

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas and Electric  
Company (U 902-E) for Approval of its 2018  
Energy Storage Procurement and  
Investment Plan.

Application 18-02-016  
(Filed February 28, 2018)

And Related Matter.

Application 18-03-001  
Application 18-03-002

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE  
TO THE PROPOSED DECISION IMPLEMENTING THE AB 2868 ENERGY  
STORAGE AND INVESTMENT FRAMEWORK AND APPROVING AB 2868  
APPLICATIONS WITH MODIFICATION**

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APPLICATIONS WITH MODIFICATION**

In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these comments to the *Proposed Decision Implementing the AB 2868 Energy Storage Program and Investment Framework and Approving AB 2868 Applications with Modification* (“PD”), issued by Administrative Law Judge (“ALJ”) Brian Stevens on February 26, 2019.

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<sup>1</sup> 174 Power Global, 8minutenergy Renewables, Able Grid Energy Solutions, Advanced Microgrid Solutions, Aggreko, Alligant Scientific, LLC, AltaGas Services, Amber Kinetics, Ameresco, American Honda Motor Company, Inc., Avangrid Renewables, Axiom Exergy, Better Energies, Boston Energy Trading & Marketing, Brenmiller Energy, Bright Energy Storage Technologies, Brookfield Renewables, Carbon Solutions Group, Clean Energy Associates, ConEd Battery Development, Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, EDF Renewable Energy, ElectriQ Power, eMotorWerks, Inc., Enel X North America, Energport, Engie Storage, E.ON Climate & Renewables North America, esVolta, Fluence, Form Energy, General Electric Company, Greensmith Energy, Gridwiz Inc., Hecate Grid LLC, Ingersoll Rand, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Johnson Controls, Lendlease Energy Development, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Energy Solutions, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, NantEnergy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., Nuvve, Pattern Energy, Pintail Power, Primus Power, Polyjoule, Quidnet Energy, Range Energy Storage Systems, Recurrent Energy, SNC-Lavalin, Southwest Generation, Sovereign Energy, Stem, STOREME, Inc., Sunrun, Swell Energy, Tenaska, Inc., Tesla, True North Venture Partners, Viridity Energy, VRB Energy, WattTime, and Wellhead Electric. 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.

CESA appreciates the Commission’s thoughtful consideration of points presented in these Applications. Assembly Bill (“AB”) 2868 authorized each of the IOUs to propose up to 166.66 MW of energy storage investments and programs focused on disadvantaged communities (“DACs”) and public-sector customers and established a set of important statutory goals for any proposed programs and investments to reduce greenhouse gas (“GHG”) emissions, meet air quality standards, and reduce dependence on petroleum, in addition to maximizing overall benefits and minimizing costs for ratepayers and not unduly impairing third-party competition. In its PD, the Commission determines that the IOUs did not provide sufficient justification for pursuing the in-front-of-the-meter (“IFOM”) investments, while approving only one of the proposed behind-the-meter (“BTM”) program concepts.

CESA believes, however, it is reasonable for some projects to potentially be able to move forward through AB 2868 in order to meet the Legislative intent to “accelerate widespread deployment of distributed energy storage systems” and to achieve the various aforementioned statutory goals.<sup>2</sup> CESA thus recommends the PD be modified to allow some projects to move forward expeditiously via Advice Letter pending the filing of Supplemental Testimony that includes explanatory information and additional plans. The PD thus should find that some of the proposed projects from San Diego Gas and Electric Company (“SDG&E”) can be approved if additional documentation is submitted with the following:

1. Further elaboration regarding which utility-owned energy storage projects necessitate utility ownership (rather than allowing for competition from third-party ownership structures) and including updates to projects sizes where appropriate, with subsequent advice letter filing approval for the appropriate projects.

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<sup>2</sup> AB 2868 Section 2838.2(a)(2)(b).  
[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201520160AB2868](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160AB2868)

2. Supplemental plans in the 2018 Energy Storage Application and/or new potential 2020 plans in the 2020 Energy Storage Application for broader solicitations pursuant to Appendix A of the PD that allow for third-party solutions and/or competition from third-party solutions to provide some AB 2868-directed energy storage solutions with subsequent Advice Letter filing approval.

