BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 10-05-004 (Filed May 6, 2010)

JOINT RESPONSE OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND CENTER FOR SUSTAINABLE ENERGY® TO BLOOM ENERGY CORPORATION'S PETITION FOR MODIFICATION OF DECISION 11-09-015

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Pursuant to Rule 16.4(f) of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, Southern California Gas Company (SoCalGas) and Center for Sustainable Energy® (CSE), as Self-Generation Incentive Program (SGIP) Program Administrators (PAs), hereby submit their Joint Response to Bloom Energy Corporation's (Bloom Energy) Petition for Modification of Decision (D.)11-09-015.[1]

I. BACKGROUND

In response to Assembly Bill (AB) 970 (Stats. 2000, Ch. 329), the Commission issued D.01-03-073, establishing SGIP in 2001 to encourage the deployment of Distributed Energy Resources (DERs) able to reduce peak electric demand.[2] The program has since been extended and modified by several Commission decisions, including D.11-09-015 in response to Senate Bill (SB) 412 (Stats. 2009, Ch. 182).[3] That decision, considering both renewable and natural gas as eligible fuels, adopted an allowance for customers to export up to 25% of their generation

[1] Pursuant to Rule 1.8(d) of the Commission's Rules of Practice and Procedure, counsel for SoCalGas was authorized to submit the Joint Response on behalf of CSE.
[2] D.01-03-073, Attachment 1 at 23.
[3] D.11-09-015, *Decision Modifying the Self-Generation Incentive Program and Implementing Senate Bill 412,* dated September 8, 2011, in Rulemaking 10-05-004.

output on an annual basis to support feed-in-tariff (FiT) programs. Since that time, in 2020, SGIP requirements were revised to require the use of only 100% renewable fuel sources[4] and D.20-01-021 also increased the incentive for renewably fueled resources. More recently, the Commission updated the program's required capacity factor for load-following generation resources to encourage the deployment of those distributed generation systems.[5]

On May 23, 2024, Bloom Energy submitted a Program Modification Request (PMR) to the SGIP Working Group (WG),[6] followed by a formal presentation and open discussion at the May 29, 2024, SGIP WG meeting. The modification request recommended to increase the sizing limitations from 125% to 150% of a project's annual energy consumption for any renewable fueled generation export-to-grid application.[7] Following the presentation, the SGIP WG evaluated the PMR and unanimously supported the request at the June 12, 2024, SGIP WG meeting. Bloom Energy was informed of WG approval on June 13, 2024, and it was also noted that their request would require a Petition for Modification (PFM) of D.11-09-015.

Subsequently, on July 26, 2024, Bloom Energy filed a PFM requesting the Commission revise the export limits in D.11-09-015 as outlined in Bloom Energy's PMR to the SGIP WG.[8] Bloom Energy's PFM identifies that increasing the export limits will make biogas projects more feasible for interested customers under SGIP, while providing such benefits as emission

[4] Public Utilities Code Section 379.6(m) required SGIP generation technology projects to use 100 percent renewable fuels as of January 1, 2020, as clarified by D.20-01-021, *Self-Generation Incentive Program Revisions pursuant to Senate Bill 700 and Other Program Changes*, January 16, 2020.
[5] D.23-02-004, *Decision Granting Mainspring Energy, Inc.'s Petition to Modify Decision 11-09-015 as Modified*, February 2, 2023.
[6] The SGIP WG includes representation from SoCalGas, CSE, Pacific Gas & Electric, and Southern California Edison Company (as SGIP PAs) and Energy Division Staff.
[7] 2024 SGIP Handbook at 4.3.2.2 at 39.
[8] On August 29, 2024, Bloom Energy refiled and served the PFM in R.10-05-004 and served the current SGIP rulemaking R.20-05-012.

reductions and resiliency. This Joint Response supports the requested modification submitted by Bloom Energy.

II. DISCUSSION

The SGIP WG supported the PMR that aligns with the subsequent PFM filed by Bloom Energy. The requested modification aligns with the requirements of PMR submissions, namely that it does not conflict with existing utility tariffs or rules, does not violate local state federal laws or regulations, does not decrease SGIP cost effectiveness, does not create an incentive modification without economic or societal benefits, does not increase costs for SGIP Applicants, Host Customer, or Administrators, and is aligned with the intent of the program.[9] The modification request submitted by Bloom Energy also supports the requirements of Public Utilities (Pub. Util.) Code Section 379.6(a)(1) whereby SGIP should increase the deployment of distributed generation systems to facilitate the integration of those resources into the electrical grid to improve efficiency and reliability, reduce emissions of greenhouse gases (GHGs), reduce peak demand, reduce ratepayer costs, and provide for an equitable distribution of the costs and benefits. Additionally, the request aligns with recent Commission decisions aimed at encouraging the use of unused generation funds by increasing the deployment of renewable generation technologies that offer value to California's grid and provide critical resiliency services to communities during wildfire-related outages.[10] Bloom Energy's PFM seeks leave under Rule 16.4 (d) due to their core fuel cell technology only recently becoming commercially viable for on-site biogas installations.[11] Additionally, D.11-09-015 was issued over 10 years ago and SGIP has more recently adopted policies designed to encourage the deployment of on-site

