Decision **PROPOSED DECISION OF COMMISSIONER RECHTSCHAFFEN**
Mailed 9/16/2020

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.) 20-01-021 AND D.16-06-055

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DECISION ADDRESSING PETITION FOR MODIFICATION OF DECISION (D.) 20-01-021 AND D.16-06-055

Summary

This decision partially approves and partially denies a Petition for Modification of the California Energy Storage Alliance (CESA). It approves with modifications CESA's request that the Commission immediately authorize Self-Generation Incentive Program (SGIP) Program Administrators (PA) to transfer funds between technology incentive budgets. It directs SGIP PAs to file Tier 1 advice letters within 20 days of adoption of this decision confirming transfer of a total of $100 million and $8.5 million in funds from the Large-Scale General Market budget to the Non-Residential Equity Budget and the Residential Equity Budget respectively. It adopts a specific budget amount for each PA's fund transfer and directs each PA to award the transferred Non-Residential Equity Budget funds using a one-time-only lottery for the waitlisted applications submitted on May 12, 2020. The decision also adopts a cap of $5 million for Non-Residential Equity Budget incentives for any one entity.

This decision denies CESA's suggested revisions to the SGIP lottery prioritization criteria adopted in D.16-06-055; the one-time lottery for funds transferred herein to the Non-Residential Equity Budget will be random and not use any prioritization criteria. It denies CESA's request to remove the moratorium on PA submittal of advice letters proposing to transfer funds between technology incentive budgets until after December 31, 2022 adopted in Decision 20-01-021 but approves additional limited PA fund transfer authority starting in 2021.

This proceeding is closed.

Background

On June 9, 2020, the California Energy Storage Alliance CESA filed a *Motion to Issue a Ruling that Transfers Funds to the Equity Budget* (Motion) in which CESA requests that the Commission issue a ruling to:

- Transfer $150 million in funds from the Equity Resiliency Budget to the Non-Residential Equity Budget; and
- Transfer $160 million in funds from the Large-Scale General Budget to the Non-Residential Equity Budget ($150 million) and to the Residential Equity Budget ($10 million).

On June 10, 2020, CESA filed a *Petition for Modification of Decision 20-01-021 and Decision 16-06-055* (PFM). The PFM requests that the Commission revise Decision (D.) 20-01-021 to:

- Remove a moratorium on Self-Generation Incentive Program (SGIP) Program Administrator (PA) fund transfer authority, restricted until after December 31, 2022;
- Authorize SGIP PAs to immediately transfer funds between technology incentive budgets; and,
- Modify the lottery prioritization criteria adopted in D.16-06-055 to remove the prioritization criteria adopted in D.16-06-055 and adopt new criteria, as follows:
    - <u>Remove lottery prioritization criteria</u>: a) energy storage paired with, and charged from, a renewable generator and is verified through election, and on-going verification, to take the Investment Tax Credit or an approved Preliminary Monitoring Plan, b) energy storage located in Los Angeles Department of Water and Power service territory, c) energy storage located in SCE's West LA Local Capacity Area.

- Adopt new lottery prioritization criteria: a) customers who meet the Equity criteria, b) customer represents a critical facility or school that serves eligible disadvantaged community customers, and c) storage system provides backup power and the applicant meets all of the existing backup documentation requirements.

Eight parties filed responses to the Motion on June 24, 2020. Nine parties filed responses to CESA's PFM on June 30, 2020 and July 10, 2020.[1]

On August 6, 2020, an Assigned Commissioner's Ruling (ACR) was issued for party comment.[2] The ACR proposed the following:

1. SGIP PA fund transfer authority as adopted in D.20-01-021 remain unchanged;
2. $100 million in funds are transferred from the Large-Scale General Market Budget to the Non-Residential Equity Budget;
3. Lottery prioritization criteria adopted in D.16-06-055 are updated for the Large-Scale General Market and Non-Residential Equity budgets to add the prioritization criterion: storage system provides backup power and the applicant meets all backup documentation requirements;

[1] Sunrun Inc. (Sunrun), Southern California Edison (SCE) and Southern California Gas (SoCalGas), GRID Alternatives (GRID) and California Housing Partnership (Partnership), Shell Energy North America (U.S.) L.P. (Shell), California Solar & Storage Association (CALSSA), and Pacific Gas and Electric Company (PG&E), filed a response to CESA's motion on June 24, 2020. CESA filed a reply to the responses on July 6, 2020. Foundation Windpower, LLC filed a response to CESA's PFM on June 30, 2020. Marin Clean Energy (MCE), GRID, Shell, CALSSA, and SoCalGas, SCE, PG&E and Center for Sustainable Energy (CSE) (collectively SGIP PAs) filed responses to CESA's PFM on July 10, 2020

[2] "Assigned Commissioner's Ruling Providing Fund Transfer and Other Proposals for Party Comment," August 6, 2020.

