

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for the California Solar
Initiative, the Self-Generation Incentive Program And
Other Distributed Generation Issues.

Rulemaking 12-11-005
(Filed November 8, 2012)

**RESPONSE OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
TO PETITION OF THE CENTER FOR SUSTAINABLE ENERGY, PACIFIC GAS AND
ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND
SOUTHERN CALIFORNIA GAS COMPANY FOR MODIFICATION OF DECISION
D.11-09-015 TO PROVIDE A MAXIMUM OF THREE EXTENSIONS OF THE
RESERVATION EXPIRATION DATE FOR COMMERCIAL AND GOVERNMENT
PROJECTS PARTICIPATING IN THE SELF-GENERATION INCENTIVE PROGRAM**

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Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) The California Energy Storage Alliance (“CESA”)¹ hereby submits this Response to the *Petition of The Center for Sustainable Energy, Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas*

¹ 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Alton Energy, American Vanadium, Amperex Technology Limited, Aquion Energy, ARES North America, Beacon Power, LLC, Bosch, Bright Energy Storage Technologies, Brookfield, CALMAC, Chargepoint, Clean Energy Systems, Coda Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, DN Tanks, Duke Energy, Eagle Crest Energy Company, EaglePicher Technologies, LLC, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, Energy Storage Systems, Inc., Enersys, EnerVault Corporation, EV Grid, FAFCO Thermal Storage Systems, FIAMM Energy Storage Solutions, Flextronics, Foresight Renewable Solutions, GE Energy Storage, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Halotechnics, Hitachi Chemical Co., Hydrogenics, Ice Energy, Imergy Power Systems, ImMODO Energy Services Corporation, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, K&L Gates, KYOCERA Solar, Inc., LG Chem, LightSail Energy, LS Power Development, LLC, Mitsubishi International Corporation, NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OCI, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, PDE Total Energy Solutions, Powertree Services Inc., Primus Power Corporation, Recurrent Energy, Renewable Energy Systems Americas Inc., Rosendin Electric, S&C Electric Company, Saft America Inc., Samsung, SEEO, Sharp Electronics Corporation, SolarCity, Sony Corporation of America, Sovereign Energy, STEM, Stoel Rives LLP, SunEdison, SunPower, TAS Energy, Toshiba International Corporation, Trimark Associates, Inc., Tri-Technic, UniEnergy Technologies, LLC, Wellhead Electric. The views expressed in this response are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. See, <http://storagealliance.org>.

Company for Modification of Decision D.11-09-015 to Provide a Maximum of Three Extensions of the Reservation Expiration Date for Commercial and Government Projects Participating in the Self-Generation Incentive Program, filed November 13, 2014 (“Petition”).

I. INTRODUCTION.

CESA urges the Commission to promptly grant the Petition to allow for the possibility of three, instead of two, project schedule deadline extensions due to uncontrollable project delay as determined on a case-by-case basis by the Self-Generation Incentive Program (“SGIP”) Program Administrators (“PAs”).²CESA also recommends broadening applicability of the Petition’s rationale for discretionary schedule deadline extensions under exceptional circumstances to *all* participants in the Self-Generation Incentive Program (“SGIP”), rather than limit the benefit of the requested modification to the SGIP to only commercial and government-sponsored projects. CESA advocates for evenhanded administration of the SGIP across all categories of SGIP-eligible technologies and types of project sponsors participating in the SGIP that have been or will be issued reservations of funds in the future for their projects.

Equally important, CESA advocates for fairness in treatment of SGIP-eligible applicants who wish to participate in the SGIP but have yet to be issued reservations of funds by the PAs. The Commission should take advantage of the opportunity presented by the Petition to formulate clear administrative guidelines that are as well defined as possible for the PAs to grant extensions of time for completion of projects that have been delayed by circumstances beyond their control. At the same time, the PAs should be encouraged by the Commission to clear the

² The Commission delegated its authority for administration of the SGIP to the PAs, acting as an “SGIP Working Group” in D.01-03-073, issued March 27, 2001, subject to general policy guidance provided by the Commission upon petition by the Working Group from time-to-time as required to further the goals of the SGIP over the life of the SGIP.

SGIP of unproductive projects that by extended inaction of their sponsors do nothing more than deny access to other applicants for SGIP funds that are ready, willing, and able to comply with all requirements of the SGIP.

