CALIFORNIA ENERGY STORAGE ALLIANCE

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Re: Response of the California Energy Storage Alliance to Advice Letter 4118-E of Southern California Edison Company (U 338-E), Advice Letter 4186-G/5701-E of Pacific Gas and Electric Company (U 39-M), Advice Letter 5551-G of Southern California Gas Company (U 904-G), and Advice Letter 104 of Center for Sustainable Energy

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance ("CESA")[1] hereby submits this response to the above-referenced Advice Letter 4118-E of Southern California Edison Company (U 338-E), Advice Letter 4186-G/5701-E of Pacific Gas and Electric Company (U 39-M), Advice Letter 5551-G of Southern California Gas Company (U 904-G), and Advice Letter 104 of Center for Sustainable Energy, *Revisions and Updates to the Self-Generation Incentive Program Handbook Incorporating Program Changes Related to Greenhouse Gas Emissions Reduction Requirements pursuant to Decision 19-08-001* ("Joint PA Advice Letter"), submitted on November 27, 2019.

[1] 174 Power Global, 8minutenergy Solar Energy, Able Grid Energy Solutions, Advanced Microgrid Solutions, Aggreko, Alligent Scientific, AltaGas Services, Amber Kinetics, Ameresco, Aparrent, Avangrid Renewables, Axiom Exergy, Better Energies, Boston Energy Trading & Marketing, Brenmiller Energy, Bright Energy Storage Technologies, Brookfield Renewables, Carbon Solutions Group, Clean Energy Associates, ConEd Battery Development, Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, E.ON Climate & Renewables, Eagle Crest Energy, East Penn Manufacturing, EDF Renewable Energy, Enel X, Energport Inc., Energy Vault, Engie, esVolta, Fluence, Form Energy, General Electric, Greensmith Energy, Gridwiz, Hecate Energy, Highview Power, Honda, Hydrostor, Jensen Hughes, Lendlease Energy Development, LG Chem Power, Li-Ion Tamer, Lockheed Martin AES, LS Energy Solutions, LS Power Development, Magnum CAES, Malta, Munich Re, NantEnergy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Nuvve, Ormat, Pattern Development, Pintail Power, Plus Power, PolyJoule, Primus Power Corporation, PxiSE, Quidnet Energy, Range Energy Storage, Recurrent Energy, Reimagine Power, RES Americas Inc., Shifted Energy, SNC-Lavalin, Soltage, Southwest Generation Company, Stem, STOREME Inc., Sumitomo Electric, Sunrun, Swell Energy, Tenaska, Tesla, Trane, True North Venture Partners, UL, VRB Energy, WattTime, and Wellhead Electric. 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. BACKGROUND & INTRODUCTION.

The Self-Generation Incentive Program (SGIP) proceeding (R.12-11-005) adopted new greenhouse gas (GHG) emissions requirements with the issuance of Decision (D.) 19-08-001 that strives to better align SGIP-funded energy storage systems with the GHG goals of the program. These requirements and compliance pathways were differentiated based on whether energy storage systems were defined as "new" or "legacy" projects and whether they were deployed for residential or non-residential customer sites. The Program Administrators (PAs) submitted the Joint PA Advice Letter on November 27, 2019 that seeks to implement and provide additional details regarding the new requirements adopted in D.19-08-001.

In reviewing the Joint PA Advice Letter, CESA finds many of the implementation details as reflected in the SGIP Handbook are compliant with D.19-08-001, considering many of the revisions transpose specific guidelines, requirements, and language from the decision. However, in the below response, CESA identifies certain areas that require additional clarification to support SGIP applicants and developers in navigating and understanding the GHG requirements of the program. With these added clarifications, CESA supports the expeditious approval of the GHG requirements to provide program certainty to applicants and developers and to support the implementation of other major revisions of the program (*e.g.*, Equity Resiliency Budget implementation). In particular, as noted in the Joint PA Advice Letter, CESA seeks on-time availability of the interim and final GHG signal to support developer familiarity with the new GHG compliance signal.

II. DISCUSSION.

A. The PAs should provide explicit clarifications on eligible "economic demand response programs" in the SGIP Handbook for legacy commercial projects choosing the Option 2 compliance pathway.

The Joint PA Advice Letter is aligned with D.19-08-001 in adopting Option 2, Storage Rate and Demand Response Pathway for legacy commercial projects, which among other things, implements an option to substitute the roundtrip efficiency (RTE) requirement with enrollment in an approved energy storage rate or economic demand response (DR) program. However, similar to how the SGIP Handbook outlines specific eligible storage-specific or time-of-use (TOU) rates, clarifications should be provided on the specific programs that would meet the requirements of a qualifying economic DR programs for legacy commercial project developers. The Demand Response Auction Mechanism (DRAM) and other programs and mechanisms integrated in the California Independent System Operator (CAISO) market, for example, were listed as examples of qualifying programs,[2] but developers would benefit from having a comprehensive list of economic DR programs that would qualify.

Specifically, CESA notes that Critical Peak Pricing ("CPP") and Real-Time Pricing ("RTP") tariffs could also be considered "economic" DR programs that are informed by CAISO wholesale market prices through the use of economic price triggers. Similar to how storage rates are considered as eligible for Option 2, economic DR *tariffs* should also be considered eligible, not just economic DR *programs*. Not only should such tariffs be eligible, but they should also be explicitly listed out in the SGIP Handbook as eligible economic DR programs for legacy commercial projects seeking to leverage Option 2. Such explicit listing of eligible economic DR programs would also provide additional certainty for legacy commercial developers.