4. SGIP PAs run a lottery on all unreserved Non-Residential Equity Budget applications received on May 12, 2020 to reserve the $100 million in transferred funds;
5. PAs use the same lottery to determine a wait list for the remaining Non-Residential Equity Budget applications submitted on May 12, 2020, if any, after all transferred funds have been reserved; if any Non-Residential Equity Budget funds remain or later become available, PAs would reserve these for applications by their wait list order and then in the order of the date/time the application was received;
6. SGIP PAs cap the amount any individual applicant entity receives from the Non-Residential Equity Budget at $5 million per entity (i.e. per school district, city, or water district, etc.) as well as per project;[3]
7. $8.5 million in funds are transferred from the Large-Scale General Market Budget to the Residential Equity Budget;
8. SGIP PAs run a lottery on all unreserved residential equity budget applications received on May 12, 2020 to reserve the $8.5 million in transferred funds.
9. SGIP PAs use the same lottery to determine a wait list for remaining applications submitted on May 12, 2020, if any, after all transferred funds have been reserved. If any funds remain or later become available, they shall be reserved for applications by their wait list order and then in the order of the date/time the application was received;
10. SGIP PAs file a Tier 1 advice letter to transfer these funds according to the percentage SGIP collections authorized in D.06-12-003: PG&E 44 percent, SCE 34 percent, SDG&E 13 percent, and SoCalGas 9 percent, within 30 days; and,

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[3] SGIP Handbook Rule 3.2.1 limits the maximum incentive amount received per project to $5 million. See 2020 SGIP Handbook Version 5 available here: https://www.selfgenca.com/home/resources/

11. No funds are transferred out of the equity resiliency budget.

Six parties filed comments on the ACR on August 21, 2020.[4]

Jurisdiction

Section 379.6 established the SGIP program in 2001 in response to Assembly Bill (AB) 970 (Ducheny, Stats. 2000, Ch. 329). Since 2001, the Legislature has refined and extended the SGIP numerous times.[5] Rule 16.4 of the Commission's Rules of Practice and Procedure (Rules) governs petitions for modification.

Issues Before the Commission

The issues before the Commission are the following:

- Should the Commission revise D.20-01-021 to remove a moratorium on SGIP PA fund transfer authority, restricted in that decision until after December 31, 2022?
- Should the Commission authorize SGIP PAs to immediately transfer funds between technology incentive budgets?
- Should the Commission modify the lottery prioritization criteria adopted in D.16-06-055?

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[4] CALSSA, Sunrun and the SGIP PAs (PG&E, SCE, SoCalGas, CSE).

[5] AB 1685 (Leno, 2003), AB 2778 (Lieber, 2006) and Senate Bill (SB) 412 (Kehoe, 2009) collectively shifted SGIP's focus from peak demand reduction towards reducing criteria pollutants and greenhouse gas (GHG) emissions. SB 861 and AB 1478 authorized SGIP collections through 2019 and administration through 2020 and required a number of other changes. AB 1637 (Low, 2016) authorized the Commission to double annual collections through 2019 as compared to calendar year 2008. SB 700 (Wiener, 2018), authorized the Commission to extend annual ratepayer collections of up to $166 million through 2024 and administration through 2025. AB 1144 (Friedman, 2019) directed the Commission to allocate a minimum of 10 percent of SGIP 2020 funds and to low-income customers and critical services impacted by widespread wildfires and electric grid de-energizations.

- Should the Commission take other actions to address CESA's June 10, 2020 PFM?
- Should the Commission approve CESA's June 9, 2020 Motion?

Background On Requested Relief

Fund Transfer Authority and Budget Allocations

The Commission in D.16-06-055 authorized SGIP PAs to submit advice letters to transfer funds between SGIP residential and non-residential energy storage incentive budgets.[6] In D.20-01-021, the Commission updated D.16-06-055 to authorize SGIP PAs to submit advice letters to transfer funds between all technology incentive budgets, but only after December 31, 2022.

The larger part of D.20-01-021 addresses funding allocations from 2020 to 2024 ratepayer collections for SGIP technology and administrative budgets. Consistent with AB 1144, D.20-01-021 allocates over 50 percent of 2020 to 2024 collections to the Equity Resiliency Budget established in D.19-09-027. The Equity Resiliency Budget serves medically vulnerable, Equity Budget and other customers with critical resiliency needs that have been impacted by Public Safety Power Shutoff (PSPS) events or that live in areas of extreme or elevated wildfire risk.[7]

As of late 2019, the Non-Residential Equity Budget had $52.9 million in accumulated unspent funds due to stagnant demand for incentives since the Equity Budget was created in 2017. To address this, D.19-09-027 significantly

[6] D.16-06-055 at 24.