II. THE COMMISSION SHOULD GRANT THE PETITION AS PROMPTLY AS POSSIBLE BECAUSE THE SELF-GENERATION INCENTIVE PROGRAM IS A KEYSTONE OF CALIFORNIA’S POLICY TO ACCELERATE DEPLOYMENT OF DISTRIBUTED ENERGY RESOURCES.

The Commission should support the unanimous judgment of the PAs described in the Petition that, “the maximum of two six-month extensions of the “Reservation Expiration Date” permitted under Section 2.6.3 of the 2014 SGIP Handbook may not be sufficient for certain host customers participating in the SGIP when unexpected delays outside of the host customer’s control occur.”³

The Commission should apply the modification requested in the Petition to all SGIP projects in addition to projects currently holding an existing reservation of funds as of the filing date of the Petition, including projects that have already received a second six-month extension of the Reservation Expiration Date.⁴ The requested modification should specifically apply, on a case-by-case basis, to any projects that have received, or will receive a second six-month extension of the Reservation Expiration Date in their reservation of funds and may be at risk of expiring through no fault of their sponsors before the Commission addresses the Petition.⁵

³ *Petition*, p. 5.

⁴ 2014 SGIP Handbook, Section 2.6.3.

⁵ *See, Motion Of The California Energy Storage Alliance For Expedited Consideration Of Petition For Modification of D-11-09-015*, filed December 2, 2014. In addition, the PAs should be authorized to allow projects granted an extension a period of 20 days after Commission approval of the Petition to allow a reasonable time for affected project sponsors to submit a third extension request to the PAs for review and consideration.

Loss of projects under active development that are at risk of loss of their reservation of funds due to circumstances beyond the control of their sponsors, such as unduly protracted interconnection review processes, would surely have a very negative effect on the sponsors, but it would also affect public and energy industry perceptions of administration of the SGIP as an effective incentive for accelerating deployment of distributed generation and advanced energy storage resources. Whether justified or not, SGIP stakeholders would certainly react very negatively if the SGIP cannot be prudently managed by the Commission, working with the PAs, to avert such an avoidable outcome. Loss of public and energy industry confidence in the effective administration of the SGIP at this critical point in the life of the SGIP could well have a serious negative impact on the ability of California to meet its clearly articulated policy goals of supporting and encouraging deployment of all distributed energy resources, including distributed generation and advanced energy storage.⁶

III. THE COMMISSION SHOULD BROADEN APPLICABILITY OF THE RATIONALE FOR APPROVING THE PETITION TO ALL PARTICIPANTS IN THE SELF-GENERATION INCENTIVE PROGRAM.

There is no rational basis to discriminate against residential applicants for funding under the SGIP under existing law or Commission policy and the Petition does not attempt the task. Instead, the Petition simply states as follows:

⁶ For example, in *Decision Approving San Diego Gas & Electric Company, Pacific Gas And Electric Company, and Southern California Edison Company's Storage Procurement Framework and Program Applications for the 2014 Biennial Procurement Period*, D.14-10-045, issued October 16, 2014, the Commission concluded: "Based on continuation of SGIP and PLS programs, additional strategies to promote customer-sited storage do not need to be pursued at this time. (Conclusion of Law No. 39, p. 103).

“[To] enable viable SGIP projects to reach completion and thereby achieve the SGIP’s Statement of Purpose of greater greenhouse gas (GHG) emissions reductions within California’s electricity sector, the SGIP PAs respectfully request the following modification to D.11-09-015: Attachment A, page 5: “Extensions: Commercial and government host customers’ projects shall be limited to a maximum of three six-month extensions of the Reservation Expiration Date. All residential projects shall be limited to two six-month extensions of the Reservation Expiration Date. Any requests for second and third extensions shall require SGIP Working Group approval.”⁷

Without some reasonable explanation for such clear discrimination, the Commission should disregard this aspect of the Petition, and extend the rationale for granting the Petition to all classes of eligible prospective project sponsors.

IV. THE COMMISSION SHOULD DIRECT THE ENERGY DIVISION STAFF TO PROVIDE WRITTEN GUIDANCE TO THE PROGRAM ADMINISTRATORS ENABLING THEM TO ACT PROMPTLY ON REQUESTS FOR EXTENSION OF TIME TO COMPLETE PROJECTS THAT HAVE BEEN GRANTED RESERVATIONS OF FUNDS.

