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 ASSIGNED COMMISSIONER'S RULING REQUESTING COMMENT ON HEAT PUMP WATER HEATER CONTRACTOR TRAINING AND WORKFORCE ISSUES AND METHODS TO INCREASE SELF-GENERATION INCENTIVE PROGRAM TECHNOLOGIES' CONTRIBUTIONS TO SUMMER RELIABILITY

Jin Noh
Policy Director

Grace Pratt
Policy Analyst

CALIFORNIA ENERGY STORAGE ALLIANCE
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811
Email: cesa_regulatory@storagealliance.org

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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 *Assigned Commissioner's Ruling Requesting Comment on Heat Pump Water Heater Contractor Training and Workforce Issues and Methods to Increase Self-Generation Incentive Program Technologies' Contributions to Summer Reliability* ("Ruling"), issued by Commissioner Clifford Rechtschaffen on August 3, 2021.

I. INTRODUCTION.

CESA reiterates our appreciation of the Commission's initiative to consider leveraging the Self-Generation Incentive Program ("SGIP") to improve system-wide reliability in Summer 2022. As acknowledged by parties in opening comments, SGIP systems do have the ability to contribute to reducing customer peak demand and can help ensure system reliability. In these reply comments, CESA maintains our focus on maximizing the amount of SGIP projects that can come online for Summer 2022 that can support grid needs through retail rate response or be made

available to commit to dispatch obligations via enrollment in various demand response ("DR") programs. Our response can be summarized as follows:

- The majority of parties agree that higher incentives should not be adopted given limited funds and the need to support a broader pool of energy storage projects.
- Immediate allocation of unused funds in accordance with CESA's proposal will minimally contribute an estimated 2.4 MW to summer emergency reliability needs in 2022.

II. THE MAJORITY OF PARTIES AGREE THAT HIGHER INCENTIVES SHOULD NOT BE ADOPTED GIVEN LIMITED FUNDS AND THE NEED TO SUPPORT A BROADER POOL OF ENERGY STORAGE PROJECTS.

CESA agrees with many parties' comments that including a higher reliability incentive in exchange for enrollment in a DR program should not be adopted for a variety of reasons. Many parties, including the California Solar and Storage Association ("CALSSA"), Center for Sustainable Energy ("CSE"), Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), and Tesla, raised the concern that current SGIP funds are limited; therefore, any higher incentives would not support many projects and would instead reduce the number of projects that can be supported by SGIP. As summarized by PG&E, "higher incentives would necessarily mean that fewer projects would get installed, and they could result in [incentive] demand outstripping supply."[1] SGIP has already seen demand for higher SGIP incentives outstrip supply in the Equity Budgets ("EB") and Equity Resiliency Budget ("ERB"), that now have extensive waitlists for most Program Administrators ("PAs").[2] SCE further commented that "it is axiomatic that increased budgets would allow for some of these projects to proceed."[3] CESA

[1] PG&E comments at 10.

[2] All PAs have waitlists for their Non-Residential EB categories. Every PA except Southern California Gas Company ("SoCalGas") has a waitlist for the ERB category. PG&E and Center for Sustainable Energy ("CSE") have waitlists for the Residential EB category.

[3] SCE comments at 17.

additionally provided data in our comments showing how a $0.15/Wh Reliability Incentive could support up to 125 fewer projects in the Large-Scale Storage Budget.[4] Given this limited funding, the Commission should instead focus on deploying as many projects as possible using the available remaining funds.

Additionally, Southern California Gas Company ("SoCalGas") and San Diego Gas and Electric Company ("SDG&E") raise questions surrounding whether higher incentives will truly encourage additional participation in SGIP, or whether customers will be discouraged from participating due to DR enrollment requirements.[5] SDG&E cites how it has received feedback that mandatory participation in a DR program has discouraged some customers from participating in its Technology Incentives Program for commercial customers.[6] Public Advocates Office ("Cal Advocates") and SoCalGas also raise valid concerns similar to CESA surrounding needs for clarification surrounding how incremental reliability benefits will be compensated via a higher incentive payments and how "double counting" or providing multiple payments from ratepayers for the same service will be prevented.[7] SCE claims that, since their proposal is for a fixed stipend for projects that come online before Summer 2022, they are not offering a "higher reliability incentive" that would create an "inequality in incentives for customers of SGIP and other DR program customers."[8] However, SCE states that any customer receiving this stipend "should also be required to enroll in a DR program,"[9] which obscures the line between this stipend as a payment to accelerate projects or for enrollment in a DR program.

