BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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COMMENTS OF THE CALIFORNIA SOLAR & STORAGE ASSOCIATION ON DECISION GRANTING PETITION FOR MODIFICATION OF DECISION 20-06-017 BY CALIFORNIA SOLAR & STORAGE ASSOCIATION, IN PART

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The California Solar & Storage Association (CALSSA) hereby submits comments on the proposed *Decision Granting Petition for Modification of Decision 20-06-017 by California Solar & Storage Association, In Part* (PD), issued at the California Public Utilities Commission (Commission) on October 26, 2026.

CALSSA supports the PD's proposal to further extend the waiver of the 150% storage sizing rule until January 1, 2030, under the condition that large NEM-paired storage customers exceeding the threshold bear cost responsibility for grid upgrades that they trigger. CALSSA recommends several modifications for efficiency and clarity:

1. Instead of a temporary extension, permanently remove the 150% storage sizing rule. The PD proposes a temporary extension based on two concrete concerns that it believes to be outstanding: whether additional storage may be used to generate additional export credits and whether interconnection application fees cover application processing costs.[1] CALSSA believes that both of these concerns can be addressed based on the existing record, and that even if concerns remain, these are issues that can be resolved in parallel with deprecating the 150% storage sizing rule.
2. If the Commission proceeds with a temporary extension, the PD should explicitly state that another petition will be considered timely if it is submitted up to one year after the final NBT evaluation report is published.
3. If the Commission proceeds with a temporary extension, the Commission should clarify that the January 1, 2030 date corresponds to the date that an

[1] PD, p. 14.

application is submitted without major deficiencies. In other words, a project where the interconnection application is submitted before January 1, 2030 will not be subject to the 150% storage sizing rule, if the application does not have major deficiencies.

4. Clarify that power control systems (PCS) will be recognized when applying the 150% threshold. It is common for paired storage systems to utilize PCS to limit storage export and/or import. In such cases, applying rules based on the gross storage nameplate overestimates the power output that the installed system will actually produce.
5. Be more explicit that the new cost responsibility provision, intended to replace the 150% storage sizing rule for large NEM-paired storage, applies only to large NEM-paired storage.

I. The PD Misinterprets the Purpose of the Storage Sizing Rule and Should Not Tie its Extension to the NBT Evaluation

The 150% rule was originally proposed in a 2013 CPUC ruling to address a potential problem of storage-only customers installing a token amount of solar to qualify for the NEM exemption from paying for certain grid upgrades.[2] The ruling states, "[a] customer primarily interested in installing a storage device could abuse the proposed interconnection cost exemption by installing a large storage system paired with a much smaller NEM-eligible generating facility."[3] It was to address this issue that a storage sizing limit was proposed and adopted in D.14-05-033.[4] The PD continues to address this issue by requiring customers with storage systems larger than the threshold to pay for the cost of any associated grid upgrades.

The PD suggests that "several issues require further discussion, such as how storage may be used to generate additional export credits and whether Rule 21 fees would cover interconnection process costs for paired storage that exceeds the 150% cap."[5]

[2] "Assigned Commissioner's Ruling Regarding the Interconnection of Energy Storage Systems Paired with Renewable Generators Eligible for Net Energy Metering" (ACR), Rulemaking 12-11-005, October 17, 2013.
[3] ACR, p. 9.
[4] Ordering Paragraph 4, D.14-05-033.
[5] PD, p. 14.

However, the PD unnecessarily conflates separate issues that can be resolved in parallel, which extends regulatory uncertainty and unnecessarily complicates resolution.

On the issue of whether additional storage can generate additional export credits, CALSSA emphasizes that existing NEM/NBT paired storage rules prevent additional storage from leading to additional export kWh[6] and ensure that all storage exports are solar-charged.[7] In theory, additional storage could allow customers to shift the same number of export kWh to higher value hours of the day, but those hours have higher export rates exactly because the Commission wants to encourage exports during those hours. The driving force behind NBT was to shift exports to hours of peak usage, and further encouraging this would be an additional benefit on top of the resiliency and electrification that large storage is needed for.

