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)

REPLY TO RESPONSES ON MOTION OF THE CALIFORNIA ENERGY STORAGE ALLIANCE TO ISSUE A RULING THAT TRANSFERS FUNDS TO THE EQUITY BUDGET

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In accordance with Rule 11.1(f) of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the California Energy Storage Alliance ("CESA") hereby submits this reply to responses on the *Motion of the California Energy Storage Alliance to Issue a Ruling that Transfers Funds to the Equity Budget* ("Motion"). This reply is being timely filed and served as authorized in *Procedural Email Authorizing California Energy Storage Alliance to Reply to Party Responses to Motion* by Administrative Law Judge ("ALJ") Cathleen A. Fogel on June 25, 2020.

I. INTRODUCTION.

On June 9, 2020, CESA filed the Motion requesting the Commission to transfer funds allocated within the Self-Generation Incentive Program ("SGIP") from the Equity Resiliency Budget and from the General Large Scale Storage Budget to the Non-Residential Storage Equity Budget and the Residential Storage Equity Budget. Specifically, CESA requested the following relief from the Commission:

- Transfer $150 million in funds from the Equity Resiliency Budget to the Non-Residential Storage Equity Budget

- Transfer $150 million in funds from the General Large-Scale Storage Budget to the Non-Residential Storage Equity Budget
- Transfer $10 million from the General Large-Scale Storage Budget to the Residential Storage Equity Budget

In the Motion, CESA stated these transfers would enable the Commission to mitigate the oversubscription experienced in the Non-Residential Storage Equity Budget, as well as to fulfill the intended program goals/priorities and policy objectives set forth in SGIP around equitable access, resiliency, and greenhouse gas ("GHG") emissions reduction. Given the urgency to provide resiliency ahead of the 2020 wildfire season and the economic stimulus in the midst of today's economic and public health crisis driven by the COVID-19 pandemic, CESA argued for the merits of making the requested budget transfer to support shovel-ready projects in these unprecedented times. CESA will not repeat those arguments here, but we do emphasize that addressing the current crisis involves getting the available funds, via transfers, working sooner. The customers on the waitlist are economically suffering today, which can be helped by granting the Motion as soon as possible.

Responses to the Motion were submitted by parties on June 24, 2020 where several parties highlighted how the Motion is procedurally improper and the relief requested should instead be submitted in a Petition for Modification ("Petition"). Meanwhile, other parties either proposed alternative budget transfer requests or only partially supported the request, with the request to transfer dollars from the Equity Resiliency Budget to the Equity budget categories argued as either being premature and should be deferred or should be rejected altogether. In this reply, CESA responds to these concerns, which can be summarized as follows:

- A Motion is the appropriate procedural vehicle for the requested relief since no change is asked to be made to D.20-01-021 and based on the Commission's statutory authority.

- The transfer request from the General Large-Scale Storage Budget is generally unopposed while merits still exist for the transfer request in full or in part from the Equity Resiliency Budget.

II. **A MOTION IS THE APPROPRIATE PROCEDURAL VEHICLE FOR THE REQUESTED RELIEF SINCE NO CHANGE IS BEING MADE TO D.20-01-021 AND BASED ON THE COMMISSION'S STATUTORY AUTHORITY.**

Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), and Southern California Gas Company ("SoCalGas") submitted responses to CESA's Motion arguing that the Motion was procedurally deficient since the relief requested relates to a final Decision.[1] CESA disagrees and asserts that these arguments are not accurate and should not be allowed as grounds to deny the Motion.[2] A Motion is the appropriate procedural vehicle in this case because it: (1) does not request a change a final Decision issued by the Commission; and (2) is consistent with Rule 11.1 of the Commission's Rules of Practice and Procedure, is in line with the Commission's discretionary authority over the administration of the SGIP (including its delegated authority granted to the SGIP Program Administrators) and its funds in order to realize the goals of the SGIP.

