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January 30, 2017

VIA EMAIL: EDFTARIFFUNIT@CPUC.CA.GOV

Timothy J. Sullivan
CPUC Energy Division
505 Van Ness Avenue
San Francisco, California 94102

Re: Comments of the California Energy Storage Alliance to Draft Resolution E-4824 – Adoption of revised Self-Generation Incentive Program rules pursuant to Decision (D.) 16-06-055

Dear Mr. Sullivan:

The California Energy Storage Alliance ("CESA")[1] hereby submits these comments on the draft *Resolution E-4824, Adoption of Revised Self-Generation Incentive Program Rules Pursuant to Decision (D.) 16-06-055* ("Draft Resolution").

[1] 8minutenergy Renewables, Adara Power, Advanced Microgrid Solutions, AES Energy Storage, AltaGas Services, Amber Kinetics, Aquion Energy, Bright Energy Storage Technologies, Brookfield, California Environmental Associates, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, Electric Motor Werks, Inc., ElectrIQ Power, ELSYS Inc., Energy Storage Systems Inc., Enphase Energy, GE Energy Storage, Geli, Gordon & Rees, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, IE Softworks, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, Johnson Controls, K&L Gates, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Mercedes-Benz Research & Development North America, National Grid, Nature & PeopleFirst, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NRG Energy LLC, OutBack Power Technologies, Parker Hannifin Corporation, Powertree Services Inc., Qnovo, Recurrent Energy, RES Americas Inc., Saft America Inc., Samsung SDI, Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Southwest Generation, Sovereign Energy, Stem, Sunrun, Swell Energy, Trina Energy Storage, Tri-Technic, UniEnergy Technologies, Wellhead Electric, 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://storagealliance.org).

I. BACKGROUND AND INTRODUCTION.

The Commission filed Draft Resolution E-4824 to approve the advice letter jointly filed by Southern California Gas Company ("SoCalGas"), Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), and the Center for Sustainable Energy ("CSE") to revise the Self-Generation Incentive Program ("SGIP") Handbook as required by D.16-06-055, subject to a few modifications. CESA appreciates that the Commission's approved modifications to the pause period, re-application process for projects not selected in the lottery, system sizing constraint threshold to 10 kW, and system sizing limitations to be based on instantaneous customer peak demand. These changes will improve the program's structure and processes.

Overall, CESA generally supports the Draft Resolution, but offers a few comments on the developer cap and the "developer" definition that could further improve the program and better ensure compliance with D.16-06-055. CESA appreciates the considerable work the Program Administrators ("PAs") have undertaken to develop the revised handbook in relatively short order."

II. DISCUSSION.

A. The Commission should clarify that the developer cap will apply also to funds added to funding steps pursuant to any determination on Assembly Bill 1637.

In adjusting the SGIP Handbook and clarifying rules on the developer cap, CESA requests that the Commission also stake out how the developer cap will adjust when or if incremental funds are added to the existing funding steps – i.e., that the developer cap applies to the larger total or incremented funding level, not to any original funding level prior to Assembly Bill ("AB") 1637 implementation.

Making this change is reasonable as it will address concerns of developers, clarify the feasible range of funding that developers may pursue, and position developers to pursue project-development as part of the goal of maturing and transforming the energy storage market. To the extent possible at this time, the Commission should approve as clear and final a set of SGIP Handbook rules as possible.

B. The developer cap definition should ensure that any developer cannot exceed the cap and clarify an orderly process for inadvertent exceedance of the cap.

CESA supports the Draft Resolution's proposal to refine the term "developer" to clarify where and how the developer cap should ensure a broad and diverse energy storage development community. In a world of emerging and evolving business models, however, there may be cases where any given developer may inadvertently exceed the developer cap. For example, this may occur if developers from same 'direct-parent' companies, unbeknownst of each other's SGIP actions, apply for project incentives in a volume that is collectively greater than the developer cap.

In the type of instances described, there should be a process that ensures the integrity of the cap is maintained, but also provides for an orderly means of allocating that entity's allowable incentive reservations among some subset of the SGIP projects submitted. Another example would be where a given developer may exceed its cap is in instances in which a developer already involved in the SGIP (either as an applicant or payee) inadvertently exceeds the cap following a merger or acquisition with a company, which is the direct-parent company for another SGIP developer. CESA is concerned that in these cases, the applications of such a developer that inadvertently exceeds the developer cap would have all of its applications summarily terminated. Given these risks, CESA requests clarification from the SGIP PAs to define and outline an orderly and equitable process for addressing these potential circumstance.

III. CONCLUSION.

CESA aims to ensure the success of SGIP in supporting energy storage projects that provide grid support, reduce greenhouse gas emissions, and transform the energy storage market, and therefore looks forward to continuing to work with the Commission, the PAs and other stakeholders on improving the SGIP.

Very truly yours,

Donald C. Liddell

DCL/md
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Service List R.12-11-005