Decision 20-07-015 July 16, 2020

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

DECISION ADDRESSING PETITION FOR MODIFICATION OF DECISION (D.) 19-09-027 AND D.20-01-021

TABLE OF CONTENTS

DECISION ADDRESSING PETITION FOR MODIFICATION OF DECISION (D.) 19-09-027 AND D.20-01-021

Summary

This decision addresses the *Petition for Modification of Decision 19-09-027 and Decision 20-01-021* filed by the California Solar and Storage Association (CALSSA) on April 1, 2020. It grants some but not all of the requested modifications. Specifically, this decision:

- Modifies Decision (D.) 19-09-027 to clarify equity budget eligibility requirements for residential customers in California Indian Country. Single family residences and multi-family buildings in California Indian Country are eligible for the equity budget as required pursuant to D.17-10-004 with the exception that single family residences are not required to be subject to resale restrictions or an equity sharing agreement and multi-family buildings are not required to be subject to deed restrictions;
- Modifies D.19-09-027 to correct an inadvertent error in Ordering Paragraph 26 referring to incentive step-down requirements;
- Modifies D.19-09-027 and D.20-01-021 to allow projects using general market and equity budget storage incentives to choose the incentive step-down structure adopted in D.16-06-055 if the customer does not plan to island or provide backup power during electrical outages and, as a result, does not wish to undertake the eight measures adopted in the same decisions to ensure safe islanding during outages. The eight safety measures adopted in D.19-09-027 and D.20-01-021 remain required for all projects using equity resiliency or general market resiliency adder incentives;

- Denies CALSSA's request to modify D.19-09-027 to remove system sizing limits that establish incentive levels for general market energy storage systems designed to provide backup capability; and,
- Modifies D.20-01-021 to grant automatic eligibility for equity resiliency budget incentives to all homeless shelters, food banks and independent living centers if they are located in a Tier 2 or Tier 3 High Fire Threat District or their electricity was shut off during two or more discrete Public Safety Power Shutoff events.

Rulemaking 12-11-005 remains open.

1. Background

In Decision (D.) 19-09-027 and D.20-01-021 the Commission significantly revised the Self-Generation Incentive Program (SGIP). D.19-09-027 as modified by D.20-01-021 establishes an equity resiliency budget limited to residential and nonresidential customers located in Tier 2 or Tier 3 High Fire Threat Districts (HFTDs) or that have been subject two or more discrete Public Safety Power Shutoffs (PSPS) events prior to applying for SGIP incentives that meet additional eligibility requirements. The additional eligibility requirements for residential equity resiliency customers adopted in D.19-09-027 and D.20-01-021 are that the customer must: (a) rely on an electric pump well for their water supply; (b) have incentives reserved in the Single Family Affordable Solar Homes program (SASH) or the SASH for disadvantaged communities (DAC-SASH) programs; (c) be eligible for the equity budget; (d) be eligible for the medical baseline program as defined in D.86087, 80 CPUC 182; or, (e) have notified their utility of serious illness or condition that could become life threatening if electricity is disconnected, as defined in D.12-03-054. For non-residential customers, the additional equity resiliency budget eligibility requirements adopted in D.19-09-027 and D.20-01-021 are that the customer must be located in a Tier 2 or Tier 3 HFTD or have had their electricity shut off during two or more discrete PSPS events, and must provide critical facilities or infrastructure to at least one community eligible for the equity budget that is located in a Tier 2 or Tier 3 HFTD or whose electricity was shut off during two or more discrete PSPS events. D.19-09-027 and D.20-01-021 together allocate 63 percent of 2020 to 2024 SGIP ratepayer collections to this new equity resiliency budget, up to $612 million, for incentives that are available between 2020 and December 31, 2025.

In addition, D.19-09-027 modifies the equity budget eligibility requirements adopted by the Commission in D.17-10-004, including the definition of a disadvantaged community (DAC) for SGIP purposes. D.19-09-027 at Attachment A states that:

> Disadvantaged communities for SGIP purposes include all California Indian Country as defined in 18 United States Code Section 1151, with the exception of privately held in-holdings, which are defined as non-Indian owned fee land located within the exterior boundaries of California Indian Country; in the event of multiple owners, such land shall be considered Indian owned if at least one owner is a tribe or tribal member, regardless of the use of the land.[1]

D.19-09-027 expands equity budget eligibility for non-residential customers to include public agencies for which at least 50 percent of census tracts served are DACs.

[1] D.19-09-027 at Attachment A-1.

D.20-01-021 establishes resiliency adder incentives eligible to general market non-residential customers located in Tier 2 or Tier 3 HFTDs or who have been subject to two or more discrete PSPS events prior to applying for SGIP incentives. D.19-09-027 and D.20-01-021 together require customers receiving general market resiliency adder or equity resiliency incentives to undertake eight additional safety measures to ensure that the equipment is correctly installed and able to safely island during an outage. Additionally, D.19-09-027 and D.20-01-021 require customers receiving equity budget or general market incentives for energy storage systems with a longer than two-hour discharge duration to undertake the same eight safety steps, even if the project is not accessing resiliency incentives. Concomitant with this, D.19-09-027 and D.20-01-021 modify the duration step-down structure adopted in D.16-06-055. Specifically, D.19-09-027 and D.20-01-021 allow projects to receive the full incentive amount for hours two to four of storage discharge and 50 percent of the full incentive amount for hours four to six, as compared to D.16-06-055, which stepped down incentives to 50 percent of the full amount for hours two to four of discharge and 25 percent of the full amount for hours four to six.

On April 1, 2020, the California Solar and Storage Association (CALSSA) filed a *Petition for Modification of Decision 19-09-027 and Decision 20-01-021* (PFM). CALSSA's PFM requests two modifications to D.19-09-027 and four modifications to D.20-01-021, as follows:

<u>Requested Modifications to D.19-09-027:</u>

- Clarification of the eligibility of residential projects located within California Indian Country for equity and equity resiliency budget incentives;

- Removal of the eight safety measure requirements for energy storage systems receiving equity budget incentives and having a discharge duration greater than two hours but not using resiliency incentives;

Requested Modifications to D.20-01-021:

- Correction of an error in the incentive step-down table in Ordering Paragraph 26;
- Removal of the eight safety measure requirements for energy storage systems receiving general market incentives and having a discharge duration greater than two hours but not using resiliency incentives;
- Modification of system sizing limits that establish incentive levels for general market energy storage systems designed to provide backup capability; and,
- Automatic eligibility for the equity resiliency budget for homeless shelters, food banks, and independent living centers located in Tier 2 or Tier 3 HFTDs or that have experienced two or more discrete PSPS events.[2]

On April 10, 2020, the California Energy Storage Alliance (CESA), Invinity Energy Systems, Stem Inc., Sunrun Inc., Swell Energy Inc., and Tesla Inc. (Tesla) (collectively, Joint Storage Parties) filed a *Motion to Shorten the Comment Period on the Petition for Modification Submitted by the California Solar and Storage Association on April 1, 2020 and on Any Subsequent Proposed Decisions, Advice Letters and Resolutions Responding Thereto* (Motion). On April 16, 2020, the Assigned Administrative Law Judge (ALJ) denied the Motion, confirming that parties had until May 1, 2020 to respond to the PFM. On May 1, 2020, the Center for

[2] CALSSA PFM, filed April 1, 2020 at 1.

Sustainable Energy (CSE), Tesla, CESA, the Public Advocates Office (Cal Advocates), and Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and Southern California Gas Company (SoCalGas)(collectively, investor-owned utilities or IOUs) filed responses to the PFM.

The Commission closed Rulemaking (R.)12-11-005 in D.20-02-002 on February 6, 2020. The Commission reopened R.12-11-005 to consider a petition for modification filed by PG&E on March 11, 2020. R.12-11-005 remains open to consider a petition for modification filed by CESA on June 10, 2020.

2. Jurisdiction

Public Utilities Code Section 379.6 established the SGIP program in 2001.[3] Rule 16.4 of the Commission's Rules of Practice and Procedure (Rules) governs petitions for modification.

3. Issues Before the Commission

The issues addressed in this decision are, should the Commission:

Modify D.19-09-027 to:

- Clarify that all residential customers in California Indian Country are eligible for the equity budget, only customers residing in deed or resale restricted housing,[4] or some other approach?
- Remove the back-up requirements for equity budget systems with a discharge duration greater than two hours?

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[3] Hereafter, all references to code refer to the Public Utilities Code unless otherwise indicated.

[4] Includes "presumed resale" restricted housing, see SGIP 2020 handbook at 58, available here: https://www.selfgenca.com/documents/Handbook/2020.

Modify D.20-01-021 to:

- Correct an error in Ordering Paragraph 26?
- Remove the back-up requirements for general market systems with a discharge duration greater than two hours?
- Remove system sizing limits that establish incentive levels for general market energy storage systems designed to provide backup capability?
- Grant eligibility for the equity resiliency budget to homeless shelters, food banks, and independent living centers located in a Tier 2 or Tier 3 HFTD or that have experienced two or more discrete PSPS events without requiring these types of customers to demonstrate that they serve at least one equity budget-eligible community?

The remainder of this decision addresses each of these issues in turn.

4. Equity Budget Eligibility Requirements for Residential Customers Located in California Indian Country

D.19-09-027 includes in scope the question of whether the Commission should expand eligibility for the equity storage budget to all projects located in California Indian Country.[5] The April 15, 2019 Assigned Commissioner's Ruling asks the same question.[6]

CALSSA's PFM states that D.19-09-027 does not clearly resolve this question for residential customers because it contains contradictory orders. As discussed in section 1, above, D.19-09-027 at Attachment A defines all California Indian Lands as DACs. Attachment A does not, however, state that all

[5] D.19-09-027 at 8.

[6] Assigned Commissioner's Ruling Seeking Comment on Implementation of Senate Bill 700 and Other Program Modifications, April 15, 2019.

residences within California Indian Country are eligible for the equity budget. Pursuant to D.17-10-004, not all residential customers located in DACs are eligible for the equity budget.

In D.17-10-004, the Commission adopted the following equity budget eligibility requirements for low-income residential customers:

- The customers must reside in PG&E, SCE, SoCalGas or San Diego Gas & Electric Company (SDG&E) service territory in one of the following:
- A multi-family residential, deed restricted building, defined as a multi-family residential building with at least five rental housing units that provides deed restricted housing that is either: (1) in a DAC; or, (2) is a building where at least 80 percent of the households have incomes at or below 60 percent of the area median income; or,
- Consistent with section 2852(a)(3)(C), a single-family residence must demonstrate a household income that does not exceed 80 percent of Area Median Income (AMI) and the residence must be subject to resale restrictions or an equity sharing agreement.[7]

[7] D.17-10-004 at 10-17; D.19-09-027 at 10, Table 1. Section 2852 uses "lower income household(s)" to define both multi- and single-family "low-income residential housing," which "have the same meanings as in those set forth in Chapter 2 (commencing with Section 50050) of Part 1 of Division 31 of the Health and Safety Code." 12 Paragraph (a) of Section 50079.5 of the Health and Safety Code states that "'Lower income households' means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually." 13 42 U.S. Code § 1437a(b)(2)(A) of the United State Housing Act establishes that "the term 'low income families' means those families

CALSSA's PFM argues that in contrast to Attachment A, discussion elsewhere in D.19-09-027 suggests that the Commission's intent is to make all residences in California Indian Country eligible for the equity budget. CALSSA holds that the discussion on page 12 of D.19-09-027 indicates this intent:

> Equity budget eligibility for *homes* and *certain non-residential customers* located within California Indian Country supports statutory and Commission goals of ensuring broad access to SGIP funds for low-income and DACs.[8]

CALSSA argues that use of the word "homes" indicates residential projects are eligible and absence of the word "certain" before the word "residential," in contrast to the phrase "certain non-residential," indicates that the Commission's intent is that all residential projects in California Indian Country should be eligible for the equity budget without meeting additional income or deed restriction requirements.[9] CALSSA's PFM also observes that limiting equity budget eligibility in California Indian Country to residential customers that live in deed restricted housing could eliminate the desired participation as "federally-recognized Indian Lands are held in trust by the federal government for a federally-recognized Indian tribe or tribal member and cannot be deed restricted."[10]

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whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families."

