

**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
ON PROPOSED DECISION REVISING THE SELF-GENERATION INCENTIVE
PROGRAM PURSUANT TO ASSEMBLY BILL 1637 AND GRANTING THE PETITION
FOR MODIFICATION OF DECISION 16-06-055 BY THE CALIFORNIA SOLAR
ENERGY INDUSTRY ASSOCIATION**

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits these comments on the *Proposed Decision Revising the Self-Generation Incentive Program Pursuant to Assembly Bill 1637 and Granting the Petition for Modification of Decision 16-06-055 by the California Solar Energy Industry Association*, issued by Commissioner Clifford Rechtschaffen on March 6, 2017 (“Proposed Decision”).

¹ 8minutenergy Renewables, Adara Power, Advanced Microgrid Solutions, AES Energy Storage, AltaGas Services, Amber Kinetics, Bright Energy Storage Technologies, BrightSource Energy, Brookfield, Consolidated Edison Development, Inc., Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ElectriQ Power, ELSYS Inc., eMotorWerks, Inc., Energport, Energy Storage Systems Inc., Enphase Energy, GE Energy Storage, Geli, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., IE Softworks, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Johnson Controls, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NICE America Research, NRG Energy, Inc., OutBack Power Technologies, Parker Hannifin Corporation, Qnovo, Recurrent Energy, RES Americas Inc., Sharp Electronics Corporation, SolarCity, Southwest Generation, Sovereign Energy, Stem, Sunrun, Swell Energy, UniEnergy Technologies, Wellhead Electric, 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://storagealliance.org>).

I. INTRODUCTION.

The Self-Generation Incentive Program (“SGIP”) is an important program that will help transform the market for behind-the-meter energy storage systems and allow such systems to support SGIP goals, provide valuable electric grid services, support customer bill management, and help address California’s renewable integration and overgeneration issues. The SGIP has the potential to transform the energy storage market for a wide range of use cases, different customer segment needs, and energy storage technologies. One of the key success metrics of SGIP will be in the diversity of projects funded and deployed, which will foster a competitive and robust energy storage marketplace.

Decision (“D.”) 16-06-055 instituted a number of key reforms that will improve the efficiency and reach of the SGIP and drive market transformation. For example, the program is now structured with a per-Watt-hour incentive rate that declines with each additional hour of energy storage duration, thereby supporting the funding of both short- and long-duration energy storage projects. Dedication of a floor of funds to small energy storage systems (less than 10 kW) will be instrumental in catalyzing the growth of the residential energy storage market to better prepare for the transition to default time-of-use rates scheduled to be implemented for residential customers in 2019. At the same time, D.16-06-055 balances its goal to foster a competitive and robust energy storage marketplace with the need to protect customers (*e.g.*, through commercial availability eligibility requirements), support higher-quality projects (*e.g.*, through an increased application fee equal to 5% of incentive claim), and support multiple different players in the market (*e.g.*, through a 20% developer’s cap). CESA supports many of these changes and believes that the Commission’s design of these improvements will contribute to a successful market transformation program.

Implementation of Assembly Bill (“AB”) 1637 presents a key opportunity to further leverage this revamped program. Given the prudent changes made by the Commission to the program structure, this potential additional SGIP funding can readily support more widespread transformation of the market for energy storage and distributed generation projects. Overall, CESA strongly supports the Commission’s approval of the full authorized amount of additional funds pursuant to AB 1637 and the Commission’s decision to direct 85% of these additional funds to the energy storage budget category. However, CESA’s primary area of concern is in the allocation of these additional funds across the five steps.

CESA’s comments herein can be summarized as follows:

- Given the goals of the program, 85% or more of the AB 1637 funds should logically be allocated to the energy storage budget category.
- The Commission should immediately allocate canceled project funds from previous program years to the current active step.
- The Commission should evenly distribute AB 1637 funds across the five steps to ensure a diverse, robust, and competitive energy storage market in California.
- The Commission should clarify how incentive rates and developer’s caps are applied for small energy storage systems that apply for AB 1637 funds.
- The Commission appropriately determines that it is premature to set additional operational requirements at this time.
- The Commission should direct or clarify that performance-based incentives adopted in D.16-06-055 should apply to both existing and new energy storage projects.

