BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Pursuant to Assembly Bill 2514 to Consider the Adoption of Procurement Targets for Viable and Cost-Effective Energy Storage Systems.	Rulemaking 10-12-007 (Filed December 16, 2010)

OPENING COMMENTS OF SUNVERGE ENERGY, INC. ON ASSIGNED COMMISIONER'S RULING PROPOSING STORAGE PROCUREMENT TARGETS AND MECHANISMS

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I. Summary.

Sunverge Energy, Inc. ("Sunverge") hereby provides the following comments pursuant to the directions within the *Assigned Commissioner's Ruling Proposing Storage Procurement Targets and Mechanisms and Noticing All-Party Meeting* ("ACR") issued June 10, 2013 by Assigned Commissioner Peterman. As a provider of distributed energy storage systems to residential, commercial, and industrial entities, Sunverge is familiar with the opportunities and barriers associated with selling and deploying storage behind a customer's utility electric meter. We support the proposed storage procurement targets and implementation schedule set forth within the ACR. As the Commission coordinates with other proceedings, we encourage closer examination of how 1) residential utility rate structures and 2) Net Energy Metering (NEM) may detrimentally affect adoption of behind-the-meter energy storage. By

extension, we support exploration of unbundled residential rates and alternative tariff options to NEM for storage co-located with renewable generation.

II. PROPOSED STORAGE PROCUREMENT TARGETS AND IMPLEMENTATION SCHEDULE

Sunverge supports the Commission proposal for energy storage procurement mandates and the accompanying implementation schedule. Sunverge is actively deploying 4.5 kW and 6.0 kW Solar Integration Systems ("SIS") at homes and businesses throughout California and the new mandates will support our business goals.

III. COORDINATION WITH OTHER COMMISSION PROCEEDINGS

As the Commission coordinates with other proceedings, specifically those pertaining to residential utility rates and net energy metering, Sunverge encourages closer examination of how each may detrimentally affect adoption of behind-the-meter energy storage.

A. RESIDENTIAL RATE STRUCTURES

Today, residential customers receive an "all-in" energy rate that combines the costs of distribution and reliability with electric commodity services. Due to the nature and costs of various storage technologies, some solutions are more cost effective at shifting energy and some solutions are more

cost effective at offsetting demand. Therefore, we propose the commission coordinate the exploration of unbundling residential rate structures to encourage customer management of demand during peak periods with storage solutions that are co-located with solar behind the utility electric meter.

B. NET ENERGY METERING

When a Net Energy Metering residential customer obtains an electricity commodity credit for exporting generation to the grid, the bill credit they receive includes the costs utilities incur to provide them with distribution and reliability services. That inherently hurts the value proposition for storage because it means the customer is receiving services storage could provide, but for free. A customer that receives electricity storage services for free from their utility will not be willing to pay actual market value for distributed energy storage technologies. As a result, existing rate design is stifling innovation in potential new distributed storage technology markets.

We support subsidies that are deemed necessary to promote short-term policy objectives for growth in distributed solar generation markets. However, when storage is co-located with solar, there must be some alternative option to NEM that provides residential customers with many of the same benefits as stand-alone solar, with exception to retail credit for exported generation, that harmonizes the interests of both energy consumers and load-serving entities.

IV. CONCLUSION.

These comments are filed by Sunverge to provide insights from our company's experience in the California energy storage market. We support the Commissions procurement targets and implementation schedule, but encourage closer examination of the negative impacts bundled residential rate structures and NEM may have on the economic value proposition of a behind-the-meter DESS.

June 28, 2013 in Stockton, CA

Respectfully submitted,

Jon Fortune
Director of Regulatory & Energy Services