The ability to include the cost of energy storage systems in its rate base and spread those costs among its ratepayers.

Private, non-utility third-party energy storage developers do not have any of these advantages and could face discrimination should a distribution utility be permitted to participate in the BTM market. The Federal Trade Commission recently remarked that "[d]iscrimination in electric system operations at any stage of moving power from generators (or other DERs) can be very subtle, and even the appearance of discrimination in the provision of such services can

discourage investment in beneficial DERs in [a state] by raising the perceived risks and costs facing such investments."[3]

Maintaining a competitive and fair playing field for energy storage is an issue of high importance to the District's grid modernization goals, including the goal of encouraging greater deployment of DERs in the District. As such, only ratepayers and third-party companies should be able to own BTM energy storage and Sunrun recommends that the Commission reject Pepco's revised language that would allow for utility ownership of energy storage resources.

b. Pepco's Comments on Proposed Definition of Smart Inverter

With respect to the Commission's proposed definition of smart inverter, Pepco states,

> As proposed, the definition is too restrictive for use without more context and clear application on Pepco's system. Specifically, "Smart Inverter" is limited to inverters that "perform power support operations that enhance grid reliability," but smart inverters (including those being deployed in Pepco's smart inverter pilot project in the District of Columbia) are a rapidly evolving technology with multiple functionalities, including remote power curtailment, voltage and frequency support at a customer's premise, remotely set trip limits, and visibility of actual solar generation.[4]

Sunrun agrees with Pepco that the Commission's proposed definition of smart inverter is restrictive as drafted. Sunrun, however, disagrees with Pepco's assertion that deliberation regarding an appropriate definition should be removed from the MEDSIS process. We recommend that the definition be revised to remove the term "controlled" and replace it with the phrase "autonomously respond." Sunrun offers the definitions used in California and Hawaii as useful examples of how to define smart inverters in a succinct manner that accounts for all of their capabilities.

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[3] *See Reply Comment of the Staff of the Federal Trade Commission*, Proceeding on the Motion of the Commission in Regard to Reforming the Energy Vision, State of New York Public Service Commission Case No. 14-M-0101, filed on November 23, 2015, at 6 *available at* https://www.ftc.gov/system/files/documents/advocacy_documents/ftc-staff-reply-comment-state-new-york-public-service-commission-reforming-energy-vision-proceeding/112315nypsc.pdf.

[4] Pepco Initial Comments, at 6.

Hawaii
Advanced Inverter: A Generating Facility's inverter that performs functions that when activated, can autonomously contribute to grid support during excursions from normal operating voltage and frequency system conditions by providing: dynamic reactive/real power support, voltage and frequency ride-through, ramp rate controls, communication systems with ability to accept external commands and other functions.[5]

California
Smart Inverter: A Generating Facility's inverter that performs functions that, when activated, can autonomously contribute to grid support during excursions from normal operating voltage and frequency system conditions by providing: dynamic reactive/real power support, voltage and frequency ride-through, ramp rate controls, communication systems with ability to accept external commands and other functions.[6]

Given the complexity of this issue and the many benefits that smart inverters can provide to the District's energy infrastructure, we further recommend that the Commission establish a working group to focus on developing smart inverter standards that ensure consumer protection and competitive marketplace to leverage DERs for vast power system operations benefits.

II. CONCLUSION

WHEREFORE, Sunrun Inc. respectfully requests that the Commission fully consider its reply comments herein.

Respectfully submitted,

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Dated: February 1, 2018

[5] *See Hawaii Electric Company, Service Connections and Facilities on Customer's Premises Rules*, at Revised Sheet No. 34B-5, available at: https://www.hawaiianelectric.com/Documents/my_account/rates/hawaiian_electric_rules/14.pdf

[6] *See Pacific Gas and Electric Company Electric Rule No. 21, Generating Facility Interconnection Rules*, at Sheet 30, available at: https://www.pge.com/tariffs/tm2/pdf/ELEC_RULES_21.pdf.

CERTIFICATE OF SERVICE

Formal Case No. 1130, In the Matter of the Investigation into Moderinzing the Energy Delivery System for Increased Sustainability.

I hereby certify that on this 1st day of February 2018, a copy of the "Reply Comments of Sunrun Inc. on Notice of Proposed Rulemaking on Amendments to Various Definitions" was served on the following parties of record by first class mail, postage prepaid, or electronic mail:

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