

**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 CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION  
PETITION FOR MODIFICATION OF D.16-06-055**

Donald C. Liddell  
DOUGLASS & LIDDELL  
2928 2nd Avenue  
San Diego, California 92103  
Telephone: (619) 993-9096  
Facsimile: (619) 296-4662  
Email: [liddell@energyattorney.com](mailto:liddell@energyattorney.com)

Counsel for the  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

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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 this response to the *California Solar Energy Industries Association Petition for Modification of D.16-06-055* submitted by the California Solar Energy Industries Association (“CalSEIA”) on November 18, 2016 (“Petition”).

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<sup>1</sup> 8minutenergy Renewables, Adara Power, Advanced Microgrid Solutions, AES Energy Storage, Amber Kinetics, Aquion Energy, Bright Energy Storage Technologies, Brookfield, California Environmental Associates, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, Electric Motor Werks, Inc., ElectrIQ Power, ELSYS Inc., Energy Storage Systems Inc., Enphase Energy, GE Energy Storage, Geli, Gordon & Rees, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, IE Softworks, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, Johnson Controls, K&L Gates, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Mercedes-Benz Research & Development North America, National Grid, Nature & PeopleFirst, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NRG Energy LLC, OutBack Power Technologies, Parker Hannifin Corporation, Powertree Services Inc., Qnovo, Recurrent Energy, RES Americas Inc., Saft America Inc., Samsung SDI, Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Southwest Generation, Sovereign Energy, Stem, SunPower Corporation, Sunrun, Swell Energy, Trina Energy Storage, Tri-Technic, UniEnergy Technologies, Wellhead Electric, 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>).

## **I. INTRODUCTION.**

CESA appreciates the Commission's work to date to reform Self-Generation Incentive Program ("SGIP") to ensure program goals are met, as required by Public Utilities Code Section 379.6(a)(1) as well as Senate Bill (SB)861 and Assembly Bill (AB)1478. In particular, CESA generally supports the incentive level step-down design as being more responsive to the market than previous SGIP program structures.

However, as highlighted in CESA's protest to the October 21, 2016 "Joint Advice Letter" filings by the SGIP Program Administrators ("PAs"), there are still areas of concern in terms of how the incentive step-downs will occur.<sup>2</sup> The Petition presents a viable solution to address CESA's concerns regarding how the Commission must determine how the PAs will resolve accelerated incentive step-down scenarios. In this response, CESA therefore supports the Petition.

## **II. THE COMMISSION SHOULD ACCEPT THE PETITION FOR MODIFICATION FILED BY THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION.**

CESA believes that there may be a potential accelerated incentive step-down scenario where SGIP incentives are subscribed within 10 calendar days for each step, causing \$0.10/Wh incentive level declines along the way. This would lead to a \$0.00/Wh incentive level by Step 5 for large-scale energy storage systems receiving the Investment Tax Credit ("ITC") and \$0.10/Wh incentive by Step 5 for large-scale energy storage without the ITC. CESA does not believe it was the Commission's intent to lock out a whole category of energy storage projects

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<sup>2</sup> *Protest of the California Energy Storage Alliance to Advice Letter 5049 of Southern California Gas Company, Advice Letter 3773-G/4942-E of Pacific Gas and Electric Company, Advice Letter 3491-E of Southern California Edison Company, and Advice Letter 71 of Center for Sustainable Energy*, submitted on November 10, 2016.

from receiving any incentives in such a scenario. Similarly, once the minimum 15% of energy storage funds statewide are met, the Joint Advice Letter allows for any unallocated small residential funds to be transferred into the next large-scale energy storage budget, which could be \$0.00/Wh under this accelerated step-down scenario. Absent modest changes to the incentive schedule for ITC-supported SGIP projects under a fast adoption scenario, CESA believes that the SGIP could result in a program that as a practical matter consists of only four steps for large-scale ITC-supported energy storage projects. While this issue is arguably addressed in D.16-06-055 by giving the PAs discretion to make adjustments to incentive rates during the pause periods between incentive steps, CESA recommends that the Petition be accepted because its explicit incentive rate step-down structure for large-scale ITC-supported energy storage projects would provide greater transparency and certainty for market participants vying for SGIP incentives.

In its Petition, CalSEIA proposes to modify the large-scale ITC-supported energy storage incentive rate to be a fixed share of the incentive rate for large-scale non-ITC-supported energy storage projects across all steps in the program. CalSEIA proposes that this differential be set at 72% to be consistent with the incentive rate differential between large-scale ITC-supported (\$0.36/Wh) and non-ITC-supported energy storage projects (\$0.50/Wh) in the first step. CESA agrees with CalSEIA that this incentive structure also ensures administrative simplicity, while addressing CESA's concerns of unduly limiting large-scale ITC-supported energy storage project access to SGIP incentives in an accelerated step-down scenario. CESA therefore recommends that the Commission accept the Petition.

**III. CONCLUSION.**

CESA appreciates the opportunity to submit this response to the Petition, which represents a viable solution to the incentive rate step-down issues for large-scale ITC-supported energy storage projects.

Respectfully submitted,



Donald C. Liddell  
DOUGLASS & LIDDELL

Counsel for the  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

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