[4] CESA comments at 5.
[5] SoCalGas comments at 6 and SDG&E comments at 8.
[6] SDG&E comments at 9.
[7] Cal Advocates comments at 8 and SoCalGas comments at 6
[8] SCE comments at 20.
[9] SCE comments at 18.

Concerns raised by parties are valid and should lead to the Commission's conclusion that higher incentive rates for reliability or DR services should not be pursued. Given that there are only ten months until June 2022 when extreme weather and drought conditions began to have a major impact at the same time this year, the processes to create and implement these new incentives and requirements may be too long to allow for many projects to come online before Summer 2022. Importantly, the delineation between SGIP as a technology incentive program and other grid-service programs should be maintained.

At the same time, CESA continues to support and advocate for customers participating in the Emergency Load Reduction Program ("ELRP") and other DR programs, and we agree that SGIP can be leveraged to promote these programs. In our comments, CESA explained how SGIP projects are already eligible to participate in DR programs and that participation should be encouraged among existing and future SGIP customers.[10] CESA is also interested in exploring ideas such as those mentioned by CSE to have PAs share program enrollment data with load-serving entities ("LSEs") to identify customers that might be eligible for other DR programs.[11] In fact, maximizing the number of deployed and installed SGIP projects will increase the pool of potential customers eligible for these DR programs.

III. IMMEDIATE ALLOCATION OF UNUSED FUNDS IN ACCORDANCE WITH CESA'S PROPOSAL WILL MINIMALLY CONTRIBUTE AN ESTIMATED 2.4 MW TO SUMMER EMERGENCY RELIABILITY NEEDS IN 2022.

Many parties agree that adding incremental funds to the SGIP program would increase the number of projects that can be deployed to contribute to summer reliability needs. CESA recommends that the Commission explore whether additional funding can be authorized to be

[10] CESA comments at 3.

[11] CSE comments at 5.

collected for the program outside of the Legislative process. In the meantime, there is an immediate opportunity for the Commission to add funds to the program by allocating roughly $66 million in unspent and unallocated funds. Currently, these funds are set to be allocated in a Commission decision to be released in December 2021 or January 2022.[12]

However, waiting until January 2022 for a Final Decision will only leave at most five months for funds to be allocated and projects to be interconnected and built before June 2022. While many smaller systems will still be able to come online in that time, five months will be an infeasible timeline to claim funds and build many projects, including many larger and non-residential projects, given that the average time between the Reservation Request Form ("RRF") stage and interconnection date – the date the project was approved for interconnection to the electric utility grid – for Large-Scale Storage Budget projects is 241 days, or roughly 8 months.[13]

To illustrate, if a Final Decision is given in January 2022, and we assume that PAs will spend one month allocating funds before opening or processing additional applications, then CESA estimates that almost 19 MW of installed storage capacity could be deployed before June 2022.[14] However, if the Commission instead issued a Final Decision in October 2021, and PAs had allocated funds by November 2021, then a total of over 31 MW of projects could be deployed by

[12] *See* "Email Ruling Updating Procedural Schedule" issued on August 4, 2021.

[13] Average timelines calculated using the number of days between the RRF Submitted date and the Interconnection Date for projects in the Large-Scale Storage budget since 2019. Data from Real Time Report accessed on August 25, 2021.

CESA focuses on project timelines for the General Market storage projects since they represent more "typical" projects that could support immediate deployment, whereas projects aiming to provide resiliency may have additional factors contributing to their timeline, such as demonstrating islanding capability and interconnecting as such.