[8] CALSSA PFM, filed April 1, 2020 at 2; D.19-09-027 at 12, emphasis added.

[9] CALSSA PFM, filed April 1, 2020, at 2.

[10] CALSSA PFM, filed April 1, 2020, Attachment B, "Letter to Commissioner Rechtschaffen from the Rincon Band of Luiseño Indians, the San Pasqual Band of Mission Indians, and the Pala Band of Mission Indians," February 25, 2020 at footnote 2.

CALSSA's PFM goes on to observe that the 2020 SGIP handbook includes elements of both of the phrasings and that these "ambiguities have left staff and the [Program Administrators] PAs unsure about the eligibility of residences on tribal lands."[11] For these reasons, CALSSA's PFM requests the Commission modify D.19-09-027 to clarify that all residential projects within California Indian Country are eligible for the equity budget (additions underlined):

> Text on pages 11-12: "We supplement the eligibility criteria adopted in D.17-10-004 to define all California Indian Country as DACs for purposes of the SGIP equity budget <u>and expand storage equity budget eligibility to all residential projects and certain nonresidential projects in California Indian Country. Therefore, eligibility for the storage equity budget for residential projects shall only depend upon the project being located in California Indian Country, except for privately owned inholdings.</u> Privately owned non-Indian in-holdings located within the exterior boundaries of a tribe's Indian Country shall not be eligible for equity budget incentives, however, except as provided below;"
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> Finding of Fact 3: "Including California Indian County [sic], as defined in 18 USC 1151, within the SGIP definition of a DAC <u>and expanding equity budget eligibility to include all homes and certain non-residential customers located within California Indian Country</u> supports statutory and Commission goals of ensuring broad access to SGIP funds for low-income and disadvantaged customers as well as the Commission's Tribal Consultation Policy;" and,
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> Attachment A, page A2, new eligibility criterion: "<u>All residences in California Indian Country, except those located</u>

[11] 2020 Self-Generation Incentive Program handbook, March 2, 2020 at 33; CALSSA PFM at 1 and 3.

> on privately held fee lands within the exterior boundaries of California Indian Country unless the land is owned by a tribe or at least one tribal member, are deemed automatically eligible for SGIP equity budget incentives."[12]

4.1. Party Comments

Cal Advocates, CSE and the IOUs support modifying D.19-09-027 to clarify that all residential customers in California Indian Country are eligible for the equity budget. Tesla and CESA did not comment on this portion of the PFM. CSE's response states that:

> CALSSA's proposal is straightforward, removes the ambiguity around eligibility and administrative barriers incurred in verifying eligibility, and is consistent with what CSE believes is the original intent of D.19-09-027. Moreover, the SGIP equity budget has seen limited participation, and CSE supports this reasonable proposal to simplify eligibility criteria and ensure that the benefits of the program extend to a historically disadvantaged and disenfranchised community.13

In reply comments on the proposed decision, GRID provides information clarifying that the income-restriction requirements of Section 2852(a)(3)(C) pertinent to single-family residences had been inadvertently omitted from D.19-09-027.

GRID, supported by CALSSA and the Rincon Band of Luiseño Indians, the Pala Band of Mission Indians, and the San Pasqual Band of Mission Indians, recommends that the Commission clarify the question of whether all residences

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[12] CALSSA PFM, filed April 1, 2020, at 3-4.

[13] CSE, "Response to CALSSA's PFM," May 1, 2020 at 1-2.

in Indian Country are eligible for the equity budget by adopting the same income threshold requirements for residential equity budget projects in Indian Country as required in D.17-10-004 for all residential equity budget projects.[14] GRID argues that this would appropriately reflect the Commission's intent in D.17-10-004 that the equity budget serve low-income customers and lower-income households as defined in Section 2852.[15]

GRID notes that pursuant to D.17-10-004, single-family residences with household income at or below 80 percent of AMI and subject to a resale restriction or equity sharing agreement pursuant to Section 2852 are currently eligible for SGIP equity budget incentives regardless of where they located.[16] D.17-10-004 also defines multi-family residential buildings of at least five rental housing units as low-income housing and grants them eligibility for equity budget if operated to provide deed-restricted low-income residential housing pursuant to Section 2852(a)(3)(A), and located in a DAC or if at least 80 percent of the households have incomes at or below 60 percent of the area median income.[17] GRID recommends the Commission adopt the same requirements for residential equity budget customers in California Indian Country with the exception that single family residences should not be subject to resale restrictions or an equity

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[14] CALSSA Comments on Proposed Decision, July 6, 2020, Attachment B, "July 6, 2020 Letter of the Rincon Band of Luiseño Indians, Pala Band of Mission Indians, and San Pasqual Band of Mission Indians to Commissioner Rechtschaffen."

[15] D.17-10-004 at 30.

[16] D.17-10-004 at 15.

[17] D.17-10-004 at 14-15.

sharing agreement and multi-family buildings should not be subject to deed restrictions pursuant to Section 2852. This is fair and appropriate, GRID contends, because as indicated in CALSSA's PFM, residences in California Indian Country are generally not subject to deed or resale restrictions. Further, requiring the same equity budget income thresholds within and outside of California Indian Country avoids creating a two-tiered system and reduces administrative burden.

GRID explains that equity budget eligibility requirements pursuant to D.17-10-004 were accurately reflected in the SGIP handbook between 2017 and June 2020.[18] However, GRID observes that the April 15, 2020 joint SGIP PA advice letter (CSE 110-E) approved on June 29, 2020 removed the requirement that single-family equity budget applicants demonstrate that they do not exceed 80 percent AMI by providing household income documentation in the form of federal income tax returns. GRID states that "this removal does not uphold the intent of D.17-10-004 for the SGIP Equity Budget to serve low-income customers.[19]

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[18] GRID, "Comments on Proposed Decision," July 6, 2020 at 6. GRID states that the 2017 through June 2020 SGIP handbook required single family applicants to demonstrate that they do not exceed 80 percent area median income by providing household income documentation in the form of federal income tax returns for single family projects but did not include an income documentation requirement for multi-family projects, "presumably because household income is already incorporated in the required low-income housing documentation that must be provided by the applicant." *See also* SGIP 2020 handbook at 58, available here: https://www.selfgenca.com/home/resources/.

[19] *Ibid. See also* CSE AL 110-E at 62, available here: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M342/K944/342944999.PDF

4.2. Discussion

We modify D.19-0-027 to clarify that residential customers in California Indian Country need not reside in deed or resale restricted housing pursuant to Section 2852 to be eligible for the equity budget but shall document that they are a "lower income household" or that a multi-family building is "low-income residential housing" pursuant to D.17-10-004.[20]

As noted by GRID, the definition of lower income household adopted in D.17-10-004 includes income threshold requirements and deed or resale restrictions. Deed and resale restrictions generally do not exist in California Indian Country and should therefore not be required for residential customers in these locations to qualify for the equity budget. However, it is appropriate that residential equity budget projects in California Indian Country comply with the income threshold requirements adopted in D.17-10-004 to ensure that limited funds are targeted to DACs or lower income households and low-income residential housing.

We modify D.19-09-027 to reflect our adopted clarifications:

> Text on page 12: "In the event of multiple owners, the land shall be considered Indian owned if at least one owner is a tribe or tribal member. <u>We clarify that residential customers in California Indian County are subject to the same equity budget eligibility requirements adopted for residential customers in D.17-10-004 except they are not required to reside in deed or resale restricted housing</u>;"

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[20] *Ibid.* Public Utilities Code section 2852(a) and, by reference, Health and Safety Code Section 50079.5 of the Health and Safety Code.

New Finding of Fact: Deed and resale restrictions generally do not exist in California Indian Country;

New Conclusion of Law: Residential customers in California Indian Country need not reside in deed or resale restricted housing to be eligible for the equity budget but should otherwise meet the equity budget eligibility requirements adopted for residential customers in D.17-10-004;

Attachment A, page A2, new eligibility criterion: Residential customers in California Indian County are subject to the same equity budget eligibility requirements adopted for residential customers in D.17-10-004 except they are not required to reside in deed or resale restricted housing."

To expedite implementation of these clarifications and support SGIP participation during 2020 by residences in California Indian Country, we direct SGIP PAs— the IOUs and CSE— to file a Tier 1 advice letter within 10 days of issuance of this decision adding three clarifying sentences to the SGIP 2020 handbook, as follows:

Indian Country in California, as defined in 18 USC 1151, is considered as being 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 California 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. Multi-family 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 as required in Section 4.6.1.6, Proof of Income Qualification (Single-family Projects Only). showing the host customer's household income is 80% of the area median income or less based upon a copy of the most recently available federal income tax return.

In the same Tier 1 advice letter, the SGIP PAs shall reinstate the income threshold qualification requirements for residential equity budget projects in the SGIP handbook deleted through approval of advice letter CSE 110-E:

> **4.6.1.6 Proof of Income Qualification** (Single-family Projects Only) Documentation showing the host customer's household income is 80 percent of the area median income or less based upon a copy of the most recently available federal income tax return. Area Median Income is subject to annual changes based upon Housing and Urban Development's income guidelines.

Because D.19-09-027 did not specify whether deed or resale restrictions were required to establish equity budget eligibility in California Indian Country, we also direct PAs to maintain an applicant's place in the incentive que for residential California Indian Country applicants that have submitted an equity or equity resiliency incentive application prior to adoption of this decision. SGIP PAs shall not require such applicants to reapply for incentives but shall require demonstration of income eligibility as discussed in this decision. This approach is fair to such applicants and to future California Indian Country applicants because it requires all applicants to adhere to the same eligibility requirements.

If additional revisions to the SGIP handbook are needed to reflect our adopted modifications, the SGIP PAs shall include these in the Tier 2 advice letter ordered in section 6.2 of this decision.

Finally, we modify Table 1 of D.19-09-027, as corrected by D.19-12-065, to reflect the inadvertent omissions identified by GRID:

Table 1: Equity Budget Eligibility Criteria (as adopted in D.17-10-004)

1.	Located in DAC or low-income community;	DAC defined as any census tract that ranks in the top 25 percent most affected census tracts in the most recently release version of CalEnviroScreen and census tracts that score within the highest five percent of CalEnviro Screen's pollution burden, but do not receive an overall CalEnviroScreen score.[21]	Low-income community defined, pursuant to 39713(d)(2) of the Health and Safety Code, as: (1) census tracts with median household incomes at or below 80 percent of the statewide median income; or (2) with median household incomes at or below the threshold designated as low-income pursuant to Section 50093.
	And, meets one of the	Local government agency	Any entity described by Public Contracts Code Section 22161(f).

