December 12, 2019

Alice Stebbins
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Letter of the California Energy Storage Alliance (CESA) Seeking Timely Implementation of the Equity Resiliency Budget for Non-Residential Customers Participating in the Self-Generation Incentive Program (SGIP), Rulemaking 12-11-005

Dear Executive Director Stebbins:

The California Energy Storage Alliance (CESA) submits this response to the request by the Self-Generation Incentive Program (SGIP) Program Administrators (PAs) for an extension of time to comply with the requirements of Ordering Paragraph (OP) 7 of Decision (D.) 19-09-027, *Decision Establishing a Self-Generation Incentive Program Equity Resiliency Budget, Modifying Existing Equity Budget Incentives, Approving Carry-Over of Accumulated Unspent Funds, and Approving $10 Million to Support the San Joaquin Valley Disadvantaged Community Pilot Projects*, issued on September 8, 2019.

Specifically, in the request submitted via letter on December 5, 2019, the PAs request a submission of two separate advice letters, with the first letter being submitted on December 17, 2019 to focus on covering all the requirements necessary to accelerate the opening of the Equity Resiliency Budget for residential customers and a second letter to be submitted 60 days later on February 18, 2020 to focus on covering all other requirements ordered in D.19-09-027.

While recognizing the earnest efforts of the PAs to implement many recent revisions of SGIP adopted over the past year, this request should be denied or significantly modified. CESA has major concerns with the requested 60-day delay of submission of non-residential implementation details, which would effectively delay the program requirements and the availability of Equity Resiliency Budget incentive funds for non-residential customers. CESA accordingly estimates that the Equity Resiliency budget incentive funds will not be available to eligible non-residential customers by June or July 2020 at earliest, if the letter request is granted as is, which will prevent resiliency-focused energy storage projects from being deployed for the 2020 wildfire season and, given customer acquisition and interconnection timelines, risking deployments for the 2021 wildfire season.

As such, CESA recommends that the Commission affirm OP 3 of D.19-09-027 that the PAs must launch the Equity Resiliency Budget category for all eligible customers, including non-residential customers, by April 1, 2020. Not only would this launch date be compliant with D.19-09-027, but it would ensure non-residential customers have opportunities to address their resiliency needs through SGIP storage. CESA further recommends that the Commission also direct the PAs to include key clarifications and implementation details related to customer eligibility, existing project eligibility, applicability of certain existing program structures, and documentation requirements in their December 17, 2019 Advice Letter rather than delaying these aspects of D.19-09-027 to the February 18, 2020 Supplemental Advice Letter. Alternatively, considering the December 17, 2019 deadline is fast approaching, CESA recommends that our requested clarifications and implementation details be provided in a Supplemental Advice Letter with a much earlier timeline (*e.g.*, first week of January).

I. <u>**Timely implementation and launch of the Equity Resiliency Budget category by April 1, 2020 is needed to support the deployment of non-residential energy storage projects any time within the next two calendar years.**</u>

Delays in the implementation and launch timeline of the Equity Resiliency budget for eligible non-residential customers would risk some portion of energy storage projects from being deployed to support resiliency needs of non-residential customers. Project interconnection and deployment timelines already require very significant lead time. For example, in our review of the SGIP program data, CESA found that currently online energy storage projects claiming Large-Scale Energy Storage Budget funds (which includes non-residential storage projects) took an estimated 404 days to proceed from application submission date to interconnection. However, for energy storage projects seeking to provide resiliency, the interconnection timeline has been estimated to take as long as 18 months given the need to install and integrate specialized equipment (*e.g.*, switchgear, automatic transfer switches) and the lack of pre-approved site designs in the interconnection process. Though these interconnection timelines suggest that it may be challenging for significant deployments of resiliency-focused energy storage projects by the Fall of 2020, the Commission should not prevent the deployment of even some of these projects to be deployed that can be interconnected and installed in time for the next wildfire season.

CESA recognizes the Commission's efforts to support streamlined interconnection for resiliency-focused projects, as evidenced by the Interconnection Discussion Forum (IDF) to be held on December 16, 2019. However, any delay to the Equity Resiliency Budget launch for non-residential projects would jeopardize the ability of some non-residential customers from being able to deploy and install energy storage systems for resiliency purposes by the Fall of 2020 to address resiliency needs. Energy storage developers typically require at least 6-9 months to acquire and contract customers, such that the 60-day delay in the potential launch of the Equity Resiliency Budget for non-residential projects would affect some number of non-residential customers from leveraging energy storage for resiliency. While recognizing the technical interconnection processes that require further work, CESA finds it problematic to add a programmatic delay on top of an already lengthy technical interconnection, which could impact the potential for some storage projects from being deployed to provide resiliency with urgency.