[7] D.20-01-021 at 1, Finding of Fact 6.

increased Equity Budget incentives. Subsequently, in D.20-01-021, the Commission chose not to allocate funds from the 2020 to 2024 collections to the Non-Residential Equity Budget, opting instead to wait until demand levels following the incentive adjustment adopted in D.19-09-027 became clear.

D.20-01-021 allocates three percent of 2020 to 2024 collections to the Equity Residential Budget, bringing the total available incentive funds for this budget to $31.7 million. D.20-01-021 states that this funding level should "ensure that the opportunity for SGIP participation by low income residential customers is maintained over time."[8]

Lottery Prioritization Criteria

In D.16-06-055, the Commission directs the SGIP PAs to design a lottery system to address an over-subscribed program where program funds are "fully allocated within minutes."[9] D.16-06-055 directs SGIP PAs to use a lottery system to award reservations when, in a single day, more applications are received than incentives are available and to give priority in the lottery system to:

- Energy storage paired with, and charged from, a renewable generator and is verified through election, and on-going verification, to take the Investment Tax Credit or an approved Preliminary Monitoring Plan;
- Energy storage located in Los Angeles Department of Water and Power service territory; and,

[8] *Ibid.*

[9] D.16-06-055 at Conclusion of Law 51.

- Energy storage located in SCE"s West LA Local Capacity Area.[10]

The lottery prioritization criteria adopted in D.16-06-055 reflect Commission priorities at that time, namely the recent closure of Aliso Canyon and resulting local reliability constraints and the Commission's desire to encourage energy storage pairing with on-site renewable generation.[11]

The SGIP PAs currently implement a first day lottery to establish the allocation order of currently available funding; after allocating all funding available at the time of the lottery, the lottery ends and the lottery does not establish an order for applications on the waiting list. If funds subsequently become available due to a cancelled application, funds are awarded to applications on the wait list according to date and time of submittal.[12]

Discussion

Immediate Transfer of Funds

We approve CESA's request to immediately authorize SGIP PAs to transfer technology incentive funds, with modifications. We direct the SGIP PAs to collectively transfer $100 million and $8.5 million from the Large-Scale General Market Budgets to the Non-Residential and Residential Equity Budgets,

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[10] *Id* at Ordering Paragraph 2(m).

[11] *Id* at 52.

[12] SGIP PAs, "Joint Comments on ACR," August 21, 2020, citation 9, page 6: "2020 SGIP Handbook V7 Section 2.3.6. When there is enough attrition to fund waitlisted projects, waitlisted projects will be assigned an incentive rate in the last step and reviewed in the order in which they were submitted."

respectively. Each PA shall transfer funds from their Large-Scale General Market Budgets as follows:

Table 1: Allocation of Transferred Funds

SGIP PA	**Non-Residential Equity Funds**	**Residential Equity Funds**
PG&E	$36,000,000	$6,700,000
SCE	$48,000,000	$1,200,000
SoCalGas	$10,000,000	$0
CSE	$5,000,000	$600,000
TOTAL:	$100,000,000	$8,500,000

This allocation reflects the percentage of each PA's individual Non-Residential and Residential Equity Budget waitlist as compared to the statewide Non-Residential and Residential Equity Budget waitlists at the conclusion of May 12, 2020, the day these budgets were opened. This allocation results in funding for approximately one-third of the incentive amount requested by Non-Residential Equity Budget applicants from each PA on May 12, 2020 and nearly 60 percent of the incentive amount requested by Residential Equity Budget applicants.

The Commission in D.20-01-021 contemplated the need to adjust Equity Budget allocations in the future in response to data on customer demand.[13] Clearly, demand for Non-Residential and Residential Equity Budget funds has

[13] D.20-01-021 at 20.

risen dramatically since Commission adoption of increased Equity Budget incentives in D.19-09-027 while demand for Large-Scale General Market funds has generally remained slow.

As of July 22, 2020, the four SGIP PAs had reserved the nearly $53 million available for Non-Residential Equity Budget incentives and had a waitlist of $306.5 million in additional Non-Residential Equity Budget applications.[14] Nearly all of the currently waitlisted Non-Residential Equity Budget applications were submitted on May 12, 2020.[15] Also as of July 22, 2020, three SGIP PAs (PG&E, SCE, CSE) had $20 million in waitlisted Residential Equity Budget applications.[16] In contrast, $253 million in Large-Scale General Market funds remained available as of the same date.[17]

Our approved fund transfers effectively result in an allocation of 12.3 and one percent of SGIP 2020 to 2024 collections to the Non-Residential and Residential Equity Budgets respectively. These are reasonable reallocations to address a portion of the pending Equity Budget demand while still leaving nearly $144 million in Large-Scale General Market funds, as of July 22, 2020.

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[14] SGIP database, accessed July 22, 2020, available here: https://www.selfgenca.com/home/program_metrics/

[15] Staff communication, July 22, 2020.

[16] Only Southern California Gas Company had not reserved all of its Residential Equity Budget funds as of July 22, 2020.

