

**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)

**RESPONSE OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
TO THE JOINT PETITION FOR MODIFICATION OF DECISION 16-06-055 BY
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G), PACIFIC GAS AND
ELECTRIC COMPANY (U-39-E), SOUTHERN CALIFORNIA EDISON COMPANY (U
338-E), AND CENTER FOR SUSTAINABLE ENERGY® CONCERNING ELIGIBILITY
CRITERIA FOR THE SGIP CALIFORNIA MANUFACTURER'S PREMIUM**

Alex J. Morris
Vice President, Policy & Operations

Jin Noh
Policy Manager

CALIFORNIA ENERGY STORAGE ALLIANCE
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811 x110
Email: amorris@storagealliance.org

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits this response to the *Joint Petition for Modification of Decision 16-06-055 by Southern California Gas Company (U 904-G), Pacific Gas and Electric Company (U-39-E), Southern California*

¹ 174 Power Global, 8minutenergy Renewables, Able Grid Energy Solutions, Advanced Microgrid Solutions, AltaGas Services, Amber Kinetics, American Honda Motor Company, Inc., Avangrid Renewables, Axiom Exergy, Boston Energy Trading & Marketing, Brenmiller Energy, Bright Energy Storage Technologies, Brookfield Renewables, Carbon Solutions Group, Centrica Business Solutions, Clean Energy Associates, Consolidated Edison Development, Inc., Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, ElectriQ Power, eMotorWerks, Inc., Enel, Energport, ENGIE, E.ON Climate & Renewables North America, esVolta, Fluence, Form Energy, GAF, General Electric Company, Greensmith Energy, Ingersoll Rand, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Iteros, Johnson Controls, KeraCel, Lendlease Energy Development, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, NantEnergy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NRG Energy, Inc., Parker Hannifin Corporation, Pintail Power, Primus Power, Quidnet Energy, Range Energy Storage Systems, Recurrent Energy, Renewable Energy Systems (RES), Semptra Renewables, Sharp Electronics Corporation, SNC Lavalin, Southwest Generation, Sovereign Energy, Stem, STOREME, Inc., Sunrun, Swell Energy, Tenaska, Inc., True North Venture Partners, Viridity Energy, VRB Energy, WattTime, 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>).

Edison Company (U 338-E), and Center for Sustainable Energy Concerning Eligibility Criteria for the SGIP California Manufacturer's Premium ("PFM"), filed by the Joint Program Administrators ("Joint PAs") on October 16, 2018.

I. RESPONSE.

CESA continues to support the goals of the Self-Generation Incentive Program ("SGIP") to provide grid support, foster market transformation, and reduce greenhouse gas ("GHG") emissions. Furthermore, with the 20% California supplier adder in place, the program is also intended to provide some added benefit to SGIP-funded projects that provide economic benefit to California when the majority of manufacturing value-add comes from within California, which CESA also supports. CESA believes it is not only important to drive job creation for the development of SGIP projects in California but also to foster the job creation for the manufacturing of the components and equipment that go into SGIP projects.

The Joint PAs thus filed a PFM to modify the eligibility criteria for the 20% adder for SGIP projects use equipment from approved California manufacturers, who, under current rules, qualify if at least 50% of the capital equipment value is manufactured in California. Instead, the Joint PAs request that the eligibility for the adder be modified to allow for at least 50% of the capital equipment value to be supplied by one or more California manufacturers, which they justify based on the Commission's stated goal in Decision ("D.") 16-06-055 to "ensure that the majority of value creation occurs in California." CESA finds the request to be reasonable and agrees with the Joint PAs that the request in the PFM to be granted.

While well intentioned, CESA finds that the current California manufacturer adder rules may be overly stringent and may not effectively serve the intent of incentivizing equipment manufacturing in California. Given that supply chains are generally complex and suppliers may

source certain components from outside of California, the goal of the California manufacturer adder should be to drive the *majority* of the manufacturing activities that go into any single equipment (*e.g.*, storage medium, inverter, or controller for energy storage systems) within California. Many components (*e.g.*, enclosures, separators, cells for battery storage mediums) and multiple suppliers go into the manufacturing and assembly of any single eligible equipment. In light of these manufacturing realities, the current rules may have been overly limiting, as seen by the limited number of approved California manufacturers.²

CESA assumes the challenge for the PAs will be in implementing and enforcing the new California manufacturer rules, if the requests in the PFM is granted. In addition to an approved California manufacturer for those that provide qualifying California-made equipment suppliers, there may need to be an additional list of qualifying California-made component suppliers, where the sum of the value of these components determining which equipment are eligible. These implementation and enforcement issues can be addressed in more detail through advice letters filed by the PAs modifying the SGIP Handbook.

In sum, CESA supports the PFM and recommends that the Commission grant the requests in the PFM. The requests are reasonable and support the stated goals of D.16-06-055.

² Only two manufacturers appear to qualify:
https://www.selfgenca.com/documents/ca_manufacturer/approved

II. CONCLUSION.

CESA appreciates the opportunity to submit this response to the PFM and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,



Alex J. Morris
Vice President, Policy & Operations
CALIFORNIA ENERGY STORAGE ALLIANCE
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (310) 617-3441
Email: amorris@storagealliance.org

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