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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Self-Generation Incentive Program and Related Issues.	Rulemaking 20-05-012

ASSIGNED COMMISSIONER'S RULING SEEKING COMMENTS ON IMPROVING SELF-GENERATION INCENTIVE PROGRAM EQUITY OUTCOMES AND ASSEMBLY BILL 209 IMPLEMENTATION

Summary

This Assigned Commissioner's Ruling seeks comments from parties on issues related to improving outcomes for low-income customers under the Self-Generation Incentive Program and a variety of implementation issues related to the funding authorized by Assembly Bill (AB) 209, Stats. 2022, Ch. 251.

Parties are directed to file opening comments on the questions contained in this ruling no later than December 2, 2022 and reply comments no later than December 16, 2022. Opening comments shall be limited to 25 pages and reply comments to 10 pages.

1. Overview of the Self-Generation Incentive Program

The Self-Generation Incentive Program (SGIP) was established in 2001 and provides financial incentives for the installation of eligible behind-the-meter (BTM) distributed generation and energy storage technologies that meet all or a portion of a customer's electricity needs. The SGIP is funded by California's ratepayers and managed by Program Administrators (PAs) representing

California's major investor-owned utilities (IOUs).[1] The Commission provides oversight and guidance on the SGIP.

The SGIP was initially designed to provide incentives for distributed generation technologies to help address peak electricity problems in California. The program has been revised and extended multiple times since 2001, with eligibility requirements, program administration and incentive levels all changing over time. Over the years, the program focus has transitioned from peak-load reduction to greenhouse gas (GHG) reductions and resiliency as climate change has moved to the forefront of statewide public policy.

In 2016, 75% of the SGIP budget was allocated to energy storage and the program began experiencing a significant increase in participation. Stand-alone energy storage was the predominant configuration in the program from its nascent years, but new budget categories with differing incentive levels allowed newer, more sophisticated energy storage configurations access into the program across multiple sectors. After annual impact evaluations revealed that storage behavior was leading to increases in GHG emissions, the SGIP adopted GHG emission reduction requirements and developed compliance and operational requirements for project developers.

In 2017, Decision (D.) 17-10-004 established the SGIP Equity Budget to provide funding for behind-the-meter storage for low-income and disadvantaged Californians. From 2020 onwards, the SGIP program has

[1] The program administrators are Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and the Center for Sustainable Energy on behalf of San Diego Gas & Electric Company.

heightened its focus on equity and customer resiliency as wildfire threats have compelled utilities to exercise their authority to carry out public safety power shutoffs (PSPS). The Equity Resiliency Budget was established in 2019 by D.19-09-027 with the goal of providing critical resiliency needs to Californians living in areas heavily impacted by wildfires who are medically vulnerable, low-income, or disadvantaged.

In 2020, the Commission issued D.20-01-021, which authorized the collection of ratepayer funds totaling $166 million per year from 2020 to 2024 across the four program administrators, pursuant to SB 700 (Wiener, 2018). This decision increased the financial incentive budget for energy storage technologies to 88% of total SGIP funding. In previous years the residential storage budget category, which was open to any residential IOU electric or gas customer, represented over 90% of all SGIP applications. Starting in 2020, the program shifted focus towards equity projects, primarily in the equity resiliency budget category. Most of the storage budget (63% of the total SGIP budget) is allocated to this newly created budget category with incentives reaching $1 per watt-hour (Wh) of capacity. The SGIP budget is allocated for storage customer sectors, heat pump hot water heaters and renewable generation technologies as shown below:

Table I. SGIP Budget As of October 11, 2022[2]

