



# **Approve Distributed Energy Storage Agreement with Sunrun**

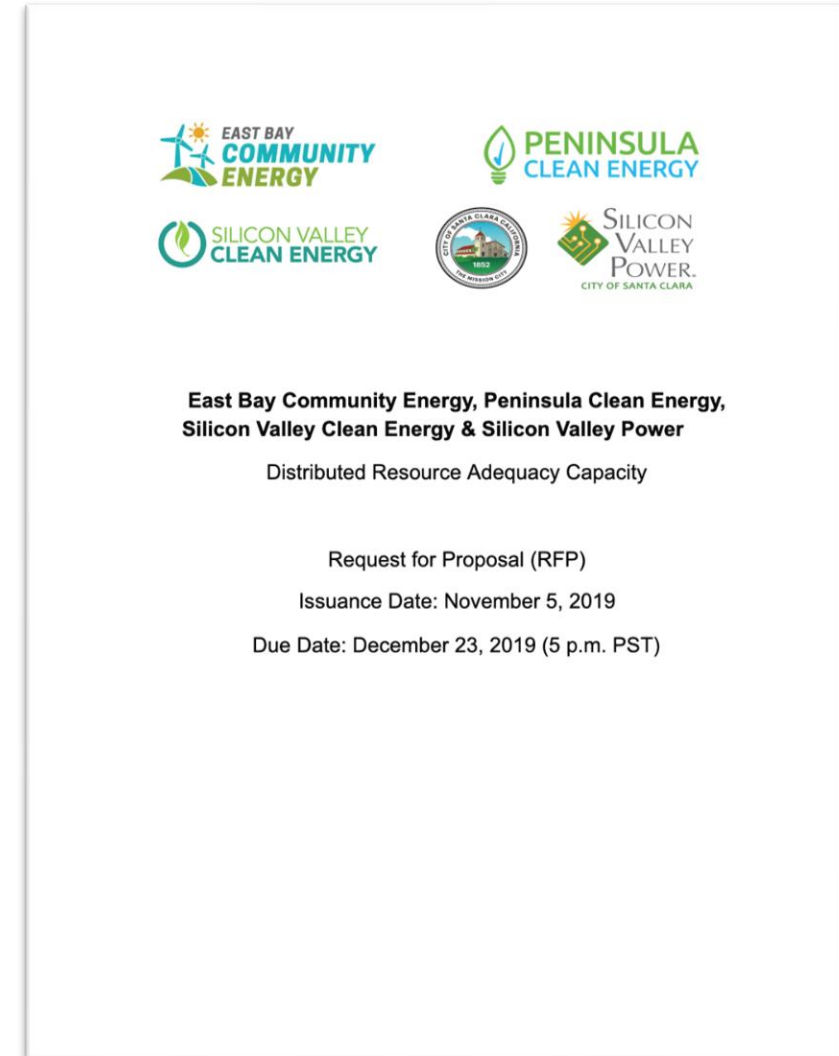
**July 29, 2020**

# Staff Proposal

Authorize Chief Executive Officer to execute a Distributed Energy Storage Agreement for Resilience and Capacity with Sunrun Inc. in an amount not to exceed \$7,400,000, and for a capacity delivery term from December 31, 2022 through December 31, 2032 in substantially the same form as the attached agreement.