First, the relief requested in the Motion does not seek to change or modify Decision ("D.") 20-01-021 that allocated different percentages of 2020-2024 ratepayer collections across the SGIP budget categories. At the time of this Reply, the funds in question have not been officially allocated

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[1] PG&E Comments at pp. 1-2 and SCE and SoCalGas Joint Comments at pp. 1-2.

[2] There is no authority for the proposition that the subject of a motion may be not be related to a Final Decision. Moreover, the only timeliness limitation is that a Motion must be made during the pendency of a proceeding. Rule 11.1 provides as follows:

> (a) A motion is a request for the Commission or the Administrative Law Judge to take a specific action related to an open proceeding before the Commission.
>
> (b) A motion may be made at any time during the pendency of a proceeding by any party to the proceeding. A motion may also be made by a person who is not a party if it is accompanied by a motion, pursuant to Rule 1.4, to become a party.

due to the pendency of Energy Division approval of advice letter filings made pursuant to D.20-01-021.[3] Since the funds can be expected to be *allocated*, the Motion instead asks the Commission use its discretionary authority over the SGIP to *transfer* allocated funds to support urgent priorities in the near term.

Importantly, the Commission has the authority to balance and consider several public policy interests when administering the funds allocated for SGIP. In fact, the Public Utilities Code ("PUC") states that "[i]n administering the self-generation incentive program, the [C]ommission may adjust the amount of rebates and evaluate other public policy interests, including, but not limited to, ratepayers, energy efficiency, peak load reduction, load management, and environmental interests." and that the Commission shall "ensure that distributed generation resources are made available in the program for all ratepayers."[4] In making the request in the Motion, CESA is not seeking to change the rules or policies made in previous decisions, including D.20-01-021, but rather that the Commission exercise its authority to address near-term and urgent priorities in an expeditious fashion that still adheres to the intent of D.20-01-021 to prioritize the equity and resiliency goals of the SGIP.

Furthermore, the PUC Code clearly states that the Commission has the authority to "[a]djust the rules of the self-generation incentive program, if necessary, […] to allow for the use of backup power when electricity is shut off due to wildfire risk" and "prioritize funding for additional customers located in high fire threat districts and may continue to prioritize self-generation incentive program funding for customers that operate critical facilities or critical

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[3] *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)* submitted on April 15, 2020.

[4] PUC Code Sections 379.6 (h) and 379.6 (i).

infrastructure serving communities in high fire threat districts in subsequent years."[5] In the Motion, CESA highlighted how many of the waitlisted projects in the Non-Residential Equity Budget category can reasonably be assumed to provide resiliency. Even as the Commission contemplates modifying D.19-09-027 and D.20-01-021 to not require all storage projects with two or more hours duration to provide backup power capabilities,[6] the Commission could consider approving CESA's separately-filed Petition for Modification on June 10, 2020 that sought to adjust the lottery priorities to ensure that any transferred funds support the goals and intent of the Equity Resiliency Budget.[7]

Based on the Commission's statutory authority and priorities and the fact that this Motion does not make requests that would change any Commission decision, CESA believes that the Motion is procedurally adequate and necessary for the Commission to ensure that SGIP supports a wide array of public policy interests as well as the wildfire mitigation objectives in the PUC Code. CESA thus urges the Commission to approve in full, or at least in part, the relief requested in the Motion.

III. THE TRANSFER REQUEST FROM THE GENERAL LARGE-SCALE STORAGE BUDGET IS GENERALLY UNOPPOSED WHILE MERITS CLEARLY EXIST FOR THE TRANSFER REQUEST IN FULL OR IN PART FROM THE EQUITY RESILIENCY BUDGET.

No parties objected to the transfer request from the General Large-Scale Storage Budget to the Equity Budget categories, though the California Solar and Storage Association ("CALSSA") alternatively recommended a lower $100 million amount to balance the market transformation

[5] PUC Code Sections 379.9 (b) and 379.9 (c).

