Decision 08-11-044 November 21, 2008

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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| Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues. | Rulemaking 08-03-008 (Filed March 13, 2008) |

# DECISION ADDRESSING ELIGIBLE TECHNOLOGIES UNDER THE SELF-GENERATION INCENTIVE PROGRAM (SGIP) AND MODIFYING THE PROCESS FOR EVALUATING SGIP PROGRAM CHANGE REQUESTS

## 1. Summary

This decision addresses several requests to modify the self-generation incentive program (SGIP), and revises the process for evaluating future SGIP program modification requests. The SGIP provides financial incentives for qualified self-generation equipment, which, when installed on the customer's side of the utility meter, provides electricity for either a portion or all of that customer's onsite electric load. This decision provides that advanced energy storage systems that meet certain technical parameters and are coupled with eligible SGIP technologies, currently wind and fuel cell technologies, will receive an incentive of $2 per watt of installed capacity. Appendix A to this decision outlines the revised process for the review of the SGIP program modification requests.

## 2. Background and Procedural History

The Commission established the SGIP in Decision (D.) 01-03-073 pursuant to Pub. Util. Code § 399.15(b).[1]

Initially, the SGIP provided financial incentives to distributed generation (DG) technologies,[2] including micro-turbines, small gas turbines, solar photovoltaics, wind turbines, fuel cells, and internal combustion engines at certain levels. Assembly Bill (AB) 2778[3] removed all incentives for photovoltaic systems from the SGIP as of January 2007, and provided incentives for photovoltaics through the California Solar Initiative. Thus, as of January 1, 2007, the SGIP provided incentives only to non-solar renewable and non-renewable DG technologies.

AB 2778 further amended Pub. Util. Code § 379.6 relating to SGIP and limited program eligibility for SGIP incentives to qualifying wind and fuel cell DG technologies, beginning January 1, 2008 through January 1, 2012.

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[1] All statutory references are to the Public Utilities Code unless otherwise noted.

[2] DG is a parallel or stand-alone electric generation unit generally located within the electric distribution system at or near the point of consumption. *See* Rulemaking (R.) 04-03-017, p. 6.

[3] Chapter 617, Statutes of 2006.

The following table reflects the changes to the SGIP pursuant to AB 2778:[4]

| Incentive Levels | Eligible Technologies | Incentive Offered ($/watt) | Minimum System Size | Maximum System Size | Maximum Incentive Size |
|---|---|---|---|---|---|
| Level 2 Renewable | Wind Turbines | $1.50/watt | 30 kW | 5 MW | 1 MW |
| | Renewable Fuel Cells | $4.50/watt | 30 kW | | |
| Level 3 Non-Renewable | Non-Renewable Fuel Cells | $2.50/watt | None | 5 MW | 1 MW |

By D.08-04-049, the Commission changed the incentive rates during 2008 and 2009 only. During these years, the Program Administrators (PAs) are to use any carryover funds from prior budget years to pay incentives up to 3 megawatts (MW) for qualifying fuel cell or wind DG projects. Incentives over 1 MW are to be paid at a lower rate.

In addition, D.08-04-049 established a tiered incentive structure for wind and fuel cells as follows:

| Capacity | Incentive Rate |
|---|---|
| 0-1 MW | 100% |
| 1MW-2 MW | 50% |
| 2 MW-3 MW | 25% |

### 2.1. Evaluation of Program Modification Requests

In D.03-08-013, the Commission established a multi-stepped evaluation process to consider requests to add technologies to the SGIP or evaluate related

[4] D.08-01-029, p. 8.

program changes which are referred to as Program Modification Requests (PMR).[5] Below is a summary of the evaluation process set forth in D.03-08-013:

1. An applicant contacts a PA[6] and develops a PMR package for submittal to the SGIP Working Group.[7]
2. The proposal is distributed to the SGIP Working Group for evaluation.
3. The applicant or the sponsoring PA will present the proposal to the SGIP Working Group.
4. The SGIP Working Group develops recommendations on the eligibility of the new technology or program rule modification.
5. The applicant has five days to comment on the SGIP Working Group's final recommendations to the assigned Commissioner.
6. The Energy Division will submit the SGIP Working Group's final recommendations and the Energy Division's recommendation to the assigned Commissioner within 90 days after the proposal is presented at the SGIP Working Group meeting.
7. The assigned Commissioner will issue a ruling requesting comments within 15 days and replies within five days on the Energy Division/Working Group recommendations. A Commission decision will address the recommendations and the public comments raised by the Assigned Commissioner's Ruling (ACR).