[21] The California Communities Environmental Health Screening Tool (CalEnviroScreen) identifies California communities by census tract that are disproportionately burdened by, and vulnerable to, multiple sources of pollution. The tool is managed by the Office of Environmental Health Hazard Assessment (OEHHA), on behalf of the California Environmental Protection Agency (CalEPA) and may be accessed here: https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30.

	following customer criteria:	State government agency	Any entity described by Government Code Section 11000.
		Educational institution	Any institution that would otherwise be eligible for funding through the California Clean Energy Jobs Act (Proposition 39), or a college or university accredited to operate in California.
		Non-profit organization	An organization registered and in good standing with the California Secretary of State as a domestic non-profit.
		Small business	A business or manufacturer, including affiliates, with an average annual gross receipts of $15 million or less, over the last three tax years.
2.	*Or*, low-income residential customers living in IOU service territory, regardless of where located.	Multi-family residential, deed-restricted building;	Defined as a multi-family residential building with at least five rental housing units that provides deed-restricted that is either: (1) in a DAC; or, (2) is a building where at least 80 percent of the households have incomes at or below 60 percent of the area median income ~~, or housing~~ as defined in Public Utilities Code Section 2852 and, by reference, Section 50052.5(f) of the Health and Safety Code.
		Or, a low-income single-family residence subject to resale restrictions.	~~Resale restrictions d~~Defined as ~~those~~ a residence conforming with Section 2852 such that: (1) household income does not exceed 80 percent of the median

			<u>income for the area; AND (2) the residence is subject to a resale restriction or an equity sharing agreement.</u>

5. Correction of Inadvertent Error in Table Summarizing Incentive Step-Down Structure

D.16-06-055 modifies the incentive step-down structure for energy storage projects such that projects receive only 50 percent of the full incentive amount for the second to fourth hours of discharge duration, 25 percent of the full incentive amount for hours four through six of discharge duration, and zero incentive funding for duration beyond six hours. This feature of SGIP is referred to as the step-down incentive structure. D.19-09-027 revises the incentive step-down structure for equity resiliency and equity projects such that projects receive the full incentive amount through the fourth hour of duration, 50 percent of incentive funding for the fifth and sixth hours, and zero incentive funding for duration beyond six hours.[22]

D.20-01-021 revises the incentive step-down structure for general market energy storage projects in the same manner. CALSSA's PFM observes that D.20-01-021 contains an error in that the discussion of the step-down structure in section 7.5 differs from that in Ordering Paragraph 26. CALSSA's PFM requests that the Commission modify Ordering Paragraph 26 of D.20-01-021 to align it with the step-down structure described in section 7.5 of the same decision.

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[22] D.19-09-027, Attachment A at A-3, #9.

Section 7.5 of D.20-01-021 summarizes the program revisions adopted in D.19-09-027, namely the provision of full incentive funding for the second to fourth hours of an energy storage project's duration, 50 percent of incentive funding for the fifth and sixth hours, and no incentive funding for duration beyond six hours. Section 7.5 summarizes this structure in Table 10 of D.20-01-021.[23] The discussion in section 7.5 of D.20-01-021 states that "we approve the incentive step-down structure adopted in the Equity Resiliency Decision for SGIP general market energy storage systems."[24]

CALSSA's PFM is correct that Ordering Paragraph 26 of D.20-01-021 incorrectly reflects Table 10 and the discussion in section 7.5 by indicating that just 25 percent of the full incentive amount is awarded for the fourth through sixth hours of an energy storage project's duration. This is an inadvertent error that we correct here.

We modify Ordering Paragraph 26 of D.20-01-021 as follows:

> Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy shall modify the Self-Generation Incentive Program general market storage incentive step-down structure as follows:

Energy Storage Duration (per kW)	Percentage of Full Incentive- General Market
Zero to two hours	100 percent
Two to four hours	

[23] D.20-01-021 at 56.

[24] D.20-01-021 at 56.

Four to six hours	~~25~~ 50 percent
Greater than six hours	0 percent

We further modify Ordering Paragraph 26 of D.20-01-021 in section 6.2 below.

6. Back-Up Requirements for Equity Budget and General Market Systems with Duration Greater than Two Hours

D.19-09-027 and D.20-01-021 revise the incentive step-down structure adopted in D.16-06-055 as summarized in section 2 above. D.19-09-027 also adopts an equity resiliency budget incentive of $1 per watthour (Wh) of energy storage capacity. As a condition for receiving the associated incentives, D.19-09-027 requires all equity resiliency budget projects and all equity budget projects with a longer than two-hour duration to meet eight additional safety requirements and to ensure customer education on system back-up capabilities.[25]

[25] D.19-09-027 at 43 and Attachment A, A3-A4. The eight requirements are that for such energy storage projects a developer must: (a) provide an estimate of how long a project's fully charged battery will provide electricity for the relevant facility average load during an outage; (b) indicate whether a project's critical loads can and will be isolated; (c) provide an estimate of how long the project's fully charged battery will provide electricity to critical uses during an outage; (d) provide an estimate of how long the project can operate in less-than favorable circumstances, such as if an outage occurs when the battery has been discharged or during the winter (if paired with solar); (e) summarize information given to the customer about how the customer may best prepare the storage system to provide backup power, in the case of a [public safety power shutoff] PSPS event announced in advance; (f) attest to the truth of the information provided; (g) provide an attestation from the customer indicating that he or she received this information prior to signing a contract; and, (h) demonstrate that an [authority having jurisdiction] AHJ has approved plans showing that the system can operate in island mode, has inspected the system after installation and has authorized operation.

D.19-09-027 explains the rationale behind the eight requirements by stating that these are "necessary to ensure that SGIP equity budget projects intended for resiliency purposes are capable of safely islanding and providing backup power during an outage," and that these requirements will "ensure that customers that install SGIP projects with the expectation that they will provide resiliency services are basing this on accurate information, especially given that customers may rely on the backup power for critical health and safety needs and may forego making other emergency plans for electricity outages."[26] D.19-09-027 goes on to say that:

> Adopting a minimum of practical system and program requirements for the equity resiliency budget and equity budget projects with a longer than two hour discharge duration ensures that systems have the technical capacity and are interconnected to operate for the purposes for which the SGIP incentive was designed, that customers' receive the expected resiliency benefits, and that customers can better withstand longer outages, whatever the cause. It is important that SGIP procedures ensure that customers have been appropriately informed of the capabilities and limitations of storage systems intended for use during PSPS or other outages prior to signing a contract.[27]

D.20-01-021 adopts similar requirements for all projects receiving a general market resiliency incentive adder and all general market projects with a

[26] *Id* at 43 and 44.

[27] *Id* at 45.

discharge duration greater than two hours, even if the project is not receiving resiliency incentives.[28]

CALSSA's PFM requests that the Commission modify D.19-09-027 and D.20-01-021 to eliminate the requirement that equity and general market energy storage projects with discharge durations greater than two hours comply with the eight resiliency requirements if they are not using resiliency incentives. CALSSA recommends this because: (a) customers deploy storage with durations exceeding two hours for reasons other than providing resiliency to outages including, among other reasons, because current peak periods generally span five hours; (b) designing a storage system to provide resiliency adds materially, sometimes prohibitively to project costs; and, (c) many customers, particularly those located outside of elevated or extreme fire threat areas or not subject to PSPS outages are not interested in and have little need for back-up capability. CALSSA states that the eight requirements are reasonable for customers using their SGIP-funded systems to provide back-up power but that requiring the same eight measures for all equity budget projects will likely "have the unintended consequence of either deterring some equity budget projects from moving forward or requiring equity budget applicants to pay for back-up capability that they do not need or want."[29]

CALSSA states that designing projects to provide back-up energy creates incremental costs of between $35,000 to $150,000 depending on the size of the

[28] D.20-01-021 at Ordering Paragraph 28.

[29] CALSSA's PFM, filed April 1, 2020, at 6.

project and site-specific cost drivers. On a per kilowatt hour (kWh) of installed capacity basis, these incremental costs vary between $40 to $250 per kWh, CALSSA states.[30] CALSSA asserts that these incremental costs arise because designing projects to provide backup energy requires additional engineering studies, detailed review of and re-routing of critical loads, and the installation of islanding controllers, islanding switches, relays, and grounding transformers.

CALSSA argues that the Commission should not remove access to the step-down structure adopted in D.19-09-027 for non-residential, non-resiliency projects because doing so, by reverting to the step-down structure adopted in D.16-06-055, would continue to stall participation in incentive steps that have already been open for nearly two to three years.[31]

CALSSA recommends that if the Commission does not agree that general market storage projects with longer than two-hour discharge duration should benefit from the modified step-down structure adopted in D.20-01-021 unless they provide back-up capability and meet the eight resiliency requirements, applicants should be allowed to choose the legacy incentive step-down structure adopted in D.16-06-055 rather than the modified step-down structure adopted in D.20-01-021.[32]

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[30] CALSSA PFM, filed April 1, 2020, at 8.

[31] CALSSA PFM, filed April 1, 2020, at 14.

[32] CALSSA PFM, filed April 1, 2020, at 12.

6.1. Party Comments

The IOUs and Cal Advocates oppose CALSSA's proposal and CESA, Tesla and CSE support it. The IOUs state that the "proposed modification does not align with the intent of the decisions to incentivize longer duration projects for resiliency purposes."[33] Cal Advocates observes that "the Commission explicitly increased the step-down structure to better incentivize systems with the capability to provide backup power to increase the customer's power reliability. General market storage systems that cannot attain SGIP's backup standards should not be eligible for the increased incentive levels that specifically cater to systems with backup capabilities."[34] Cal Advocates recommends that the Commission adopt CALSSA's alternative proposal that enables projects to choose the step-down structure adopted in D.16-06-055 if their system does not provide backup capabilities because "it is reasonable that these systems receive a lower incentive rate than projects with higher costs due to backup."[35] In this case, Cal Advocates recommends that the SGIP PAs be required to ensure outreach and education so that customers are aware that their systems are not intended or programmed to provide backup power benefits to a customer.

CSE agrees with CALSSA that customers use longer duration storage systems for purposes other than back-up power and that imposing a requirement for a non-needed functionality increases out-of-pocket costs to customers and

[33] Joint IOUs, "Response to CALSSA PFM," May 1, 2020 at 3.

[34] Cal Advocates, "Response to CALSSA PFM," May 1, 2020 at 5.