[17] *Ibid.* In addition, in January 2020, Energy Division staff approval of advice letters (AL) submitted by the four SGIP PAs transferred $16.2 million from the Large-Scale general market budget to the general market residential budget. *See* Center for Sustainable Energy AL 97-E/E-A, Pacific Gas and Electric Company AL 4187-G/5699-E, Southern California Edison Company AL 4114-E, and Southern California Gas Company AL 5548-G

We direct each SGIP PA to file a Tier 1 advice letter within 20 days of Commission adoption of this decision confirming the adopted fund transfers. If fewer funds remain in a PA's Large-Scale General Market Budget on the date the PA effectuates the fund transfer ordered in this decision, the PA shall transfer as many of the directed funds as are available as of that date (i.e., the funds have not been allocated as of the date of the fund transfer) and shall proportionally reduce the amount transferred to the Non-Residential and Residential Equity Budgets, as needed.

SGIP Lottery

We deny CESA's second requested relief and do not update the SGIP lottery criteria adopted in D.16-06-055. The new budgets and funding allocations adopted in D.19-09-027 and D.20-01-021, with the additional fund transfers adopted today, are sufficient to reflect the Commission's priorities for SGIP incentives at this time.

However, to provide for the most equitable distribution of the fund transfer adopted in this decision, we take two additional steps.

First, we direct each SGIP PA to run a one-time-only lottery on all Non-Residential Equity Budget applications received on May 12, 2020 that have been accepted but are not yet "under review." The SGIP PAs shall use the lotteries to reserve the $100 million in transferred funds on a random basis with no prioritization criteria. However, the PAs shall apply the funding cap described below.

Additionally, we direct the PAs to each use the same lotteries to determine wait lists for the remaining applications, if any, for applications submitted on

May 12, 2020, after all of the $100 million in transferred funds have been reserved. If any funds remain or later become available to the Non-Residential Equity Budget, the PAs shall reserve these funds by the wait list order determined by lottery for applications submitted on May 12, 2020, and then in the order of the date/time the application was received for applications submitted after May 12, 2020.

Requiring a lottery to determine the reservation order for Non-Residential Equity Budget applications submitted on May 12, 2020 is the most equitable way to award and widely distribute the transferred funds. Awarding limited funding based on the time of submittal on the first day that applications were accepted has been problematic in the past and we decline to use that method here. We do not require a lottery to distribute the transferred Residential Equity Budget funds as this is not necessary at this time.

Second, to again support the equitable distribution of the funding transferred in this decision, we direct each SGIP PA to individually cap the Non-Residential Equity Budget incentives it awards to any individual applicant entity to $5 million per entity for applications that are subject to the lottery. This means that any applications that have already been allocated funding prior to this decision shall not be used to calculate the $5 million per entity cap. SGIP incentives are already capped at $5 million per project.[18] We adopt this cap on incentives to one entity for multiple projects in each PA's Non-Residential Equity

[18] SGIP Handbook Rule 3.2.1 limits the maximum incentive amount received per project to $5 million. See 2020 SGIP Handbook Version 5 available here: https://www.selfgenca.com/home/resources/

Budget to ensure that the funds transferred to the PAs' Non-Residential Equity budgets are distributed broadly and equitably among applicants seeking to participate in the SGIP program. "Individual applicant entity" shall be defined for these purposes as follows:

- The various divisions and/or departments of a city shall together constitute an individual applicant entity (such as City Police Department and City Department of Public Health);
- The various divisions and/or departments of a county shall together constitute an individual applicant entity (such as County Office of Emergency Services; County Sheriff);
- Each unique state agency, municipal utility (such as a municipal water district), or joint powers authority shall constitute an individual applicant entity;
- Each unique university, college, or community college shall constitute an individual applicant entity, (i.e., as opposed to California's community college, state college and university systems as a whole);
- Each school district shall constitute an individual applicant entity and shall be considered separately from any county or city entity; and,
- All affiliates of a parent company and the parent company shall together constitute one individual applicant entity.

To minimize the administrative complexity of this requirement and moderate its impact, we direct each SGIP PA to individually apply the $5 million per-entity cap only to the Non-Residential Equity Budget applications subject to the lotteries ordered in this decision and any additional waitlist. SGIP PAs shall not apply the $5 million per-entity cap to any Non-Residential Equity Budget application currently under review, reserved, or completed. If additional funds are subsequently approved for transfer to a PA's Non-Residential Equity Budget at a later date, the PA shall continue to individually apply the $5 million per-entity cap until such time as there are no additional unique applicant entities that have applications under review that have not yet had incentives reserved, taking into account the entities that received an incentive confirmation as a result of the lottery ordered in this decision.

SGIP PAs shall offer individual applicant entities a partial incentive award for a project if the full incentive amount is not available as a result of the $5 million per entity cap but the applicant is not obligated to accept that offer. This allows applicants to make the best choice regarding their system in the face of limited funds.

