

**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 08-03-008
(Filed March 13, 2008)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING
COMMENTS ON THE SELF GENERATION INCENTIVE
PROGRAM BUDGET FOR 2010 AND 2011**

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September 28, 2009

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Pursuant to the *Administrative Law Judge’s Ruling Requesting Comments on the Self Generation Incentive Program Budget for 2010 and 2011*, issued by Administrative Law Judge Dorothy J. Duda (“ALJ”) September 17, 2009, (“ALJ’s Ruling”), the California Energy Storage Alliance (“CESA”)¹ hereby submits these comments on a proposal for simplifying the Self Generation Incentive Program (“SGIP”) budget and carryover funding for 2010 and 2011 and rectifying irregularities among the four investor owned utilities (“IOUs”) in their accounting for SGIP funds (“Funding Proposal”).²

I. INTRODUCTION.

CESA strongly supports the Funding Proposal, as it is described in the ALJ’s Ruling. CESA believes the relevant background information highlighted by the ALJ (at pp. 2-3) clearly articulates a number of very significant developments that, combined, make a common understanding by the parties and other stakeholders regarding the data requested from the four investor owned utilities (“IOUs”). These comments provide CESA’s perspective and

¹ The California Energy Storage Alliance consists of A123 Systems, Beacon Power, Chevron Energy Solutions, Debenham Energy, Fluidic Energy, Ice Energy, Prudent Energy, PVT Solar, StrateGen Consulting, Xtreme Power and ZBB Energy Corporation.

² Of course, CESA’s comments must be qualified by a reservation of rights as to any material information provided by the SGIP Administrators as a result of the partial extension of time to submit verified and updated SGIP budget data that was granted by the ALJ until the same day that Reply Comments are due, October 5, 2009.

recommendations regarding each of the six elements of the Funding Proposal articulated in the ALJ's Ruling.

II. THE COMMISSION SHOULD ADOPT ALL BUT ONE OF THE BUDGET AND PROGRAM DETAILS SET FORTH IN THE FUNDING PROPOSAL.

A. The 2010 Budget Level May Not be Adequate for 2011.

CESA agrees that the SGIP budget should continue to be set at \$83 million for 2010, and maintain the same allocation across the IOUs in the same percentages as prior years. However, for 2011, CESA urges the commission to revisit the budget because recent developments suggest that a potentially higher amount may be warranted. As originally established in D. 01-02-073 the SGIP had a much larger budget of \$125 million per year, and provided incentives to five major classes of distributed generation technologies, including solar, wind, fuel cells and combined heat and power and micro turbine applications. After the creation of the CSI in 2006, and enactment of AB 2778 in 2008, the SGIP was limited to qualifying wind and fuel cell distributed generation technologies – as a result, the SGIP budget was reduced to \$83 million per year and substantial carryovers have accrued.

With the anticipated implementation of SB 412, new classes of distributed energy technologies that achieve reductions in greenhouse gas reductions (as well as peak load reduction) will be added to the SGIP, such as combined heat and power and advanced energy storage.³ The ability to leverage existing carryover funds from prior years will provide some of the much-needed funding to enable the addition of new classes of clean distributed generation technologies. However, beginning in 2011, an \$83 million annual budget is not likely to be sufficient, as was the case in 2003 when the initial \$125 million annual budget proved insufficient for then-eligible technologies. For this reason, CESA urges the Commission to re-evaluate the 2011 SGIP budget no later than the third quarter of 2010.

B. Carryover Funding Should be Fully Utilized.

CESA agrees that the PA's should reserve and spend the \$166 million expected to be collected in 2010 and 2011 through December 31, 2015. They should also reserve and spend the

³ The bill was enrolled and delivered to the Governor for signature on September 8, 2011. If enacted, it will become effective on January 1, 2010.

\$310.2 million Total Authorized Carryover from prior years authorized budgets as shown in the table in the Ruling. As mentioned above, this carryover funding will enable new technology classes that achieve reductions in green house gas reductions to be added to the SGIP.


C. Unallocated Fund Need Not be Returned.

CESA has no objection to this concept, since it is expressly included as part of SB 412, but suggests there is no compelling policy reason to return the funds and just let the SGIP commit its entire authorized and budgeted funds naturally.

III. CONCLUSION.

CESA appreciates this opportunity to comment on the Funding Proposal, and looks forward to working with the Commission and stakeholders to see the SGIP administered in a manner that will allow it to reach its full potential

Respectfully submitted,



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Date: September 28, 2009

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of *Comments of the California Energy Storage Alliance On Administrative Law Judge's Ruling Requesting Comments on the Self Generation Incentive Program Budget for 2010 And 2011* on all parties of record in proceeding *R.08-03-008* by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on September 28, 2009, at Woodland Hills, California.



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