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 10-05-004 (Filed May 6, 2010)

REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON PROPOSED DECISION ADOPTING THE SELF GENERATION INCENTIVE PROGRAM ANNUAL BUDGET FOR 2012 AND 2013

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The California Energy Storage Alliance ("CESA")[1] hereby submits these reply comments on the *Proposed Decision Adopting the Self Generation Incentive Program Annual Budget for 2012 and 2013,* issued on November 10, 2011 ("Proposed Decision").

I. INTRODUCTION.

Taken together as a whole, the opening comments of parties that ask the Commission approve a Self Generation Incentive Program ("SGIP") budget of $83 million for 2012 and $83 million for all of 2013 at this time[2] (probably unintentionally) make a compelling case for the wisdom of the Proposed Decision's: (i) budget of $83 million for 2012, (ii) an interim budget of $41.5 million for the first half of 2013, and (iii) a budget for the second half of 2013 and all of 2014 to be determined only after review by the Commission's Energy Division of SGIP participation, spending patterns, and carryover funding. CESA supports the opening comments of parties that advocate for the measured approach of the Proposed Decision that gives due

[1] The California Energy Storage Alliance consists of A123 Systems, Applied Intellectual Capital/East Penn Manufacturing Co., Inc., CALMAC, Chevron Energy Solutions, Debenham Energy, Deeya Energy, Enersys, EnerVault, Exide Technologies, Fluidic Energy, General Compression, Greensmith Energy Management Systems, HDR, Inc., Ice Energy, International Battery, Inc., LG Chem, LightSail Energy, Inc., MEMC/SunEdison, Powergetics, Primus Power, Prudent Energy, RedFlow, RES Americas, Saft America, Inc., Samsung SDI, SANYO, Seeo, Sharp Labs of America, Silent Power, Sumitomo Electric, Suntech, SunPower, Sunverge, SustainX, Xtreme Power, and Younicos. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. http://www.storagealliance.org.

[2] Bloom Energy Corporation, the California Clean DG Coalition, the California Center for Sustainable Energy ("CCSE"), Fuel Cell Energy, Inc., Pacific Gas and Electric Company ("PG&E"), and Southern California Gas Company and San Diego Gas & Electric Company ("Sempra Utilities").

weight to the uncertainties that exist concerning future participation in the SGIP.[3] The need for this kind of measured approach is critical given the statements made by SGIP Program Administrators ("PAs") in their opening comments revealing the enormous demand for incentives since the SGIP was just re-opened by the Energy Division on November 15, 2011. CESA goes further, and recommends that the Commission (i) approve only a budget for 2012 at this time, (ii) direct the Commission's Energy Division to immediately re-examine and report to the Commission on the efficacy of the incentive levels approved in D.11-09-015, and (iii) defer consideration of budgets for 2013 and 2014 until the Commission has received public comments on the actual level of participation and funding commitments for each SGIP-eligible technology.

CESA also urges the Commission to direct the PAs to immediately implement a much more transparent program participation reporting process than presently exists. The eye opening information reported in the Opening Comments of the CCSE, PG&E and Sempra Utilities provide an unofficial glimpse of the kind of information that should be made available in real time to all stakeholders in much greater detail. In order to avoid repetition of one technology taking all available incentive funds before the Commission could act to prevent such an unintended outcome without entirely suspending the SGIP as was the case in February 2011, the Commission should direct the PA's to immediately implement the kind of real time reporting system that has worked successfully in the California Solar Initiative Program with the California Solar Statistics tool.

II. THE PROPOSED DECISION'S MEASURED BUDGETING APPROACH DOES NOT GO FAR ENOUGH BECAUSE IT WILL TAKE MORE TO ASSURE MEANINGFUL COMMISSION OVERSIGHT OF THE COMMITMENT OF SGIP INCENTIVE FUNDS.

The opening comments reveal alarming evidence of a "gold rush" by applicants proposing projects with proven technologies that are very familiar with the past administration of the SGIP to the potential exclusion of newly-eligible technologies that are currently working in good faith with the PAs and the Commission's Energy Division to expeditiously incorporate key novel and complex elements of the reformed SGIP program design in the SGIP Handbook as

[3] The Division of Ratepayer Advocate, Southern California Edison Company, and the Utility Reform Network.

required by D.11-09-015.[4] Concerns expressed earlier this year that the SGIP could be *overfunded* in 2012 and 2013, have been swept away by events of the past few weeks.[5] Specifically, the Opening Comments of the PAs provide the following alarming snap shot of dramatic and sudden depletion of currently budgeted SGIP incentive funding:

