BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 12-11-005 (Filed November 8, 2012)

COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE IN RESPONSE TO ASSIGNED COMMISSIONER'S RULING SETTING EXPEDITED COMMENT SCHEDULE ON POTENTIAL PROGRAM CHANGES AND FUNDING FOR THE SELF-GENERATION INCENTIVE PROGRAM

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November 6, 2015

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The California Energy Storage Alliance ("CESA")[1] hereby submits these comments pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), and the *Assigned Commissioner's Ruling Setting Expedited Comment Schedule on Potential Program Changes and Funding for the Self-Generation Incentive Program*, issued by Assigned Commissioner, President Michael Picker on November 3, 2015 ("ACR").

[1] 1 Energy Systems Inc., Abengoa, Advanced Microgrid Solutions, AES Energy Storage, Aquion Energy, ARES North America, Brookfield, Chargepoint, Clean Energy Systems, CODA Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Duke Energy, Dynapower Company, LLC, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ELSYS Inc., Energy Storage Systems, Inc., Enersys, EnerVault Corporation, Enphase ENERGY, EV Grid, Flextronics, GE Energy Storage, Green Charge Networks, Greensmith Energy, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, IMERGY Power Systems, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, K&L Gates, LG Chem Power, Inc., LightSail Energy, Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Manatt, Phelps & Phillips, LLP, Mitsubishi Corporation (Americas), Mobile Solar, NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, Powertree Services Inc., Primus Power Corporation, Princeton Power Systems, Recurrent Energy, Renewable Energy Systems Americas Inc., Rosendin Electric, S&C Electric Company, Saft America Inc., Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Sony Corporation of America, Sovereign Energy, Stem, SunEdison, SunPower, Toshiba International Corporation, Trimark Associates, Inc., Tri-Technic, Wellhead Electric. (http://storagealliance.org).

I. INTRODUCTION.

Public Utilities Code Section 379.6 was amended on June 20, 2014 by Senate Bill 861 to include revisions to Self-Generation Incentive Program ("SGIP") eligibility requirements, program evaluation criteria, project-level requirements, and various program processes. The overarching intent of SB 861 was to use the ratepayer-funded SGIP to curb greenhouse gas ("GHG") emissions and other air pollutants and support technologies that increase the efficiency, reliability, and utilization of existing grid assets. While the Commission has undertaken efforts to consider reforms to the SGIP program for the 2016 year and beyond, the Commission has noted that a final decision on program changes could not be issued until sometime in 2016, and approximately $77 million in SGIP funds will be available under the existing program rules. CESA provides these comments in response to questions posed by the ACR to help inform the Commission's plan for 2016 SGIP funds.

II. CESA'S RESPONSES TO QUESTIONS POSED FOR COMMENT.

1) **Should the Commission direct the SGIP program administrators to suspend acceptance of new applications and withhold all 2016 funds until the Commission issues a final decision on program modifications and the modifications have been implemented? Or should the 2016 funds be available in January 2016 under the existing program rules?**

CESA RESPONSE: CESA believes that a realistic goal is to finalize and adopt any new program modifications pursuant to R.12-11-005, SB 861 Review and Review of Self Generation Incentive Program ("Program Restructure"), by April 1 of 2016. This delay, although challenging for SGIP-eligible project developers, appears to be worth the wait given the expected benefits of the Program Restructure.

CESA thus recommends the Commission should suspend acceptance of new applications until new program rules adopted pursuant to the Program Restructure are implemented on or before April 1, 2016.

If, by January 2016, the Commission estimates that the Program Restructure cannot reasonably be completed, enacted, and implemented by April 1, 2016, the Commission should then host a workshop to consider interim solutions. CESA comments on potential interim solutions in response to Question 2 (below).

CESA believes this approach balances the desire to open the 2016 program in a prompt manner with the desire to improve the program through adopting reforms pursuant to the Program Restructure. The Program Restructure is a comprehensive effort that should yield important benefits to the program. Since this work has been underway since Q2 of 2015, and the Commission appears ready to promptly advance this proceeding, CESA believes this work can reasonably be expected to be finalized and implemented by April 1, 2016. The Commission should accordingly direct Commission staff and the Program Administrators to plan for and abide by this timeline.

2) **Alternatively, should a portion of the 2016 funds, such as 50%, be available at the start of 2016 under the existing rules, with the remainder reserved for use under the revised program rules? If so, should any waitlisted applications submitted before the revised program rules go into effect have a right of refusal to accept an incentive under the revised rules before any new applications are considered?**

CESA RESPONSE: CESA cautions against opening 2016 funding under the existing program rules unless the Program Restructure is expected to extend well into 2016, *i.e*. until Q3 2016 or beyond.

If, in January 2016, a delay beyond April 1, 2016 is reasonably expected by the Commission, CESA recommends the Commission host a workshop to consider interim solutions.

This workshop should consider, among other things, the use of excess rollover and administrative funding, if any, for SGIP use as an interim solution. The workshop would assess the availability and feasibility of promptly using these funds, the problematic market effects resulting from further delays in 2016 funding, and how interim funding would apply against any potential caps established in the eventual Program Restructure. If the Program Restructure is expected to be finalized later than Q2 2015, CESA recommends the Commission also consider making some limited amount of the 2016 funds available, if other program funding sources are exhausted.

III. CONCLUSION.

CESA thanks the Commission for the opportunity to submit these comments on the ACR.

Respectfully submitted,

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