In sum, CESA recommends that the Commission affirm OP 3 of D.19-09-027 that the PAs must launch the Equity Resiliency Budget category for all eligible customers, including non-residential customers, by April 1, 2020, with small residential customers being eligible on a more accelerated timeline. Not only would this launch date be compliant with D.19-09-027, but it would ensure non-residential customers would have an opportunity to address their resiliency needs.[1]

II. Even as the Advice Letter submissions pursuant to D.19-09-027 are bifurcated, the December 17, 2019 Advice Letter should provide more implementation details than what has been proposed by the PAs in their request.

CESA understands that the PAs may not be ready to implement all the requirements ordered in D.19.09-027 in time for the December 17, 2019 Advice Letter, or alternatively through a Supplemental Advice Letter to be submitted on a much earlier timeline than what the PAs have proposed (*e.g.*, first week of January). Based on the greenhouse gas (GHG) emission requirements adopted in D.19-08-001, CESA agrees that the incorporation of these requirements for non-residential projects may require some additional time. Such details could reasonably be included in their proposed February 18, 2020 Supplemental Advice Letter, along with other D.19-09-027 requirements.

However, CESA believes that the scope of implementation details should be expanded to include additional details that would provide key clarifications to support non-residential energy storage developers in engaging customers in the sales and acquisition process without undue delay via the December 17, 2019 Advice Letter, or alternatively through a Supplemental Advice Letter to be submitted on a much earlier timeline than what the PAs have proposed (*e.g.*, first week of January). These details should include all of the following clarifications:

- **Customer eligibility:** Clarifying and supporting the identification of eligible customers by census tract is an important step in supporting non-residential developers in targeting and acquiring customers. There are significant levels of ambiguity at this time in terms of whether specific customers are eligible, leading to the inability of developers to begin the customer acquisition and project development process.

- **Eligibility of projects deployed prior to Equity Resiliency Budget launch:** Given project development timelines, some developers may seek to begin the customer acquisition and project development process ahead of the Equity Resiliency Budget launch. In addition, a number of existing operating SGIP sites could be retrofitted to provide resiliency. Clarifications should be provided to the eligibility and criteria of such projects in claiming Equity Resiliency Budget funds.

[1] CESA recognizes that a Proposed Decision (PD) was issued on December 11, 2019 that made some key revisions to the Equity Resiliency Budget category, but the launch date proposed in the PD only affects an accelerated timeline for small residential energy storage systems.

- **Applicability of existing program structures for the Equity Resiliency Budget:** There are several areas of ambiguity related to whether Equity Resiliency Budget projects would also be subject to differentiation on whether a project claims the investment tax credit (ITC). This creates uncertainty as to the appropriate incentive rate that developers should consider in developing projects.

- **Documentation details for demonstrating eligibility:** Some documentation details should be provided to support developer understanding of the attestations required in D.19-09-027 to demonstrate resilience capabilities, as well as whether a critical facility qualifies as serving greater than 50% of customers in disadvantaged communities.

Each of the above clarifications are needed to ensure not only timely launch of the Equity Resiliency Budget category but also timely deployment of some portion of energy storage projects for resiliency for non-residential customers. While additional details for non-residential customers could be provided in the February 18, 2020 Advice Letter, the items above should be included in the December 17, 2019 Advice Letter to provide important upfront clarifications and implementation details that will support deployment of non-residential storage projects for resiliency. Of the above, CESA views clarifications on customer eligibility to be the most important, though the other items are also important and recommended for inclusion in the December 17, 2019 Advice Letter.

Alternatively, considering the December 17, 2019 deadline is fast approaching, CESA recommends that our requested clarifications and implementation details be provided in a Supplemental Advice Letter with a much earlier timeline (*e.g.*, first week of January). Understandably, there may be other issues that could reasonably be deferred to the proposed February 18, 2020 Supplemental Advice Letter, but in CESA's view, the above items should not require the additional time requested by the PAs in their letter.

III. <u>Despite our concerns, CESA supports the accelerated launch of the Equity Resiliency Budget launch for residential customers.</u>

Despite our recommendations above, CESA supports the PAs request to launch the Equity Resiliency Budget category for residential customers by February 3, 2020. This would support eligible residential customers in expeditiously accessing Equity Resiliency Budget funds and in being able to deploy energy storage systems for resiliency.

Conclusion

CESA appreciates the work of the Commission's staff and the SGIP PAs but requests that the Commission consider our comments and recommendations above in making a determination on the PAs' requested delay.

Sincerely,

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