

January 27, 2022

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**Re: Comments of the California Energy Storage Alliance on Draft Resolution E-5182.**

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Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance (“CESA”) hereby submits these Comments to the above-referenced Draft Resolution, *Resolution E-5182 Approves with modifications the Self-Generation Incentive Program (SGIP) Jointly Filed Advice Letter Seeking Approval of Modifications to Program Handbook Regarding Eligibility for California Manufacturer Adder*. CESA is timely submitting these comments on January 27, 2022.

## **I. INTRODUCTION.**

The Self-Generation Incentive Program (“SGIP”) is designed to provide incentives for energy storage projects with the goals of reducing greenhouse gas (“GHG”) emissions and criteria air pollution, providing grid support including reducing and/or shifting peak demand, and transforming the market for eligible distributed energy resources (“DER”).<sup>1</sup> However, while not an explicit SGIP goal, there has been a recognition that the program can help support the California DER manufacturing industry and the in-state jobs that are created by this industry. Therefore, the California Manufacturer Adder (“CMA”) has long been a part of the SGIP program, providing economic value via additional incentives for equipment that is manufactured in-state.

## **II. DISCUSSION.**

With the issuance of D.19-02-006, CESA was excited to see the Commission expand eligibility for the CMA. The decision not only expanded CMA eligibility to projects with multiple California manufacturers providing more than 50% of the equipment value, but also defined “Energy Storage Medium” as more than just battery cells, instead also including “the wiring,

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<sup>1</sup> See D.16-06-055.

racks, and other equipment that together form an operable battery unit.”<sup>2</sup> As clearly stated in the Decision, the intention of this definition was to expand eligibility for the CMA to complete energy storage systems that are manufactured in CA, even if the battery cell itself is manufactured out of state.<sup>3</sup>

However, the Joint Program Administrator’s (“PA”) Advice Letter (“AL”) did not recognize this by requiring that, to be deemed manufactured in CA, the imported battery cell cannot exceed 50% of the value of the energy storage medium. However, in CESA’s view, this did not align with the intention of D.19-02-006 nor did it align with the methodology used to determine whether other equipment (inverter, balance of systems, generation equipment) was manufactured in state, affecting overall CMA eligibility. Also, as raised by the Center for Sustainable Energy (“CSE”), if requiring an imported battery cell to be less than 50% of the value of a California manufactured storage system makes all California energy storage manufacturers ineligible for the CMA, then there will essentially be no CMA for energy storage systems.<sup>4</sup>

Therefore, CESA supports the Draft Resolution to determine CMA eligibility based on “equipment manufactured in California via assembly and other manufacturing processes that may or may not use imported parts.”<sup>5</sup> CESA also agrees with the determination that California manufacturing processes should be “substantial” and that the list provided by Romeo Power includes good examples of substantial manufacturing and assembly processes that are essential to the functioning of an energy storage system and provide jobs in California. Altogether, these changes will play an important role in facilitating greater economic development value from transforming and growing the energy storage market in California.

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<sup>2</sup> D.19-02-006 Conclusion of Law (“COL”) 4.

<sup>3</sup> D.19-02-006 COL 5.

<sup>4</sup> CSE Reply at 4.

<sup>5</sup> Draft Resolution at 12.

January 27, 2022  
Page 3 of 3

**III. CONCLUSION.**

CESA appreciates the opportunity to submit these Comments on the Draft Resolution and looks forward to collaborating with the Commission and the PAs to better enable participation in SGIP.

Respectfully submitted,



Jin Noh  
Policy Director  
**California Energy Storage Alliance**

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