[9] Program Modification Request Form, available at selfgenca.com.
[10] D.20-01-021 at 36 and 51; D.23-02-004 at 7.
[11] Bloom Energy PFM at 2.

renewable generation projects and those policy changes were not available for consideration at that time.[12]

The issue at hand in Bloom Energy's PFM is that the current SGIP sizing requirements for Export to Grid projects may be limiting the participation of on-site renewable generation projects in the program. These facilities that produce significant biogas, but have only moderate on-site energy consumption, are limited to sizing their generation system to no greater than 125% of their annual on-site consumption. The program rules established in 2011 were to encourage the flexibility of generation resources for programs like the combined heat-and-power (CHP) FiT initiated by AB 1613 that were eligible when operating on either renewable fuel or natural gas. However, those program rules pre-date SGIP's requirement that all systems operate on renewable fuel, which began in 2020, as well as many of the state's recent legislative efforts working to increase the beneficial use of California's waste streams.[13] Today those sizing limitations may inadvertently be hindering the implementation of economically viable systems for facilities with access to additional untapped biogas resources that will otherwise be vented or flared.

Furthermore, it is important to note that SGIP does not offer incentives for the portion that will be exported (up to 25%), thereby limiting the incentive to only the portion of the project that will be used to manage the on-site load.[14] Where there exists no additional costs to ratepayers for SGIP purposes, Bloom Energy's request would encourage the use of all available on-site biogas resources to the benefit of improved local air quality, increased production of renewable energy, and a reduction of GHGs. These statewide benefits can be encouraged

[12] D.20-01-021 at OP 14 and OP 27.
[13] Bloom Energy PFM at 4.
[14] 2024 SGIP Handbook Section 4.3.2.2 at 39 and Table 7.3b at 60.

through the program modification requested without any incremental costs to SGIP ratepayers.[15] While Bloom Energy requests to revise the sizing requirements to 150% of annual on-site energy consumption, the request does not alter the incentive limitation of 100% of annual energy consumed at the site. SGIP would not incentivize any portion (up to 50%) available for export under qualifying export to grid programs.

To illustrate, an example of a generation project participating in SGIP under the proposed increased export limit would be where a project site has an annual energy consumption that supports the installation of a 600-kW system, the customer would be allowed to install a system with a capacity of up to 900-kW, where they can show they have available on-site renewable fuel to support the increased system size. However, only 600 kW of the system would be incentivized by SGIP, and the remaining capacity (up to 300 kW) would remain unincentivized by SGIP but available for the customer to export to the electric grid. Allowing projects this additional flexibility may also improve the project economics in a manner necessary to deploy these systems without any new costs to SGIP ratepayers or program administrators. Renewable generation projects incentivized by SGIP in the manner requested support the goals of the program and can help advance some of California's smaller on-site biogas resources that may not otherwise be economically viable. As highlighted by Bloom Energy in its PMR submission to the SGIP WG, California has some of the highest potential for renewable fuel production from diaries, landfills, organic food waste facilities, and wastewater treatment plants with a maximum resource potential of approximately 87 trillion BTU per year that remains significantly underutilized.[16]

[15] Bloom Energy PFM at 4.
[16] The International Council on Clean Transportation. (2023). 2030 California Renewable Natural Gas Outlook: Resources Assessment, Market Opportunities, and Environmental Performance at page 16, available at: https://theicct.org/wp-content/uploads/2023/05/california-rng-outlook-2030-may23.pdf.

The Petition for Modification of D.11-09-015 submitted by Bloom Energy, to increase the sizing limitations for SGIP Export to Grid projects as requested, is aligned with the goals of SGIP and other state goals to prioritize the beneficial use of California's waste streams.

III. CONCLUSION

For the reasons outlined herein, SoCalGas and CSE support the PFM as it aligns with the intent of SGIP, previous Commission decisions, and the statutory obligations of the program.

Respectfully submitted,

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