


[Make a Gift](#)

[SUBSCRIBE](#)
 MENU

# Banking on Batteries: A New Solar Strategy to Profit from the Grid

 [Russell Gold](#)
 November 3, 2015

 [1 Comment](#)

Solar panel companies are often portrayed as the enemies of the power grid. Residential solar siphons off a utility's top customers, leaving it with less revenue to keep the electric grid up and running. That's what the whole [death spiral](#) debate has been about.

Here's a new twist. SolarCity Corp. is building a battery army and preparing to take on the grid. But it doesn't want to destroy the power grid, just profit from it.

The California company already installs a bit more than [one of every three](#) residential solar systems in the United States. And earlier this year, it announced that it would soon begin offering [Tesla Powerwall batteries](#) in a solar-and-storage package. The

*The KBH Energy Center blog is a forum for faculty at The University of Texas at Austin, leading practitioners, lawmakers and other experts to contribute to the discussion of vital law and policy debates in the areas of energy, environmental law, and international arbitration. Blog posts reflect the opinions of the authors and not of The University of Texas at Austin or the KBH Energy Center.*

## Popular Tags

Texas (60)

water (48)

energy (28)

natural gas (21)

climate change (21)

fracking (19)

appeal to homeowners is that they'll have backup power when the lights go out.

But, wait, there's more. And here's where it gets interesting.

Company co-founder and chief technology officer Peter Rive said in an interview that "a standard part of the contract" for new solar-and-storage customers is an agreement that allows SolarCity to retain a bit of control over the batteries.

"All the new customers signing up they have a revenue-share agreement as part of the contract. The revenue share agreement is that if the markets develop and we are dispatching the battery, then we'll share the revenue," he said.

How would this work? So let's say that a regional power grid is being pushed toward a brown out. SolarCity could provide [demand-response services](#) by ordering homes across an area to run off the battery packs for a time, decreasing demand on the power grid.

Or SolarCity could use customers' batteries to prevent circuits from overloading and requiring costly infrastructure upgrades. Since this is a valuable service, SolarCity reckons, there may soon be a market for these kind of services. And SolarCity could get paid for that service. The homeowners would get a fifty-fifty cut, said Mr. Rive.

All it takes is a SolarCity computer with ["remote-aggregated control of solar battery systems."](#)

Using batteries to provide all sorts of services to the grid is a growing business. Companies such as [Duke Energy](#) and [Invenergy](#) have been building utility-scale batteries to provide grid-balancing services to the PJM grid.

But so far this has meant building large, centralized battery farms. SolarCity is aggregating lots of smaller battery systems. And this isn't pie-in-the-sky dreaming. It's already happening. SolarCity is signing up customers right now and plans to begin installing the solar-and-storage systems in January.

It's an army of distributed battery systems. And SolarCity is building

oil and gas (19)

drought (17)

greenhouse gas emissions (14)

epa (13)

endangered species (12)

coal (12)

Clean Air Act (10)

groundwater (9)

methane (9)

this army already. It's not a guerilla force determined to destroy the grid. No, the grid remains – and SolarCity wants to sell it power services.

Late last week, [investors clobbered SolarCity](#) when the company said its rate of growth was slowing and it would focus on cutting costs. As this new effort shows, it also has its sights set on developing new sources of revenue. Finding ways to profit from helping keep the grid working, ironically, could turn into a new revenue stream for renewable energy companies.

[power grid](#)   [renewable energy companies](#)   [solar battery systems](#)   [SolarCity Corp.](#)

## One comment



Nick

December 31, 2015 6:11 am

A new development that can make a significant growth to the power industry. All the power generation and power distribution companies should look on this informative article.

REPLY

## Leave a Reply

Your email address will not be published. Required fields are marked \*

Name \*

Email \*

Website

## Comment

Copyright © The KBH Energy Center · University of Texas at Austin · School of Law · McCombs School of Business  
Privacy Policy · Web Accessibility