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[5] This decision presents only a summary of the evaluation process. *See* D.03-08-013 for full text of the adopted evaluation process and guidelines.

[6] SGIP Program Administrators are Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and the California Center for Sustainable Energy (CCSE), San Diego Gas & Electric Company (SDG&E), and the Energy Division of the California Public Utilities Commission.

[7] The SGIP Working Group consists of SCE, PG&E, SoCalGas, CCSE, and SDG&E.

Since D.03-08-013, several applicants submitted PMRs to the Working Group. The SGIP Working Group reviewed the PMRs and pursuant to the requirements in D.03-08-013 submitted its recommendations to the Energy Division. On March 21, 2008, the Energy Division submitted the SGIP Working Group's recommendations along with its own recommendation to the assigned Commissioner for further consideration.[8] In addition, the Energy Division submitted a proposal to modify the PMR evaluation process that was established in D.03-08-013.

On April 4, 2008, pursuant to the procedures set forth in D.03-08-013, the assigned Commissioner issued an ACR soliciting comments from interested parties on the SGIP Working Group's recommendations and the Energy Division's recommendations for the seven PMRs, and on the proposal by the Energy Division to modify the PMR review process.[9]

Comments were filed by the SGIP Working Group, UTC Power (UTC), and StrateGen Consulting LLC (StrateGen) and VRB Power Systems Inc. (VRB), and reply comments were filed by VRB on April 28, 2008. Because VRB's reply contained new information that was not available when the parties submitted their comments, the Administrative Law Judge (ALJ) issued a ruling on July 1, 2008, providing the parties an opportunity to respond to VRB's reply. Chevron Energy Solutions Company (Chevron Energy) and the SGIP PAs filed responses.

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[8] Energy Division's recommendation addresses only the PMRs that were eligible under SGIP in 2007. Several PMRs address either technologies that were not eligible for SGIP in 2007 or SGIP rules that are no longer relevant. As such, those PMRs are moot. For a list of those PMRs see Appendix B of the ACR, dated April 4, 2008.)

[9] See Appendix B of the ACR for a list of the seven PMRs and the proposed PMR process.

Concurrent with its reply, VRB also filed a motion for Leave to file confidential material under seal and for protective order. An ALJ ruling, dated July 1, 2008 granted VRB's request.

## 3. Discussion

### 3.1. Program Modification Requests

Six of the seven PMRs request to include new technologies into SGIP (PMRs Numbers 1 through 6). PMR Number 7 requests to modify the existing 12-month deactivation period requirement for existing generation systems prior to being eligible for SGIP participation. Energy Division recommends we deny PMRs 1 through 5 due to program ineligibility and accept PMR 7, the deactivation rule modification. There is no opposition to these recommendations and the Energy Division's recommendations are reasonable given the limitation on program eligibility. We adopt the Energy Division's recommendations to deny PMR Numbers 1 though 5 and accept PMR number 7. Below, we discuss PMR Number 6, which has opposing views among parties.

### 3.2. Advanced Energy Storage (AES) Systems

#### 3.2.1. Adding AES Technology as a New SGIP Technology

StrateGen and VRB submitted PMR Number 6 requesting to include AES systems as a new technology into SGIP. Specifically, they submit information for an AES system developed by VRB that converts chemical energy into electrical energy using a vanadium redox battery system (VRB ESS) that consists of two electrolyte tanks connected by a regenerative fuel cell. They request an incentive of $2.5 per watt (W) for a stand-alone AES system and recommend that we adopt a number of operating and performance parameters defining AES system.

Energy Division and the PAs support adding AES to SGIP with certain conditions. In comments to the ALJ ruling, the PAs clarify that despite their earlier disagreement, they do recommend AES be eligible for SGIP incentives if coupled with an eligible technology (fuel cell or wind). Energy Division also recommends adding AES into SGIP, if coupled with wind or fuel cell technology, and recommends an additional incentive of $2/W of installed AES capacity. VRB increased its $2.5/W request to $3.0/W in its reply to the ACR.