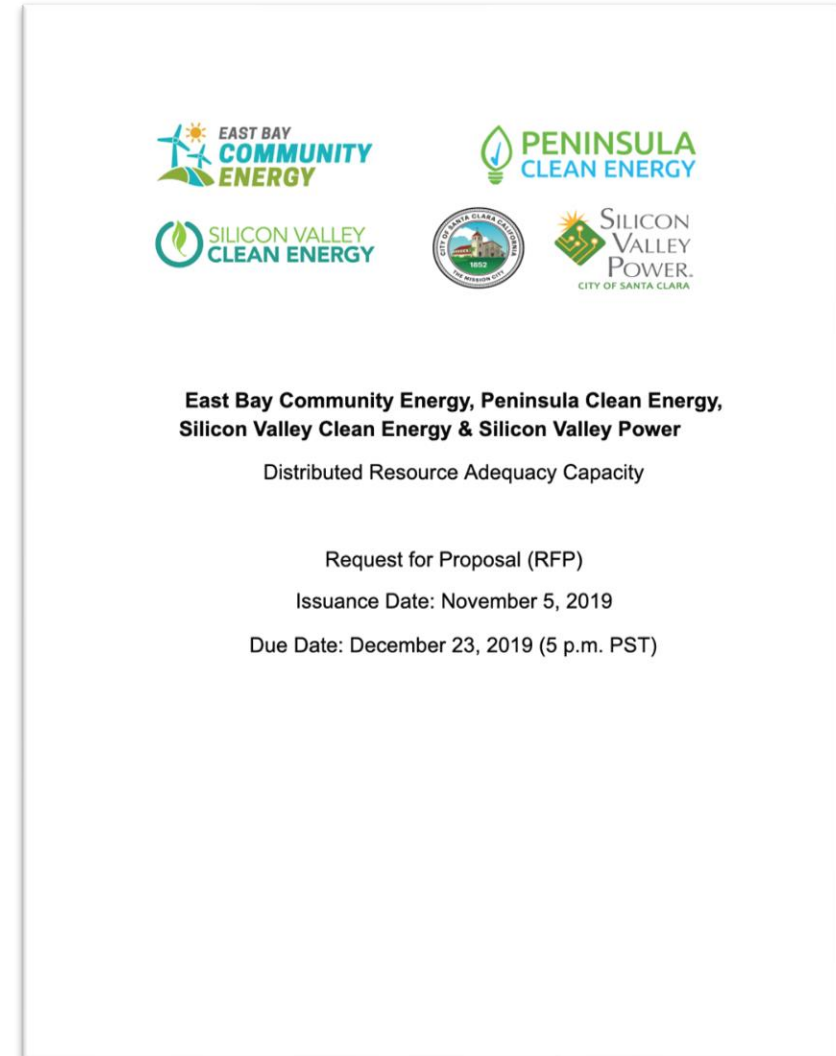
# Background

- RFP released Nov 5 by four public agencies in response to PSPS events
- RFP to spur >30MW of batteries at homes and businesses to provide resilience
- Batteries form a “virtual power plant” to provide grid services (capacity) when not in use for back-up power
- Carve out for disadvantaged / low income communities



# Evaluation Process

- Evaluation criteria: pricing, experience, go-to-market plan
- Received 19 proposals and 36 unique bids
- Interviewed 5 proposing teams
- Entered negotiations with 2:
  - Sunrun (residential)
  - Enel X (commercial & industrial)



# Board Delegation of Authority

- In June, BOD approved delegation of authority to Exec Committee to review, approve and authorize the execution of contracts with Sunrun and Enel X for a cost not to exceed \$10M
- Strong desire to move quickly, to install systems in advance of the peak of this year's fire season & capitalize on higher federal incentive levels that step down at the end of the calendar year
- Timely approval necessary to avoid missed opportunity
- Today's item is Sunrun contract

# About Sunrun

## Sunrun overview

### Who We Are

- Formed in 2007 and headquartered in San Francisco, CA, Sunrun pioneered the residential solar-as-a-service product
- Largest residential solar, storage, home energy services company, with more than 250,000 customers
- Sunrun has deployed over 1.6GW of residential solar and currently operates in 23 states, plus DC and Puerto Rico
- In 2017, Sunrun expanded its offering to battery storage (over 6,000 units installed to date) and is the leading residential grid services provider
- In 2019, Sunrun won a bid to provide 20 MW of capacity from home solar and battery systems to ISO New England beginning in 2022 – a first for residential resources

### Market Coverage



#### Value to customer



- + Save on electricity
- + Little or no upfront cost
- + Backup power, no fuel or pollution
- + Bill management

#### Value to the Grid



- + Peak capacity
- + Resiliency
- + Dispatchable Virtual Power plant
- + Ancillary Services

# Contract Terms

Term	Description
Capacity Product	1.25 – 7.5 MW for 4 hours per day
Install Timeline	Late 2020 – end of year 2022
Delivery Term	December 31, 2022 – December 31, 2032
Customer Type	Single Family and Multifamily Residential
Islandable	Able to disconnect and provide backup power in case of power outage
Carve-out for low-income, DAC, CARE, FERA, or medical baseline program multi-family residential	Minimum 20%
Price	A slight premium to standard RA procurement from traditional resources

# Key Contract Elements

- Innovation & Regulatory Uncertainty
  - “Load modification” is a new approach to provide capacity value yet to be finalized by regulatory agencies
  - Multiple contract terms address regulatory uncertainty, including a “Product Transition Trigger” to allow for change in how batteries provide capacity benefits
- Co-Marketing Plan
  - Contract includes a co-marketing plan leveraging co-branded materials
  - In return, Sunrun will provide single family residential customers a \$1,000 upfront incentive\*

\*Additional monetary incentives are not expected to be needed for multi-family customers, because they will already receive significant financial subsidies through the statewide Solar on Multi-family Affordable Housing (SOMAH) program.



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