[35] *Ibid.*

could slow adoption rates. Tesla states that the incremental costs of undertaking the eight safety measures are not offset by the economies of scale of installing a larger system and that requiring the eight measures will deter participation. CESA states that requiring the eight measures could extend a project's timeline by up to six months and result in incremental costs of between $15,000 to $1 million, depending on system size.[36]

6.2. Discussion

We adopt CALSSA's alternate proposal and allow energy storage projects with discharge durations exceeding two hours and receiving either general or equity budget incentives but not resiliency incentives to apply for either the legacy incentive step-down structure adopted in D.16-06-055 or the incentive step-down structure adopted in D.19-09-027 and D.20-01-021. Projects not intended for backup purposes and utilizing the legacy incentive step-down structure are not required to meet the eight safety measures adopted in D.19-09-027 and D.20-01-021. General market and equity budget projects with longer than two-hour discharge duration that intend to provide backup power and that apply for the incentive step-down structure adopted in D.19-09-027 and D.20-01-021 must meet the eight safety measures adopted in the same decisions. We direct the SGIP PAs to require SGIP applicants to demonstrate that equity budget and general market host customers choosing the incentive step-down

[36] CESA, "Response to CALSSA PFM," May 1, 2020 at 5. CESA estimates incremental costs of between $15,000 and $70,000 for small commercial projects, between $60,000 and $150,000 for medium and large commercial projects and that large industrial facilities could face additional costs of between $500,000 to $1,000,000 to make two-hour plus storage system islandable.

structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer.

Our decision is informed by the new cost information provided by CALSSA and CESA and by our review of D.19-09-027 and D.20-01-021. As a first threshold, CALSSA's PFM comports with the requirements of Rule 16.4(b) that allegations of new or changed facts are supported by an appropriate declaration or affidavit.[37]

The cost information provided by CALSSA and CESA is concerning. Our intent with D.19-09-027 and D.20-01-021 is not to erect barriers that slow market adoption but rather to remove disincentives to the installation of storage systems with discharge durations that exceed two hours so as to better support customer resiliency during outages. This intent is illustrated in a variety of places starting with the April 15, 2019 Assigned Commissioner's Ruling, [38] and in Finding of Fact 15 in D.19-09-027[39] and text in the same decision, which states:

> Adopting… step-down incentives for longer duration equity budget projects supports use of SGIP incentives for resiliency purposes but ensures that projects with discharge durations

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[37] Rule 16.4(b) of the Commission's Rules (April 1, 2018 version), available here: https://www.cpuc.ca.gov/General.aspx?id=1620; *See also* Attachment A of CALSSA's PFM.

[38] Assigned Commissioners Ruling, April 15, 2019, at 28 requests party comment on whether and how the Commission should promote SGIP projects that provide resiliency benefits through the provision of longer duration backup power, and specifically asked whether the Commission should modify the existing SGIP incentive structure to facilitate storage projects with a discharge duration exceeding two hours.

[39] D.19-09-027, Finding of Fact 15 states, "Modifying the incentive step-down structure for equity budget projects with more than a two and four-hour discharge duration supports the use of SGIP incentives for resiliency purposes without over subsidizing larger projects that should be able to benefit from economies of scale."

> longer than four hours that should be able to benefit from economies of scale will not be over-incentivized. We *also* concur that longer duration discharge systems may be useful to address system ramping needs, and request that the SGIP evaluator study this issue as feasible in the annual SGIP impact evaluations.[40]

The Commission in D.20-01-021 provided a similar rationale when modifying the incentive step-down structure for general market projects with longer than a two-hour duration.[41]

We did not have information on the additional costs of configuring a storage system for backup purposes before us when adopting D.19-09-027 and D.20-01-021. We agree that additional costs of this magnitude could deter general market customer participation for projects not intending to provide backup power. Allowing projects to select either the legacy step-down structure adopted in D.16-06-055 or the modified incentive step-down structure adopted in D.19-09-027 and D.20-01-021 depending on the aim of the project addresses this barrier. Allowing this also affirms the emphasis on customer resiliency reflected throughout D.19-09-027 and D.20-01-021, in addition to SGIP's existing goals of

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[40] D.19-09-027 at 30, emphasis added.

[41] D.20-01-021 at 57 states: "We approve the incentive step-down structure adopted in the Equity Resiliency Decision for SGIP general market energy storage systems. The rationale provided in the Equity Resiliency Decision to support modifying the incentive step-down structure for equity budget and equity resiliency storage projects applies equally well to general market storage projects. Modifying the step-down in incentives for storage systems with longer than a two-hour discharge provides customers with more system design and configuration options to ensure they are able to meet their specific resiliency needs during PSPS and other outage events."

the provision of grid services, greenhouse gas (GHG) emissions reductions and market transformation.

We recognize that some general and equity budget customers may want to install storage that is capable of providing backup power even though they are not eligible for resiliency incentives. In such circumstances, it is reasonable that the more generous incentive step-down structure adopted in D.19-09-027 and D.20-01-021 provides additional funds to cover incremental costs for such projects because this provides resiliency benefits for customers who experience regular non-PSPS event related outages, that have already experienced one PSPS event and may experience more in the future, or customers who have not yet experienced a PSPS event but may do so in the future. Further, as in D.19-09-027 and D.20-01-021, we emphasize that, regardless of whether a project will provide backup power, it must comply with all other SGIP requirements including the GHG emission reduction requirements adopted in D.19-08-001.[42]

We adopt CALSSA's alternate approach for both the equity and general market projects. D.19-09-027 significantly increased equity budget incentives from $0.45/Wh or $0.50/Wh to $0.85/Wh and we feel this higher incentive level provides sufficient financial support for equity budget projects that choose to use the less generous legacy incentive step-down structure adopted in D.16-06-055 to avoid implementing the eight safety measures adopted in D.19-09-027.

We agree with Cal Advocates and CSE that the SGIP PAs should require SGIP applicants to demonstrate that equity budget and general market host

[42] D.20-01-021, Conclusion of Law 24; D.19-09-027, Conclusion of Law 19.

customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer. Such outreach and education will support customer choice and satisfaction with their purchase.

We are aware that uptake of general market large-scale incentives has been slow in recent years, as pointed out by CALSSA, but we are not convinced that inadequate incentive levels caused this. It is equally plausible that incentive uptake was slow due to uncertainty in 2018 and 2019 around the then-pending updated SGIP GHG emission reduction requirements or due to disincentives created by high demand charges and rates unaligned with peak periods. The Commission addressed these barriers in late 2018 and 2019 with the approval of new SGIP GHG requirements in D.19-08-001 and approval of non-residential storage rate options that reduce or eliminate non-coincident peak charges and that modify rate peak periods.[43] We therefore reject this portion of CALSSA's argument and, similarly, CALSSA's preferred modification to D.19-09-027 and D.20-01-021 that equity and general market customers not using resiliency incentives continue to retain access to the modified step-down structure adopted in those decisions while eliminating requirement of the eight safety measures.

We modify D.19-09-027 and D.20-01-021 to reflect our adopted changes as follows:

<u>Modifications to D.19-09-027:</u>

[43] D.18-09-001 at 62-63, Finding of Fact 61 and 62.

- Text at page 30: "We approve CSE's proposed modifications to the incentive rate step-down structure based on duration for projects that provide backup power and comply with an additional eight requirements to ensure safe operation during islanding (see section 6.2 and Attachment A, #11), with the modification that storage systems with a discharge duration of four to six hours receive 50 percent of the base incentive rate for capacity beyond four hours, rather than no incentive. We apply this modification only to the equity budget at this time… and stress that all longer duration SGIP projects must meet all GHG emission reduction, cycling and other system and operational requirements adopted by this Commission for SGIP storage systems as these requirements ensure that longer duration SGIP storage projects will not be used only or primarily to provide backup power. Longer duration SGIP storage projects are well suited to provide resiliency services during PSPS or other outage events but must also provide the grid and GHG emission reduction services required by Section 379.6 and this Commission."
- Text at page 30: "Equity budget projects not intended for resiliency purposes or to provide backup power shall continue to be governed by the step-down structure adopted in D.16-06-055. The SGIP PAs should require SGIP applicants to demonstrate that equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer. Outreach and education support customer choice and satisfaction with their purchase. Adopting, with modifications, CSE's proposal to step-down incentives for longer duration equity budget projects that provide backup power and comply with an additional eight requirements to ensure safe operation during islanding (see section 6.2 and

Attachment A, #11) supports use of SGIP incentives for resiliency purposes but ensures that projects with discharge durations longer than four hours that should be able to benefit from economies of scale will not be over-incentivized."

- Text at page 43: "Storage systems receiving SGIP equity resiliency incentives ~~or~~ and equity budget projects with backup capabilities ~~with discharge durations longer than two hours~~ must be able to island and to operate when the distribution system is experiencing an outage in order to maximize the provision of resiliency services."
- Text at page 43: "We adopt a new requirement that PAs must confirm that SGIP equity resiliency projects and equity budget projects ~~serving resiliency purposes~~ with backup capabilities have been inspected and approved as able to island by local authorities having jurisdiction (AHJs). This decision specifies an additional requirement that for equity resiliency projects and equity budget projects ~~with longer than two-hour discharge duration~~ with backup capabilities, applicants must demonstrate to the PAs when submitting the incentive claim form that: (1) an AHJ has approved plans showing that the system can operate in island mode; and, (2) an AHJ has inspected the system after installation and has authorized operation."
- Text at page 43: "This requirement is necessary to ensure that SGIP equity resiliency projects and equity budget projects ~~intended for resiliency purposes~~ with backup capabilities can ~~are capable of~~ safely island~~ing~~ and provide~~ing~~ backup power during an outage. The additional requirement is necessary because the safety of operation at the building during island mode is beyond the scope of issues the Commission has addressed in Rule 21. Since islanding is a relatively new practice, we want to ensure that local building authorities receive the relevant information and determine that the storage system (and

solar generation, if present) will operate safely in island mode."

- Text at page 43: "In addition, we adopt new information submittal requirements for developers applying for the equity resiliency budget and for any equity budget project ~~with a longer than two hour discharge duration~~ providing backup power. In addition to the existing requirements, we direct the PAs to modify the SGIP application form to require these applicants to…"
- Text at page 45: "Adopting a minimum of practical system and program requirements for the equity resiliency budget and equity budget projects intended to provide backup power ~~with a longer than two hour discharge duration~~ ensures that systems have the technical capacity and are interconnected to operate for the purposes for which the SGIP incentive was designed, that customers' receive the expected resiliency benefits, and that customers can better withstand longer outages, whatever the cause. It is important that SGIP procedures ensure that customers have been appropriately informed of the capabilities and limitations of storage systems intended for use during PSPS or other outages prior to signing a contract."
- Text at page 92: "We modify the final decision to require two additional components as part of SGIP application materials for equity resiliency incentives and for equity budget projects providing backup power. First, we require developers to provide a written assessment to the customer about the capability and limits of the battery and to obtain and include an affidavit from the customer that indicates that the developer has informed the customer of how long the battery could operate in less favorable conditions. Second, we require developers to include in the affidavit a confirmation from the customer that the developer has provided information to the customer about how to best prepare a storage system in advance for a known outage,

such as a PSPS event. The PAs shall include examples of the standardized affidavit statements that they will require for equity resiliency budget applications in the Tier 2 advice letter required in this decision. PAs are encouraged to invite disability advocates to participate in a SGIP [Technical Working Group] TWG session to further discuss appropriate standardized disclosure statements for the affidavits."