We agree that due to program ineligibility, AES systems cannot be added to the SGIP as a stand-alone technology, but when coupled with wind or fuel cell, AES could increase the value of wind and fuel cell and support the goals of SGIP for peak demand reduction. When so coupled, it would be appropriate to allow such AES facility to qualify for SGIP incentives. Accordingly, we adopt the recommendation that AES systems receive SGIP incentives if coupled with an eligible distributed generation technology under the SGIP, currently wind or fuel cell technology. As SGIP PAs have requested in their comments to the proposed decision, we clarify that an AES system must be coupled with an "as current" eligible distributed generation technology under the SGIP. This means that in the future if other technologies are added to the SGIP, then an AES system coupled with those eligible technologies will also be eligible to receive the incentive adopted here.[10] Likewise, if any of the currently eligible SGIP technologies (wind or fuel cell) is removed from the SGIP, then an AES system coupled with those technologies will no longer be eligible to receive SGIP incentives.

[10] Such AES system must still meet the required technical and operation criteria.

In comments to the proposed decision, the SGIP PAs request that we clarify whether the revisions apply to new or existing projects. We clarify that any SGIP project that is currently an eligible technology (wind or fuel cell), including previously installed SGIP projects, will be eligible to receive AES incentives if coupled with an eligible AES system.

### 3.2.2. Appropriate Incentive Level

With respect to the level of incentives for AES systems, the Working Group raises several issues and suggests the Commission conduct a workshop to address them.

First, the Working Group raises the question of whether the AES incentive should be paid on capacity kilowatt (KW) or energy (kilowatt-hour or KWh) basis. The Working Group argues that there is value to the length of discharge for an AES system, and suggests a per-KWh incentive may be more appropriate.

We adopt the recommendation that AES, if coupled with wind or fuel cell technology, should receive incentives on a per-KW basis. Wind and fuel cell technologies receive SGIP incentives on a per KW basis. Since AES technologies are required to couple with either wind or fuel cell technology, it would make sense to apply the same incentive structure to AES systems. In addition, we have noted above that an AES system coupled with wind or fuel cell technology contributes to the SGIP goal of peak demand reduction. In that context, a capacity or a per KW basis incentive is more appropriate.

We also adopt a $2/W incentive amount for AES systems when coupled with wind or fuel cell technology. While this is slightly less than that originally requested by VRB, it provides an appropriate level of incentive for AES coupled with a currently eligible SGIP technology. VRB's original PMR requested a $2.50/W incentive for a stand-alone AES system. However, the data provided in

VRB's reply indicates that the economics of an AES system would improve when AES is coupled with an eligible SGIP technology. Since we are only authorizing funding when AES systems are coupled with wind or fuel cell technology, a reduction in the requested incentive level is justified. VRB's argument that a $3/W incentive is necessary for market adoption of AES is not persuasive. VRB provides an analysis based on an 11% rate of return on investment for a 400 kW AES system, with four-hour discharge, coupled with distributed wind. VRB's analysis assumes a very specific case that is not representative of all applications that would qualify for SGIP and does not sufficiently justify the need for a $3/W incentive.

#### 3.2.3. Appropriate Incentive Structure

The Working Group also raises a series of questions related to whether there should be a size cap on the AES incentives, and if so, whether the capping metrics should be based on a KW or kWh basis. The Working Group also asks whether the tiered incentive structure that was adopted in D.08-04-049 for SGIP technologies should apply here.

We require that the size of the AES system not exceed the capacity of the accompanying SGIP generation.

In the proposed decision we required that the SGIP PAs apply the tiered incentive structure that was adopted in D.08-04-049 on a pilot basis for 2008 and 2009, to projects containing an AES system up to 3 MW in size. We noted that applying the same tier structure to projects containing AES systems would be reasonable because AES is a supportive technology to wind and fuel cell systems. We also noted that under this approach, the SGIP eligible technology and the AES system would each receive 100% of their respective incentive rates for the 0 to 1 MW of capacity, followed by 50% of their incentive rates for the 1 to

2 MW of their capacity and 25% for the 2 to 3 MW of their capacity. We also required that a single project consisting of an eligible SGIP generation technology, coupled with an AES system, may not receive incentives for more than 3 MW of total capacity.