We acknowledge that requiring a lottery and per-entity cap on the Non-Residential Equity Budget funds approved for transfer today adds administrative tasks for the SGIP PAs. We appreciate the challenges SGIP PAs face but the key guiding principle regarding our adopted requirements must be fairness to applicants and the distribution of limited funds as equitably and broadly as possible.

Fund Transfer Authority

We deny CESA's request to remove the moratorium on PA authority to submit fund transfer proposals until after December 31, 2022, adopted in D.20-01-021. However, to provide additional flexibility and a means to efficiently re-evaluate waitlisted applications over time, we approve additional limited PA fund transfer authority. We authorize PAs to submit Tier 2 advice letters no earlier than January 1, 2021 to propose fund transfers between energy storage budgets, excluding fund transfers out of the Equity Resiliency Budget. For each energy storage budget, excluding transfers out of the Equity Resiliency

Budget, PG&E and SCE may propose to transfer no more than $50 million between storage budgets per calendar year and SoCalGas and CSE may propose to transfer no more than $10 million between storage budgets per calendar year. These proposed transfers are subject to review and approval by the Commission's Energy Division.

In discussing its rationale for limiting SGIP PA authority to propose fund transfers until 2023, D.20-01-021 emphasizes the need for the adopted budget allocations to "remain stable for several years to clearly signal available funding to developers."[19] After that, providing PAs with the "flexibility to alter budget allocations in response to market demand increases the effectiveness of the SGIP in its final years."[20]

It is critical that the Commission continue to provide a clear market signal to developers that Equity Resiliency Budget incentive funds will continue to be available for this purpose. Equity and resiliency to wildfires and PSPS events, particularly for medically vulnerable customers and disadvantaged communities, continue to be priorities for the SGIP, in addition to advancing SGIP statutory requirements and Commission goals.[21] By continuing to restrict the time period during which PAs can propose fund transfers out of the Equity Resiliency Budget until after December 31, 2022, we seek to ensure that PAs and

[19] D.20-01-021 at 59.

[20] *Ibid.*

[21] Provision of environmental benefits, grid support and market transformation. *See* D.16-06-055, Findings of Fact and Conclusions of Law 1 - 3.

developers continue to focus outreach and project development efforts on Equity Resiliency customers.

The additional limited fund transfer authority we adopt today should occur in a measured way to also provide stability for the Large-Scale General Market budget by allowing sufficient time for development of these complex projects. The approved authority provides an efficient way to evaluate additional limited fund transfers should the need arise.

As noted in D.20-01-021, the Energy Division, the assigned Administrative Law Judge (ALJ), or the assigned Commissioner may propose modification of funding allocations at any time.[22]

CESA Motion

This decision denies CESA's June 9, 2020 Motion. CESA's Motion was procedurally inappropriate because it requested that the assigned Commissioner revise the budget allocations adopted in D.20-01-021 rather than the full Commission.

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. Tesla, Sunrun, CSE, CESA, CALSSA and, PG&E, SoCalGas and SCE (Joint investor-owned utilities or IOUs) filed comments on October 6, 2020. No party filed reply comments.

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[22] *Id* at 70.

We make clarifying modifications to the final decision in response to party comments as follows.

First, CSE seeks confirmation that any Non-Residential Equity Budget incentive funds reserved by an entity, or currently under review, from the first round of Non-Residential Equity Budget funding would not count towards an entity's $5 million cap. We clarify here that this is correct. We also clarify that, in the future, if additional Non-Residential Equity Budget funds become available, SGIP PAs <u>shall</u> take into account the entities that received an incentive confirmation as a result of the lottery ordered in this decision when applying the $5 million per entity cap. Additionally, the final decision clarifies that each SGIP PA shall individually apply the $5 million per entity cap (i.e. the SGIP PAs shall not apply the cap at a statewide level).

Second, the Joint IOUs request additional clarification regarding the definition of term "entity" for use in administering the lotteries directed in this decision. We clarify the final decision as follows:

- The various divisions and/or departments of a city shall together constitute an individual applicant entity (such as City Police Department and City Department of Public Health);
- The various divisions and/or departments of a county shall together constitute an individual applicant entity (such as County Office of Emergency Services; County Sheriff);
- Each unique state agency, municipal utility (such as a municipal water district), or joint powers authority shall constitute an individual applicant entity;
- Each unique campus of a university, college, or community college, shall constitute an individual applicant entity (i.e., as opposed to

California's community college, state college and university systems as a whole);

- Each school district shall constitute an individual applicant entity and shall be considered separately from any county or city entity; and,
- All affiliates of a parent company and the parent company shall together constitute one individual applicant entity.

