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)
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

- 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
# Contract Terms

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