II. GIVEN THE GOALS OF THE PROGRAM, 85% OR MORE OF ASSEMBLY BILL FUNDS SHOULD LOGICALLY BE ALLOCATED TO THE ENERGY STORAGE BUDGET CATEGORY.

CESA strongly supports the Proposed Decision in directing 85% of AB 1637 funds to energy storage projects of all sizes. As noted in the Proposed Decision, this allocation of additional funds is justified based on the program's historical and projected market uptake data and the increasingly important role played by energy storage systems in meeting the state's distribution grid needs and the state's environmental goals, as well as in facilitating market transformation of the energy storage market.

However, with lottery priority criteria that may incent solar-plus-storage projects, the projected market draw from the energy storage budget category could be larger than expected. Many new formerly solar-only developers may now compete in the program. Based on this assessment, it may be reasonable and in line with the program goals to direct all 100% of the incremental AB 1637 funds to the energy storage budget category so that a broad array of energy storage projects can be supported and related market transformation can occur.

III. THE COMMISSION SHOULD ALLOCATE CANCELED PROJECT FUNDS FROM PREVIOUS PROGRAM YEARS TO THE CURRENT ACTIVE STEP.

The Proposed Decision does not address how cancelled project funds from previous program years are allocated across the five steps. CESA believes that approximately \$30 million in SGIP incentives for energy storage systems were cancelled in 2016.² There may also be additional canceled funds available from previous program years.

CESA therefore requests that the Commission affirm that funds from canceled energy storage projects are allocated to the energy storage bucket in the current active incentive step – *i.e.*, Step 1 of the program as expected to open on May 1, 2017. This is consistent with the SGIP

² *SGIP Weekly Statewide Report*, downloaded on March 13, 2017.

Handbook³ and ensures that funds intended for energy storage projects under the old program rules are made available to new energy storage projects under the new rules.

IV. THE COMMISSION SHOULD EVENLY DISTRIBUTE ASSEMBLY BILL 1637 FUNDS ACROSS THE FIVE STEPS TO ENSURE A DIVERSE, ROBUST, AND COMPETITIVE ENERGY STORAGE MARKET IN CALIFORNIA.

The Proposed Decision adopts the proposal by Robert Bosch as an approach that attempts to account for a market in which energy storage prices are declining without making drastic decisions given future uncertainties.⁴ Specifically, the Proposed Decision proposes to allocate 15% of AB 1637 funds to Step 2, 30% to Step 3, 30% to Step 4, and 25% to Step 5. In support of this determination, the comments by Robert Bosch suggesting that the energy storage incentive for Step 1 is sufficiently funded and comments by the Office of Ratepayer Advocates (“ORA”) suggesting that energy storage system costs are close to the Steps 1 and 2 incentive levels are cited in the Proposed Decision.⁵

CESA strongly maintains that the Commission should adopt an even distribution of AB 1637 funds – *i.e.*, 20% each to Steps 1-5. As previously cited in comments on the December 30, 2016 Assigned Commissioner’s Ruling, there is major pent-up market demand from the year-long suspension of the program, which points to insufficient total funding rather than too-high of an incentive rate in Steps 1 and 2. The Commission must avoid stalling the market for behind-the-meter energy storage systems due to the incentive rate dropping precipitously from oversubscription of funds in Steps 1 and 2, driven by pent-up market demand.

³ *Advice 3564-E, Advice 3814-G/5029-E, Advice 5094, and Advice 76 Revisions to the Self-Generation Incentive Program Handbook Pursuant to Resolution E-4824 – Attachment A, SGIP Handbook (Redlined Version)*, p. 16.

⁴ Proposed Decision, p. 16.

⁵ *Ibid*, p. 15.

In particular, the combination of no additional funds being added to Step 1 (and only 15% being added to Step 2) per the Proposed Decision with the lottery priority for solar-plus-storage projects has the potential to leave little to no funds for standalone energy storage projects, which can operate identically (electrically) to a resource co-located with energy storage and can provide a range of important grid services, such as demand charge management, local Resource Adequacy (“RA”) capacity, and ancillary services. In pursuit of its market transformation goal, the program should strive to support all different types of energy storage business models and use cases, but by not increasing the ‘pie’ of funds, standalone energy storage projects may not have access to higher incentive rates in Steps 1 or 2. Standalone energy storage projects, as a result, potentially face a disproportionate drop in incentive rates that does not reflect the actual market uptake of such projects, thereby risking the stalling of the market for standalone energy storage projects.