Third, CSE requests clarification on treatment of partial awards in the instance that the Non-Residential Equity Budget funds established through this decision become depleted. We add a new Ordering Paragraph 3(g), new Conclusion of Law 11, and new Finding of Fact 20, and clarify section 5.2 of the final decision to state that SGIP PAs shall offer an individual applicant a partial incentive award for a project if the full incentive amount is not available as a result of the $5 million per entity cap but the applicant is not obligated to accept that offer. This allows applicants to make the best choice regarding their system in the face of limited funds.

Fourth, the Joint IOUs request clarification on how to administer fund transfers from the Large-Scale General Market budget to the Non-Residential Equity Budget in the instance that fewer unreserved funds remain in the budget of the former at the time the PA transfers funds as directed in this decision. The Joint IOUs advise that this eventuality could occur due to the gap in time between Commission adoption of the proposed decision and PA submittal of the Tier 1 advice letter ordered here.

To address this, the final decision reduces the time period for the SGIP PAs to file the Tier 1 advice letter confirming that the directed fund transfers have occurred from 30 days to 20 days to reduce the likelihood that funds could be depleted before the transfer occurs. Further, the final decision clarifies that if fewer funds remain in a PA's Large-Scale General Market Budget on the date the PA effectuates the fund transfer ordered in this decision, the PA shall transfer as many of the directed funds as are available on that date (i.e., the funds have not been allocated as of the date of the fund transfer) and shall proportionally reduce the amount transferred to the Non-Residential and Residential Equity Budgets, as needed.

Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Cathleen A. Fogel is the assigned ALJ in this proceeding.

Findings of Fact

1. Consistent with AB 1144, D.20-01-021 allocates over 50 percent of 2020 to 2024 collections to the Equity Resiliency Budget established in D.19-09-027.
2. D.19-09-027 and D.20-01-021 together establish a $613 million Equity Resiliency Budget to serve medically vulnerable, Equity Budget, and other customers with critical resiliency needs impacted by PSPS events or that live in areas of extreme or elevated wildfire risk.
3. Demand for Equity Budget incentives was stagnant between 2017 and 2019.
4. D.19-09-027 significantly increased Equity Budget incentives.
5. The Commission in D.20-01-021 did not allocate 2020 to 2024 funds to the Non-Residential Equity Budget, deciding instead to wait until demand levels for

this budget became clear subsequent to the incentive adjustments adopted in D.19-09-027.

6. D.20-01-021 contemplates it could be appropriate for the Commission to adjust the Non-Residential Equity Budget once new data on customer demand became available.

7. D.20-01-021 allocates three percent of 2020 to 2024 collections to the Equity Residential Budget.

8. As of July 22, 2020, the SGIP PAs had: (a) $306.5 million in waitlisted Non-Residential Equity Budget applications; (b) $20 million in waitlisted Residential Equity Budget applications; (c) $253 million in available Large-Scale General Market funds.

9. SGIP PAs began accepting Non-Residential and Residential Equity Budget applications on May 12, 2020; nearly all Equity Budget applications currently waitlisted were submitted within the first 24 hours.

10. Subsequent to Commission adoption of D.19-09-027, demand for Equity Budget incentives increased dramatically.

11. Demand for Large-Scale General Market funds remains slow.

12. Transferring $100 million in Large-Scale General Market funds to the Non-Residential Equity Budget and $8.5 million in Large-Scale General Market funds to the Residential Equity Budget results in a total allocation of 2020 to 2024 ratepayer collections to the Non-Residential and Residential Equity Budgets of 12.3 percent and four percent, respectively, while still leaving $144 million in available Large-Scale General Market funds, as of July 22, 2020.

13. Allocating $100 million and $8.5 million to the SGIP PAs according to the percentage of each PA's individual Non-Residential and Residential Equity Budget waitlist as compared to the statewide Non-Residential and Residential Equity Budget waitlists at the conclusion of May 12, 2020 results in funding for approximately one-third of the incentive funds requested by Non-Residential Equity Budget applicants of each PA on May 12, 2020 and nearly 60 percent of the incentive funds requested by Residential Equity Budget applicants.

14. D.20-01-021 authorizes SGIP PAs to submit advice letters proposing fund transfers between all technology budgets but restricts this authority until after December 31, 2022, a revision of the fund transfer authority adopted in D.16-06-055.

15. D.16-06-055 directs SGIP PAs to use a lottery system to award reservations when more applications are received in a single day than incentives are available.

16. The budgets, funding allocations and fund transfers adopted in D.19-09-027, D.20-01-021 and this decision are sufficient to reflect the Commission's SGIP priorities at this time.

17. Requiring a lottery to determine the reservation order for Non-Residential Equity Budget applications submitted on May 12, 2020 is the most equitable way to widely distribute the transferred funds.

18. A lottery to distribute the transferred Residential Equity Budget funds is not necessary at this time.

19. Applying a $5 million per-entity cap for Non-Residential Equity Budget incentives by individual SGIP PA to applications that have not been allocated

funding prior to this decision reduces administrative complexity and helps distribute limited funds as broadly and equitably as possible.