Even if the Commission is unsure if it wants exports to be shifted to hours of peak usage, the appropriate mitigation would be to update the export value assigned to each hour, which it already does in updates to the Avoided Cost Calculator. It should not prevent customers from installing the amount of storage commensurate to their needs for electrification and resiliency. Adding storage does not allow customers to export more energy. If the Commission, for whatever reason, decides that it doesn't want to encourage exports to be shifted to high consumption hours, the appropriate action would be to balance export compensation across hours. The 150% storage sizing rule was never intended to be a solution for export hour compensation, and reinstating the 150% storage sizing rule would be an overly blunt tool to the specific issue at hand.

II. Resolving the 150% Storage Sizing Rule and Setting Interconnection Application Fees Are Parallel Efforts

[6] CALSSA reply to PFM responses, Section 3c.

[7] The NEM Paired Storage rules require metering or power control systems (PCS) to verify that exported energy is from solar. D.14-05-033 adopted the non-export relay and additional meter options, stating that "[w]e find that such metering requirements will effectively ensure that only NEM-eligible generation receives NEM credit." Power control systems were then developed to avoid the cost and delays of installing an additional meter and to allow for DC-coupled systems in which the metering solution is not possible because solar and storage share one inverter and there are no revenue-grade DC meters. D.19-01-030 approved the use of PCS, stating, "We approve power control-based options for ensuring net energy metering (NEM) credit accrues only to NEM-eligible generation in large solar plus storage systems…"

The only other outstanding issue that the Commission cites is "whether Rule 21 fees would cover interconnection process costs for paired storage that exceeds the 150% cap."[8] Since the PD ensures that large NEM-paired storage customers exceeding the threshold would pay for grid upgrades, the only remaining interconnection costs are application review costs covered by applicants though interconnection application fees, and CALSSA assumes that the subject of inquiry is this interconnection application fee.

For context, all NEM/NBT customers with systems less than 1 MW pay the same application fee ($145 for PG&E, $94 for SCE, and $132 for SDG&E). This application fee was set once in 2015 and has remained the same since. NEM/NBT customers exceeding the 150% threshold are a subset of these customers and are included in the cost reporting. The IOUs have been collecting project-level cost data for these customers since 2015 and submit annual reports via advice letters.

On September 18, 2026, PG&E submitted Advice Letter 7988-E, showing that NEM/NBT systems less than 1 MW cost $204 per application process. On the same day, SCE submitted Advice Letter 5891-E, showing that NEM/NBT systems less than 1 MW cost $103 per application to process. Simultaneously, SDG&E submitted Advice Letter 4899-E, showing that NEM/NBT systems less than 1 MW cost $188 per application to process. These reports show that the NEM/NBT fee recovers processing costs if adjusted for inflation (41% inflation since 2015).

The framework and cost tracking already exists and shows that the interconnection application fees are proportionate to processing costs. CALSSA acknowledges that updating these fees to account for inflation would be a reasonable policy choice. Ultimately, updating the application fee itself is the correct policy tool to ensure that applicants cover all review costs and that no costs are shifted onto ratepayers. Reinstating the 150% storage sizing rule would be an overly blunt tool to this specific issue and wouldn't directly address the application fee regardless. If the interconnection application fee is too high or too low, the appropriate policy choice is to lower or increase the fee, not to prevent customers from installing the system that best meets their resilience and electrification needs.

[8] PD, p. 14.

CALSSA emphasizes that the purpose of the 150% rule was to address grid upgrade costs, not application review costs. Since NEM customers are not exempt from application review costs, there is no cost exemption for storage-only customers to chase. Although non-NEM customers pay an $800 application fee that is approximately $600 more than the application fee for NEM customers, this cost delta is not high enough to incentivize storage-only customers to install a token amount of solar simply to obtain the NEM application fee. One kilowatt of solar costs at least $2,500 to install.[9] The Commission established the 150% storage sizing rule to prevent gaming of the grid upgrade exemption and not of the interconnection application fee[10] because the interconnection application fee is not the issue.