This issue is similar to that faced by ITC-supported versus non-ITC-supported large energy storage projects, as contemplated in the Petition for Modification (“PFM”) filed on November 18, 2016 by the California Solar Energy Industries Association (“CALSEIA”). CESA generally supported the PFM because of the potential for a \$0.00/Wh incentive rate for ITC-supported projects in Step 5 in one accelerated scenario, and again supports the Proposed Decision in approving the PFM for the same reason. However, what is not discussed in the Proposed Decision is that CALSEIA was also concerned with “precipitous reductions that the incentives that non-residential ITC-supported storage projects may be subject to, even in instances where only a limited share of the incentives in a given step have been reserved by such projects.”⁶ In other words, the incentive rate for ITC-supported projects may drop precipitously

⁶ *California Solar Energy Industries Association Petition for Modification of D.16-06-055*, filed on November 18, 2016, p. 1.

regardless of the program participation of ITC-supported projects, which justified CALSEIA's proposal to adopt a constant 72% differential between ITC-supported and non-ITC-supported projects. CESA has previously supported these arguments made in the PFM.⁷ In a similar vein, standalone energy storage projects stand to potentially receive no incentives in Steps 1 and/or 2 given the lack of funding in that category, most of which will likely be directed to lottery priority projects, causing many standalone energy storage projects to face lower Step 3 or Step 4 incentive rates where funds are more sufficient. Consequently, many standalone energy storage projects may not have access to SGIP incentives until the incentive rate drops to the \$0.20/Wh – \$0.30/Wh range, despite limited program participation in the earlier steps. Therefore, similar to the ITC-supported projects contemplated in a specific scenario in CALSEIA's PFM, incentive rates for a sub-category of energy storage projects may face precipitous incentive rate declines regardless of its program participation if Steps 1 and 2 are not adequately funded.

CESA also disagrees with ORA's comments that energy storage system costs are close to the Steps 1 and 2 incentive levels. CESA understands that ORA is in a unique position to have visibility to some of the latest energy storage cost data and cost-curve projections through the various utility solicitations that have been conducted for energy storage systems. However, much of this cost data may not reflect the true system costs of projects that are likely to be funded by SGIP. First, the utility solicitations present an opportunity for energy storage suppliers and developers to achieve broader economies of scale given the larger size of utility orders for energy storage systems, which enables more aggressive present and forecasted cost

⁷ *Protest of the California Energy Storage Alliance to the Advice Letter 5049 of Southern California Gas Company, Advice Letter 3773-G/4942-E of Pacific Gas and Electric Company, Advice Letter 3491-E of Southern California Edison Company and Advice Letter 71 of Center for Sustainable Energy*, filed on November 10, 2016, pp. 2-3; *Response of the California Energy Storage Alliance to California Solar Energy Industries Association Petition for Modification of D.16-06-055*, filed on December 19, 2016, pp. 2-3.

reductions. Second, ORA fails to recognize that not all projects are at the very lowest-end of the energy storage capital cost curve. CESA reiterates that SGIP is a market transformation programs that should be funding all different types of energy storage technologies (e.g., long-duration flow batteries, advanced lead-acid batteries, sodium-based batteries) as long as minimum eligibility criteria are met (e.g., commercial availability, minimum ten-year average roundtrip efficiency). There are a number of different business models (e.g., ownership structure, customer contracts, use-cases) that should have an opportunity to compete for funds. By extension, a number of different developers should be supported, which is the rationale behind the 20% developer's cap. For each of these different technologies, business models, and developers, the cost structures are not uniform.