20. Requiring each individual SGIP PA to offer individual applicant entities a partial incentive award for a project if the full incentive amount is not available as a result of the $5 million per entity cap, but not obligating the applicant to accept that offer, allows applicants to make the best choice regarding their system in the face of limited funds.

21. D.20-01-021 emphasizes the need for its adopted budget allocations to remain stable for several years to clearly signal available funding to developers.

22. Equity and resiliency to wildfires and PSPS events, particularly for medically vulnerable customers and disadvantaged communities, are the Commission's overriding priorities for SGIP energy storage technologies, in addition to advancing SGIP statutory requirements and Commission goals.

23. It is critical that the Commission continue to provide a clear market signal to developers that Equity Resiliency Budget incentive funds will continue to be available.

24. Authorizing the SGIP PAs additional limited authority to annually propose fund transfers between energy storage budgets provides a measured and efficient way to address waitlist issues in the future while maintaining stability in the Large-Scale General Market budget and allowing time for project development.

25. CESA's June 9, 2020 Motion is procedurally inappropriate because it requested that the assigned Commissioner revise budget allocations adopted in D.20-01-021 rather than the full Commission.

Conclusions of Law

The Commission should approve with modifications CESA's request to immediately authorize SGIP administrators to transfer funds between technology incentive budgets.

The Commission should direct the SGIP PAs to immediately transfer $100 million in funds from the Large-Scale General Market budget to the Non-Residential Equity Budget and $8.5 million in funds from the Large-Scale General Market budget to the Residential Equity Budget.

The Commission should allocate the $108.5 million in transferred funds to the SGIP PAs as follows:

SGIP PA	**Non-Residential Equity Funds**	**Residential Equity Funds**
PG&E	$36,000,000	$6,700,000
SCE	$48,000,000	$1,200,000
SoCalGas	$10,000,000	$0
CSE	$5,000,000	$600,000
TOTAL:	$100,000,000	$8,500,000

The Commission should direct each SGIP PA to file a Tier 1 advice letter within 20 days of Commission adoption of this decision confirming the adopted fund transfers.

The Commission should deny CESA's request to modify the lottery criteria adopted in D.16-06-055.

The Commission should direct each SGIP PA to run a one-time-only random lottery, with no prioritization criteria, on all Non-Residential Equity Budget applications received on May 12, 2020 that have been accepted but are not yet "under review" and to use these lotteries to reserve the $100 million in transferred funds.

The Commission should direct the PAs to use the one-time-only lotteries to determine the individual wait lists for the remaining applications, if any, for applications submitted on May 12, 2020, after all of the $100 million in transferred funds have been reserved. If any funds remain or later become available to the Non-Residential Equity Budget, the PAs shall reserve these funds by the wait list order determined by lottery for applications submitted on May 12, 2020, and then in the order of the date/time the application was received for applications submitted after May 12, 2020.

The Commission should direct each SGIP PA to individually cap the Non-Residential Equity Budget incentive award received by any individual applicant entity to $5 million per entity.

The Commission should direct the SGIP PAs to define "individual applicant entity" for the purposes of the $5 million per-entity incentive award cap as follows: (1) The various divisions and/or departments of a city shall together constitute an individual applicant entity (such as City Police Department and City Department of Public Health); (2) The various divisions and/or departments of a county shall together constitute an individual applicant entity (such as County Office of Emergency Services; County Sheriff); (3) Each unique state agency, municipal utility (such as a municipal water district), or joint powers authority shall constitute an individual applicant entity; (4) Each unique university, college, or community college shall constitute an individual applicant entity (i.e., as opposed to California's community college, state college and university systems as a whole); ; (5) Each school district shall constitute an individual applicant entity and shall be considered separately from any county or city entity; and, (6) All affiliates of a parent company and the parent company shall together constitute one individual applicant entity.

The Commission should direct each SGIP PA to individually apply the $5 million per-entity incentive award cap only to the Non-Residential Equity Budget applications subject to the lottery ordered in this decision, and any additional waitlist, and to not apply the per-entity cap to any Non-Residential Equity Budget application currently "under review."

The Commission should direct each SGIP PA to continue to apply the $5 million per-entity cap until such time as there are no additional unique applicant entities with applications under review that have not yet had incentives reserved, taking into account the entities receiving an incentive confirmation as a result of the lottery ordered in this decision.

The Commission should direct SGIP PAs to offer individual applicant entities a partial incentive award for a project if the full incentive amount is not available as a result of the $5 million per entity cap but indicate that the applicant is not obligated to accept that offer.

The Commission should deny CESA's proposal to remove the moratorium on SGIP PA authority to submit fund transfer proposals until after December 31, 2022 adopted in D.20-01-021.

