

To the Honorable Chair Senator Brian J. Feldman, Vice Chair Senator Cheryl C. Kagan, and to all members of the Education, Energy, and the Environment Committee:

Sunrun's Written Testimony on HB 1419 (Favorable)

With the passage of the DRIVE Act last year, Maryland took great strides to empower consumers to utilize their own battery storage, electric vehicles, or other distributed energy resources (DERs) to support the more efficient and cheaper operation of the grid. The DRIVE Act will soon compensate Marylanders with these technologies who participate in DRIVE Act programs to help reduce peak demand and, eventually, provide other grid support services. HB 1419 seeks to provide necessary clarifications to ensure that the potential of the DRIVE Act will not be artificially limited by administrative burdens imposed during implementation. This bill provides an important clarification that distributed energy resource (DER) aggregators participating in retail DRIVE Act programs are not electric companies or electric suppliers for purposes of Public Service Commission jurisdiction.

Sunrun is the nation's largest provider of residential solar and storage. Sunrun has installed solar on over one million homes in the United States, with 156,000 of those households benefitting from backup battery power. Now more than 20,000 of our customers with batteries and solar are voluntarily discharging their batteries to support the entire grid, earning compensation for providing this valuable service. Under this "virtual" or distributed power plant model, Sunrun bundles together our participating customers and operates them as a single power plant. This policy and technological innovation creates market conditions where customers can make decisions to utilize their private resources to support the grid, based on market conditions and price signals from the utility through retail programs.

Unlocking DER aggregation's potential in Maryland requires keeping the structure simple. Sunrun strives to create a frictionless path for our customers with solar + battery storage, controllable electric appliances, or electric vehicles. We believe our customers should be compensated for providing any new services to the grid, but there has been no policy structure to compensate home batteries for the grid services they can provide. The DRIVE Act fills this policy void, requiring electric companies to file programs this summer that will compensate consumers for utilizing their private resources to lower system peaks. Sunrun is eager to participate and accelerate new flexible capacity on the distribution system.

DER aggregation is about how we maximize the number of participants. Thus, the success of DER aggregation is an important element of the DRIVE Act meeting its potential. DER Aggregators allow consumers to hit the "easy button" to enroll in and enjoy the benefits of program participation. DER Aggregators—who in the case of Sunrun may also be the owner and operator of the battery storage asset at the customer's residence—can handle all of the administrative elements of program enrollment, actively manage the assets to respond to utility-called dispatch events, and disperse revenues to customers that are earned from their DER's participation. In this relationship, DER aggregators are compensated through program funds



and participating customers have no “out of pocket” payment obligation. By creating an easy pathway to achieve this compensation for grid services, aggregators can increase program participation and improve program performance. Aggregation also creates fewer points of contact for the utility, reducing administrative burdens. Working with aggregators allows utilities to have access to tens of thousands of devices with only a handful of interfaces.

For DER aggregation to work, however, it is important to also create a low-friction process for aggregators. In the most successful programs, DER aggregators must register or appear on an approved vendor list. DER Aggregators are not actively regulated by the state energy regulator, other than indirect regulation of setting program participation rules. Currently, the Maryland Public Service Commission is proposing to require DER aggregators participating in DRIVE Act programs to apply for a license to operate, ruling that it has jurisdiction to do so under its authority over electric supply services and electric suppliers. Sunrun does not object to safeguards to protect the integrity of these programs and to ensure that DER aggregators are qualified and ready, willing, and able to perform. Sunrun believes, however, that licensure requirements are not necessary for retail program participation and will overburden the process, deterring many DER aggregators from participating in Maryland’s programs.

Without HB 1419, Maryland would become the first state to actively regulate or require a license for DER aggregators. These DER aggregation or “virtual power plant” programs are being conducted in over a dozen states already without the need for a formal license. For companies making resource allocation decisions about which programs or states merit investment or staff bandwidth, burdensome threshold requirements could stall or totally deter engagement from experienced DER aggregators.

An express exemption from electric supplier status for DER aggregators will remove unnecessary regulatory burdens and allow “virtual power plants” to scale more quickly. Importantly, these programs are under the complete control of the Commission. Of course, any entity that combines both DER aggregation services with the sale of competitive electric supply will still be subject to the requirements placed on electric suppliers.

DER Aggregators operating in this state should already be required to register with the Secretary of State and be subject to all otherwise applicable business and consumer protection laws that come with the privilege of operating in Maryland. As an installer, owner, and operator of customer-sited distributed energy resources in Maryland, Sunrun supports strengthening consumer protections around residential solar and storage. However, the administration of DRIVE Act programs should not require the PSC to expand its jurisdiction to accomplish this goal. As stated in comments to the PSC last year, the PSC retains significant discretion in the approval of its DRIVE Act programs to put meaningful protections in place that make sure participating vendors are legitimate and technically capable of performance.



Sunrun asks for a favorable report for HB 1419 and looks forward to chipping in to support Maryland as it pursues cost-effective solutions to resource adequacy challenges.

Respectfully submitted this 1st day of April, 2025,

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