

**GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

NEPR

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IN RE: REGULATION ON WHEELING

CASE NO.: NEPR-MI-2018-0010

SUBJECT: Request for Comments

To the Honorable Energy Bureau:

Comes now Sunrun, to submit additional comments regarding the above captioned matter.

Additional Comments

As Sunrun expressed in the hearing of Thursday, August 22, the initial draft Wheeling Regulation included in its Section 1 (“Definitions”), several definitions around the concept of “aggregation”¹ which were completely stricken in the new draft.

Sunrun understands that these “aggregations” should not be *a priori* excluded from a future competitive Puerto Rico energy retail market. The aggregation of residential solar-plus-storage systems into a “*virtual power plant*” provides a multitude of benefits to the grid including obviating, or reducing, the need for new peaker plants. The benefits of aggregated solar-plus-storage systems also include distribution and transmission cost reductions, energy and wholesale market cost reductions, increased renewable energy integration, resource adequacy, peak reduction, and ancillary services.

Sunrun believes that customers – and how they manage their energy consumption where they live and work – are the grid’s greatest energy resource. Aggregated, customer-sited storage paired with solar can provide tremendous benefits to customers,

¹ As per the prior draft, “Aggregation” refers to entering into an agreement with multiple customers and combining the electric load of said customers for the purpose of purchasing energy service to meet the combined load on an aggregated basis.

“Aggregator” refers to a Municipality or a Person certified by the Energy Bureau to contract with multiple retail customers and to combine said customers’ electric load for the purpose of purchasing energy service on an aggregated basis.

the electric distribution system and the wholesale marketplace: in February of this year, ISO New England held its Forward Capacity Auction for the 2022-2023 period. ISO – NE is the wholesale market operator serving comprised of six New England states (Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, and Connecticut). Sunrun submitted a bid to provide 20 megawatts of residential solar and battery to the ISO NE capacity market, bidding in to fill the same need that fossil-fueled peaker plants would. Sunrun won the bid, marking the first time that customer-sited solar and battery systems will have been selected to participate in any wholesale forward capacity market in the United States.² By virtue of being selected, Sunrun will provide aggregated capacity services and the batteries will cycle as needed during windows in summer (June/July/August) and winter (December/January). Sunrun’s solar plus storage systems will be able to provide these grid services while maintaining back-up power for each individual customer’s home. Local solar and batteries can benefit all grid participants.

Relevant to note also in this record that the Federal Energy Regulatory Commission (FERC) Order 745 held that demand response resources, given their capability to balance supply and demand as an alternative to a generation resource, and given that dispatch of that demand response resource is cost-effective, must be compensated at the market price for energy, helping to ensure the competitiveness of markets and remove barriers to the participation of demand response resources.³ FERC’s Order 745 was upheld by the Supreme Court in *FERC v. EPSA*, 136 S. Ct. 760 (2016).⁴ In this sense, section 3.04 of the draft Wheeling Regulation should be read to include, or be amended to specifically include “demand response”, as one of the services that “Electric Power Service Companies” can offer.

Sunrun is cognizant that FERC’s Order applies only to wholesale markets under FERC jurisdiction, but finds its pro-competitive logic useful as PREB embarks on its laudable goals of inserting more competitive pressures into Puerto Rico’s local retail energy market. FERC Order 745 highlights the ongoing evolution of the electricity industry, as “wholesale” and “retail” aspects of the market are coming closer and closer together. The Supreme Court itself noted that “It is a fact of economic life that the

² See, e.g., Utility Dive, Residential solar + storage breaks new ground as Sunrun wins ISO-NE capacity contract (Feb. 8, 2019) (available at: <https://www.utilitydive.com/news/residential-solarstoragebreaks-new-ground-as-sunrun-wins-iso-ne-capacity/547966/>).

³ <https://www.ferc.gov/EventCalendar/Files/20110315105757-RM10-17-000.pdf>.

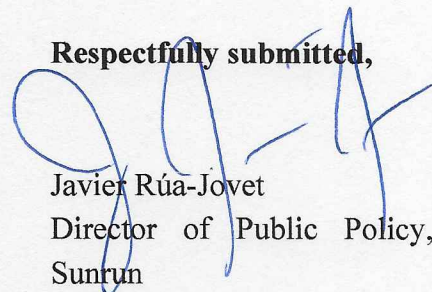
⁴ https://www.supremecourt.gov/opinions/15pdf/14-840-%20new_o75q.pdf.

wholesale and retail markets in electricity, as in every other known product, are not hermetically sealed from each other.” *See, FERC v. EPSA, supra*, page 18. Aggregations of DERs also make the notions of “residential” vs. “utility” scales progressively less and less relevant.

Sunrun reaffirms its prior initial comments in this docket. Again, our thanks to PREB for this valuable opportunity to comment.

In San Juan, Puerto Rico, today August 26th, 2019.

Respectfully submitted,



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