Budget	Impacted by AB 209 Funding	Original Budget %	Budget Remaining by Program Administrator				Total Remaining Budget
			CSE	SCE	SCG	PG&E	
Large-Scale Storage (1)	✓	10%	$8,152,24	$65,421 (W)	$245,321 (W)	$258,538 (W)	$8,721,526
Small Residential Storage	✓	7%	$552,759	$76,387	$213,759	$3,354,260	$4,197,165
Residential Storage Equity	✓	3%	$2,887,47	$2,855,082	$911,603	$5,325,790	$11,979,947
Non-Residential Storage Equity (2)		0%	$1,423,074 (W)	$5,941,395 (W)	$950,531 (W)	$570,168 (W)	$8,885,168
Equity Resiliency	✓	63%	$71,162 (W)	$776,703	$3,806 (W)	$8,520 (W)	$860,191
San Joaquin Valley Residential (3)		0%		$4,563,200		$22,400 (W)	$4,585,60
San Joaquin Valley Non-Residential (3)		0%		$120,000		$120,000	$240,000
Renewable Generation		12%	$15,507,136	$33,503,191	$11,547,245	$37,264,767	$97,822,339

Table Notes:
W - Waitlist status
(1) Includes residential storage >= 10 Kw – only residential storage is impacted by AB 209 funding.
(2) 2020-2024 authorized collections suspend further collections for non-residential equity storage once existing carryover is exhausted.
(3) Pursuant to D.19-09-027, SJV Pilot Program has a $10 million set-aside funded from SCE and PG&E's unused non-residential equity budget.

[2] https://www.selfgenca.com/home/program_metrics/

2. New Residential Funding from AB 209

In September 2022, Governor Newsom approved AB 209, which amends Public Utilities (Pub. Util.) Code Section 379.6 and adds Section 379.10 to guide legislatively appropriated state General Fund monies into solar and storage incentives through the SGIP for California residential customers. The Legislature set aside $900 million to the Commission starting in Fiscal Year 2023-24 as referenced in Budget Addendum[3] to the 2022 California State Budget. Specific to the $900 million, AB 209 states that 70% ($630 million) of the funding must be directed towards funding incentives for eligible low-income residential customers who install either new BTM solar photovoltaic systems paired with energy storage systems or new energy storage systems. This funding will be referred to as AB 209 Low-Income Incentives throughout this document. Statutory modifications made by AB 209 further specifies that 30% ($270 million) of the funding must be directed towards incentives for residential customers who install new behind-the-meter energy storage systems. These general market storage projects are not income restricted. This funding will be referred to as AB 209 General Market Incentives. As noted above, funds for AB 209 incentives are available starting in the 2023-2024 Fiscal Year, which starts on July 1, 2023. Given the large amount of funding from the 2022 California State Budget and the experience gained from implementing the Equity Resilience and Equity budgets, and the program overall, this Ruling seeks comments from parties on implementing the AB 209 incentives and issues related to improving outcomes for low-income customers.

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[3] Available at https://ebudget.ca.gov/2022-BudgetAddendum.pdf.

Since the new AB 209 funding set-aside is dedicated to residential customers, it could impact four current SGIP storage budget categories that support residential applications: Equity, Equity and Resiliency, Small Residential, and Large Scale[4]. Section 4 of this Ruling seeks party comments on how the AB 209 funding should be allocated across these SGIP residential budget categories.

While AB 209 funding is directed towards residential customers, the scope of the program changes contemplated here are not limited to residential customers and could impact other SGIP budget categories.

3. Equity Outcomes in SGIP

The Equity Resiliency Budget has seen over 6,100 projects completed and its funds exhausted.[5] In contrast, a second SGIP budget category, the Equity Budget is not fully subscribed. As of early October 2022, almost 50% of the Equity Budget remains unused ($11.6 million) and only 10 projects have been completed in this budget category. An examination of the SGIP Real-Time Public Report[6] and the data in the report[7] shows sizable disparities both in the

[4] Only large-scale residential projects would be impacted by AB 209 funding in the Large-Scale category.

[5] The Equity Resiliency Budget, by virtue of serving both residential and non-residential customers, has a dynamic budget. That is, an SGIP Program Administrator operating on a waitlist can have a large project in their service territory cancelled, clearing an extensive waitlist, or can have a large budget fully subscribed in a short period of time.