The Commission should authorize the SGIP PAs to submit Tier 2 advice letters no earlier than January 1, 2021 to propose fund transfers between energy storage budgets, excluding fund transfers out of the Equity Resiliency Budget. For each energy storage budget, excluding the Equity Resiliency Budget, the Commission should authorize PG&E and SCE to propose to transfer no more than $50 million out of the budget per calendar year and should authorize SoCalGas and CSE to propose to transfer no more than $10 million out of the budget per calendar year.

The Commission should deny CESA's Motion.

O R D E R

IT IS ORDERED that:

1. The relief requested by the California Energy Storage Alliance in its June 10, 2020 Petition for Modification of Decision 20-01-021 and Decision 16-06-055 to immediately authorize Self-Generation Incentive Program administrators to transfer funds between technology incentive budgets is approved, with modifications.

Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and the Center for Sustainable Energy (CSE) (Program Administrators or PAs) shall immediately transfer $100 million in funds from the Large-Scale General Market budget to the Non-Residential Equity Budget and $8.5 million in funds from the Large-Scale General Market budget to the Residential Equity Budget as follows. If fewer funds remain in an individual PA's Large-Scale General Market Budget on the date the PA effectuates the fund transfer ordered in this decision, the PA shall transfer as many of the directed funds as remain available (i.e., the funds have not been allocated as of the date of the fund transfer) and shall proportionally reduce the amount transferred to the Non-Residential and Residential Equity Budgets, as needed.

SGIP PA	Non-Residential Equity Funds	Residential Equity Funds
PG&E	$36,000,000	$6,700,000

SCE	$48,000,000	$1,200,000
SoCalGas	$10,000,000	$0
CSE	$5,000,000	$600,000
TOTAL:	$100,000,000	$8,500,000

Pacific Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, and the Center for Sustainable Energy shall:

(a) Each file a Tier 1 advice letter within 20 days from adoption of this decision confirming the fund transfers adopted in this decision;

(b) Each run a one-time-only random lottery, with no prioritization criteria, on all Non-Residential Equity Budget applications received on May 12, 2020 that have been accepted but are not yet under review and use these lotteries to reserve the $100 million fund transfer adopted in this decision;

(c) Use the one-time-only lottery to determine a wait list for the remaining Non-Residential Equity Budget applications, if any, for applications submitted on May 12, 2020, after all of the $100 million in transferred funds have been reserved, and, if any funds remain or later become available to the Non-Residential Equity Budget, reserve these funds by the wait list order determined by lottery for applications submitted on May 12, 2020, and then in the order of the date/time the application was received for applications submitted after May 12, 2020;

(d) Define individual applicant entity as described in this decision;

(e) Each individually apply a $5 million per-entity Non-Residential Equity Budget incentive award cap to the applications subject to the lotteries as ordered in this decision, and any additional waitlist;

(f) If additional funds subsequently become available, continue to apply the $5 million per-entity Non-Residential Equity Budget incentive award cap until such time as there are no additional unique applicant entities with applications under review that have not yet had incentives reserved, taking into account the entities receiving an incentive confirmation as a result of the lottery ordered in this decision; and,

(g) Offer individual applicant entities a partial incentive award for a project if the full incentive amount is not available as a result of the $5 million per entity cap but not require the applicant to accept that offer.

Pacific Gas & Electric Company, Southern California Edison Company, Southern California Gas Company and the Center for Sustainable Energy are each authorized to submit Tier 2 advice letters no earlier than January 1, 2021 to propose fund transfers between energy storage budgets, excluding fund transfers out of the Equity Resiliency Budget.

Pacific Gas & Electric Company and Southern California Edison Company, are authorized to propose to transfer no more than $50 million out of any energy storage budget, excluding the Equity Resiliency Budget, per calendar year via the Tier 2 advice letters authorized in Ordering Paragraph 4.

Southern California Gas Company and the Center for Sustainable Energy are authorized to propose to transfer no more than $10 million out of any energy storage budget, excluding the Equity Resiliency Budget, per calendar year via the Tier 2 advice letters authorized in Ordering Paragraph 4.

The relief requested by the California Energy Storage Alliance in its June 10, 2020 *Petition for Modification of Decision 20-01-021 and Decision 16-06-055* to remove the moratorium on Self-Generation Incentive Program Administrator authority to submit fund transfer proposals until after December 31, 2022, adopted in Decision 20-01-021, is denied.

The relief requested by the California Energy Storage Alliance in its June 10, 2020 *Petition for Modification of Decision 20-01-021 and Decision 16-06-055* to modify the lottery prioritization criteria adopted in D.16-06-055 is denied.

The June 9, 2020, *Motion to Issue a Ruling that Transfers Funds to the Equity Budget* filed by the California Energy Storage Alliance is denied.

Rulemaking 12-11-005 is closed.

This order is effective today.
Dated ____________________________, at San Francisco, California