Regarding our second point above, CESA further recommends that any supplemental information provided in the 2018 Applications as well as any future 2020 Energy Storage Applications (for the residual MW from the 166.66 MW authorization per IOU) focus on providing capacity in DACs by developing standalone or hybrid energy storage solutions to mitigate impacts from local power plant emissions while providing grid services. Such projects may not necessarily fit with the ‘distribution-connected’ aspect of the AB 2868 statute but fit well with the goals of AB 2868 and so should be authorized as part of this AB 2868 finding.

CESA’s comments build on the record developed in AB 2868 with modifications. CESA believes it is important to ensure that the Commission support the accelerated deployment of energy storage pursuant to the intent of AB 2868 and recommends that the Commission adopt our proposed modifications above in the PD to accomplish this end. Energy storage resources that are deployed and online total only 410 MW today pursuant to the AB 2514 Energy Storage Procurement Framework,<sup>3</sup> representing less than 1% of the peak load in the California Independent System Operator (“CAISO”) balancing area,<sup>4</sup> which highlights how the energy storage market is still relatively small and how the success of future planned procurements depends in part on timely submission, evaluation, and ultimately installation of AB 2868 projects. Furthermore, DAC customers stand to benefit from the deployment of proposed AB 2868 projects, and it is therefore

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<sup>3</sup> *Energy Storage Market Survey and Recommendations Prepared in Compliance with D.18-01-003 Ordering Paragraph 5*, Commissioner Briefing by Gabe Petlin, Rachel McMahan, and Kari Smith on October 24, 2018, p. 5.

<sup>4</sup> *California ISO Peak Load History 1998 through 2018*.  
<https://www.caiso.com/Documents/CalifornialSOPeakLoadHistory.pdf>

important to minimize delays in approval as much as possible and where reasonable. Whether through IFOM energy storage investments or through BTM energy storage programs, the AB 2868 Applications present an opportunity for the Commission to accelerate energy storage deployments that support the range of statutory goals, especially around supporting DAC customers. In these comments, CESA thus aims to chart an expeditious process for approving projects that comply with pre-determined criteria – *e.g.*, projects that were pursued through a competitive solicitation pursuant to Appendix A and/or that build on the existing record regarding key projects already submitted in the AB 2868 Applications.

One sticking point for denying the proposed investments was around the lack of competition for third-party-owned energy storage systems.<sup>5</sup> This concern can be addressed, only for purposes of AB 2868, through CESA’s above-proposed plan. CESA supports all ownership models for deploying energy storage and recognizes that there may be certain use cases where utility ownership approaches may be warranted. CESA thus envisions that some AB 2868 projects can be considered for utility-only solicitations but that others can accommodate competition via a request for offers (“RFO”) for both utility-owned and third-party-owned energy storage systems, in line with Appendix A. As mentioned, if sufficiently detailed and reasonable, CESA believes that the IOUs should be allowed to and approved for soliciting for utility-owned energy storage systems. While generally supportive of broad competition to help assure cost-effectiveness, the IOUs should be approved for seeking utility-owned projects so long as the IOUs provide sufficient justification for why third-party-owned projects are ill-suited to meet the needs. The PD appropriately determines that this showing was insufficient based on the record of this proceeding,<sup>6</sup>

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<sup>5</sup> PD, p. 21.

<sup>6</sup> *Ibid.*

and CESA recommends that the Commission not set a blanket requirement that all proposed investments pursuant to AB 2868 must be open to competition from projects under all different types of ownership models *per se*.

Furthermore, in pursuit of accelerating energy storage deployments to support DAC customers, CESA commends the Commission for approving the BTM Thermal Storage Program proposed by Pacific Gas and Electric Company (“PG&E”). CESA agrees with the conclusions made in the PD that thermal water heaters are qualifying energy storage systems under AB 2868<sup>7</sup> and supports the Commission’s leadership in facilitating the deployment of thermal storage systems to achieve bill savings, provide grid support, and reduce GHG emissions in DACs. However, CESA disagrees with the conclusions made in the PD for denying the BTM Energy Storage Programs of Southern California Edison Company (“SCE”) and San Diego Gas and Electric Company (“SDG&E”). Based on the evidence presented in this proceeding, CESA believes that SCE and SDG&E provided sufficient justification for how their proposed programs would comply with the statutory requirements and that the proposed programs are not duplicative of the Equity Budget category of the Self-Generation Incentive Program (“SGIP”). Rather, CESA views the denial of these proposed programs as stifling energy storage deployments in DACs. CESA provides more details in our comments below.

**II. THE PROPOSED DECISION SHOULD BE MODIFIED TO DIRECT THE UTILITIES TO SUBMIT SUPPLEMENTAL INFORMATION AND PLANS, WHEREBY SOME CURRENT, SOME MODIFIED, AND SOME FUTURE-PROPOSED PROJECTS COULD BE APPROVED THROUGH ADVICE LETTER FILINGS.**

CESA’s comments focus primarily on SDG&E’s Application, which included more detailed project proposals. CESA believes any findings related to SDG&E, however, could also

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<sup>7</sup> PD, p. 36.

apply to PG&E's and SCE's proposals. PG&E and SCE thus should be directed to submit supplemental filings as well.

CESA specifically recommends that the PD be modified to consider expeditious approval of some projects via Advice Letter filing pending a supplemental filing with explanatory information as well as plans for additional procurements pursuant to Appendix A. The PD should direct supplemental informational filings by SDG&E, PG&E, and SCE to:

1. Further elaboration regarding which utility-owned energy storage projects necessitate utility ownership (rather than allowing for competition from third-party ownership structures) and including updates to projects sizes where appropriate, with subsequent advice letter filing approval for the appropriate projects.
2. Supplemental plans in the 2018 Energy Storage Application and/or new potential 2020 plans in the 2020 Energy Storage Application for broader solicitations pursuant to Appendix A of the PD that allow for third-party solutions and/or competition from third-party solutions to provide some AB 2868-directed energy storage solutions with subsequent Advice Letter filing approval.

CESA looks forward to reviewing additional supplemental justifications and RFO plans. Through these comments, CESA generally agrees with the Commission's conclusion in the PD that SDG&E could expand some AB 2868 projects to third-party competition where appropriate, but CESA also believes that one of the intents of AB 2868 was to advance energy storage procurements, so fast but reasonable approval processes should be pursued. While SDG&E appears to have sufficiently justified project selection based on the AB 2868 criteria,<sup>8</sup> CESA found the categorical exclusion of third-party-owned projects in the RFOs and the lack of consideration of third-party-owned projects to be generally problematic without clearer explanation as to why SDG&E chose to exclude third-party ownership. Again, CESA agrees and supports SDG&E submitting supplemental justifications and updates to its procurement proposals so that projects

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<sup>8</sup> PD, p. 22.

can be approved via Advice Letter filing and so that Appendix A directed competitive solicitations can be pursued, where appropriate.

To elaborate, CESA recommends that the Commission allow for SDG&E to pursue utility-owned AB 2868-directed energy storage projects for their identified project sites where and so long as SDG&E makes a sufficient supplemental showing that utility ownership is especially appropriate given the goals of the program. As CESA has expressed in other proceedings, such as in Rulemaking (“R.”) 14-10-003, we believe third-party-owned energy storage systems are capable of providing distribution services, which Decision (“D.”) 18-01-003 has defined as reliability services. In other words, it is not a foregone conclusion that third-party-owned energy storage systems cannot provide distribution resiliency services or that they cannot provide them cost-effectively, as SDG&E has claimed.<sup>9</sup>

However, CESA recognizes that the utility-owned projects and use cases proposed by SDG&E as among the first of their kind. Given this fact, CESA appreciates SDG&E’s inclination to implement these projects first under utility-owned model. At the same time, with the passage of Senate Bill 100 and the growing frequency of extreme weather events, California needs more grid flexibility and resiliency that energy storage can provide. CESA thus recommends that the IOUs be directed to pursue additional and reasonable capacity (*e.g.*, equivalent) of third-party-owned energy storage projects within the 166.66 MW authorized for each IOU.<sup>10</sup> For example,

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<sup>9</sup> SDG&E Reply Brief, pp. 11-13.

<sup>10</sup> D.13-10-040 wisely recognized the benefits of ownership diversity for ratepayers and limited utility ownership to 50% of the procurement authorized in the decision for the AB 2514 Energy Storage Procurement Framework. While AB 2514 is not directly or fully applicable to the AB 2868 framework and plans, CESA sees merit in promoting multiple ownership models, including for new use cases in distribution services. Generally, use cases for third-party-owned energy storage should be pursued to some degree in these Applications. See *Opening Brief of the California Energy Storage Alliance on AB 2868 Issues*, filed on October 5, 2018, pp. 4-7.

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M237/K433/237433470.PDF>



there may be opportunities for the IOUs to authorize third-party-owned systems for Local Resource Adequacy (“RA”) in DACs (or for some other use case) and in line with the AB 2868 criteria in supplemental 2018 plans or in additional 2020 plans. In doing so, SDG&E would be accelerating deployment of energy storage in line with AB 2868 goals, supporting increased grid flexibility, and advancing the goals of SB 100, while continuing to support the growth of the broader energy storage market.

**III. THE COMMISSION SHOULD AUTHORIZE AN ADVICE LETTER PROCESS FOR APPROVAL OF CONTRACTS AFTER THE UTILITIES HAVE RE-SUBMITTED AND RECEIVED COMMISSION APPROVAL FOR THEIR PROPOSALS IN COMPLIANCE WITH APPENDIX A GUIDELINES.**

The PD directs that the IOUs shall negotiate signed contracts within one year of the solicitation and shall submit contracts for Commission approval within one year of the solicitation through an Application process.<sup>11</sup> CESA supports the use of Applications for approval of the procurement framework and guidelines but finds it unnecessary to subject the executed contracts to be submitted through an Application process for approval, especially as there is sufficient stakeholder review and processes involved in approving the upfront procurement framework and guidelines, including the cost-effectiveness methodology, multiple-use application rules, etc. With such pre-approvals in place, CESA sees no need to subject the resulting contracts to lengthy and costly approval processes, which can impose delays in excess of a year and pose significant financial risk and uncertainty to developers who have sunk major costs in the bidding and development process (*e.g.*, gaining site control). The Commission approval process for SCE’s Preferred Resource Pilot (“PRP”) 2, for example, took 20 months and placed an unreasonable level

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<sup>11</sup> PD Appendix A, pp. 4-6.

of uncertainty on developers.<sup>12</sup> Such long delays also delay project implementation and withhold the major grid flexibility, resiliency, and air quality benefits to California ratepayers. Implementing energy storage projects for resiliency in a timely manner may also help mitigate the effects of future grid emergencies, which seem to occur annually. So long as the RFO framework is compliant with Appendix A and approved by the Commission in an upfront process, the IOUs should be allowed to submit contracts for approval through a Tier 2 advice letter process that provides a sufficient level of review for stakeholders to validate compliance in the procurement and contracting process while avoiding lengthy approval processes that may be unnecessary. This advice letter process should apply for the next round of proposals as well – *i.e.*, 2020 Energy Storage Applications.

More broadly, CESA believes that streamlined approval processes for energy storage contracts are needed more generally and are justified based on D.14-10-045 that found that “it may be appropriate to use the Advice Letter process depending on project characteristics” when compliance filings became more routine.<sup>13</sup> The 2018 Energy Storage Applications represent the third round of energy storage solicitations where each of the IOUs have developed relatively standardized contracts and have familiarized them with the processes and best practices for energy

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<sup>12</sup> See *Decision Approving the Results of Southern California Edison Company’s Second Preferred Resources Pilot Procurement*, D.18-07-023, issued on July 12, 2018.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M218/K198/218198816.PDF>

CESA notes that there was considerable regulatory delay in the approval of these contracts. A Proposed Decision was issued on February 23, 2018, followed by an Alternate Proposed Decision on May 30, 2018 and then a Final Decision on July 20, 2018 – representing a five-month delay in the final stages of the regulatory approval process. Contracts were submitted for Commission review and approval starting on September 13, 2016, so this intensive Application review process lasted almost two years – an unreasonable level of regulatory risk borne on sellers and buyers of this RFO.

<sup>13</sup> *Decision Approving San Diego Gas and Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company’s Storage Procurement Framework and Program Applications for the 2014 Biennial Procurement Period*, D.14-10-045, filed on October 22, 2014, pp. 103-104.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M127/K426/127426247.PDF>

storage procurement, contracting, deployment, and operations. With the review of energy storage contracts becoming more routine, CESA believes it is appropriate for the Commission to begin initiating a faster Advice Letter approval process for energy storage contracts going forward, especially with the safeguards put in place at the front end to approve the AB 2868 energy storage procurement framework. A faster approval process will enable more stakeholders to participate and will facilitate learning for all participants in future solicitations.

**IV. APPENDIX A GUIDELINES FOR COST-EFFECTIVENESS SHOULD BE MODIFIED TO REFLECT HOW PROCURED ENERGY STORAGE PROJECTS SHOULD BE ASSESSED AGAINST BOTH QUANTITATIVE AND QUALITATIVE FACTORS UNDER THE LEAST-COST, BEST-FIT METHODOLOGY.**

AB 2868 provided statutory guidelines not only for how project sites should be selected but also for how procured projects should be assessed in competitive solicitations. CESA emphasizes how the cost-effectiveness evaluation during the RFO process should incorporate the many quantified and unquantified benefits that energy storage resources can provide pursuant to the AB 2868 goals. For example, the value of resiliency for public-sector and DAC customers is a hard-to-quantify variable that should factor into any cost-effectiveness assessment of any procured energy storage projects. While it is important to ensure that projects are cost-effective, a strict focus on a quantified net market value without accounting for the qualitative benefits (*e.g.*, resiliency, meeting non-priced air quality standards) of projects could unreasonably discount the potential value of energy storage investments. CESA cautions against a strict interpretation of cost-effectiveness around the quantitative costs and benefits and instead recommends a broader view of cost-effectiveness around the many statutory goals of these investments, in addition to the market transformation potential for catalyzing a new use case for energy storage resources (*e.g.*, to provide resiliency, particularly for DAC customers). The Commission has previously

determined that strict interpretations of cost-effectiveness are unreasonable in light of important qualitative factors that could advance the state’s energy and environmental goals, such as with the PRP 2 decision.<sup>14</sup>

CESA thus recommends that Appendix A be modified such that the “IOUs shall only procure energy storage resources that are cost effective and meet a least-cost, best-fit criteria *in line with the statutory goals of AB 2868 and the methodology adopted in D.04-12-048*” [emphasis added].

**V. THE PROPOSED DECISION SHOULD BE MODIFIED TO APPROVE THE BEHIND-THE-METER PROGRAMS THAT ADDRESS THE DISADVANTAGED COMMUNITY GOALS OF ASSEMBLY BILL 2868.**

CESA commends the Commission’s proposed approval of PG&E’s BTM Thermal Storage Program but disagrees with the Commission’s proposed denial of SCE’s and SDG&E’s BTM energy storage program proposals for being too similar to the existing SGIP program.<sup>15</sup> Though SGIP has an Equity Budget category where the targeted class of customers (*i.e.*, customers on California Alternate Rates for Energy [“CARE”], multi-family affordable housing customers, and other low-income customers) is eligible, the Equity Budget category has stalled and has experienced almost no claims of funds,<sup>16</sup> even as incentive rates have automatically ratcheted up every three months that there is no activity. Even if the proposed program designs are similar to

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<sup>14</sup> See D.18-07-023, p. 35.

In it, the Commission affirmed the market transformation and learning objectives of the proposed contracts for approval (*e.g.*, inform grid modernization efforts) and affirmed that the Least-Cost, Best-Fit methodology takes into account the qualitative and quantitative attributes associated with each bid. Specifically, the decision agrees with SCE’s argument that net present value (“NPV”) should not be the sole measure of cost-effectiveness.

<sup>15</sup> PD, pp. 25-26 and 49-50.

<sup>16</sup> As of March 18, 2019, only \$32,063 have been claimed from the Residential Storage Equity budget category, as compared to the \$31,232,458 of money available across all Equity budget categories (*i.e.*, 0.1% of the total funding available). See [https://www.selfgenca.com/home/program\\_metrics/](https://www.selfgenca.com/home/program_metrics/)

SGIP, the proposed programs are only taking best-practice design elements of SGIP to target a customer segment that continues to be mostly unserved, even as Equity Budget money is available for energy storage deployments. As CESA understands it, taking best-practice design elements of existing programs have not served as the basis for the Commission declining new similar programs. For example, the Commission established the Solar on Multifamily Affordable Housing (“SOMAH”) Program for low-income apartment tenants despite similar structures and goals to the Multifamily Affordable Solar Housing (“MASH”) Program by making distinctions on some of the rules, eligibility requirements, focus areas, and funding sources of the program.<sup>17</sup>

With the proposed BTM programs setting higher incentive rates than SGIP (*i.e.*, \$0.60/Wh to \$75/Wh for SCE and \$1.20/Wh for SDG&E), CESA sees the merits in testing different price points for BTM energy storage project development for the targeted customer classes, especially as the current SGIP structure does not allow the Equity Budget incentive rate to exceed \$0.50/Wh.<sup>18</sup> The proposed higher incentive rates may also account for: the lack of time-of-use (“TOU”) rates for many low-income customers that provide the economic incentives for energy storage deployment, the unquantified benefits of added resiliency and reduced GHG emissions pursuant to the AB 2868 goals, and other barriers that have resulted in a stalled Equity Budget.<sup>19</sup> Rather than waiting for the Equity Budget to reach a higher incentive rate,<sup>20</sup> waiting for the Commission

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<sup>17</sup> *Decision Adopting Implementation Framework for Assembly Bill 693 and Creating the Solar on Multifamily Affordable Housing Program*, D.17-12-022, issued on December 14, 2017, pp. 7-8. <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M201/K940/201940057.pdf>

<sup>18</sup> *Decision Establishing Equity Budget for Self-Generation Incentive Program*, D.17-10-004, issued on October 13, 2017, p. 25. <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M197/K215/197215993.PDF>

<sup>19</sup> CESA attended the SGIP Quarterly Workshop on March 15, 2019, where stakeholders generally agreed that the low incentive rate was one of the major barriers to the lack of activity in the Equity Budget. One stakeholder also mentioned that the Commission also faces staffing resource issues in addressing the matter.

<sup>20</sup> Some of the Equity budget categories have been open for more than a year since January 11, 2018 (*e.g.*, SCE) and have reached Step 1 incentive rates at \$0.50/Wh for Equity projects not claiming the investment

to remove the current cap on the incentive rate, or determining the appropriate incentive rate to spur deployment, CESA supports the AB 2868 goal of accelerating energy storage deployments in DACs that are not currently being served by current programs. If some modifications are needed prior to Commission approval, CESA recommends that the IOUs could consider modifying program requirements (in their supplemental filing) to direct the incentivized energy storage resource to provide additional services to more explicitly align with AB 2868 goals – *e.g.*, local capacity benefits and support the offsetting of aggregated GHG emissions from a local resource, or to provide specific resiliency services to the onsite customer.

There are limited risks to the Commission in achieving this important learning objective while supporting DAC customers as intended by SGIP. First, the program is structured as pilots with a limited budget of \$9.8 million for SCE’s Energy Storage for Multi-Family Affordable Housing Incentive Program and \$1.745 million for SDG&E’s Expanded CARE Pilot Program. The budget and time period of the programs are contained but may help inform Equity Budget reforms in the future, where changes will likely be needed to obtain sustained market transformation in the DAC customer segment. Furthermore, with the intent to complement and serve participants of the MASH and SOMAH Programs, the proposed programs are differentiated from SGIP in smartly aligning with MASH and SOMAH program designs, including how the benefits of the incentives should be allocated across tenant (80%) and common load (20%) – requirements that are not set for SGIP projects. SGIP does not have these unique features to account for the tailored needs and incentives of multi-family affordable housing customers.

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tax credit (“ITC”). Pursuant to the automatic step-up mechanism adopted in D.17-10-004, if a Program Administrator (“PA”) does not confirm any reservations within the Equity Budget during any rolling three-month period, while five or more energy storage projects not eligible for the Equity Budget secure confirmed reservations in the same time period, this will constitute a triggering event to increase the incentive amount by \$0.05/Wh (but only up to a maximum incentive rate of \$0.50/Wh).

In sum, CESA recommends that the Commission reverse its decision and approve SCE's and SDG&E's proposed BTM programs for advancing the goals of AB 2868.

**VI. CONCLUSION.**

CESA appreciates the opportunity to submit these comments to the PD and looks forward to working with the Commission going forward in this proceeding.

Respectfully submitted,



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Date: March 18, 2019