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November 28, 2011

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Re: California Energy Storage Alliance Protest and Response to Advice Letter 3253-G/3940-E of Pacific Gas & Electric Company

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance ("CESA") protests Advice Letter 3253-G/3940-E, *et al*. submitted by Pacific Gas & Electric Company ("PG&E") on November 7, 2011, *Proposed Revisions to the Self-Generation Incentive Program Handbook to Implement Decision D.11-09-015: Implementation of the Hybrid-Performance-Based Incentive Payment Structure; Metering and Monitoring Protocols, Other Amendments*, for itself and on behalf of the other Self Generation Incentive Program ("SGIP") Program, Administrators ("SGIP PAs").

I. BACKGROUND.

Advice Letter 3253-G/3940-E seeks to revise sections of the SGIP Handbook to implement D.11-09-015 and to make other necessary updates and revisions. Proposed amendments to the SGIP Handbook include clarifications to certain sections highlighted as part of related advice letters filed on October 10, 2011. The following protests and responses seeking clarification are related to the redlined version of the SGIP Handbook that is attached to Advice Letter 3523-G/3940 –E.

II. THE SGIP HANDBOOK SHOULD BE CLARIFIED TO EXPRESSLY STATE THAT ADVANCED ENERGY STORAGE PAIRED WITH CSI-ELIGIBLE PV IS ELIGIBLE FOR SGIP INCENTIVES.

A new section should be added to the SGIP Handbook to clarify that advanced energy storage ("AES") qualifies for incentives when "paired" or "coupled with" with (i) SGIP-eligible technologies, (ii) and also PV technologies. The SGIP Handbook should be further clarified by stating that a combined AES/PV project can be eligible for incentives in part from the SGIP and in part from the CSI Program as applied to discrete items of AES and PV generation-related equipment. Related conforming provisions that are included in D.11-09-015, but not in the SGIP Handbook should also be added to the chart appearing at page 71.

III. THE SGIP HANDBOOK SHOULD BE CLARIFIED TO EXPRESSLY STATE THAT ADVANCED ENERGY STORAGE, BOTH STANDALONE AND PAIRED WITH ELIGIBLE SGIP TECHNOLOGIES AND PV TECHNOLOGY, ARE EXEMPT FROM GHG REQUIREMENTS.

Section 1.1, Section 9.5, and Attachment A of the SGIP Handbook related to greenhouse gas ("GHG") requirements should be clarified to expressly state that AES is an emerging technology and should be entirely exempt from GHG requirements.

IV. THE SGIP HANDBOOK SHOULD BE CLARIFIED TO EXPRESSLY STATE THAT INCENTIVE DISCLOSURE REQUIREMENTS APPLY ONLY TO INCENTIVES THAT ARE ACTUALLY TAKEN ADVANTAGE OF BY SGIP APPLICANTS.

Section 6.13 of the SGIP Handbook related to governance should be modified to clarify that only actual, and not potential, incentives and tax credits are only relevant to governance structures, or otherwise, to read as follows:

> "In order to protect against entities creating governance structures or affiliations that would allow them to achieve more funding than the capped amount it is required that Host Customers, Applicants, and System Owners disclose information about all other incentives and eligible tax credits [Delete: "available to them"] or any of their affiliates applicable to the project [Add: 'they are taking advantage of']. Failure to disclose such information will be considered an infraction and is subject to the penalties indicated in Section 15."

V. ADVANCED ENERGY STORAGE SYSTEM SIZE LIMITATIONS ARE NOT JUSTIFIED AND SHOULD THEREFORE BE DELETED FROM THE SGIP HANDBOOK.

There is no justification for, or discussion at all related to, any form of system sizing limitations for AES in relation to paired technologies, or otherwise, anywhere in D.11-09-015.

The size limit set forth in Section 9.1.3 of the SGIP Handbook set forth below should therefore be removed:

> 9.1.3 System Sizing for Advanced Energy Storage Projects
> "Stand alone Advanced Energy Storage Projects may be sized up to the Host Customer's previous 12-month annual peak demand at the proposed Site. Advanced Energy Storage Projects coupled with generation technologies *must be sized no larger than the rated capacity of the SGIP eligible technology it is operating in concert with.*" [Emphasis added]

VI. LIMITATIONS OF LIABILITY ARE NOT JUSTIFIED AND SHOULD THEREFORE BE DELETED FROM THE SGIP HANDBOOK.

Section 11.8 of the SGIP Handbook related to limitation of liability should be removed because it is not justified, or even discussed at all, in D.11-09-015. It should also be deleted as a matter of law and policy because it conflicts with liability-related provisions of the California Public Utilities Code.

VII. CONCLUSION.

The SGIP Handbook should be modified and clarified in accordance with the protests and responses set forth above.

Very truly yours,

Donald C. Liddell
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