B. The PAs should identify the eligible rates for new residential projects deployed at eligible municipal customer sites.

The Joint PA Advice Letter requires that documentation must be provided for residential developers of new non-IOU customer systems on the project's system, rates, and charge and discharge patterns upon request.[3] For such customers, rather than putting the burden of proof on the developer to the eligibility of their subscribed rate structure, CESA instead recommends that the PAs provide an explicit list of eligible rates that meet the requirements of D.19-08-001.[4] In conducting the upfront due diligence on eligible non-IOU rates, it reduces the administrative burden of developers in submitting a rate for an SGIP application that ultimately does not meet eligibility requirements and of PAs in assessing the eligibility of the application, which could lead to additional back and forth on whether an application is deemed complete.

C. The PAs should clarify the GHG requirements of multi-family projects and subject them to the GHG requirements for new commercial projects.

The Joint PA Advice Letter does not discuss the applicability of the various GHG requirements for multi-family projects, which are residential projects but represent unique circumstances that would suggest that a different structure would be more appropriate. Importantly, D.19-08-001 requires new residential projects to be enrolled in an SGIP-approved rate that includes a time-varying or electric vehicle (EV) rate with a differential between peak and off-peak or super-off-peak of 1.69, as well as a peak period starting after 4pm. However, for multi-family projects, it may present challenges for *all* customers

[2] Joint PA Advice Letter Appendix A at 48 and D.19-08-001 Conclusion of Law 39 and Attachment A.
[3] Joint PA Advice Letter Appendix A at 61 and 107.
[4] D.19-08-001 Conclusions of Law 23 and 25 and Attachment A.

(tenants) to be placed on TOU rates given the administrative and full customer buy-in challenge. Rather, CESA recommends that the Commission and the PAs have multi-family projects be required to follow the GHG requirements for new commercial projects.

D. The PAs should clarify the required documentation for verifying solar-only charging and solar self-consumption manufacturer-certified settings.

The Joint PA Advice Letter does not provide details on the documentation requirements for the upfront technical settings or configurations for new residential projects, which requires clarification for SGIP applicants and developers. Specifically, it is unclear if the documentation must be provided at the Reservation Request Form stage of the SGIP application process, whereby documentation should be clearly outlined in the SGIP Handbook, or at the Incentive Claim Form stage of the SGIP application process, whereby CESA imagines that the documentation will be provided as part of submitting a completed interconnection agreement that verifies such settings. In either case, the SGIP application process and documentation requirements should be specified in the SGIP Handbook for the purposes of this requirement.

E. The PAs should offer a potential cure or grace process for the biannual data submission requirement for residential storage developers flagged for additional monitoring.

The Joint PA Advice Letter uses the decision language to suspend any new residential developer for one year that has been verified as having increased GHG emissions and for failing to submit data for less than 90% of the meters of the meters of the developer's fleet.[5] CESA does not disagree with the implementation of this detail from D.19-08-001 but requests that a cure process be established to allow residential developers to submit a more complete dataset and/or to offer grace to residential storage developers that had "extenuating circumstances" outside of their control, leading them to fail to meet this requirement. Similar to the "exceptional circumstances" provision in place for new non-residential projects that would otherwise lead to performance-based incentive (PBI) payment deductions,[6] a process for developers to work with the PAs and justify their exceptional circumstances is reasonable.

[5] Joint Advice Letter Attachment A at 107.
[6] Joint Advice Letter Attachment A at 50.

F. The lack of proposed methodology or modifications for the GHG requirements for large thermal energy storage systems is not compliant with D.19-08-001 and should be addressed in a Supplemental Advice Letter.

The Joint PA Advice Letter does not propose specific modifications to the definitions and other GHG requirements to accommodate large thermal energy storage (LTES) participation in the program. No explanation was provided for why this matter was unaddressed even though D.19-08-001 directed the PAs to propose modifications to the definitions and other GHG requirements as applicable to LTES. At the September 13, 2019 TES-focused workshop, CESA member, Trane, along with University of California, Davis' Western Cooling Efficiency Center (WCEC), presented on a potential dynamic performance-based methodology for calculating the costs and benefits of LTES systems that would also align with the 5-minute GHG signal to be used for program compliance. Yet, without any justification provided, this matter remains unaddressed.

Otherwise, without a proposed methodology or modifications for LTES to accurately meet GHG requirements, SGIP would discriminate against LTES projects in participating in the program in a timely manner, including for LTES projects seeking to access Equity Resiliency funds for customers in need of resiliency solutions. The LTES industry have been seeking a dynamic approach for more than two years, with the PAs having yet to act upon and implement a Program Modification Request (PMR) submitted by Trane back in February 2018.

CESA thus recommends that the Commission direct the PAs to address this matter expeditiously in a Supplemental Advice Letter, unless substantiated, without delay to other aspects of the GHG requirement implementation, as detailed in the Joint PA Advice Letter.

III. CONCLUSION.

CESA appreciates the opportunity to submit this response to the Joint PA Advice Letter and supports timely implementation of the GHG requirements but strongly urges the Commission and the PAs to act on establishing a proposed methodology for LTES to meet GHG requirements.

Respectfully submitted,

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