- Finding of Fact 15: "Modifying the incentive step-down structure for equity resiliency projects and equity budget projects ~~with more than a two and four-hour discharge duration~~ providing backup power supports the use of SGIP incentives for resiliency purposes without over subsidizing larger projects that should be able to benefit from economies of scale."
- New Finding of Fact 74: "Requiring outreach and education to equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 to make them aware that their systems are not intended or programmed to provide backup power benefits to a customer supports customer choice and satisfaction with their purchase."
- Conclusion of Law 20: "The Commission should direct PAs to modify the SGIP incentive application to require developers applying for the equity resiliency budget and ~~non-~~equity ~~resiliency~~ budget projects providing backup power ~~systems with longer than two hour duration~~ to: (a) provide an estimate of how long a project's fully charged battery will provide electricity for the relevant facility average load during an outage; (b) indicate whether a project's critical loads can and will be isolated; (c) provide an estimate of how long the project's fully charged battery will provide electricity critical uses during an outage; (d) provide an estimate of how long the project can operate in less-than favorable circumstances, such as if an

outage occurs when the battery has been discharged or during the winter (if paired with solar); (e) summarize information given to the customer about how the customer may best prepare the storage system to provide backup power, in the case of PSPS events announced in advance; (f) attest to the truth of the information provided; and, (g) provide an attestation from the customer indicating that he or she received this information prior to signing a contract."

- Conclusion of Law 22: "The Commission should direct PAs to ensure that equity resiliency projects and ~~non-~~equity ~~resiliency~~ budget projects providing backup power ~~systems with a longer than two-hour duration~~ demonstrate to the PAs that: (a) an AHJ has approved plans showing that the system can operate in island mode; and, (b) an AHJ has inspected the system after installation and has authorized operation."
- New Conclusion of Law 51: "The Commission should require SGIP PAs to require that SGIP applicants demonstrate that equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer."
- Attachment A # 9: "For ~~the~~ equity resiliency budget projects and equity budget projects providing backup power and implementing the eight islanding safety measures indicated in #11 below, the duration step-down incentive structure is as follows, such that systems with discharge duration capacities of four to six hours receive 50 percent of the base rate for any capacity between four hours and six hours:"

Discharge Duration (hours)	Percent of Base Incentive

0-2	100
2-4	100
4-6	50
6-8	0
8+	0

- Attachment A, # 11: "The SGIP application for customers receiving an incentive reservation for an equity resiliency project or an equity budget project providing backup power ~~with a longer than two-hour discharge duration~~ must require developers to…"
- New Attachment A, # 19: "SGIP PAs will require that SGIP applicants demonstrate that equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer."

Modifications to D.20-01-021:

- Text on page 3: "In addition, this decision…
  - Increases the base renewable generation technology incentive to two dollars per watt with no step-down;
  - Adopts resiliency incentive adders for general market large-scale energy storage and renewable generation technologies;
  - Modifies the duration incentive step-down structure for general market energy storage projects providing backup power;"
- Text on page 52: "The Equity Resiliency Decision adopted additional information submittal requirements for all equity resiliency energy storage projects and all equity budget projects ~~with a longer than two-hour discharge duration~~ providing backup power [footnote 59]. These

additional requirements are designed to ensure that projects intended ~~for resiliency purposes~~ to provide backup power are able to island and continue to operate when the distribution system is experiencing an outage [footnote 60]. Specifically, the Equity Resiliency Decision requires developers applying for the equity resiliency incentive or an equity budget project ~~with a longer than two-hour discharge duration~~ providing backup power to: …"

- Text on page 56: "The Commission adopted a duration step-down incentive structure for storage systems in D.16-06-055 to limit the proportion of incentives claimed by large projects utilizing economies of scale. The Equity Resiliency Decision modified this step-down structure for equity resiliency projects and equity budget projects providing backup power. Table 10 summarizes the current structure."

Table 10: Current Incentive Step Down Structure for Storage Technologies

Energy Storage Duration (per kW)	**Percentage of Full Incentive- General Market (adopted in D.16-06-055)**	**Percent of Full Incentive- Equity Budget Projects Providing Backup Power & Equity Resiliency Budgets (adopted in Equity Resiliency Decision)**
Zero to two hours	100 percent	100 percent
Two to four hours	50 percent	
Four to six hours	25 percent	50 percent

- Text at page 55: "We approve the incentive step-down structure adopted in the Equity Resiliency Decision for SGIP general market energy storage systems providing backup power and complying with the eight additional safety requirements (see section 7.3). The rationale provided in the Equity Resiliency Decision to support modifying the incentive step-down structure for equity budget projects providing backup power and equity resiliency storage projects applies equally well to general market storage projects providing backup power.

Modifying the step-down in incentives for general market storage systems providing backup power and not using resiliency incentives ~~with longer than a two-hour discharge~~ provides customers with more system design and configuration options to ensure they are able to meet their specific resiliency needs during PSPS and other outage events. General market projects not providing backup power shall continue to be governed by the step-down structure adopted in D.16-06-055. The PAs shall require that SGIP general market applicants choosing the incentive step-down structure adopted in D.16-06-055 to demonstrate that host customers have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer. Outreach and education support customer choice and satisfaction with their purchase."

- Finding of Fact 48: "Modifying the incentive step-down structure for general market storage systems using resiliency incentives and systems ~~with longer than a two-hour discharge~~ providing back-up capabilities increases incentives for systems suitable to provide backup power for customers during PSPS and other outage events;"
- Finding of Fact 52: "Adopting new information submittal requirements for general market energy storage and renewable generation projects applying for resiliency adder incentives and general market storage providing back-up capability ensures that customers installing such systems with the expectation that they will provide resiliency services are basing this on accurate information about their capabilities and limitations;"
- New Finding of Fact 67: "Requiring outreach and education to general market host customers choosing the incentive step-down structure adopted in D.16-06-055 to make them aware that their systems are not intended or programmed to provide backup power benefits to a

customer supports customer choice and satisfaction with their purchase;"

- New Conclusion of Law 36: "The Commission should require PAs to require general market applicants choosing the incentive step-down structure adopted in D.16-06-055 to demonstrate that host customers have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer;"
- Ordering Paragraphs 26: "Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy shall modify the Self-Generation Incentive Program ~~general market storage~~ incentive step-down structure for general market storage projects receiving the resiliency incentive and general market storage systems providing back-up capability as follows:"

Energy Storage Duration (per kW)	**Percentage of Full Incentive- General Market Projects Providing Backup Power**
Zero to two hours	100 percent
Two to four hours	
Four to six hours	~~25~~ 50 percent
Greater than six hours	0 percent

- Ordering Paragraph 28: "Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy (collectively Self-Generation Incentive Program administrators or SGIP PAs) shall require developers applying for a general market energy storage or a renewable generation resiliency incentive adder and all general market energy storage projects ~~with a longer than~~

~~two-hour discharge duration~~ providing back-up capability to…"

- New Ordering Paragraph 36: "Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy shall offer general market projects not providing backup power the step-down structure adopted in D.16-06-055, shall not require such projects to implement the eight safety measures contained in Ordering Paragraph 28 and shall ensure that applicants make host customers aware that their systems are not intended or programmed to provide backup power benefits to a customer."

The SGIP PAs shall file a Tier 2 advice letter within 30 days of Commission issuance of this decision proposing changes to the SGIP handbook to implement these modifications.

7. System Sizing Limits that Establish Incentive Levels for General Market Energy Storage Systems Designed to Provide Backup Capability

D.20-01-021 authorizes SGIP energy storage systems receiving an equity resiliency or general market resiliency adder incentive to be sized greater than the Host Customer's peak demand over the previous 12 months if this is necessary due to modular component sizes to accommodate the customer's peak load. The applicant must demonstrate proof that this is necessary before incentives are paid.[44]

CALSSA's PFM requests that the Commission also authorize this approach for storage systems not receiving equity resiliency or general market resiliency

[44] 2020 SGIP handbook at 48, section 5.2.4.

adder incentives. CALSSA argues that projects designed to provide back-up power face the same technical requirements regardless of where they are located and that "in the face of frequent and sustained PSPS events, the Commission should support the ability of customers more generally to deploy back-up systems."[45] CALSSA asserts that customers that do not qualify for resiliency incentives because of their location may nonetheless be interested in back-up power and that the Commission should authorize the approach regardless of a project's location in order to "err on the side of allowing more flexibility in system design."[46]

7.1. Party Comments

CSE, Cal Advocates and the IOUs oppose this modification. CSE states that allowing customers without critical resiliency needs to receive incentive payments for energy storage systems sized greater than the customer's peak load over the previous 12 months is inconsistent with SGIP's GHG emission reduction and grid benefits goals. Cal Advocates and the IOUs state that using general market or equity budget incentives to support the oversizing of systems is unnecessary, misaligned with the intent of D.20-01-021 and would lead to fewer SGIP-funded projects that can provide backup capabilities to customers.

Tesla and CESA support the proposal. Tesla states that if subject to the current sizing limit, customers without critical resiliency needs will be required

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[45] CALSSA's PFM, filed April 1, 2020, at 15.

[46] *Ibid.*

to deploy systems smaller than the size needed to back-up all of their onsite loads, resulting in incremental costs to isolate critical loads.

7.2. Discussion

It is important to clarify that SGIP does not prohibit customers from installing additional energy storage equipment at a property that would cause the total installed capacity at the site to be greater than the system sized according to SGIP requirements. This additional equipment is, however, ineligible for SGIP incentives and would need to be separately metered from any SGIP-incentivized equipment. As observed above, D.20-01-021 authorizes SGIP energy storage systems receiving an equity resiliency or general market resiliency adder incentive to be sized greater than the Host Customer's peak demand over the previous 12 months if this is necessary due to modular component sizes to accommodate the customer's peak load. For storage systems greater than 10 kilowatts not receiving equity resiliency or general market resiliency adder incentives, SGIP provides incentives only for systems sized up to the Host Customer's previous 12-month annual peak demand as measured in kilowatts (kW).[47]

We deny this portion of CALSSA's PFM. We agree with Cal Advocates and the IOUs that using general market or equity budget incentives to support the oversizing of systems for customers that do not have critical resiliency needs

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[47] *See* SGIP handbook at Section 5.2.4 "System Size Parameters" at 48. Accessed 7/13/20. *See* also Resolution E-4824.

is unnecessary, misaligned with the intent of D.20-01-021 and would lead to fewer SGIP-funded projects that can provide backup capabilities to customers.

8. Equity Resiliency Eligibility for Homeless Shelters, Food Banks and Independent Living Centers

D.19-09-027 establishes a list of non-residential customers with critical resiliency needs.[48] D.20-01-021 expands this list, defines general market non-residential customers with critical resiliency needs and clarifies that eligibility for the equity resiliency budget is limited to non-residential customers located in a Tier 2 or Tier 3 HFTD or that have been subject to at least two PSPS events that provide critical facilities or infrastructure to at least one community eligible for the equity budget that is located in a Tier 2 or Tier 3 HFTD or that has been subject to two discrete PSPS events.[49]

CALSSA's PFM argues that food banks, homeless shelters and independent living facilities, wherever they are located, inherently serve low-income and disadvantaged people and should be deemed automatically eligible for the equity resiliency incentive if they are located in a Tier 3 or Tier 2 HFTD or have experienced two PSPS events. CALSSA recounts that at least one CALSSA member has received an inquiry regarding eligibility for the equity resiliency incentive by a food bank located in relatively affluent area. The inquiry pertained to how the food bank should document that it serves at least one census tract eligible for the equity budget incentive. CALSSA states that food banks, homeless shelters and independent living facilities that are otherwise

[48] D.19-09-027 at 26.

[49] D.20-01-021 at 48 and Finding of Fact 50.

eligible for equity resiliency incentives should be exempted from having to demonstrate that they serve at least one SGIP DAC or low-income community.