[6] The Real-Time Public report is a spreadsheet containing data on every SGIP project to date. These data are comprised of information input by SGIP applicants as well as information produced by the SGIP Program Administrators over the course of processing SGIP applications. The SGIP Real-Time Public Report is freely available to the public and downloadable at https://www.selfgenca.com/report/public/.

[7] This report is a confidential version of the SGIP Real-Time Public Report containing detailed information on all SGIP applications. This full report contains sensitive and personally identifying customer information and is not available to the public.

participation of low-income households relative to non-low-income households and project outcomes. These findings, discussed further below, lead us to conclude that the Commission should determine the primary factors and potential barriers to successful completion of equity projects.

4. Topics and Questions

This Ruling directs parties to respond to questions focused on implementing the new AB 209 funding source and understanding the primary obstacles to low-income household participation as well as potential programmatic changes that could lead to improved project completion for SGIP low-income customers. After receiving comments from parties in response to this Ruling, the Commission will consider what changes, if any, should be made to the SGIP. The goal is to have changes in place no later than July 1, 2023, when the new AB 209 funding is available. Parties should explain any timing considerations, for example, if a proposed change should be effective on July 1, 2023, but not sooner.

The Ruling seeks party feedback on nine topic areas. Parties are not required to provide answers to all questions. However, each party submitting comments should answer the following overarching question:

1. How should the AB 209 funding be allocated across SGIP residential budget categories? In your answer be specific for each category of AB 209 funding:
   a) $630 million for incentives for low-income residential customers installing new BTM solar photovoltaic systems paired with energy storage systems or new energy storage systems;
   b) $270 million for incentives for residential customers who install new behind-the-meter energy storage systems (not income restricted).

4.1. Residential Low-Income Eligibility Criteria Across SGIP Budget Categories

Low-income households account for about 1% of all paid[8] residential Equity Resiliency projects,[9] compared to Medical Baseline customers who account for about 66% of all paid residential Equity Resiliency projects.[10] Furthermore, low-income customer projects have a cancellation rate across all budget categories of almost 50%,[11] twice as high as residential projects that are not low-income. At least one possible reason suggested by the SGIP Program PAs for the low participation level for low-income households is the eligibility requirements for low-income households to participate in SGIP. In particular, SGIP PAs have shared with staff that the requirement that participants reside in a resale restricted house and the associated documentation has been especially onerous.

Overview of Equity and Equity Resiliency Host Customer Eligibility Requirements:

[8] "Paid" here refers to SGIP projects which have received their full SGIP incentive. For projects to have been paid, they must be completed and interconnected. However, projects may be completed but not yet be interconnected and therefore have not received an incentive. These projects are indistinguishable in the SGIP Real-Time Public Report from projects that are incomplete but have reserved SGIP funds. For categorical and conceptual clarity, the analysis focuses on paid projects.

[9] Energy Division Staff analysis of data contained in the real-time SGIP Public Report available at https://www.selfgenca.com/report/public/; Accessed on August 24, 2022. Additional data was included from the SGIP full report.

[10] Electric Well-Pump customers account for about 32% of all paid residential Equity Resiliency projects. The SGIP PAs track this information in slightly different ways and there is overlap in these customer segments (*e.g.*, a customer could be both medical baseline and low-income or have an electric well-pump).

[11] Energy Division Staff analysis of data contained in the real-time SGIP Public Report available at https://www.selfgenca.com/report/public/; Accessed on August 24, 2022. Additional data was included from the non-public SGIP report.

The Equity budget provides increased incentives for residential energy storage systems installed at eligible multifamily and single-family low-income housing and for nonresidential installations in low-income and disadvantaged communities (DACs). The complete details including all footnotes, definitions, and references for SGIP Equity and Equity Resiliency host customer eligibility are found in the *SGIP Program Handbook* version dated August 29, 2022[12], and in *Attachment A: SGIP Equity Resiliency Eligibility Matrix – Residential Customers, Version 3*.[13] Below is a summary of relevant definitions and eligibility requirements.

Eligible multifamily housing is defined as all of the following:

- At least five rental units.
- Operated to provide deed-restricted low-income housing.
- Either located in a DAC or at least 80% of households ≤ 60% of area median income.

Eligible single-family criteria are defined as all of the following:

- Single-family low-income residence.
- Sold at an affordable housing cost to a low-income household.
- Subject to income verification and a resale restriction[14] or qualifying equity sharing agreement for which the

[12] Available at www.selfgenca.com.

[13] Version 3 of this matrix was published on 10/29/20 to update item 2(e) in the table to reflect changes made in D.20-10-025.

[14] Resale restrictions are a right in perpetuity or for a certain number of years, stated in the form of a restriction, easement, covenant, or condition in any deed, mortgage, ground lease, agreement, or other instrument executed by or on behalf of the owner of the land. A resale restriction may limit the use of the land to occupancy by persons or families of low- or moderate-income. Resale restrictions may also restrict the resale price of the property to ensure it is available to future low- and moderate-income borrowers. *Examples* of a presumed resale restriction that can satisfy the resale restriction eligibility requirement includes single-family homes located in Internal Revenue Service-defined Qualified Census Tracts and other designated areas eligible for the Single-Family Affordable Solar Homes (SASH) program.

> homeowner does not receive a greater share of equity than described in paragraph (2) of subdivision (c) of Section 65915 of the Government Code, with a public entity or nonprofit housing provider organized under Section 501(c)(3) of the Internal Revenue Code that has as its stated purpose in its articles of incorporation on file with the office of the Secretary of State to provide affordable housing to lower income households.[15]

Households may qualify if participating in or are eligible for the following solar programs: SASH, DAC-SASH, MASH or SOMAH.

Indian Country in California, as defined in 18 USC 1151, qualifies as a disadvantaged community for purposes of the SGIP Equity Budget. Thus, projects in these areas are eligible for the Equity Budget. However, non-Indian residences or businesses on privately owned fee land in Indian Country are not eligible under this expanded definition. If the in-holding has multiple owners, at least one owner must be a tribe or tribal member for the project to be eligible. Multifamily housing in California Indian Country is eligible for the Equity Budget if it demonstrates that it has at least five rental housing units where at least 80 percent of the households have incomes at or below 60 percent of the area median income. Any customer account in such buildings will be eligible for the Equity Budget. Single family residences in California Indian Country are eligible for the equity budget if the customer provides documentation showing that the host customer's household income is 80 percent of the area median income or less.

To qualify for the Equity Resiliency Budget a customer must live in a Tier 2 or 3 High-Fire Threat District, have been affected by two or more discrete PSPS events prior to the date of application for SGIP incentives, or experienced one

[15] Subparagraph (c) of paragraph (3) of subdivision (a) of 2852 of the Pub. Util. Code.

PSPS event and one de-energization or power outage from a wildfire that occurred on or after January 1, 2017. In addition, a customer must also meet at least one of the following equity criteria:

- Be eligible for the SGIP Equity Budget; or
- Be a Medical Baseline customer or have notified their utility of a serious illness or condition that could become life-threatening if electricity is disconnected; or
- Rely on electric pump wells at their primary residence for water supplies and can demonstrate that the residential household meets the income eligibility requirements required for the Equity Budget, the storage installation site is a primary residence occupied by either a homeowner or tenant, the residence is not provided water by a municipal or private utility.

Most Equity Resiliency Budget customers qualify through the Medical Baseline criterion. The Commission has no hard evidence that the simpler eligibility pathway of Medical Baseline explains why this category is the predominant eligibility pathway. However, qualifying through the Medical Baseline criterion is objectively easier: there is no income requirements and no resale restrictions which both require additional documents and more effort than the signed letter of a medical professional.

Questions:

2. What financial or non-financial barriers, if any, exist for low-income residential customers wishing to participate in SGIP's Equity or Equity Resiliency Budgets?
3. What financial or non-financial barriers, if any, exist for developers to enlist low-income customers in SGIP's Equity or Equity Resiliency Budgets?
4. Should the Commission consider modifications of the existing SGIP eligibility criteria for low-income residential customers? If so:

a) What modifications to the definition of a "low-income residential customer" should be considered and why? Please state whether the modification would likely increase or decrease low-income enrollment and provide any estimates available of the number of households that would qualify under your proposed definition and show any sources and calculations used in your estimates.

b) Are there existing definitions of "low-income residential customer" that are used in other federal or state incentive programs that are appropriate for SGIP?

c) What documentation requirements, if any, should be required to verify low-income eligibility? How might documentation and enrollment for external programs be leveraged to facilitate program access?

d) Should SGIP allow self-attestation to verify income requirements? If yes, what safeguards, if any, should be in place to verify eligibility?

e) Should the Commission eliminate the current SGIP eligibility requirement for low-income customer energy storage incentives that a single-family residential customer must reside in a deed restricted or resale restricted residence? Why or why not?

5. Should SGIP retain one residential definition of "low-income" and one incentive level or should there be more than one definition of low-income (such as an income scale) with corresponding different incentive levels? If the latter:

   a) What additional definitions of "low-income" do you propose?

   b) Why are these definitions preferred?

   c) How would these definitions correspond to incentive levels?

6. Are any changes needed to the non-residential host customer eligibility requirements for Equity and/or Equity

Resiliency Budgets? If yes, what changes are needed and why?

4.2. Paying for Upfront System Costs

There has been a total of about 1,000 low-income projects across all budget categories and all application stages (included cancelled projects) out of about 56,000 residential projects.[16] Typically, SGIP incentives are paid to the benefiting customer after the project is operational and the Incentive Claim Form (ICF) is submitted and approved by the SGIP PAs. That is, SGIP customers pay upfront or finance their projects and receive the incentive payment after the system is built and operational. If a low-income customer lacks the cash or credit needed to pay the upfront system costs, this could be a barrier to low-income participation.

Pacific Gas and Electric (PG&E) and Southern California Edison (SCE) have implemented pilot programs to provide upfront incentives for low-income SGIP residential customers. As authorized by the Commission in Resolution (Res.) E-5086 (2020), PG&E's pilot provides 50% of the eligible SGIP incentive as an advance payment to the selected contractor in exchange for no upfront costs required of the host customer.[17] The other 50% of the eligible SGIP incentive is provided upon completion and inspection of the project. To date, there have been about 280 participating projects in PG&E's pilot program with 6 participating developers. All the participating host customers applied for Equity Resiliency funds and achieved eligibility through the medical baseline

[16] Energy Division Staff analysis of data contained in the real-time SGIP Public Report available at https://www.selfgenca.com/report/public/; Accessed on August 24, 2022. Additional data was included from the non-public SGIP report.

[17] Res. E-5086 at 25, available at https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M340/K134/340134909.PDF.

criterion. SCE's financial assistance pilot is structured similarly to PG&E's but has had no participating developers as of July 28, 2022.[18]

Questions:

7. Should the Commission consider allowing entire or partial upfront payments on behalf of the customer prior to installation for energy storage systems, including solar where relevant, for low-income households? If so, what mechanism should be used to provide these payments and to whom (*e.g.*, the developer, the host customer, or some other party)? What learnings from the PG&E and SCE upfront payments pilots are relevant?
8. Are there other program changes that should be considered to mitigate financial barriers and how should the change be implemented?

4.3. Improving Participation of Tribal Customers

Based on Energy Division's interaction with Tribal leaders, the SGIP PAs, and developers, we find that tribal customers face unique challenges accessing SGIP, which may include the lack of accepted income documentation, lack of access to high-speed internet to upload required documents and participate in virtual inspections, lack of access to local developers. Despite the Commission's focus on tribal communities, participation has been limited[19] and may necessitate changes to funding and eligibility requirements. While AB 209 funding is specifically for residential customers, this section asks questions on how all tribal participation can increase as well as how to allocate new AB 209 funding to residential tribal customers.

[18] SCE Advice Letter 4837-E at 4.

[19] As of August 24, 2022, there are fewer than 20 known residential tribal projects and fewer than 40 tribal agency projects in the SGIP project data.

Questions:

9. What financial or non-financial barriers exist for tribal residential and non-residential customers living on tribal lands and enrolled members of California Tribes who wish to participate in SGIP?
10. Should the Commission consider changing SGIP eligibility criteria and verification methods to increase participation among tribal customers living on tribal lands and enrolled members of California Tribes? If so, what should these eligibility rule changes be and why?
11. Should the SGIP program accommodate tribal applications for projects that serve both residential and non-residential customers such as mixed-use buildings? If yes, explain why and which budget category should address this?
12. Should tribal governments or agencies be allowed to apply for SGIP funds on behalf of tribal customers? Explain your reasoning.
13. What can the SGIP Program Administrators do, if anything, to address financial or non-financial barriers for tribal customers?
14. Should the Commission consider setting aside a portion of the budget, including the AB 209 Low-Income Incentives, for tribal residential customers living on tribal lands and enrolled members of California Tribes? If so, how much funding should be set aside and why?
15. How might the Inflation Reduction Act of 2022 (H.R. 5376, 117th Cong.) and its financial provisions for tribal climate resilience, high-efficiency electric home rebate programs, and tribal energy loan programs be leveraged by SGIP?

4.4. Incentive Levels for Low-Income Customers

AB 209 Low-Income Incentives are available for low-income residential customers who install energy storage paired with solar or stand-alone energy storage. The AB 209 Low-Income Incentive program will be the first CPUC program to provide incentives for both solar and storage together. Thus, the CPUC must determine the appropriate budget and incentive level to approve for storage paired with solar and stand-alone storage.

The recent SGIP 2020 Impact Report found that residential projects that combine storage and solar outperform stand-alone storage on a number of program evaluation metrics, including customer bill savings, utility avoided costs, peak reduction, and GHG reduction. Storage combined with solar also provides greater resiliency than storage alone.

Striking the right balance with incentive levels is essential for low-income participation and maximizing the overall number of systems deployed with the available SGIP budget. Parties' responses should take into account lessons learned in SGIP and low-income solar incentive programs, as well as current industry conditions.

The current SGIP Equity Budget is $0.85 per watt and the Equity Resiliency Budget is $1.00 per watt.

Questions:

16. Should there be separate budget amounts for storage plus solar projects versus stand-alone storage, or one combined budget? Why or why not? If yes, what percentage of funding in each category is recommended and why?
17. What should the incentive level be for AB 209 Low-Income Incentive projects per unit of installed storage capacity? Please explain your recommendation.
18. What should the incentive level(s) be for AB 209 Low-Income Incentive projects per unit of installed solar generation[20] capacity? Please explain your recommendation.

[20] AB 209, which modifies Pub. Util. Code Section 379.6 and adds Section 379.10, does not authorize stand-alone solar projects.

19. How might the Inflation Reduction Act of 2022 (H.R. 5376, 117th Cong.) and its financial incentives for solar, energy storage, and other electrification measures be factored into AB 209's Low-Income Incentives levels?
20. Should additional costs necessary for project installation costs be eligible for SGIP incentives (*e.g.*, panel upgrades, roofing, wiring, *etc*.)? If so:
    a. Which costs should be included and why?
    b. How should these additional costs be accounted for in setting incentive amounts (*e.g.*, incentive adder)?
21. What mechanism, if any, would allow low-income renters to receive benefits from the AB 209 Low-Income Incentives? How can the Commission address the split incentive issue between owners and residents of multifamily properties?

4.5. Equity Resiliency Budget Category

The Equity Resiliency Budget with its high incentive amount is one of the most popular SGIP budget categories in terms of number of projects installed and its funding is very nearly depleted. As noted earlier, Medical Baseline customers account for about 66% of all paid residential Equity Resiliency projects regardless of income as discussed earlier in the Ruling.

Questions:

22. Should AB 209 funds be allocated to the Equity Resiliency budget? Why or why not?
23. If you propose that the AB 209 funds be allocated to the Equity Resiliency budget, should there be separate budget allocated to low-income residential and/or tribal residential customers and medical baseline customers? Explain your reasoning.
24. Should AB 209 General Market funds be allocated to the Equity Resiliency budget for customers who qualify under

the non-low-income criteria? (*i.e.*, Medical Baseline or notification of utility of serious medical condition)

25. If you propose using AB 209 funds for the Equity Resiliency budget, explain what portion of the funds and what incentive levels you recommend and the reasoning.

4.6. Incentive levels for General Market Customers

As the residential storage market matures and costs decline, more customers are investing in storage projects without SGIP incentives.[21] Parties are asked to comment on the current SGIP General Market Budget incentive, which is $0.15 per watt-hour.

Questions:

26. At what level should the Commission set the AB 209 General Market storage Incentive for the Small Residential budget and for residential projects in the large-scale storage budget? Please explain your recommendation.
27. What mechanism, if any, would allow renters to receive benefits from the AB 209 General Market Incentives?

4.7. Operational Requirements for SGIP and AB 209 Projects

The SGIP program includes operational requirements to promote grid benefits and requires GHG emission reductions. The most recent SGIP 2020 Impact Report found that residential SGIP customers in aggregate reduce GHG emissions and reduce peak demand. The same report found that residential SGIP customers discharge roughly half of the battery capacity during on peak periods and average 130 cycles per year. This suggests that residential SGIP customers have the potential to cycle their batteries more and to contribute to even more

[21] A forthcoming SGIP 2021 Energy Storage Market Assessment Report will include information about the proportion of BTM energy storage projects installed with and without SGIP incentives.

peak reduction, which reduces GHG emissions. The same report found that non-residential SGIP customers continue to be net emitters of GHG with more recent customers performing better in this area.

AB 209 directs the Commission to "consider requiring customers installing solar photovoltaic systems paired with energy storage systems or new energy storage systems under this section and served on a standard contract or tariff pursuant Section 2827.1 to participate in a demand response or peak load reduction program offered through the customer's load-serving entity, including market-integrated supply-side demand response programs, to reduce net peak demand."[22]

SGIP has several operational requirements to ensure that its public benefit goals are met. For residential energy storage projects, the installed systems must:

- Be capable of discharging fully at least once per day.[23]
- Be used for more than just back-up emergency purposes.[24]
- Have a single cycle round trip efficiency of 85% or higher at installation.[25]
- Have a host customer that is enrolled in a time-varying rate with a peak period starting at 4pm or later and with a summer peak to off-peak price differential of 1.69 or more, if such a rate is available.[26]
- Reduce GHG emissions.[27]

[22] AB 209 (2022), Section 26.

[23] SGIP Handbook, Section 5.2., at 50.

[24] SGIP Handbook, Section 5.2., at 50.

[25] SGIP Handbook, Section 5.2.8., at 54.

[26] SGIP Handbook, Section 5.2.8., at 54.

[27] SGIP Handbook, Section 9.1.7., at 121.

Additional requirements for non-residential storage projects must:

- Required to reduce GHGs by a minimum of five kilograms of CO2 per rated energy capacity (kg/kWh) annually to recoup full payment.[28]
- New non-residential systems are required to discharge a minimum of 104 full discharges per year.[29]

These current requirements are for all new SGIP customers regardless of whether the customer participates in a NEM tariff. The direction from AB 209 for the Commission to consider requiring customers to participate in demand response or peak load reduction programs provides an opportunity to reexamine SGIP's operational requirements to further ensure that SGIP projects provide grid benefits. Some options to consider include higher differential TOU rates than currently required and requiring participation in a variety of demand response programs including the Emergency Load Reduction Program (ELRP). We also consider whether any performance requirement changes are needed for non-residential customers.

