

Date: 6/1/21

RE: Energy Storage Industry Input on CA Budget

Dear Alice and Governor Newsom's Budget Team:

The California Energy Storage Alliance (CESA)<sup>1</sup> respectfully offers points of input on the CA budget, following the 2021 May Revise. Thank you for your consideration. I of course welcome any chance to discuss further as appropriate. CESA is the voice of grid-connected energy storage in CA, focused on ensuring energy storage solutions are a part of our grid 'tool-kit' to support a more affordable, efficient, reliable, safe, and sustainable electric power system for all Californians.

CESA offers two main points of input following the May Revise Budget.

First, regarding the proposed \$350M in funding for long-duration energy storage, we offer our strong support but also suggestions on how to structure this budget item. Importantly, we support tranches of funding to quickly and effectively build our state capabilities in long-duration energy storage. We also support the goal of this budget item to advance technology diversity and long-duration storage 'readiness' efforts. Further, we recommend the funding focus on large-scale deployments over the next 3-7 years in order to offset the costs of long-duration projects that have not historically been commercially ready. We recommend that the funding be allowed, for eligible projects, to offset costs for storage technology, permitting, interconnection, insurance, operations, construction, and/or financing. This will ensure these projects energize the CA grid at scale and develop our grid 'toolkit' of energy storage in a meaningful way by supporting grid reliability and deeper renewables integration. In line with our understanding of the intent of these monies, eligibility should be defined to select for

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<sup>1</sup> CESA is comprised of approximately 100 energy storage industry members and stakeholders. The views expressed in this letter are those of CESA and do not necessarily reflect the views of all individual CESA members.

Members include: 8minutenergy Renewables, Able Grid Energy Solutions, Aggreko, Amber Kinetics, Ameresco, Antora Energy, Aparrent, Aquifer Based Hydroelectric Systems LLC, Arevon Energy Management by Capital Dynamics, Augwind, Avangrid Renewables, Aypa Power, B2U Storage Solutions, Better Energies, Borrego Solar Systems Inc., Boston Energy Trading & Marketing, Bright Energy Storage Technologies, Broad Reach Power, Buchalter, Carrier, Clean Energy Associates, ConEd Battery Development, Connect California, Customized Energy Solutions, Design Build Labs, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy, East Penn Manufacturing, EDF Renewable Energy, Elsys, Emera, Enel North America, Energport Inc., EnerVenue Inc., Energy Dome, Energy Storage Response Group, Energy Vault, EnerSmart Storage LLC., Engie, ESS Inc., Enlighten Innovations Inc., esVolta, Eurus Energy, Fluence, ForeFront Power, LLC, Form Energy, General Electric, Gridwiz, Hecate Energy, Highview Power, Honda, Hydrostor, Jensen Hughes, Largo Clean Energy, 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, Nuvation Energy, Nuvve, Ormat Nevada Inc., Plus Power, PolyJoule, PXISE, Quidnet Energy, Radiant BMT LLC., Range Energy Storage, RAW Energy, Recurrent Energy, Redflow Limited, Reimagine Power, RWE, Samsung C&T America, Shell New Energies US, LLC, Shoto Energy, Southern Power, Southwest Generation Company, Stem, Stoel Rives, Strata Solar Development, Sumitomo Electric, Sunrun, Sunstreet Energy Group, Swell Energy, Tenaska, Tenaska Power Services Company, Trane, TRC, UL, Vesper Energy, VRB Energy, Wartsila, WattTime, Wellhead Electric and Zitara Technologies companies. (<http://storagealliance.org>).

larger-scale projects and projects with technologies that are demonstration ready, e.g., have been or are ready for demonstration but which have not been commercially available recently. We note that a proxy for this type of ‘technology readiness’ eligibility can be found in the Food Production Investment Program, wherein criteria for eligibility of newer technologies or approaches, e.g. has been demonstrated elsewhere, are in use in CA programs.

CESA, as a technology-neutral energy storage association, also supports efforts to further expand our energy storage toolkit with earlier-stage technology development, such as through the Electric Program Investment Charge (EPIC) program.<sup>2</sup> We do not, however, believe the \$350M should be structured in the same way as EPIC funding, as EPIC is better suited for earlier-stage technology RD&D.

Secondly, we support efforts to accelerate and enable electric transportation and electric vehicle (EV) adoption. To best enable EV adoption, we also recommend energy storage be declared eligible as part of electrical equipment need to support EV charging and EV infrastructure. Specifically, we recommend the following language:

“ELECTRIC MOTOR VEHICLE CHARGING INFRASTRUCTURE MEANS ELECTRIC VEHICLE CHARGING SYSTEMS AND OTHER ELECTRICAL EQUIPMENT INSTALLED ON SITE TO SUPPORT ELECTRIC MOTOR VEHICLE CHARGING INCLUDING BUT NOT LIMITED TO BATTERY ENERGY STORAGE SYSTEMS.”

An identical concept was recently passed in Colorado – see SB 260\_L064. This approach will enable any EV equipment and infrastructure funding support to include related energy storage systems and costs. In turn, the energy storage can help manage loads to not overtax other EV equipment or the grid and can provide more capability to handle charging or support grid needs, including when EVs are not charging or plugged in. It is also timely to install storage when already installing EV equipment (which can include electric worker deployments, panel upgrades, utility studies, etc.).

Thank you very much for your consideration.

Sincerely,



Alex J. Morris  
Executive Director  
CESA

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<sup>2</sup>CESA strongly supports the EPIC program for ongoing useful and successful RD&D efforts and appreciates the California Energy Commission’s management and oversight efforts.