



COM/CR6/smt 8/6/2020

FILED
08/06/20
11:14 AM

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

**ASSIGNED COMMISSIONER'S RULING PROVIDING FUND
TRANSFER AND OTHER PROPOSALS
FOR COMMENT**

Summary

This Assigned Commissioner's Ruling provides proposals for party comment regarding transferring funds from the Self-Generation Incentive Program (SGIP) general market large-scale energy storage budget to the non-residential and residential equity energy storage budgets, revising lottery prioritization criteria and capping incentive awards to lottery winners not to exceed five million dollars per entity. Comments on these proposals shall be filed no later than 15 days from issuance of this ruling.

1. Procedural History

On June 10, 2020, the California Energy Storage Alliance (CESA) filed a *Petition for Modification of Decision 20-01-021 and Decision 16-06-055* (PFM). The PFM requests relief in two areas. First, CESA requests that the Commission modify Decision (D.) 20-01-021 to remove a moratorium on SGIP Program Administrator (PA) fund transfer authority, restricted in D.20-01-021 until after December 31, 2022. Second, CESA requests that the Commission modify the

lottery prioritization criteria adopted in D.16-06-055 to reflect the updated Commission priorities of equity and resiliency as adopted in D.19-09-027 and D.20-01-021. Nine parties filed responses to CESA's PFM between June 30, 2020 and July 10, 2020.

On June 9, 2020, CESA filed a *Motion to Issue a Ruling that Transfers Funds to the Equity Budget* (Motion). In this motion, CESA requests that the Commission issue a Ruling to:

- Transfer \$150 million in funds from the SGIP equity resiliency budget to the non-residential equity storage budget; and
- Transfer \$160 million in funds from the general large-scale storage budget to the large-scale equity storage budget (\$150 million) and residential equity storage budget (\$10 million).

Eight parties filed responses to CESA's motion on June 24, 2020 and CESA filed a reply to the responses on July 6, 2020.

2. Incentive Demand and Available Budgets

In D.19-09-027, the Commission increased equity budget incentive levels. In D.20-01-021, the Commission allocated SGIP budgets pursuant to Senate Bill 700, derived from 2020 to 2024 ratepayer collections. However, as of late 2019, the large-scale equity budget still had \$52.9 million in accumulated unspent funds. As a result, D.20-01-021 did not allocate additional funds to this budget category. The Commission reasoned that it was too early to tell if the increased incentives adopted in D.19-09-027 would increase demand for this budget, which had been stagnant for two years.¹

¹ D.20-01-021 at 20.

We now know that demand for large-scale equity budget incentives has increased dramatically as a result of the increased incentive levels. As of July 22, 2020, the SGIP PAs have reserved approximately \$53 million in large-scale equity budget incentives and waitlisted another \$306.5 million in applications.²

Developer applications for residential equity budget incentives also increased dramatically subsequent to the equity budget incentive adjustments adopted in D.19-09-027. Between 2017, when the equity budget was established, and late 2019, no developers applied for residential equity budget incentives. As of July 22, 2020, however, three Program Administrators (Pacific Gas and Electric Company, Southern California Edison Company and Center for Sustainable Energy) have all available residential equity budget incentive funds reserved and an additional application waitlist totaling over \$20 million. Only Southern California Gas Company has not yet reserved all of its residential equity budget funds.

This demand for equity and equity resiliency budget incentives stands in sharp contrast to that for large-scale general market incentives over the same period. D.20-01-021 allocated 10 percent of 2020 to 2024 ratepayer collections to the large-scale energy storage budget, resulting in a total 2020 to 2025 incentive budget of \$298 million, of which \$253 million remains unreserved as of July 22, 2020.³

² SGIP database, accessed July 22, 2020, available here: https://www.selfgenca.com/home/program_metrics/

³ *Ibid.* In addition, in January 2020, Energy Division staff approval of Advice Letters (AL) submitted by the four SGIP PAs transferred \$16.2 million from the large-scale general market budget to the general market residential budget. See Center for Sustainable Energy AL 97-E/E-A, Pacific Gas and Electric Company AL 4187-G/5699-E, Southern California Edison Company AL 4114-E, and Southern California Gas Company AL 5548-G

3. Proposals for Party Comment

D.20-01-021 prioritizes allocation of 2020 to 2024 SGIP ratepayer collections consistent with Assembly Bill 1144 to benefit customers with the greatest immediate need and impacted by Public Safety Power Shutoff (PSPS) events or located in areas of extreme or elevated wildfire risk.⁴ In taking this action, D.20-01-021 found that “suspending allocation of new large-scale energy storage equity budget funds until such time as demand increases supports the prioritization of 2020 to 2024 funds to equity resiliency budget customers.”⁵

D.20-01-021 authorizes PA submittal of advice letters proposing fund transfers between SGIP technology incentive budgets only after December 31, 2022. In doing so, the Commission reasoned that “SGIP budget allocations approved in this decision should remain stable for several years to clearly signal available funding to developers. After that, providing PAs with the flexibility to alter budget allocations in response to market demand increases the effectiveness of the SGIP in its final years.”⁶

The problem identified in CESA’s PFM is an imbalance between demand for large-scale and residential equity budget incentives as compared to the available authorized budgets. The remedy identified by CESA to address this imbalance is for the Commission to grant SGIP PAs the authority to immediately propose fund transfers via advice letter rather than waiting until after December 31, 2022.

