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**Re: Protest of the California Energy Storage Alliance to Advice Letter 110-E of Center for Sustainable Energy, Advice Letter 4192-E of Southern California Edison Company (U 338-E), Advice Letter 5619 of Southern California Gas Company (U 904-G), and Advice Letter 4237-G/5808-E of Pacific Gas and Electric Company (U 39-M)**

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance ("CESA")[1] hereby submits this protest to the above-referenced Advice Letter 110-E of Center for Sustainable Energy ("CSE"), Advice Letter 4192-E of Southern California Edison Company ("SCE"), Advice Letter 5619 of Southern California Gas Company ("SoCalGas"), and Advice Letter 4237-G/5808-E of Pacific Gas and Electric Company ("PG&E"), *Proposed Revisions to the Self-Generation Incentive Program Handbook to Further Incorporate Requirements Pursuant to Decision (D.) 20-01-021* ("Joint PA Advice Letter"), submitted on April 15, 2020.

[1] 174 Power Global, 8minutenergy Renewables, Able Grid Energy Solutions, Aggreko, Amber Kinetics, Ameresco, Aparrent, Avangrid Renewables, B2U Storage Solutions, Better Energies, Boston Energy Trading & Marketing, Bright Energy Storage Technologies, Buchalter, Carrier, Clean Energy Associates, ConEd Battery Development, Connect California, Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy, East Penn Manufacturing, EDF Renewable Energy, Emera, Enel X, Energport Inc., Energy Storage Response Group, Energy Vault, Engie, ESS Inc.,esVolta, Fluence, Form Energy, General Electric, Gridwiz, Hecate Energy, Highview Power, Honda, Hydrostor, Jensen Hughes, Lendlease Energy Development, LG Chem Power, Li-Ion Tamer, Lockheed Martin AES, LS Power Development, Malta, NantEnergy, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Nostromo, NRStor, Nuvve, Ormat/Viridity, Plus Power, PolyJoule, PXiSE, Quidnet Energy, Range Energy Storage, RAW Energy, Recurrent Energy, Reimagine Power, RWE, Southwest Generation Company, Stem, Stoel Rives, Elsys, Sumitomo Electric, Sunrun, Swell Energy, Tenaska, Trane, UL, VRB Energy, Wartsila, WattTime, Wellhead Electric and Zitara Technolgies. 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 timely and efficient launch of the Equity Resiliency Budget of the Self-Generation Incentive Program (SGIP) will play an important role in supporting near-term resiliency needs in the face of the upcoming wildfire season and to address risks related to public safety power shut-off (PSPS) events. The Commission issued Decision (D.) 20-01-021 that made further efforts to modify Self-Generation Incentive Program (SGIP) rules (*e.g.*, customer eligibility, system sizing, developer cap) to support customers in need of resiliency solutions ahead of the 2020 (and beyond) wildfire seasons, in addition to allocating funds authorized under Senate Bill (SB) 700 across the various budget categories.

Pursuant to Ordering Paragraph (OP) 5 of D.20-01-021, the SGIP Program Administrators (PAs) submitted this Joint Tier 2 advice letter on April 15, 2020 to implement the remaining program revisions that were not included in the previous rounds of advice letters. Specifically, the Joint PA Advice Letter implements the following: distribution of SB 700 funding across incentive and administrative budget categories; general market resiliency adder; duration step-down incentive structure expanded to general market storage projects; discrete PSPS event definition; residential energy storage incentives and residential "soft target"; general large-scale energy storage incentives and removal of the investment tax credit ("ITC") adjustment; application processing times including annual summary; and fund shifting authority.

In reviewing the Joint PA Advice Letter, CESA finds several of the implementation details to either be non-compliant with D.20-01-021 or lacking in sufficient clarity. In this protest, CESA makes the following points:

- The use of pre-approved storage equipment lists will delay project applications, is not required by the D.20-01-021, and should not be used.

- The "discrete PSPS event" definitions should be standardized and consistent where all customers in all applicable utility service territories are subject to the same definition as the one proposed by PG&E and SCE.

- The explicit removal of the ITC adjustment for general large-scale storage projects should be made.

- Errors in examples for incentive declines based on storage duration should be corrected.

At the same time, CESA sympathizes with and appreciates the PAs' efforts in generally supporting the successful and timely launch of the various SGIP budget categories despite all of the complexities and the challenging circumstances the world is in today. In particular, CESA appreciates the clarification to the incentive step-down structure based on duration, which the PAs reasonably propose to implement in accordance with the Commission's intent.[2]

## II. DISCUSSION.

In the below sub-sections, CESA elaborates on the grounds for our protest to the Joint PA Advice Letter, which need to be addressed to not only ensure compliance with D.20-01-021 but to also provide clear, consistent, effective, and efficient implementation of the decision's proposed modifications.

### A. The use of pre-approved storage equipment lists will delay project applications, is not required by the D.20-01-021, and should not be used.

The decision did not direct the PAs to establish and use pre-approved storage equipment lists, and the program currently only requires equipment specifications to be provided in the reservation request form if projects are not currently on the SGIP Energy Storage Equipment List. Yet, in the Joint PA Advice Letter, the PAs proposed to establish a statewide equipment vetting process, conducted by the SGIP technical consultant, Alternative Energy Systems Consulting, Inc. (AESC). Specifically, the PAs will only accept equipment already vetted and listed on the Energy Storage Equipment List[3] while the Joint PA Advice Letter explained:[4]

> *To further help improve processing times and maintain the standards directed by the Commission, the Joint PAs propose to: (a) require that all equipment be vetted by the SGIP technical consultant and receive approval prior to a Reservation Request Form (RRF) showing that equipment may be submitted; (b) suspend all projects that fail a technical review via the normal suspension process (i.e., 15 days for RRF and PPM and 30 days for ICF); and (c) limit the number of suspensions a project can receive to help projects from entering and exiting review multiple times.*

Additionally, in the redlined SGIP Handbook, the PAs proposed the following **bolded** redlines:[5]

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[2] Joint PA Advice Letter at 9.
[3] Joint PA Advice Letter Attachment (Redlined Handbook) at 58.
[4] Joint PA Advice Letter at 10.
[5] Joint PA Advice Letter Attachment (Redlined Handbook) at 20.

> *If after 15 calendar days the Applicant has not submitted the requested information* ***or satisfied the eligibility requirement in question****, the application may be cancelled.* ***An application may not receive multiple requests for clarification or more information for the same item****.*

While this addition to the SGIP incentive application process was intended to frontload some of the technical due diligence to support the streamlining of application processing, in line with the 45- to 60-day full processing timeline ordered in the decision,[6] CESA believes that the proposed pre-approval process will only serve to delay reservation requests and shift any reported delays away from the official reservation request stage and to the technical review process. As a result, reported application processing times may be lowered even though the actual initial reservation stage of the application process is not necessarily expedited, especially as no time commitment is made for this technical equipment review process to be completed. Waiting for equipment to get pre-approved risks delaying the incentive reservation process, which may prevent project development and interconnection work from moving forward, where the incentive plays a critical role in supporting the initial financing and contracting of these projects.

However, rather than making this technical verification step as a gatekeeping function from being able to reserve incentive funds altogether, CESA instead recommends that this technical verification step be completed prior to the submission of the incentive claim form, as it is done today, which can still validate submitted information and specifications. The proposed pre-approved listing requirement prior to being able to confirm reservation requests is not an order from the decision and may instead hinder the Commission's goal to enhance resiliency ahead of the 2020 wildfire season, especially as program launch has already been delayed by just over one month – lost time that should not be subject to further "gatekeeping" time delays. At the same time, equipment lists can still help to streamline technical verification once equipment is vetted and approved, especially as many projects may be using similar equipment types and systems from a common set of manufacturers and system integrators. For equipment that is eventually vetted, approved, and listed, some time can be saved in the application processing timeline.

CESA agrees with the need to reduce the average incentive processing time, especially as the 2020 wildfire season is quickly approaching. Rather than holding up reservation requests through the proposed requirement to be listed, the PAs should consider other ways to streamline application processing. In addition to the proposed increased staffing in the decision and in the Joint PA Advice Letter, the PAs should support timely validation of customer eligibility and helpful identification of eligible customers – issue areas that were highlighted specifically in the decision.[7] There may be other effective means to streamline the application processing timelines, but the equipment listing requirement can

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[6] D.20-01-021 at Conclusion of Law (COL) 33 and OP 32.
[7] D.20-01-021 at COL 20 and 23.

be counterproductive to the Commission's intent and orders and should be removed altogether.

**B. The "discrete PSPS event" definitions should be standardized and consistent where all customers in all applicable utility service territories are subject to the same definition as the one proposed by PG&E and SCE.**

D.20-01-021 gave the PAs discretion to adopt a definition for "discrete PSPS event" in order to support eligibility criteria for customers seeking Equity Resiliency Budget incentives and resiliency adders for their projects. Specifically, customers who have experienced two or more discrete PSPS events qualify for either higher incentive rates or adders in order to help target customers most at risk of PSPS events.[8]

Along these lines, two different definitions were proposed in the Joint PA Advice Letter. For PG&E and SCE customers, the following is proposed:[9]

> *For the purposes of SGIP, if the utility de-energizes a customer for safety due to hazardous weather conditions and then restores power after the weather event has passed, this would count as one PSPS event – whether that PSPS event endured for the customer for only a few hours or some number of days. If power is restored for the customer and a new weather event subsequently requires that the utility de-energize the same customer again – whether this occurred days, weeks or months later – this would count as the customer's second PSPS event.*

By contrast, a different definition was proposed for SDG&E customers:[10]

> *A discrete PSPS event is defined as an event with 72 hours or more between concurrent weather events, similar to a storm series.*