[14] Calculations explained in footnote 14.

June 2022, an additional 12 MW of projects compared to a scenario where the Commission issues a Final Decision in January 2022.[15]

Table 1: Potential kW to be deployed each month after the allocation of $66M in additional funds[16]

	Estimated Additional kW Installed per Month					
Number of Months after Funds are released	**Large Scale Storage Budget**	**Small Residential Budget**	**ERB**	**Residential EB**	**Non-Residential EB**	**Total**
1	1,036	2,394	60	291	93	3,874
2	984	2,389	142	290	148	3,953
3	1,222	2,572	295	360	174	4,623
4	2,758	2,525	374	391	423	6,471
Cumulative Total kW deployed if Final Decision by January 2022						**18,921**
5	1,115	2,046	488	359	163	4,171
6	840	1,640	475	339	48	3,342
7	2,567	1,220	410	291	362	4,849
Cumulative Total kW deployed if Final Decision by October 2022						**31,283**

Storage deployment in itself via SGIP incentives will support capacity needs in its load response to time-of-use ("TOU") rates and the greenhouse gas ("GHG") signal, which are generally aligned with grid needs. In the 2018 SGIP Evaluation, Itron observed that residential systems and non-residential systems operating with a Performance Based Incentive ("PBI") had a net discharge of roughly 20% during the highest load hour in 2018, and a 10% net discharge during

[15] Calculations explained in footnote 14.

[16] Calculations are based assuming funds are distributed along CESA's recommendations given in comments: 20% for ERB, 20% for Non-Residential EB, 15% for Residential EB, 15% for Small Residential Storage, and 30% for Large-Scale Storage. To calculate deployment potential, incentives were calculated at Step 4 for Large-Scale Storage ($0.20/Wh), Step 6 for Small Residential Storage ($0.30/Wh), and the flat incentive levels for ERB ($1.00/Wh), and Non-Residential and Residential EB ($0.85/Wh).

Deployment potential was calculated based on the average kW and kWh capacity of projects in each budget category since 2019. Timelines for deployment calculated using the number of days between the RRF Submitted Date and the Interconnection Date for projects since 2019. Distributions of deployment by month were calculated for each budget category and applied to the additional kW deployment potential for each budget category to estimate kW deployed per month in each budget category.

All project data is from the SGIP Public Real-Time Report accessed on August 25, 2021.

the highest 50 load hours across the year.[17] If moving the allocation of funds leads to an additional 12 MW of deployment, then the Commission can expect these systems to contribute at least an additional 2.4 MW of load reduction during the highest load hours of the year, and an additional 1.2 MW of load reduction during the highest 50 load hours.[18] Given this larger pool of SGIP projects, more of this installed capacity can enroll in DR programs to align SGIP systems to specific dispatch commitments and be reflected in advanced planning efforts if SGIP projects are enrolled in capacity-based programs such as the Demand Response Auction Mechanism ("DRAM"), Base Interruptible Program ("BIP"), or Capacity Bidding Program ("CBP"). With incremental load reductions from exports allowed and compensated in the ELRP and R.20-11-003 actively contemplating a higher energy payment of $2/kWh, the actual amount of MW and MWh delivered could be higher.

In sum, as shown above, even SGIP projects not participating in a DR program can contribute meaningfully to grid reliability by virtue of responding to grid-aligned TOU retail rates. Therefore, CESA urges the Commission to release these additional funds as soon as possible, ideally in accordance with CESA's recommendations, to maximize SGIP's potential to aid the electricity grid next summer.

IV. CONCLUSION.

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

[17] Itron (2020), "2018 SGIP Advanced Energy Storage Impact Evaluation" at 4-40 and 4-46.

[18] These estimates may be higher especially as 33% of the residential projects in the Itron evaluation were not on TOU rates, which would incentivize load reductions in the critically needed 4-9pm period.

Respectfully submitted,

Jin Noh
Policy Director
CALIFORNIA ENERGY STORAGE ALLIANCE

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