The Commission acknowledged in D.20-01-021 that it was unclear at that time whether and to what degree demand for equity budget incentives would

⁴ D.20-01-021 at 1, Finding of Fact 6.

⁵ *Id* at Finding of Fact 7.

⁶ *Id* at 59.

increase after the incentive adjustments adopted in D.19-09-027. The Commission also contemplated that it could be appropriate to adjust the large-scale equity budget category once demand levels became clear.

D.20-01-021 noted that the Energy Division, assigned ALJ, or assigned Commissioner may propose modification of funding allocations at any time.⁷

The Commission in D.20-01-021 allocated just three percent of 2020 to 2024 collections to the equity residential budget. The reasoning provided was that this funding level would “ensure that the opportunity for SGIP participation by low income residential customers is maintained over time.”⁸ As described above, however, demand for residential equity budget incentives has already exceeded the available budget.

Given these circumstances, it seems reasonable to consider additional ways to address the issues identified by CESA beyond those proposed in the PFM. Accordingly, I offer the following proposals for party comment. Please state if you support or oppose each proposal and provide your rationale:

1. PA fund transfer authority as adopted in D.20-01-021 remains unchanged;
2. The allocations adopted in D.20-01-021 are modified to transfer \$100 million to the large-scale equity budget, taken from the large-scale general market budget (equivalent to approximately 12.3 percent of 2020-2024 collections);
3. Lottery prioritization criteria adopted in D.16-06-055 are updated for the large-scale and residential equity budgets to add the following prioritization criterion:
 - a. Storage system provides backup power and the applicant meets all backup documentation requirements;

⁷ *Id* at 70.

⁸ D.20-01-021 at 20.

4. SGIP PAs shall run a lottery on all unreserved large-scale equity budget applications received on May 12, 2020 to reserve the \$100 million in supplemental funds. PAs will use the same lottery to determine a wait list for the remaining applications submitted on May 12, 2020, if any, after all supplemental funds have been reserved. If any funds remain or later become available, they shall be reserved for applications by their wait list order and then in the order of the date/time the application was received.
5. SGIP PAs shall cap the amount any individual applicant entity can receive from the large-scale non-residential budget at \$5 million per entity (*i.e.* per school district, city, or water district, etc.) as well as per project;⁹
6. The funding allocations adopted in D.20-01-021 are modified to transfer \$8.5 million to the equity residential budget, taken from the large-scale general market budget (equivalent to one percent of 2020- 2024 collections);
7. SGIP PAs shall run a lottery on all unreserved residential equity budget applications received on May 12, 2020 to reserve the \$8.5 million in supplemental funds. PAs will use the same lottery to determine a wait list for remaining applications submitted on May 12, 2020, if any, after all supplemental funds have been reserved. If any funds remain or later become available, they shall be reserved for applications by their wait list order and then in the order of the date/time the application was received; and,
8. SGIP PAs will file a Tier 1 advice letter to transfer these funds according to the percentage SGIP collections authorized in D.06-12-003, which are PG&E 44 percent,

⁹ SGIP Handbook Rule 3.2.1 limits the maximum incentive amount received per project to \$5 million. See 2020 SGIP Handbook Version 5 available here:

<https://www.selfgenca.com/home/resources/>

SCE 34 percent, SDG&E 13 percent, and SoCalGas 9 percent, within 30 days.¹⁰

In addition, I do not propose to transfer any funding out of the equity resiliency budget at this time. This request is opposed by groups such as GRID Alternatives and the Disadvantaged Communities Advisory Group.¹¹ Equity resiliency budget funds are intended to assist vulnerable and disadvantaged customers and communities who are most likely to suffer adverse impacts from PSPS events. The program has just started and demand for these funds, while not as great as for the large-scale equity budget, is significant and growing. For example, PG&E has already reserved over half of its available equity resiliency budget funds.¹² Moreover, PG&E only recently received Commission authorization for its outreach to medical baseline customers and other “hard to reach” customers who are eligible for the equity resiliency budget.¹³

Comments on this proposal are due no later than 15 days from issuance of this ruling and shall be limited to 10 pages.

¹⁰ D.06-01-024 at 7 (Table 2) first adopted these PA contribution ratios for the California Solar Initiative; D.06-12-003 at 32-33 adopted them for the SGIP.

¹¹ GRID Alternatives, “Response to CESA PFM,” July 10, 2020.

¹² SGIP database, accessed July 30, 2020, available here: https://www.selfgenca.com/home/program_metrics/

¹³ Resolution E-5086, adopted July 16, 2020, available here: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M344/K042/344042844.PDF>

IT IS RULED that:

1. Party comments on the proposals contained herein shall be filed no later than 15 days from issuance of this ruling and shall be limited to 10 pages.

Dated August 6, 2020, at San Francisco, California.

A handwritten signature in cursive script that reads "Clifford Rechtschaffen".

Clifford Rechtschaffen
Assigned Commissioner