In comments to the proposed decision, the SGIP PAs contend that the incentive structure is too complicated and may have the unintended consequence of acting as a barrier to AES participation in SGIP. They provide an example of a 3 MW renewable fuel cell project coupled with a 1 MW AES system structure, indicating that under the proposed incentive structure, the AES system would not be given an incentive since the incentives for the fuel cell system at all tiered levels will be higher than incentives for the AES system. Instead, the SGIP PAs recommend we cap the AES incentive at 1 MW. VRB, in reply comments to the proposed decision, urges us to reject the SGIP PAs proposal and recommends that we adopt the proposed decision as written, but increase the maximum incentive per project from 3 MW to 5 MW only for combined AES and SGIP projects.

While the example in the PA's comments is representative of only one specific scenario, it does indicate that applying the tiered structure while capping the incentives at 3 MW may become difficult to apply. To avoid complex implementation of the incentive structure, we remove the 3 MW incentive cap and the 5 MW size limit that we imposed in the proposed decision and clarify that for the purpose of calculating the incentive amount, the AES incentive system will be added to the accompanying SGIP generation incentive. Thus, the requirements for an eligible SGIP technology that is coupled with an AES system will be as follows:

- The size of the AES system may not exceed the capacity of the accompanying SGIP generation.
- The tiered incentive structure that was adopted in D.08-04-049 shall apply, on a pilot basis during 2008 and 2009, to eligible SGIP projects as well as the accompanying AES systems.

Table 1 below indicates the amount of incentives for all currently eligible SGIP technologies and AES systems:

Table 1: Tiered Incentive Rates[11]

| System Size | Incentive structure | Renewable Fuel Cell | Non-renewable fuel cell | Wind | AES |
|---|---|---|---|---|---|
| 0-1 MW | 100% | $4.50 | $2.50 | $1.50 | $2.00 |
| 1-2 MW | 50% | $2.25 | $1.25 | $0.75 | $1.00 |
| 2-3 MW | 25% | $1.125 | $0.625 | $0.375 | $0.50 |

Based on the above, a hypothetical 3 MW renewable fuel cell SGIP project coupled with a 2 MW AES system, would receive incentives for the renewable fuel cell at all three tiered levels (1 MW through 3 MW) as well as incentives for the first and the second level (1 MW and 2 MW) for an AES system.

### 3.2.4. Funding Source

The PAs request guidance from the Commission on which funds to use to pay for AES incentives if other than the funds in the SGIP annual incentives budgets. Because the AES supports wind or fuel cell technology, it is reasonable to require that it would be funded out of the same budget that provides

[11] The tiered incentive rates for renewable and non-renewable fuel cell, and wind were adopted in D.08-04-049.

incentives to those technologies.[12] Accordingly, we direct the PAs to fund AES incentives from SGIP budgets.

### 3.2.5. Operating Parameters

The Working Group raises concerns with the VRB's proposed language to the text of the SGIP Handbook to implement inclusion of AES in the SGIP. Specifically, the Working Group cautions the Commission against making decisions regarding program eligibility strictly based on information provided by VRB.

We have determined that an AES system is eligible for SGIP incentives if coupled with wind or fuel cell technology. We have also noted that this eligibility should not be limited to the AES system proposed by VRB, but rather, all eligible AES systems should receive the same incentive. Thus, it is necessary to define "qualified advanced energy storage."

VRB has proposed a number of minimum technical operating parameters to define an AES system.

These include:

- Ability to be used daily in concert with an on-site wind resource, and still meet its 20-year lifetime requirement. The qualifying AES system must thus have the ability to handle hundreds of partial discharge cycles each day.
- Ability to be discharged for at least four hours of its rated capacity to fully capture peak load reductions in most utility service territories (required AES duration of discharge will depend on each customer's specific load shape, and the duration of its peal demand during peak utility periods).

[12] This would require applying the unspent SGIP budget for SGIP technologies as described in D.08-04-049 to the accompanying AES system.