To implement its proposals, CALSSA offers the following modifications to D.20-01-021:

- Text on pp. 47-48: "We clarify that if a non-residential customer with critical resiliency needs provides critical facilities or infrastructure to at least one community eligible for the equity budget, that non-residential customer is eligible for equity resiliency budget incentives. Because food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations, they should not be required to meet this requirement."
- Finding of Fact 50: "Defining a non-residential customer with critical resiliency needs as eligible for the equity resiliency budget if that customer provides critical facilities to at least one community eligible for the equity resiliency budget helps ensure that the higher equity resiliency incentives are targeted where they are most needed. Food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations."
- New Conclusion of Law: "Because food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations, they should not be required to demonstrate that they serve at least one community eligible for the equity resiliency budget to qualify for the equity resiliency incentive rather than the resiliency adder."[50]

[50] CALSSA PFM, filed April 1, 2020, at 17.

8.1. Party Comments

Cal Advocates, CSE and the IOUs support this portion of CALSSA's PFM. The IOUs state that food banks, homeless shelters and independent living facilities de facto serve disadvantaged and/or low-income communities regardless of where they are located and that streamlining participation by removing application and eligibility barriers is desirable. Cal Advocates states that homeless shelters, food banks, and independent living centers should only automatically qualify for the equity resiliency budget if they are located in a Tier 2 or Tier 3 HFTD or if their electricity was shut off during two or more discrete PSPS events.

Cal Advocates recommends clarifying CALSSA's proposed modifications to D.20-01-021 as follows:

> New Conclusion of Law: "Because food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations, they should not be required to demonstrate that they serve at least <u>one SGIP DAC</u> community ~~eligible for the equity resiliency budget~~ to qualify for the equity resiliency incentive rather than the resiliency adder. <u>However, these facilities still need to demonstrate that they are either located in a Tier 3 HFTD or Tier 2 HFTD, or if their electricity was shut off during two or more discrete PSPS events; or that they are providing services to customers that qualify for the equity resiliency budget</u>."[51]

8.2. Discussion

We modify D.20-01-021 to streamline the eligibility requirements for food banks, homeless shelters, and independent living centers as generally

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[51] Cal Advocates, "Response to CALSSA PFM," filed May 1, 2020 at 8.

recommended by CALSSA and clarified by Cal Advocates. We modify text on page 47-48 as proposed by CALSSA and summarized above. In addition, we adopt CALSSA's proposed modifications to Finding of Fact 50, with one modification to align it with text on page 47-48, and add a new Conclusion of Law to D.20-01-021 as proposed by CALSSA and Cal Advocates, as follows:

- Finding of Fact 50: "Defining a non-residential customer with critical resiliency needs as eligible for the equity resiliency budget if that customer provides critical facilities to at least one community eligible for the equity ~~resiliency~~ budget helps ensure that the higher equity resiliency incentives are targeted where they are most needed. <u>Food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations."</u>
- New Conclusion of Law: "<u>Because food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations, they should not be required to demonstrate that they serve at least one community eligible for the equity budget to qualify for the equity resiliency incentive rather than the resiliency adder. However, these facilities still need to demonstrate that they are either located in a Tier 3 HFTD or Tier 2 HFTD or that their electricity was shut off during two or more discrete PSPS events."</u>

It is appropriate to remove eligibility barriers to facilitate the participation of food banks, homeless shelters and independent living facilities in the equity resiliency budget because these entities de facto serve disadvantaged or low-income populations and are particularly negatively impacted if located in Tier 2 or Tier 3 HFTDs or in areas subject to frequent PSPS events.

The SGIP PAs shall file a Tier 2 advice letter within 30 days of Commission issuance of this decision proposing changes to the SGIP handbook to implement these modifications.

9. Motions for Party Status

Several organizations filed motions for party status immediately before or just after R.12-11-005 was closed on February 6, 2020 in D.20-02-002. The Bradford White Corporation (Bradford Corp.) filed a Motion for Party Status on January 3, 2020. East Bay Community Energy (EBCE) filed a Motion for Party Status on January 16, 2020. EDF Renewables Inc. (EDF Renewables) filed a Motion for Party Status on March 27, 2020. We deny these motions for party status in R.12-11-005. These organizations are encouraged to become parties to R.20-05-012, also addressing the SGIP, which the Commission opened on May 28, 2020.

10. Comments on Proposed Decision

The proposed decision of the Commissioner in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. CSE, GRID, CALSSA, CESA, Tesla, and the IOUs filed comments on July 6, 2020, and CSE and the IOUs filed reply comments on July 13, 2020. We revise the final decision to address the following party comments.

GRID, CESA, CALSSA and others support requiring residential customers in California Indian Country to meet the same equity budget requirements regarding low-income households and individuals as adopted in D.17-10-004, with the exception that such customers need not reside in deed or resale restricted housing. The proposed decision would have required residential equity budget customers in California Indian Country to meet California Alternate Rates for Energy (CARE) requirements, which can be higher than the 80 percent of AMI requirements adopted in D.17-10-004.[52] We agree that it is preferable that the SGIP program has a single income threshold to identify low-income households and individuals that are eligible for the equity budget pursuant to D.17-10-004. We update the final decision accordingly.

Tesla, CALSSA and CESA identify an error in Finding of Fact 16 of the proposed decision regarding SGIP handbook system sizing requirements. The final decision modifies Finding of Fact 16 and the accompanying discussion in section 7.2 to accurately reflect SGIP system sizing requirements.

CESA requests that the final decision direct the SGIP PAs to ensure that developers wishing to modify previously submitted non-residential equity budget applications in response to opportunities created in this decision be permitted to do so in a streamlined, efficient and equitable manner. CESA asserts that developers may have applied for smaller energy storage systems than is optimal in order to avoid islanding requirements modified in this decision. Conversely, CESA asserts that there may be projects that wish to reduce storage duration and/or remove backup-related equipment to take advantage of the legacy incentive step-down structure in D.16-06-055 and avoid additional costs. CESA cautions, however, that where available funds are less than incentive claims (i.e. a waitlist exists), projects that wish to modify their

[52] GRID, "Comments on Proposed Decision," July 6, 2020, Appendix 1.

project to increase incentives while retaining their priority position should "be subject to funding availability, lottery criteria, and/or order of application submission."[53]

In reply comments on the proposed decision, CSE cautions that changes to the SGIP reservation system to accommodate CESA's request could have unintended complexity and could impact database functions for other budget categories. CSE requests that the Commission provide the SGIP PAs the flexibility to determine the fairness of allowing substantial changes to applications that have already been submitted and any related changes to the SGIP reservation system.

We agree with both CESA and CSE that providing for a one-time streamlined process allowing applicants to modify their application to take advantage of opportunities created by this decision without losing their priority position may be warranted if this can be accomplished fairly and without undue program administrative burden. The SGIP PAs shall propose a method providing for a one-time streamlined process allowing applicants to modify their application to take advantage of opportunities created by this decision without losing their priority position, if this can be accomplished fairly and without undue program administrative burden. The SGIP PAs shall carefully consider issues and include their proposal and/or a report on the factors they considered that guide their decision in a Tier 2 advice letter filed within 30 days of Commission issuance of this decision. We do not adopt CESA's specific

[53] CESA, "Comments on Proposed Decision," July 6, 2020 at 4.

recommendations because we want to ensure the PAs have the flexibility to consider the ramifications of the approach they suggest on all applicants.

CSE expresses concern with the wording of guidance directed in the decision requiring developers to educate customers opting to use the incentive step-down structure adopted in D.16-06-055, as adopted in this decision (section 5.2). CSE asserts that the wording used in the proposed decision could be interpreted as requiring that non-resiliency systems truly must be incapable of providing backup power. This interpretation would be problematic, asserts CSE, because there are very few commercially available energy storage systems that are truly incapable of providing backup power and such systems typically don't participate in SGIP. CSE requests that the final decision direct developers to ensure that customers are informed that such systems are "not intended or programmed to provide backup power benefits to a customer" rather than that they "do not have backup capability."

The final decision alters this phrasing. We agree with CSE that the phrasing included in the proposed decision could create multiple interpretations and contribute to reducing SGIP participation.

11. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Cathleen A. Fogel is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. CALSSA's PFM comports with the requirements of Rule 16.4(b) that allegations of new or changed facts are supported by an appropriate declaration or affidavit.

2. Table 1 in D.19-09-027 inadvertently did not summarize all of the residential equity budget eligibility requirements adopted in D.17-10-004 and the table in Ordering Paragraph 26 of D.20-01-021 contained an error.

3. California Indian Country lands have suffered from historic neglect and frequently experience poor electric service reliability because of their remoteness.

4. D.17-10-004 adopts both deed and resale restrictions as well as income threshold requirements for residential equity budget customers.

5. Deed and resale restrictions are generally absent in California Indian Country and if required in these locations for equity budget eligibility would have the unintended effect of severely limiting or eliminating SGIP participation by the very population we seek to reach.

6. The definition of low-income multi-family residential housing adopted in D.17-10-004 requires that at least 80 percent of households have incomes at or below 60 percent of the area median income, pursuant to Section 2852.

7. The definition of low-income single-family residential housing adopted in D.17-10-004 requires that household income is 80 percent of the area median income or less, pursuant to Section 2852.

8. It is reasonable that residential equity budget projects in California Indian Country comply with the income threshold requirements adopted in D.17-10-004 to ensure that limited funds in these areas are targeted to low-income households.

9. Requiring SGIP PAs to maintain an applicant's place in the incentive queue for residential California Indian Country applicants that have submitted an equity or equity resiliency incentive application prior to adoption of this decision, not requiring such applicants to reapply for incentives, but requiring them to demonstrate income eligibility pursuant to D.17-10-004 is fair to current and future equity budget residential applicants because it requires all such applicants to adhere to the same eligibility requirements.

10. Information on the additional costs of configuring a storage system to provide backup power included in CALSSA's PFM and CESA's response to the PFM was not before the Commission when we adopted D.19-09-027 and D.20-01-021.

11. CALSSA and CESA claim that designing projects to provide back-up energy could lead to incremental costs of between $15,000 to $1 million, depending on system size.

12. Revisions adopted in D.19-09-027 and D.20-01-021 to the SGIP incentive step-down structure adopted in D.16-06-055 were intended remove disincentives to longer duration storage systems to support customer resiliency during outages.

13. CALSSA's alternative proposal regarding the incentive step-down structure adopted in D.19-09-027 and D.20-01-021 would allow equity and general market projects to choose the step-down structure adopted in D.16-06-055 if their system does not provide backup capabilities and would eliminate the requirement that such projects implement the eight islanding safety measures adopted in D.19-09-027 and D.20-01-021.

14. Requiring the eight safety measures adopted in D.19-09-027 and D.20-01-021 for equity and general market projects not receiving resiliency incentives or providing backup power could add additional costs for unwanted features and slow adoption.

15. It is reasonable that equity and general market projects not providing backup capabilities receive a lower incentive rate than projects with higher costs due to backup power capability.

16. D.19-09-027 increased equity budget incentives and ensures sufficient funds for projects choosing the legacy incentive step-down structure adopted in D.16-06-055 and not implementing the eight safety measures adopted in D.19-09-027.

