BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Self-Generation Incentive Program and Related Issues.	Rulemaking 20-05-012 (Filed May 28, 2020)

REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE PROPOSED DECISION ALLOCATING ACCUMULATED FUNDS TO ENERGY STORAGE BUDGETS

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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") hereby submits these reply comments on the *Proposed Decision Allocating Accumulated Funds to Energy Storage Budgets* ("PD"), issued by Commissioner Clifford Rechtschaffen on November 10, 2021.

I. <u>INTRODUCTION</u>.

CESA appreciates the opportunity to provide responses to the comments offered by parties given the importance of this funding allocation in the Self-Generation Incentive Program ("SGIP") to meet grid reliability goals both for Summer 2022 and 2023 as well as longer-term needs beyond the next two years. The handful of commenters raised issues and questions surrounding the availability and allocation of pre-2017 funds noted in the Program Administrators' ("PA") original budgets. In these reply comments, CESA re-emphasizes our original recommendation that pre-2017 funds from cancelled projects or excess Performance Based Incentive ("PBI") funds that can be traced back to particular projects should be returned to the budget category that best aligns with the original project.

II. <u>PRE-2017 FUNDS FROM CANCELLED PROJECTS OR EXCESS PBI FUNDS THAT CAN BE TRACED BACK TO PARTICULAR PROJECTS SHOULD BE RETURNED TO THE BUDGET CATEGORY THAT BEST ALIGNS WITH THE ORIGINAL PROJECT</u>.

The PD highlighted questions regarding funds that had been labeled as "Pre-2017 Reserved and PBI in Process" funds or "Unused Pre-2017 Reserved and PBI in Process" by the PAs, asking about the origin of these funds, their intended usage, and the reasons for why they are not associated with a particular budget category. While all PAs will be required to explain these funds further in Tier 1 Advice Letters, comments by Center for Sustainable Energy ("CSE") and Southern California Gas Company ("SoCalGas") highlighted that PAs may be treating these funds differently. For example, CSE states that their unused Pre-2017 funds "were allocated to Performance Based Incentive (PBI) projects that received incentive reservations but fell short of receiving their full PBI payments due to underperformance."[1] On the other hand, SoCalGas states that all of their Pre-2017 funds, "are all *<u>allocated</u>* funds reserved for active projects that remain within their 5-year performance payment period,"[2] and that any forfeited incentives from project cancellations or PBI underperformance, "are transferred into the new post-2017 database accounting to become available for new project applications."[3] This transfer aligns with SGIP Handbooks since 2012, which have stated that forfeited application fees will allocated back to the SGIP incentive budget(s). Though application fees differ from incentive funds, it is appropriate to apply the same treatment.

CSE states that they have not allocated these forfeited funds to any budget category because there is "a misalignment of budget categories between pre- and post-project year 2017."[4] However,

[1] CSE Comments at 3.

[2] SoCalGas Comments at 4.

[3] SoCalGas Comments at 4.

[4] CSE Comments at 3.

CSE also generally states that "the PAs presently allocate any remaining funds to the current budget category that best aligns with the original project type."[5] It is unclear why CSE has not allocated these funds to any budget category. CSE is correct that Decision ("D.") 16-06-055 made large reforms to SGIP budget categories, separating the previous Advanced Energy Storage ("AES") budget into two separate categories: Large-Scale for systems larger than 10 kW and the Small Residential Storage budget for residential systems less than 10 kW.[6] However, it is fairly straightforward to place a pre-2017 energy storage project in its appropriate category based on project size and customer type – information that can be easily gleaned from submitted project application data. In the same way, any generation technology projects would be automatically allocated back to the Generation Budget.

In conclusion, CESA recommends that "Pre-2017 funds that are determined to be forfeited funds from a particular budget category be returned to that category, per the SGIP Handbook."[7] Given that at least one PA, SoCalGas, has been allocating attrition funds to budgets and making them available, we reiterate our request for all PAs that have not already allocated forfeited funds to allocate them back to the appropriate budget based on the budget that best aligns with the original project.

[5] SoCalGas Comments at 4.

[6] *See* D.16-06-055 Conclusions of Law 23.

[7] CESA Comments at 5.

III. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments on the PD and looks forward to working with the Commission and other stakeholders in this proceeding.

Respectfully submitted,

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