Questions:

28. To incentivize GHG reductions and peak demand reductions, should the Commission require all new SGIP storage incentive and AB 209 incentive recipients to take service on a higher differential time-of-use rate than currently required (*i.e.*, electrification/EV rates)[30]? Why or why not?
29. In addition to requiring higher differential TOU rates, should the Commission require all new SGIP storage incentive and AB 209 recipients to choose and enroll in one of either a supply-side market integrated DR program, or

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[28] SGIP Handbook, Section 5.2.2., at 51.

[29] SGIP Handbook, Section 5.2.5., at 53.

[30] For *example*, PG&E: E-ELEC; SDG&E: EV-TOU-5; SCE: TOU-D-PRIME

load modifying DR program such as critical peak pricing (CPP)? Why or why not?

30. Should the Commission allow recipients to enroll in ELRP Virtual Power Plant (VPP) as an alternative, or in addition, to above DR program options? Why or why not?
31. Should the Commission require that a minimum capacity level of the storage device be made available for the chosen DR program? Why or why not?

4.8. Program Structure for AB 209 Funds

AB 209 directs the Commission to administer $900 million in new general funds via the SGIP program to eligible residential customers of California including publicly owned utility (POU) customers.

With the current rate payer-funded structure, four IOU Program Administrators (PAs) distribute SGIP funds on a pro-rata basis to their respective customers to ensure that IOU customers have proportionately equal access to the program they pay for in their rates.

Currently, POU customers participate in SGIP to the extent that they receive gas or electric service from the four participating IOUs: PG&E, SCE, San Diego Gas & Electric (SDG&E), and Southern California Gas Company (SoCalGas).[31] While there are challenges for POU customers in applying for SGIP, such as a PAs' inability to easily access customer load data for sizing of energy storage systems, there are over 1,200 completed projects for Los Angeles Department of Water and Power (LADWP) customers alone.[32]

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[31] 2022 SGIP Handbook, Section 4.1.1., at 34.

[32] SGIP Public Report, available at https://www.selfgenca.com/report/public/; Accessed on August 24, 2022.

Questions:

32. What utility (utilities) or entity (entities) should serve as Program Administer for the additional POUs that will be served by new AB 209 SGIP funds? Please explain your reasoning.
33. Should the program rules be the same for IOU and POU customers? Why or why not?
34. Should there be separate budgets for IOU and POU customers? Why or why not? If there should be separate budgets, please explain a methodology for allocating the AB 209 budget to IOU and POU customers based on the program structure you propose.
35. What steps are necessary to ensure that the program is accessible to customers once the AB 209 funding is available starting July 1, 2023?

4.9. Other SGIP Program Changes

SGIP is a well-established program with a detailed set of rules outlined in a CPUC-approved program handbook. Changes to the program are made on the Commission's own motion and through the parties' use of Petitions for Modification of a Commission decision. This final set of questions asks for party feedback on opportunities to improve program efficiency.

36. What administrative tools can the Commission use to streamline the process of making program changes to support effective program implementation?
37. What type changes are appropriate for tier 1, 2 or 3 advice letters? Please explain your reasoning.
38. Are there any other program improvements suggested?

IT IS RULED that:

Parties are directed to file opening comments on the questions contained in this ruling no later than December 2, 2022 and reply comments no later than December 16, 2022.

Opening comments shall be limited to 25 pages and reply comments shall be limited to 10 pages.

Dated October 26, 2022, at San Francisco, California.

/s/ CLIFFORD RECHTSCHAFFEN

Clifford Rechtschaffen
Assigned Commissioner