17. Some general and equity budget customers may want to install storage that is capable of providing backup power even though they are not eligible for resiliency incentives. For such projects, it is reasonable that they comply with the eight safety measures adopted in D.19-09-027 and D.20-01-021 in order to receive the modified incentive step-down structure adopted in the same decisions.

18. SGIP does not prohibit customers from installing additional energy storage equipment at a property that would cause the total installed capacity at the site to be greater than the system sized according to SGIP requirements, but this additional equipment is ineligible for SGIP incentives and must be separately metered from any SGIP-incentivized equipment. D.20-01-021 authorizes SGIP energy storage systems receiving an equity resiliency or general market resiliency incentive to be sized greater than the Host Customer's peak

demand over the previous 12 months if this is necessary due to modular component sizes to accommodate the customer's peak load. For storage systems greater than 10 kilowatts not receiving equity resiliency or general market resiliency adder incentives, SGIP provides incentives only for systems sized up to the Host Customer's previous 12-month annual peak demand (kW).

19. Food banks, homeless shelters and independent living facilities, wherever they are located, inherently serve low-income and disadvantaged people.

20. Providing for a one-time streamlined process allowing applicants to modify their application to take advantage of opportunities created by this decision without losing their priority position may be warranted if this can be accomplished fairly and without undue program administrative burden.

21. Several motions for party status were filed immediately before or after our initial closure of R.12-11-005 on February 6, 2020.

Conclusions of Law

1. The Commission should adopt equity budget eligibility requirements for single family residences and multi-family buildings in California Indian Country identical to those adopted in D.17-10-004 for residential customers with the exception that single family residences in California Indian Country should not be required to be subject to a resale restriction or an equity sharing agreement and multi-family buildings in Indian Country should not required to be subject to a deed restriction pursuant to Section 2852.

2. The Commission should direct PAs to maintain an applicant's place in the incentive queue for residential California Indian Country applicants that have submitted an equity or equity resiliency incentive application prior to adoption of this decision, not require such applicants to reapply, but require them to demonstrate that they meet the income thresholds adopted in D.17-10-004 and affirmed by this decision.

3. The Commission should allow equity budget and general market projects not using resiliency incentives to select either the legacy incentive step-down structure adopted in D.16-06-055 or the modified incentive step-down structure adopted in D.19-09-027 and D.20-01-021 depending on whether the project intends to provide backup power. Projects not intending to provide backup power and choosing the legacy incentive step-down structure adopted in D.16-06-055 should not be required to fulfill the eight safety measures adopted in D.19-09-027 and D.20-01-021, whereas projects intending to provide backup power and choosing the modified incentive step-down structure adopted in D.19-09-027 and D.20-01-021 should be required to fulfill the eight safety measures adopted in the same decisions.

4. The Commission should not require food banks, homeless shelters, and independent living centers to demonstrate that they serve at least one community eligible for the equity budget to qualify for the equity resiliency incentive but should continue to require that these customers demonstrate they are located in a Tier 2 or Tier 3 HFTD or that their electricity was shut off during two or more discrete PSPS events.

5. The Commission should modify D.19-09-027 and D.20-01-021 as indicated in sections 3.2, 5.2, 6.2 and 7.2.

6. To support SGIP participation by residential customers in California Indian Country in 2020, the Commission should direct the SGIP PAs to file a Tier 1 advice letter within 10 days of issuance of this decision adding three clarifying sentences to the 2020 SGIP handbook and to reinsert single family equity budget proof of income requirements as indicated in section 3.2.

7. The Commission should direct SGIP PAs to file a Tier 2 advice letter within 30 days of Commission issuance of this decision proposing changes to the SGIP handbook to implement the modifications adopted in this decision, with the exception of the three sentences and proof of income qualifications requirements directed in section 3.2 and the changes discussed in section 9 and directed in Ordering Paragraph 7.

8. The Commission should direct SGIP PAs to propose a one-time streamlined process allowing applicants to modify their application to take advantage of opportunities created by this decision without losing their priority position if this can be accomplished fairly and without undue program administrative burden.

9. The Commission should deny motions for party status filed by Bradford Corp., EBCE and EDF Renewables but should encourage these entities to participate in R.20-05-012, the successor rulemaking to R.12-11-005.

O R D E R

IT IS ORDERED that:

1. Decision (D.) 19-09-027 is modified as follows (additions underlined):

(a) Text on page 12: "In the event of multiple owners, the land shall be considered Indian owned if at least one owner is a tribe or tribal member. <u>We clarify that residential customers in California Indian County are subject to the same equity budget eligibility requirements adopted for residential customers in D.17-10-004 except they are not required to reside in deed or resale restricted housing pursuant to Section 2852</u>;"

(b) Text at page 30: "We approve [Center for Sustainable Energy's] CSE's proposed modifications to the incentive rate step-down structure based on duration <u>for projects that provide backup power and comply with an additional eight requirements to ensure safe operation during islanding (see section 6.2 and Attachment A, #11)</u>, with the modification that storage systems with a discharge duration of four to six hours receive 50 percent of the base incentive rate for capacity beyond four hours, rather than no incentive. We apply this modification only to the equity budget at this time… and stress that all longer duration SGIP projects must meet all [greenhouse gas] GHG emission reduction, cycling and other system and operational requirements adopted by this Commission for SGIP storage systems as these requirements ensure that longer duration SGIP storage projects will not be used only or primarily to provide backup power. Longer duration SGIP storage projects are well suited to provide resiliency services during [Public Safety Power Shutoff] PSPS or other outage events but must also provide the grid and GHG emission reduction services required by Section 379.6 and this Commission."

(c) Text at page 30: "<u>Equity budget projects not intended for resiliency purposes or to provide backup power shall continue to be governed by the step-down structure adopted in D.16-06-055</u>. <u>The SGIP [Program Administrators] PAs should require SGIP applicants to</u>

demonstrate that equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer. Outreach and education support customer choice and satisfaction with their purchase. Adopting, with modifications, CSE's proposal to step-down incentives for longer duration equity budget projects that provide backup power and comply with an additional eight requirements to ensure safe operation during islanding (see section 6.2 and Attachment A, #11) supports use of SGIP incentives for resiliency purposes but ensures that projects with discharge durations longer than four hours that should be able to benefit from economies of scale will not be over-incentivized."

(d) Text at page 43: "Storage systems receiving SGIP equity resiliency incentives ~~or~~ and equity budget projects with backup capabilities ~~with discharge durations longer than two hours~~ must be able to island and to operate when the distribution system is experiencing an outage in order to maximize the provision of resiliency services."

(e) Text at page 43: "We adopt a new requirement that PAs must confirm that SGIP equity resiliency projects and equity budget projects ~~serving resiliency purposes~~ with backup capabilities have been inspected and approved as able to island by local authorities having jurisdiction (AHJs). This decision specifies an additional requirement that for equity resiliency projects and equity budget projects ~~with longer than two-hour discharge duration~~ with backup capabilities, applicants must demonstrate to the PAs when submitting the incentive claim form that: (1) an AHJ has approved plans showing that the system can operate in island mode; and, (2) an AHJ has inspected the system after installation and has authorized operation."

(f) Text at page 43: "This requirement is necessary to ensure that SGIP equity resiliency projects and equity budget projects ~~intended for resiliency purposes~~ with backup capabilities can ~~are capable of~~ safely island~~ing~~ and provide~~ing~~ backup power during an outage. The additional requirement is necessary because the safety of operation at the building during island mode is beyond the scope of issues the Commission has addressed in Rule 21. Since islanding is a relatively new practice, we want to ensure that local building authorities receive the relevant information and determine that the storage system (and solar generation, if present) will operate safely in island mode."

(g) Text at page 43: "In addition, we adopt new information submittal requirements for developers applying for the equity resiliency budget and for any equity budget project ~~with a longer than two hour discharge duration~~ providing backup power. In addition to the existing requirements, we direct the PAs to modify the SGIP application form to require these applicants to…"

(h) Text at page 45: "Adopting a minimum of practical system and program requirements for the equity resiliency budget and equity budget projects intended to provide backup power ~~with a longer than two hour discharge duration~~ ensures that systems have the technical capacity and are interconnected to operate for the purposes for which the SGIP incentive was designed, that customers' receive the expected resiliency benefits, and that customers can better withstand longer outages, whatever the cause. It is important that SGIP procedures ensure that customers have been appropriately informed of the capabilities and limitations of storage systems intended for use during PSPS or other outages prior to signing a contract."

(i) Text at page 92: "We modify the final decision to require two additional components as part of SGIP application materials for equity resiliency incentives and for equity budget projects providing backup power. First, we require developers to provide a written assessment to the customer about the capability and limits of the battery and to obtain and include an affidavit from the customer that indicates that the developer has informed the customer of how long the battery could operate in less favorable conditions. Second, we require developers to include in the affidavit a confirmation from the customer that the developer has provided information to the customer about how to best prepare a storage system in advance for a known outage, such as a PSPS event. The PAs shall include examples of the standardized affidavit statements that they will require for equity resiliency budget applications in the Tier 2 advice letter required in this decision. PAs are encouraged to invite disability advocates to participate in a SGIP [Technical Working Group] TWG session to further discuss appropriate standardized disclosure statements for the affidavits."

(j) Finding of Fact 15: "Modifying the incentive step-down structure for equity resiliency projects and equity budget projects ~~with more than a two and four-hour discharge duration~~ providing backup power supports the use of SGIP incentives for resiliency purposes without over subsidizing larger projects that should be able to benefit from economies of scale."

(k) New Finding of Fact 74: "Requiring SGIP applicants to demonstrate that equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer supports customer choice and satisfaction with their purchase."

(l) New Finding of Fact 75: "Deed and resale restrictions generally do not exist in California Indian Country;"

(m) Conclusion of Law 20: "The Commission should direct PAs to modify the SGIP incentive application to require developers applying for the equity resiliency budget and ~~non-~~equity ~~resiliency~~ budget projects providing backup power ~~systems with longer than two hour duration~~ to: (a) provide an estimate of how long a project's fully charged battery will provide electricity for the relevant facility average load during an outage; (b) indicate whether a project's critical loads can and will be isolated; (c) provide an estimate of how long the project's fully charged battery will provide electricity critical uses during an outage; (d) provide an estimate of how long the project can operate in less-than favorable circumstances, such as if an outage occurs when the battery has been discharged or during the winter (if paired with solar); (e) summarize information given to the customer about how the customer may best prepare the storage system to provide backup power, in the case of PSPS events announced in advance; (f) attest to the truth of the information provided; and, (g) provide an attestation from the customer indicating that he or she received this information prior to signing a contract."

(n) Conclusion of Law 22: "The Commission should direct PAs to ensure that equity resiliency projects and ~~non-~~equity ~~resiliency~~ budget projects providing backup power ~~systems with a longer than two-hour duration~~ demonstrate to the PAs that: (a) an AHJ has approved plans showing that the system can operate in island mode; and, (b) an AHJ has inspected the system after installation and has authorized operation."

(o) New Conclusion of Law 51: "The Commission should require SGIP PAs to require developers to demonstrate that equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer."

(p) New Conclusion of Law 52: "Residential customers in California Indian Country should not be required to reside in deed or resale restricted housing to be eligible for the equity budget but should otherwise meet the equity budget eligibility requirements adopted for residential customers in D.17-10-004;"

(q) Attachment A, page A2, new eligibility criterion: "Residential customers in California Indian County are subject to the same equity budget eligibility requirements adopted for residential customers in D.17-10-004 except they are not required to reside in deed or resale restricted housing."