Additionally, CESA believes that ORA may only be speaking to capital costs when it refers to energy storage system costs being close to the Steps 1 and 2 incentive levels. CESA's survey of its membership and review of industry cost data indicate that while costs are coming down significantly, total system costs are not presently at Steps 1 and 2 incentive levels. Total system costs include inverters, battery management systems, interconnection, permitting, engineering studies, etc. – most of which are “eligible project costs” under SGIP rules. For lithium-ion battery storage, for example, capital costs can range from \$452/kWh to \$1,066/kWh for commercial and industrial applications, which may represent only around 60% of total system costs, according to consulting firm Lazard.⁸ Therefore, the \$0.50/Wh incentive rate for non-ITC-supported large energy storage systems could cover anywhere from 28% to 66% of total system costs. Similarly, Lazard reports that lithium-ion battery storage for residential applications has capital costs that range from \$871/kWh to \$1,557/kWh, which if combined with

⁸ *Lazard's Levelized Cost of Storage – Version 2.0*, published in December 2016, pp. 13-16, 18.

the 30% ITC in Step 1 would lead to SGIP incentives covering between 27% and 49% of total system costs. Based on the rough calculations below, it is clear that Step 1 incentive funds are not too rich, and the likely oversubscription of Step 1 funds is more clearly an indication of a pent-up market from developers building a pipeline of prospective projects during the year-long program suspension.

Table 1: SGIP Incentive as Percentage of Total System Costs for C&I Li-Ion Storage⁹

Cost Range	Capital Cost (\$/Wh)	System Cost (\$/Wh)	ITC (Y/N?)	Step	Incentive Rate (\$/Wh)	% Covered by SGIP+ITC
Low	0.45	0.75	N	1	\$0.50	66%
Low	0.45	0.75	Y	1	\$0.36	78%
High	1.07	1.78	N	1	\$0.50	28%
High	1.07	1.78	Y	1	\$0.36	50%
Low	0.45	0.75	N	2	\$0.40	53%
Low	0.45	0.75	Y	2	\$0.29	68%
High	1.07	1.78	N	2	\$0.40	22%
High	1.07	1.78	Y	2	\$0.29	46%

CESA’s members have similarly expressed concern about the insufficiency of Step 1 funds and dispute ORA’s claim that energy storage system costs are near or at the Step 1 incentive rate. When looking strictly at capital costs for energy storage systems on the low-end of the cost spectrum, ORA’s claim may ring true, but CESA stresses that this is a technology deployment program that takes into account full system costs (including engineering, permitting, interconnection, etc.) while also being a market transformation program that does not narrowly look for the lowest-cost energy storage system. Even if assuming that ORA’s claim on energy storage capital costs are true, CESA contends that the insufficiency of funds in Steps 1-2 will

⁹ CESA assumes that capital costs represent just 60% of total system costs based on Lazard’s report and that ITC-supported projects claim the full ITC, which would require 100% charging of the energy storage device with the paired ITC-eligible solar generator. For Step 2, CESA assumes a \$0.10/Wh drop due to likely oversubscription of Step 1 within 10 calendar days. These are reasonably conservative estimates.

cause standalone energy storage projects to receive limited incentives in Steps 1-2 and perhaps face significantly lower Step 3 incentive rates (as low as \$0.30/Wh) for a large number of these types of projects, even as their capital costs are equivalent to the Step 1 incentive rate.

In sum, considering the diversity of energy storage projects, developers, technology types, and cost structures, CESA recommends that the Commission adjust its allocations of AB 1637 funds across the five steps to be evenly distributed with 20% each in Steps 1-5. Given that there is possibly \$30 million or more in cancelled funds from previous program years and assuming that these funds are allocated to Step 1, CESA alternatively recommends that AB 1637 funds be allocated as such: 40% in Step 2 and 20% each in Steps 3-5. CESA believes that these two funding allocation proposals for AB 1637 funds better reflects the current needs of the broader energy storage marketplace, better fosters a robust and competitive energy storage market, and reduces the risk of stalling the market for different segments of the industry.

Finally, the Commission should also recall that sales pipelines developed by many energy storage companies in anticipation of SGIP opening could fail to be fulfilled if there are insufficient funds in Steps 1 and 2. Many nation-leading companies in energy storage remain relatively young and have yet to effectuate the desired transformative aspects of SGIP for energy storage both in California and abroad. California's support for an even distribution of funds across Steps 1-5 can ensure that these companies are positioned to compete around the world, promoting broad achievements of the state's climate goals and support its ratepayers.

V. THE COMMISSION SHOULD CLARIFY HOW INCENTIVE RATES AND DEVELOPER'S CAPS ARE APPLIED FOR SMALL ENERGY STORAGE SYSTEMS THAT APPLY FOR ASSEMBLY BILL 1637 FUNDS.

The Proposed Decision states that the additional funds are to be directed to energy storage systems *of all sizes*, while not adding funds to the 15% carve-out for small energy

storage systems less than or equal to 10 kW in size.¹⁰ The Proposed Decision seems to suggest that small energy storage systems are eligible to compete for AB 1637 funds once these projects meet the minimum carve-out in a given step, or feasibly, once a small energy storage developer hits its small energy storage developer's cap in a given step. The Commission should therefore clarify that the minimum small energy storage system carve-out is intended to be a floor, not a ceiling, for deployments of step funds. The SGIP Handbook should allow for this important policy, as intended in D.16-06-055.

For example, in a scenario in which the incentive claims for small energy storage systems outpaces that for large energy storage systems, additional SGIP-eligible small energy storage systems could apply for AB 1637 funds rather than having small energy storage systems advance to the next step.¹¹ In such cases, it is unclear whether small energy storage systems would be subject to large energy storage incentive rate structures, which differentiate between Investment Tax Credit ("ITC") supported projects versus non-ITC-supported projects, or whether small energy storage systems would still be subject to small energy storage system incentive rates and simply have access to the additional AB 1637 funds.

Additionally, there is a possible scenario in which a small energy storage developer reaches its developer's cap for small energy storage funds, even as both the small and large energy storage funds are not fully subscribed. In this case, as the Proposed Decision is written,

¹⁰ Proposed Decision, p. 13.

¹¹ As a more specific example, assume a scenario in which the small energy storage carve-out is fully subscribed in Step 1 and there are still funds available in Step 1 from the previously authorized large energy storage funds in addition to the AB 1637 "general pool" of funds. As CESA interprets the Proposed Decision, small energy storage systems would not be subject to Step 2 incentive rates but would be eligible to receive Step 1 incentive rates using the previously authorized large energy storage funds in addition to the AB 1637 funds. However, given the carve-out requirement, in the opposite scenario in which large energy storage and AB 1637 funds are fully subscribed in Step 1 but that is not the case for small energy storage funds, then small energy storage systems would still be eligible for Step 1 funding and incentive rates, per the carve-out requirement from D.16-06-055.

the small energy storage developer would be allowed to apply for AB 1637 funds, but it is unclear whether this developer would then be subject to a separate developer's cap – e.g., 20% of the AB 1637 funds, or 20% of the combined already-authorized large energy storage budget and AB 1637 funds for a given step. The structure as detailed in the new SGIP Handbook creates this problem by functionally separating the accounting for small systems from large systems. This appears to unintentionally deviate from the intended policy direction of D.16-06-055.

CESA raises this issue and these possible scenarios because the most-recently adopted SGIP Handbook is written as having large and small energy storage projects operating under two completely separate budget categories, with two completely separate developer's caps. CESA believes this structure differs from the clear policy intention of D.16-06-055. Specifically, the “small residential storage carve out is set per each Program Administrator step and operates independently of the large-scale carve out.”¹² The cross-over eligibility of small energy storage systems to apply for large energy storage funds is only allowed once the funds in the fifth step of the small energy storage carve-out are exhausted or the statewide minimum goal of 15% is met, and large energy storage funds remain, according to the SGIP Handbook. The transfer of funds across the two budget categories also requires an advice letter filing. As the SGIP Handbook is written, it appears that small energy storage projects cannot apply for large energy storage funds until the aforementioned conditions are met. These same program rules do not seem to be implied for AB 1637 funds.

In other words, given the SGIP Handbook rules in place, the Proposed Decision appears to create a third budget category (*i.e.*, a “general pool” of funds) for energy storage projects of all sizes. How this affects incentive rates and the developer's cap for small energy storage systems

¹² *Advice 3564-E, Advice 3814-G/5029-E, Advice 5094, and Advice 76 Revisions to the Self-Generation Incentive Program Handbook Pursuant to Resolution E-4824 – Attachment A, SGIP Handbook (Redlined Version)*, pp. 9-10.

requires clarification from the Commission. Given that D.16-06-055 observed that the residential energy storage market is nascent, which justified the creation of a carve-out and non-ITC-differentiated incentive rates, the aforementioned scenarios may not be highly likely. However, since the Proposed Decision does not add any additional funds to the carve-out, these scenarios have increased the likelihood that AB 1637 funds may remain available (particularly in the later steps), and that a small energy storage developer hits its respective cap or the carve-out is exhausted before the large energy storage and AB 1637 funds in a given step are.

While these are limited scenarios to plan for, CESA recommends that the Commission clarify these matters as it is hard to predict market uptake. It is prudent for the Commission to protect against bad outcomes as well as to provide greater market certainty to small energy storage developers. To do this, at minimum, the Program Administrators will need to carefully manage the timing of filed applications to fairly award projects based on the intended policies of SGIP. CESA is unsure if the program's web-tools are sufficient to accommodate this important administrative and decision-making function.

VI. THE COMMISSION APPROPRIATELY DETERMINES THAT IT IS PREMATURE TO SET ADDITIONAL OPERATIONAL REQUIREMENTS AT THIS TIME.

The Proposed Decision determines that it is premature to set additional operational requirements tied to the AB 1637 funds at this time given the lack of recent and high-quality data on SGIP-funded systems and their impact to the grid. CESA agrees, and believes that the current focus of program evaluation should be on collecting data from projects within reason and on developing a greenhouse gas (“GHG”) emissions evaluation methodology that is discussed and vetted by stakeholders. Even as CESA strongly supports the purpose of program evaluation to ensure that SGIP-funded projects advance the program's goals, the recent SGIP impacts assessment of energy storage systems was based on a limited dataset, thereby suggesting that the

focus should be on generating a robust dataset within reason. Simultaneously, CESA urges the Commission to request data from SGIP-funded projects *within reason* as the frequency and depth of data requests may increase developer's costs and reduce the viability of projects.

Going forward, the Commission should continue to be mindful of the impact of rate design on the performance of SGIP-funded energy storage projects. With smart rate designs aligned with electric grid needs and marginal GHG emissions, energy storage systems will perform better in such program evaluations. The purpose of CESA's proposed opt-in, 'bolt-on' GHG Reduction Tariff for Energy Storage Charging is to incentivize charging during periods of low marginal GHG emissions and drive behavior that aligns with the program's goals.¹³ Rather than establishing additional operational requirements for SGIP-funded projects, CESA recommends that the Commission pursue rate design reform as a more economically efficient means to accomplish the desired outcomes of SGIP-funded energy storage projects.

VII. THE COMMISSION SHOULD DIRECT OR CLARIFY THAT PERFORMANCE-BASED INCENTIVES ADOPTED IN D.16-06-055 SHOULD APPLY TO BOTH EXISTING AND NEW ENERGY STORAGE PROJECTS.

As the PAs implement the new operational and performance requirements adopted pursuant to D.16-06-055, confirmation is needed that the updated performance-based incentive ("PBI") rules for energy storage projects apply not only to going-forward projects but also to energy storage projects currently within their five-year compliance period. This application and enforcement of PBI rules for all energy storage projects will simplify the administration of SGIP and apply the new reasonable findings for PBI to all projects. Developers also avoid having to unnecessarily cycle their energy storage systems to meet outdated operational requirements. Excessively high cycling requirements under the previous operational requirements may also risk

¹³ *Comments of the California Energy Storage Alliance on Assigned Commissioner's Ruling on Implementation of Assembly Bill 1637*, filed on January 31, 2017, pp. 13-14.

forced dispatches of SGIP-funded energy storage systems that are not aligned with grid needs. CESA believes the Commission approved the operational provisions as in D.16-06-055 due to this very concern. As the Commission is again deciding on final SGIP rules, a universal application of the PBI rule from D.16-06-055 for energy storage should be directed at this time.

This change will not delay the launch of the program, and implementation (at the PA level) of this clarified understanding of the PBI rules can be accomplished in parallel with ongoing program operations and the expected opening of SGIP, inclusive of any additional AB 1637 funds. D.16-06-055 directed that this point be addressed in advice letters revising the SGIP Handbook¹⁴ but it was not addressed there.

VIII. CONCLUSION.

CESA appreciates the opportunity to submit these comments on the Proposed Decision and looks forward to working with the Commission and stakeholders to ensure a timely opening of the SGIP and to support the goals of the program.

Respectfully submitted,



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¹⁴ D.16-06-055, p. 40.