CESA objects to the use of a separate and different definition for SDG&E customers as it does not provide a standardized definition to assist with customer participation and developer identification of eligible customers, as directed in the decision.[11] The different definition applied for SDG&E customers have not been substantiated. Whereas customers in PG&E and SCE territory utilize a more reasonable and clear definition for discrete PSPS

[8] D.20-01-021 at 41-42.
[9] Joint PA Advice Letter at 7 and Attachment (Redlined Handbook) at 118-119.
[10] *Ibid*.
[11] D.20-01-021 at 44, FOF 46, and COL 21.

events that do not require a "time lag" to be considered discrete, SDG&E applies a seemingly arbitrary and unnecessary definition that requires essentially three days between shut-off events. The merits of a customer being eligible for Equity Resiliency Budget incentives or the resiliency adder should not depend on the time lag between events but rather more so on the frequency of such events occurring. Absent a reasonable substantiation of this differentiation, the definition should be made consistent and standardized as required by the decision. The Commission recognizes that the criterion where customers who experience two or more discrete PSPS events is not a perfect indicator.[12] Given that the method can be refined in the future based on program experience, CESA does not see a need to overly complicate or restrict the eligibility requirements at this time.

Furthermore, a consistent and simple definition for discrete PSPS events will better enable customer identification and participation, which in turn support quicker deployment of storage resiliency projects, as intended in the decision.[13] A developer pursuing potential resiliency customers could simply ask a customer if they experienced two or more PSPS events, based on the PG&E/SCE definition, rather than having to determine whether 72 hours elapsed between shut-off events. While verification will ultimately need to be made with the PA based on utility de-energization report data, customer confirmation using a simpler and accessible definition will better support sales and increase the likelihood and efficiency of successfully identifying eligible customers.

Finally, the Joint PA Advice Letter is lacking a proposed definition for Los Angeles Department of Water and Power ("LADWP") customers, who are also eligible for SGIP Equity Resiliency Budget incentives and resiliency adders. SoCalGas was directed to work with LADWP to identify such PSPS-affected customers and adopt a definition to support these efforts,[14] but no mention was included in the Joint PA Advice Letter. CESA recommends that discrete PSPS event definition proposed by PG&E and SCE be adopted for LADWP customers as well.

**C. The explicit removal of the ITC adjustment for general large-scale storage projects should be made.**

To address a potential barrier to incentive claims by and deployment of general large-scale and Equity large-scale storage projects, the ITC adjustment was removed in the decision for equipment purchased after December 31, 2021.[15] However, the Joint PA Advice Letter does not propose to explicitly remove the ITC adjustment and instead maintains the differential for ITC and non-ITC projects for general large-scale storage projects.[16] For

[12] D.20-01-021 at 41-42.
[13] D.20-01-021 at FOF 36 and 38.
[14] D.20-01-021 at 43.
[15] D.20-01-021 at COL 5 and OP 9.
[16] Joint PA Advice Letter Attachment (Redlined Handbook) at 27 and 67.

example, the Step 5 incentive maintains a $0.25/Wh rate for non-ITC projects and $0.18/Wh for ITC projects. With the ITC dropping to 10% for businesses and utility-scale solar and storage, CESA believes that the decision directed the PAs to remove the difference to the non-ITC rate for equipment purchased after December 31, 2021 in order to address the barrier to deployment for general large-scale storage projects. Especially with the Commission doing little else to spur market participation for general commercial and industrial storage projects, this one adjustment must be made to support an otherwise stalled market segment. As such, CESA recommends that the PAs adjust all general large-scale storage to the non-ITC rate for applicable budget step. If the budget category is in Step 5, for example, incentive rates for both ITC and non-ITC projects should be set at $0.25/Wh. Specific language to this effect should be added and/or the incentive table should be revised accordingly.

### D. Errors in examples for incentive declines based on storage duration should be corrected.

CESA appreciates the PAs implementation of the decision to align with the Commission's intent regarding incentive declines based on storage duration. Following this intent is warranted based on the discussion in the decision. Correcting this error in OP 26 of D.20-01-021 in the advice letter implementation is a reasonable and more efficient procedural path. However, there appears to be a copy-and-paste error in the SGIP Handbook redlines, where the example of two-hour and four-hour systems represent calculations under the previous rules for incentive declines based on storage duration.[17] These calculations should be corrected to apply the new structure for incentive declines based on storage duration to avoid confusion for SGIP Handbook readers and consumers. A two-, four-, and six-hour storage project sample calculation may be helpful to highlight the differences.

## III. CONCLUSION.

CESA appreciates the opportunity to submit this protest to the Joint PA Advice Letter and supports timely implementation and launch of the Equity Resiliency Budget for all eligible customers, including for non-residential customers, by April 1, 2020. CESA looks forward to reviewing the Joint Tier 2 advice letter expected on April 15, 2020 to implement all other D.20-01-021 changes.

[17] Joint PA Advice Letter Attachment (Redlined Handbook) at 55.

Respectfully submitted,

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