(r) Attachment A # 9: "For ~~the~~ equity resiliency budget projects and equity budget projects providing backup power and implementing the eight islanding safety measures indicated in #11 below, the duration stepdown incentive structure is as follows, such that systems with discharge duration capacities of four to six hours receive 50 percent of the base rate for any capacity between four hours and six hours:

Discharge Duration (hours)	Percent of Base Incentive
0-2	100
2-4	100
4-6	50
6-8	0
8+	0

(r)Attachment A, # 11: "The SGIP application for customers receiving an incentive reservation for an equity resiliency project or an equity budget project <u>providing backup power</u> ~~with a longer than two-hour discharge duration~~ must require developers to…"

(s) New Attachment A, # 19: "<u>SGIP PAs will require SGIP applicants to demonstrate that equity budget host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer</u>."

2. Decision (D.) 19-09-027, as corrected by D.19-12-065, is modified to correct inadvertent omissions:

Table 1: Equity Budget Eligibility Criteria (as adopted in D.17-10-004)

1.	Located in DAC or low-income community;	DAC defined as any census tract that ranks in the top 25 percent most affected census tracts in the most recently release version of CalEnviroScreen and census tracts that score within the highest five percent of CalEnviro Screen's pollution burden, but do not receive an overall CalEnviroScreen score.	Low-income community defined, pursuant to 39713(d)(2) of the Health and Safety Code, as: (1) census tracts with median household incomes at or below 80 percent of the statewide median income; or (2) with median household incomes at or below the threshold designated as low-income pursuant to Section 50093.
	And, meets one of the following customer criteria:	Local government agency	Any entity described by Public Contracts Code Section 22161(f).
		State government agency	Any entity described by Government Code Section 11000.
		Educational institution	Any institution that would otherwise be eligible for funding through the California Clean Energy Jobs Act (Proposition 39), or a college or university accredited to operate in California.
		Non-profit organization	An organization registered and in good standing with the California Secretary of State as a domestic non-profit.
		Small business	A business or manufacturer, including affiliates, with an average annual gross receipts of

			$15 million or less, over the last three tax years.
2.	*Or*, low-income residential customers living in IOU service territory, regardless of where located.	Multi-family residential, deed-restricted building;	Defined as a multi-family residential building with at least five rental housing units that provides deed-restricted that is either: (1) in a DAC; or, (2) is a building where at least 80 percent of the households have incomes at or below 60 percent of the area median income ~~, or housing~~ as defined in Public Utilities Code Section 2852 and, by reference, Section 50052.5(f) of the Health and Safety Code.
		Or, a low-income single-family residence subject to resale restrictions.	~~Resale restrictions d~~Defined as ~~those~~ a residence conforming with Section 2852 such that: (1) household income does not exceed 80 percent of the median income for the area; AND (2) the residence is subject to a resale restriction or an equity sharing agreement.

3. Decision (D.) 20-01-021 is modified as follows:

   (a) Text on page 3: "In addition, this decision…

   - Increases the base renewable generation technology incentive to two dollars per watt with no step-down;
   - Adopts resiliency incentive adders for general market large-scale energy storage and renewable generation technologies;
   - Modifies the duration incentive step-down structure for general market energy storage projects providing backup power;"

(b) Text on pp. 47-48: "We clarify that if a non-residential customer with critical resiliency needs provides critical facilities or infrastructure to at least one community eligible for the equity budget, that non-residential customer is eligible for equity resiliency budget incentives. Because food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations, they should not be required to meet this requirement."

(c) Finding of Fact 50: "Defining a non-residential customer with critical resiliency needs as eligible for the equity resiliency budget if that customer provides critical facilities to at least one community eligible for the equity ~~resiliency~~ budget helps ensure that the higher equity resiliency incentives are targeted where they are most needed. Food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations."

(d) Text on page 52: "The Equity Resiliency Decision [D.19-09-027] adopted additional information submittal requirements for all equity resiliency energy storage projects and all equity budget projects ~~with a longer than two-hour discharge duration~~ providing backup power [footnote 59]. These additional requirements are designed to ensure that projects intended ~~for resiliency purposes~~ to provide backup power are able to island and continue to operate when the distribution system is experiencing an outage [footnote 60]. Specifically, the Equity Resiliency Decision requires developers applying for the equity resiliency incentive or an equity budget project ~~with a longer than two-hour discharge duration~~ providing backup power to: …"

(e) Text on page 56: "The Commission adopted a duration step-down incentive structure for storage systems in D.16-06-055 to limit the proportion of incentives claimed by large projects utilizing economies of scale. The Equity Resiliency Decision modified this step-down structure for equity resiliency projects and equity budget projects providing backup power. Table 10 summarizes the current structure."

Table 10: Current Incentive Step Down Structure for Storage Technologies

<table>
<tr><th>Energy Storage Duration (per [kilowatt] kW)</th><th>Percentage of Full Incentive- General Market (adopted in D.16-06-055)</th><th colspan="2">Percent of Full Incentive- Equity Budget Projects Providing Backup Power & Equity Resiliency Budgets (adopted in Equity Resiliency Decision)</th></tr>
<tr><td>Zero to two hours</td><td>100 percent</td><td colspan="2" rowspan="2">100 percent</td></tr>
<tr><td>Two to four hours</td><td>50 percent</td></tr>
<tr><td>Four to six hours</td><td>25 percent</td><td></td><td>50 percent</td></tr>
</table>

Text at page 55: "We approve the incentive step-down structure adopted in the Equity Resiliency Decision for SGIP general market energy storage systems providing backup power and complying with the eight additional safety requirements (see section 7.3). The rationale provided in the Equity Resiliency Decision to support modifying the incentive step-down structure for equity budget projects providing backup power and equity resiliency storage projects applies equally well to general market storage projects providing backup power. Modifying the step-down in incentives for general market storage systems providing backup power and not using resiliency incentives ~~with longer than a two-hour discharge~~ provides customers with more system design and configuration options to ensure they are able to meet their specific resiliency needs during PSPS and other outage events. General market projects not providing backup power shall continue to be governed by the step-down structure adopted in D.16-06-055. The [Self-Generation Incentive Program] SGIP [Program Administrators] PAs should require SGIP applicants to ensure general market host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer. Outreach and education support customer choice and satisfaction with their purchase.

(g) Finding of Fact 48: "Modifying the incentive step-down structure for general market storage systems using resiliency incentives and systems ~~with longer than a two-hour discharge~~ providing back-up capabilities increases incentives for systems suitable to provide backup power for customers during [Public Safety Power Shutoff] PSPS and other outage events;"

(h) Finding of Fact 52: "Adopting new information submittal requirements for general market energy storage and renewable generation projects applying for resiliency adder incentives and general market storage providing back-up capability ensures that customers installing such systems with the expectation that they will provide resiliency services are basing this on accurate information about their capabilities and limitations;"

(i) New Finding of Fact 67: "Requiring outreach and education to general market host customers choosing the incentive step-down structure adopted in D.16-06-055 to make them aware that their systems are not intended or programmed to provide backup power benefits to a customer supports customer choice and satisfaction with their purchase;"

(j) New Conclusion of Law 36: "The Commission should require SGIP PAs to require SGIP applicants to demonstrate that general market host customers choosing the incentive step-down structure adopted in D.16-06-055 have been made aware that their systems are not intended or programmed to provide backup power benefits to a customer."

(k) New Conclusion of Law 37: "Because food banks, homeless shelters, and independent living centers inherently serve low-income and disadvantaged populations, they should not be required to demonstrate that they serve at least one community that qualifies for the equity budget to qualify for an equity resiliency incentive rather than the resiliency adder incentive. However, these facilities still need to demonstrate that they are either located in a Tier 3 [High Fire Threat District] HFTD or Tier 2 HFTD, or that their electricity was shut off during two or more discrete PSPS events."

(l) Ordering Paragraphs 26: "Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy shall modify the Self-Generation Incentive Program ~~general market storage~~ incentive step-down structure for general market storage projects receiving the resiliency incentive and general market storage systems providing back-up capability as follows:"

Energy Storage Duration (per kW)	**Percentage of Full Incentive- General Market <u>Projects Providing Backup Power</u>**
Zero to two hours	100 percent
Two to four hours	
Four to six hours	~~25~~ 50 percent
Greater than six hours	0 percent

(m) Ordering Paragraph 28: "Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy (collectively Self-Generation Incentive Program administrators or SGIP PAs) shall require developers applying for a general market energy storage or a renewable generation resiliency incentive adder and all general market energy storage projects ~~with a longer than two-hour discharge duration~~ <u>providing back-up capabilit</u>y to…"

(n) New Ordering Paragraph 36: "Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy shall offer <u>general market projects not providing backup power the step-down structure adopted in Decision 16-06-055, shall not require such projects to implement the eight safety measures contained in Ordering Paragraph 28 and shall require SGIP applicants to demonstrate that such customers are aware that their systems are not intended or programmed to provide backup power benefits to a customer."</u>

4. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and Center for Sustainable Energy shall file a Tier 1 advice letter within 10 days of issuance of this decision adding three clarifying sentences to the Self-Generation Incentive Program (SGIP) 2020 handbook and reinserting text regarding single family residential equity budget customer proof of income qualification as follows:

> Indian Country in California, as defined in 18 USC 1151, is considered as being a disadvantaged community for purposes of the SGIP Equity Budget. Thus, projects in California Indian Country are eligible for the Equity Budget. However, non-Indian residences or businesses on privately owned fee land in California 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. Multi-family 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 as required in Section 4.6.1.6, Proof of Income Qualification; and,
>
> (Single-family Projects Only) **4.6.1.6 Proof of Income Qualification** (Single-family Projects Only) Documentation showing the host customer's household income is 80 percent of the area median income or less based upon a copy of the most recently available federal income tax return. Area Median Income is subject to annual changes based upon Housing and Urban Development's income guidelines.

5. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and Center for Sustainable Energy shall maintain an applicant's place in the incentive queue for residential California Indian Country applicants that have submitted an equity or equity resiliency incentive application prior to adoption of this decision, shall not require such applicants to reapply for incentives, but shall require them to demonstrate that they meet the equity budget income threshold requirements adopted in
Decision 17-10-004 prior to awarding an incentive.

6. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and Center for Sustainable Energy shall file a Tier 2 advice letter within 30 days of Commission issuance of this decision proposing changes to the Self-Generation Incentive Program handbook to implement all modifications adopted in this decision, except as directed in Ordering Paragraph 4.

7. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and Center for Sustainable Energy (collectively Self-Generation Incentive Program administrators) shall propose a one-time streamlined process allowing applicants to modify their application to take advantage of opportunities created by this decision without losing their priority position, if this can be accomplished fairly and without undue program administrative burden. The Self-Generation Incentive Program administrators shall carefully consider issues and shall include their proposal and/or a report on

the factors they considered that guide their decision in a Tier 2 advice letter filed within 30 days of Commission issuance of this decision.

8. All motions not expressly addressed in this decision are denied.

9. Rulemaking 12-11-005 remains open.

This order is effective today.

Dated July 16, 2020, at San Francisco, California.

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners