BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
06/11/24
04:59 PM
R1909009

Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies	Rulemaking 19-09-009

PETITION OF THE CALIFORNIA SOLAR & STORAGE ASSOCIATION TO MODIFY D.20-06-017 REGARDING ENERGY STORAGE SIZING LIMITS

Brad Heavner
Policy Director
California Solar & Storage Association
1107 9th St., #820
Sacramento, California 95814
Telephone: (415) 328-2683
Email: brad@calssa.org

June 11, 2024

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies	Rulemaking 19-09-009

PETITION OF THE CALIFORNIA SOLAR & STORAGE ASSOCIATION FOR MODIFICATION OF DECISION 20-06-017

Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the California Solar & Storage Association (CALSSA) submits this petition for modification of Decision 20-06-017, *Decision Adopting Short-Term Actions to Accelerate Microgrid Deployment and Related Resiliency Solutions* (Decision).

The Decision temporarily removed a cap within the net energy metering tariffs on the allowable size of energy storage systems, for a period of three years. At the end of that period, the utilities requested and were granted permission to continue the pause on the cap for an additional two years. This Petition recommends permanently removing the cap.

1. Background

In a January 21, 2020 ruling, the Commission released *Short-Term Actions to Accelerate the Deployment of Microgrids and Related Resiliency Solutions* (Staff Report).[1] Among other problems, Energy Division identified the storage sizing rule in the net energy metering (NEM) tariff as a problem in need of "tariff modernization." This rule states that a storage system interconnected under NEM "shall have a maximum output power no larger than 150% of the NEM-eligible generator's maximum output capacity."[2] The Staff Report recommended that the NEM tariff be modified to remove the storage sizing limit.[3]

---

1 "Administrative Law Judge's Ruling Requesting Comments on Track 1 Microgrid and Resiliency Strategies Staff Proposal," January 21, 2020.

2 PG&E, Schedule NEM2, Special Condition 9 (c)(2)(iii).

3 Staff Report, p. 17.

In D.20-06-017, the Commission chose to adopt this recommendation "on a trial basis."[4] Ordering Paragraph 6 of the Decision states:

> Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall each submit a Tier 2 Advice Letter within 30 days of the date of issuance of this decision, that propose necessary modifications, in compliance with Section 4.2.3 of this decision, to their Net Energy Metering (NEM) tariffs that temporarily remove the storage sizing limit for large NEM-paired storage for a period of three years while maintaining existing metering requirements. In this Advice Letter submittal, PG&E, SCE, and SDG&E shall reference compliance with this decision pursuant to Ordering Paragraph 6.

One week before the three-year period was set to end, the Joint IOUs submitted a request to extend the temporary removal of the storage sizing rule for another two years.[5] The Commission granted the request on September 5, 2023.[6] The removal is now set to expire August 16, 2025.

2. Timing of this Petition

The Decision was issued on June 17, 2020. Rule 16.4 states that a petition must justify lack of timeliness "[i]f more than one year has elapsed." In this case, because the decision created a condition for a three-year period, it would have been premature to have submitted a petition in less than one year. The added time was available without seeking change, and it was valuable to gather information about customer behavior while the sizing cap was not in effect.

3. Removal of the Cap

A cap on storage sizing is not necessary. It is obstructive to customers seeking resiliency solutions, and also limits the ability to provide grid value. Removing this cap is needed in the NEM 1 and NEM 2 tariffs, in addition to the net billing tariff (NBT).

---

4 D.20-06-017, p. 41.

5 PG&E, on behalf of itself, SCE and SDG&E, "Request for Extension of Time to Comply with Decision 20-06-017, Ordering Paragraph 6, to Temporarily Remove the Storage Sizing Limit for large NEM-Paired Storage," letter to CPUC Executive Director Rachel Peterson, August 9, 2023.

6 Letter from Rachel Peterson to Sidney Bob Dietz II, PG&E, September 5, 2023.

Although the NEM tariffs are closed to new customers, existing NEM solar customers without storage can add storage within the NEM tariff.

There are at least four scenarios in which customers seek to install solar and storage systems with storage capacity greater than 150% of solar capacity.

First, if roof space is insufficient to provide enough solar capacity to fully meet the customer's needs, energy storage (kWh) can still be installed with enough capacity to meet the customer's needs. The storage may not charge from solar as quickly as it would with a larger solar system, but it could still be charged over time from solar and the charging could be supplemented by energy from the grid. The stored energy would be available at sufficient power to meet onsite needs in the event of a grid outage.

Similarly, customers like electric vehicle charging stations have high power needs (kW) that may exceed grid capacity even when the grid is operational. They need the capability to charge cars quickly and can supplement grid power with large onsite batteries. They should be encouraged to generate as much of their power as they can with onsite solar, and should not be prevented from taking service under the net billing tariff.

Third, many energy storage systems are integrated units, with a fixed ratio of power (kW) to energy storage (kWh). A customer seeking to install enough energy storage to last through a prolonged grid outage may have more charge and discharge power than they will actually put to use. A cap on power would prevent them from having enough storage.

Fourth, some customers are willing to install energy storage that is larger than needed to meet their onsite needs in order to provide grid services for demand response or emergency reliability programs. Customers can use a portion of their battery capacity to self-consume their onsite generation and use another portion to provide grid services in hours of high wholesale prices or blackout risk. This is a direction that is being encouraged by expansion of those programs. A sizing rule in the net metering or net billing tariffs should not discourage this positive activity.

There are also combinations of the scenarios above. For example, a customer might reserve some of their battery capacity for resilience, some for participation in grid services programs, and the rest for basic solar self-consumption. Customer batteries are valuable and dynamic. They should not be discouraged with unnecessary size caps.

The lack of downsides of removing the cap was corroborated by the IOUs in the August 2023 Joint IOU request to extend the removal of the cap. The IOUs stated:

> Collectively, the Joint IOUs have not at this time identified adverse or unintended consequences resulting from the modification, and, conversely, they have found that reinstituting the size limitation would impose burdens on customers, installers, and the Joint IOUs. The removal of the sizing limitation has provided more efficient interconnection processes and has resulted in higher customer satisfaction.

4. Conclusion

CALSSA appreciates the Commission's ongoing attention to this issue. Considering the ever increasing emphasis on energy storage in distributed energy resources and the problems that would be caused by reinstituting the storage sizing cap in the net metering and net billing tariffs, CALSSA recommends removing the cap that is currently on pause in those tariffs.

Respectfully submitted,

By: /s/ *Brad Heavner*
Brad Heavner

Brad Heavner
Policy Director
California Solar & Storage Association
1107 9th St. #820, Sacramento, California 95814
(415) 328-2683
brad@calssa.org

June 11, 2024