> **PG&E:** "As of November 18, 2011, PG&E had received 27 new SGIP applications, requesting incentives of approximately $41 million, even though its approved 2011 budget is only $36 million. If the application rate continues at this pace, PG&E expects begin a Wait List for subsequent applications by mid-December 2011. This level of demand demonstrates the increased interest in SGIP following the Commission's implementation of SB 412 with the approval of D.11-09-015." (p. 3).
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> **Sempra Utilities:** "The SGIP program reopened on November 15, 2011, and the Program Administrators (PAs) have already received over $85 million in reservation requests within one week. The Renewable and Emerging Technology type systems represent 63% of this amount. Thus, the authorized 2012 budget of $83 million will likely be fully reserved in early 2012. The Joint Parties expect similar result for 2013 budget." (p. 3).
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> **CCSE:** ". . . in CCSE's program territory, as of November 29, 2011, we have already received applications for over half of our renewable/emerging technologies budget as well as applications for nearly twice the amount of our nonrenewable budget." (p. 3).

This untoward turn of events mandates modification of the Proposed Decision so that adjustments can be made to the 2013 budget when the Commission and stakeholders have more facts about how the SGIP is functioning under the new revised rules and Handbook. In February 2011, the Commission suspended the SGIP because it had become apparent that the bulk of available incentive funding was being awarded to one company.[6] It was stated in comments filed then by one party that "many customers choosing to invest in DG [distributed generation] only

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[4] Ordering Paragraph Number 4 of D.11-09-015, provides that: "*Upon approval of the revisions to the Self-Generation Incentive Program handbook*, the current suspension of the Self-Generation Incentive Program is lifted and the program administrators shall resume accepting reservation requests for the Self-Generation Incentive Program [Emphasis added]." (p. 71).

[5] On December 1, 2011, the PA's requested an extension of time to respond to multiple protests to advice letters seeking necessary prior Commission approval of proposed revisions to the SGIP Handbook until December 19, 2011 "Due to the large number of protests that were submitted and the complexity of the issues addressed."

[6] *See, Assigned Commissioner's Ruling Directing Temporary Suspension of Accepting Customer Reservation Requests Under the Self Generation Incentive Program*, February 2, 2011.

do so after a long internal process of deliberation, which may take up to 18 months to complete."[7] CESA will continue to work closely with the PAs and the Commission's Energy Division to submit the required SGIP Handbook revisions to the Commission for approval that are a prerequisite for SGIP project investments. CESA recommends that the Commission immediately direct the Energy Division to prepare a report to the Commission to inform adjustments needed to current incentive levels and program design features detrimental to participation by emerging technologies, such as energy storage, along with its recommendations on adjustments to SGIP incentive levels and budget categories for 2013 and 2014 budget planning.

III. THE COMMISSION SHOULD DIRECT THE SGIP PROGRAM ADMINISTRATORS TO IMMEDIATELY IMPLEMENT TRANSPARENT REPORTING OF SGIP INCENTIVE FUND COMMITMENTS IN REAL TIME.

In February 2011, the element of surprise that occurred was due in large part to the fact that the Commission was unaware of the circumstances surrounding the SGIP because there was a lack of detailed data produced and publicly reported to enable the desired level of ongoing oversight at that time. The aggregated anecdotal information disclosed in the Opening Comments of the PAs strongly supports CESA's recommendation that the Commission should remedy the clear lack of real time detail needed for effective oversight as quickly as possible. The simplest and most cost- effective action the Commission can take to address the problem now is to direct the PAs to immediately put in place the kind of detailed reporting of real time information that presently exists in the California Solar Initiative ("CSI") program.

The CSI program makes all program data available to the public using an easy to access website, www.californiasolarstatistics.ca.gov. Data on all projects is available so that project developers can easily view details on projects in the queue, including project size, incentive amount, project status, technology, and PA. This data makes it possible for developers to know how quickly incentives are being claimed, which budget category they are being claimed from and enables them to plan their own projects. The SGIP collects similar data and has historically published it on a quarterly basis. However, there should be no reason that the PAs cannot make

[7] *See, Response of Bloom Energy, Inc., p.3, Pacific Gas and Electric Company's Motion on Behalf of all the Self Generation Incentive Program Administrators Requesting a Temporary Suspension of the Program*, filed January 6, 2011, p. 3.

this information available publicly in real time the way the CSI program does today. The recently disclosed and very rapid subscription in the SGIP clearly indicates that this is necessary. The PAs should not need to develop a new platform for making this information public, but instead should be able to use the ratepayer-funded CSI platform for this. The two programs have common origins and should be able to share resources in the interest of ratepayers and the public.

IV. CONCLUSION.

CESA thanks the Commission for this opportunity to reply to the opening comments filed by the parties, and looks forward to working with the Commission and stakeholders going forward.

Respectfully submitted,

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