III. Clarifications

A. Clearer pathway for another petition

The PD proposes to delay a permanent decision on the 150% storage sizing rule until the NBT evaluation is complete. If the Commission proceeds with a temporary extension, the PD should explicitly state that another petition will be considered timely if it is submitted up to one year after the final NBT evaluation report is published. As currently written, the PD frames another petition as a possibility, stating that "the forthcoming report could serve to inform consideration of a petition for modification to revise the storage sizing limit, should a future petition be filed."[11] However, the PD should clearly establish a pathway for another petition to be filed. A petition filed within one year of this decision would be premature. It would be useful to avoid conflict over the timeliness of a petition filed more than one year after this decision.

B. Use consistent qualification criteria for waiver deadline

The PD should clarify that the January 1, 2030 date corresponds to the date that an application is submitted without major deficiencies. In other words, a project where the interconnection application is submitted before January 1, 2030 will not be subject to

[9] EnergySage, a platform that compares quotes between installers, estimates that solar in California costs about $2.52 per watt. See here: https://www.energysage.com/local-data/solar-panel-cost/ca/. DGStats yields an even higher estimate of about $4 per kW. See the "Cost Per Watt" chart here: https://www.californiadgstats.ca.gov/charts/.
[10] ACR, p. 9.
[11] PD, p. 15.

the 150% storage sizing rule, if the application does not have major deficiencies. This is the trigger that CALSSA and the IOUs have operated under for previous extensions of the waiver, and it would be reasonable to continue this practice. Interconnection timelines are often out of the control of customers, and their eligibility should not be subject to the risk of interconnection delays.

Even though it is likely the Commission will maintain consistency if this issue is taken up in a future decision, defining it now will remove uncertainty that causes cost pressure due to risk for projects that will be completed near the next deadline. By defining the expiration date based on application submittal, if the application is free of major deficiencies, customers have a reasonable amount of certainty that they can use to finance and plan projects.

C. Recognize PCS when applying the 150% threshold

Finally, the PD should clarify that PCS will be recognized when the IOUs apply the 150% threshold. Many systems now use PCS to limit storage export and/or import. Judging a system based on its gross storage nameplate rating would overestimate the power output that the battery is capable of. The Commission should clarify that if a PCS is involved, the application of the 150% threshold should be based on comparing the solar kW to the storage kW as limited by the PCS. There are several advantages to using PCS to limit export and/or import, like avoiding expensive and slow grid upgrades and qualifying for streamlined interconnection application review. The IOUs already recognize PCS in many applications, and it would be consistent and beneficial to the state's goals to recognize PCS here as well.

D. Clarify that NEM-paired storage less than 10 kW remains unaffected

The 150% storage sizing rule only applies to large NEM-paired storage, defined as storage exceeding 10 kW.[12] Consequently, it is reasonable that all discussion about how to replace the rule, including new cost responsibility for grid upgrades, only applies to large NEM-paired storage above the threshold. However, the PD's wording in Ordering Paragraph 3 contains some ambiguity, and the proposed change to Conclusion of Law 22 of D.20-06-017 should be modified to read (suggested changes in bolded red):

[12] Ordering Paragraph 4, D.14-05-033.

It is reasonable to require PG&E, SCE, and SDG&E to modify their NEM tariffs to temporarily remove the storage sizing limit for large NEM-paired storage until January 1, 2030 and replace it with cost responsibility for grid upgrades for **for large NEM-paired storage** systems above the same size threshold that charge and/or discharge from the grid, while maintaining existing metering requirements.

A similar change should be made to the proposal to change Conclusion of Law 23 of D.20-06-017.

IV. Conclusion

CALSSA supports the general direction of the PD and urges several changes to provide simplicity and clarity. Removing the 150% storage sizing rule is necessary to keep resiliency and electrification within reach for customers and to support the state's policy interests. CALSSA appreciates the Commission's engagement on this critical issue and looks forward to continued collaboration.

Respectfully submitted,

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