[6] *See*, *Proposed Decision Addressing Petition for Modification of Decision (D.) 19-09-027 and D.20-01-021* issued by Commissioner Rechtschaffen on June 15, 2020 in R.12-11-005

[7] *California Energy Storage Alliance's Petition for Modification of Decisions 20-01-021 and 16-06-055* filed on June 10, 2020 in R.12-11-005 at 7-10.

objective of SGIP.[8] GRID Alternatives and Sunrun were supportive of taking funds from the General Large-Scale Storage Budget to relieve the Equity Budget waitlists,[9] and despite their procedural objections, PG&E also stated that this aspect of CESA's Motion warranted consideration.[10] Given this general alignment on this specific transfer request from the General Large Scale Storage Budget to the Non-Residential Storage Equity Budget, CESA urges the Commission to grant this part of CESA's Motion, with balanced consideration of other program goals and objectives as appropriate.

Several parties, however, objected to CESA's transfer request from the Equity Resiliency Budget to the Non-Residential Equity Budget as either being premature (and thus potentially a decision that can be deferrable upon further information)[11] or as taking priority funds away from the most vulnerable customers when the addressable market is significant and estimated to exceed the Equity Resiliency Budget allocation.[12] CESA understands the concerns expressed by GRID Alternatives and other parties that it may be premature to shift funds away from the Equity Resiliency Budget, with GRID Alternatives presenting an analysis of potential medical baseline customers that could be insufficiently served even with the large allocation of funds in this budget category. In response, CESA does not wish to and is not in a position to argue about the relative merits of different customer types in receiving SGIP incentives, which will play an important role in supporting those customers' resiliency needs. Incentive funds are limited, and many customer types can make a compelling case for why resilient storage systems are needed for health, safety, and critical-service reasons. As detailed in our Motion, many Non-Residential Equity storage

[8] CALSSA comments at pp. 2-3.

[9] GRID Alternatives comments at 2 and Sunrun comments at p. 2.

[10] PG&E comments at p.22.

[11] Sunrun comments at 4.

[12] GRID Alternatives comments at 4 and 7-9.

projects, for example, represent the very types of projects that the Equity Resiliency Budget was intended to address, if not for narrow specifics of the adopted eligibility criteria.

Additionally, CESA disputes arguments that the budget transfer request is intended to broadly benefit businesses or other types of non-residential customers and take away from the Commission's equitable access and resiliency priorities. CESA supports the priority objectives around resiliency and equity and adds that non-residential customers like schools, hospitals, and critical facilities as defined in the program also meet these priority objectives in the Equity Resiliency Budget. Despite GRID Alternatives' recommendations to establish a residential carve-out within the Equity Resiliency Budget,[13] the Commission did not address (but also did not explicitly reject) these recommendations in D.19-09-027 or D.20-01-021 and made these priority funds available for all residential or non-residential customers. Accordingly, the Commission did not make any determination on the relative merits of residential or non-residential customers, or by customer type, so long as customers meet the eligibility criteria and priority objectives as reflected in the Equity Resiliency Budget.

To support the intent of the Equity Resiliency Budget, CESA provided supporting data that Non-Residential Equity storage projects can be reasonably assumed to be designed and intended to provide backup capabilities, where an administratively simple transfer of funds would mostly deliver on these priority objectives. If greater assurances are desired, CESA believes that the Commission can more strategically target or right-size the transfer of funds from the Equity Resiliency Budget, with one such pathway being modifications to the lottery priorities as requested in CESA's separately-filed Petition.

[13] *Comments of GRID Alternatives on Self-Generation Incentive Program Pursuant to Senate Bill 700 and Other Program Changes* filed on January 3, 2020 in R.12-11-005 at pp. 4-6.

IV. CONCLUSION

CESA appreciates the opportunity to submit this Reply to the Responses and respectfully requests that the Commission grant the relief requested in CESA's Motion.

Respectfully submitted,

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CALIFORNIA ENERGY STORAGE ALLIANCE

Date: July 6, 2020.