In D.11-09-015, the Commission required that all SGIP projects should be limited to a maximum of two extensions of six months each, after which their reservation of funds would expire automatically. At that time, the Commission determined how the PAs should handle requests for extensions, by requiring that extensions be limited in duration, granted only for special circumstances, and not be granted to projects that have not made satisfactory progress toward completion in compliance with established milestones and requirements. The Commission stated, “the second extension should not be automatic. [Rather,] the request for a second extension should be made to the SGIP Working Group [, who] should consider whether

⁷ *Petition*, p. 6.

progress has been made that suggests an ability to meet an extended deadline before granting a second extension.”⁸

A. Projects That Have Been Delayed Due to Inability to Interconnect With the Grid should be Entitled to a Rebuttable Presumption of Eligibility for a Third Schedule Extension.

CESA observes that many projects for Advanced Energy Storage (“AES”) have faced particularly extended interconnection application periods due to the novelty of the issues raised by AES and the need for the utilities to fully understand the impacts and ramifications of bi-directional energy devices being grid-attached.⁹ These issues have taken time to understand, and the project sponsors for those projects should not pay the penalty through loss of their reserved SGIP incentives for this utility learning curve. CESA further observes that there are tariff-based timelines and allowable response periods contained in interconnection tariffs that could allow a successful project to comply with the tariff yet *not* comply with SGIP deadlines. This is especially acute when it is necessary, as a practical matter, to have received a confirmed SGIP reservation extension prior to being able to proceed. Interconnection for bi-directional energy devices such as AES, and AES paired with renewable generation, have encountered numerous delays that are not typical of other resources that are unidirectional. This relative novelty has

⁸ Ordering Paragraph 2 of D.11-09-015 required the PAs to file a Tier 2 Advice Letter to propose the SGIP Handbook revisions necessary to implement the Decision. On October 10, 2011, the PAs jointly filed CCSE Advice Letter 22/PG&E Advice Letter 3245-G/3923-E/SCE Advice Letter 2637-E/SCG Advice Letter 4286 to propose revisions to the 2011 SGIP Handbook to implement D.11-09-015. The Advice Letters proposed modification of 2011 Handbook Section 4.6 to require that all projects be limited to a maximum of two extensions of six months each, after which the reservation would expire automatically. The SGIP Handbook has been subsequently modified, and the topic of extensions of the Reservation Expiration Date is now covered under Section 2.6.3 of the 2014 SGIP Handbook.

⁹ For example, in *Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired With Net Energy Metering Generation Facilities*, D.14-05-033, issued May 15, 2014, the Commission concluded: “The expiration date for affected SGIP projects to file applications to claim incentives should be extended to 120 days after the Commission approves the revised NEM tariffs. The extension should also apply to the expiration date for incentive claims under the CSI program where the SGIP project has a confirmed CSI reservation as of the effective date of the final decision.” (Conclusion of Law No. 24, p. 34).

required the utilities to carefully work through various administrative approaches and the implications of them not only across horizontally within their organizations but vertically as well. Revisions to procedures and forms have been necessary as have detailed discussions among the project sponsors, Commission staff, and utility staff. These circumstances alone should justify presumptive eligibility for such projects to be granted further time to meet their reservation deadlines without the need for serious debate.

B. Projects That Have Been Delayed Due to Uncontrollable Circumstances Other Than Inability to Interconnect With the Grid Should be Required to Substantiate Best Efforts Undertaken to Overcome a Schedule Delay.

The PAs request flexibility to evaluate the merit for a third six-month extension for SGIP projects upon consideration of the following factors:

1. The Project's delay is outside the control of the host customer.
2. The Project has made significant progress toward completion, and a timeline is provided showing the expected date of commissioning of the Project and that interconnection of the Project will fall within the third six-month extension of the Project's Reservation Expiration Date.
3. The extension of the Project's Reservation Expiration Date will not affect the PA's ability to incentivize other Projects.
4. Unanimous SGIP Working Group approval of the third six-month extension of the Project's Reservation Expiration Date is obtained in writing."¹⁰

CESA submits that this is a reasonable approach to clarifying the existing guidance the Commission has provided the PAs to date for transparently balancing the public interest in

¹⁰ *Id.*, p. 8.

supporting SGIP-eligible projects and removing projects that may be effectively “dead wood” from the path of other worthy projects that could better advance the goals of the SGIP.

V. **CONCLUSION.**

CESA thanks the Commission for the opportunity to submit this Response to the Petition.

Respectfully submitted,



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