- Ability to meet Institute of Electrical and Electronics Engineers, Inc. interconnection standards.
- Ability to operate in distributed, customer sited locations and comply with all local environmental and air quality requirements.

We adopt the technical parameters proposed by VRB, but lower the proposed 20-year minimum warranty requirement. We find it unreasonable to require a 20-year warranty term for AES, while under the SGIP, wind and fuel cell technologies are required to have only a five-year warranty. Furthermore, the PAs recommend that we "select a minimum warranty term that encourages the greatest success in roll-out of the AES technology."[13] A 20-year warranty term seems unnecessarily excessive. Therefore, we require a five-year warranty for AES systems, consistent with the warranty requirements for wind and fuel cell technologies. We believe that the adopted definition is generic enough to allow all qualified AES systems to participate in SGIP. However, because the likelihood exists that our definition maybe overly restrictive, and in regard to the Working Group's concern, we require the PAs to monitor AES applications and report to the Commission if they find the adopted parameters are creating unfair advantages, or adversely impacting the ability of qualified AES systems to participate. In particular, as part of the SGIP measurement and evaluation, PAs should report if the definition of AES precludes AES technologies other than VRB ESS from participating.

[13] *See* Comments of SGIP PAs, dated July 11, 2008.

### 3.3. PMR Evaluation Process

The Working Group and UTC generally agree with the proposed changes, but offer some modifications to the proposed evaluation process. The Working Group recommends all PMRs be submitted in writing 10 business days prior to the SGIP Working Group meeting or roll over to the next meeting. UTC urges the Commission to provide clear guidance on the timing of the review and allow applicant the opportunity to provide additional data or supplement the original requests in response to the Working Group's questions. UTC also recommends we modify the process by which the Working Group's recommendation is submitted to the Commission.

We adopt the Working Group's recommendation for a 10-day advance notice requirement. This would create a firm deadline for the submittal of a PMR, provide automatic notification to the applicant of the timing of the review of the PMR, and provide the Working Group reasonable amount of time to examine the PMR and ask follow up questions prior to the Working Group's meeting.

Similarly, we allow the applicant the opportunity to respond to questions and make a follow up presentation if the Working Group determines additional information is needed. However, we do not limit the timeframe in which the applicant should provide additional data to the next Working Group meeting, but leave that determination to the Working Group. We expect the Working Group to consider the extent and nature of the information requested of each applicant and allow an appropriate amount of time for a response while reasonably moving the review process for each PMR forward.

We reject UTC's suggestion to modify the process by which the Working Group's recommendation is submitted to the Commission. UTC suggests that

the applicant prepare a "summary of the Working Group's recommendation" and submit that for Commission review, instead of having the Working Group submit its own recommendation directly to the Commission. UTC suggests the "summary of the recommendation" be vetted by the Working Group for accuracy and completeness before it is submitted to the Commission. UTC's proposal adds no benefits to the Working Group's recommendation submittal process. Instead, it would add an extra step that could increase the complexity of or delay the process. We maintain the existing process for the submittal of the Working Group's recommendation. Appendix A to this decision outlines the adopted PMR process.

PAs shall file an advice letter requesting appropriate revisions to the handbook in accordance with the requirements of this decision. Prior to filing the advice letters, PAs should discuss the specific revisions to the handbook with the Working Group.

## 4. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on November 12, 2008, by VRB, Chevron Energy and the SGIP PAs, and reply comments were filed on November 17, 2008 by VRB.

The comments generally support the proposed decision. Some modifications as suggested by the comments have been incorporated into the decision.

Specifically, we have clarified the discussion in Section 3.2.1 to provide that if technologies other than wind or fuel cells are added to the SGIP, then an AES system coupled with those eligible technologies will be eligible to receive

the incentives discussed in this decision. We also clarify that any SGIP project that is currently an eligible technology will be eligible to receive AES incentives if coupled with an eligible AES system.

We also modify Section 3.2.3 to remove the 3 MW incentive cap and the 5 MW size limit imposed by the proposed decision. We also make minor changes to improve the discussion and correct typographical errors.

Several comments merit further discussion. Specifically, Chevron Energy states that "it is pleased that the Commission has recognized the importance of AES technology as a new SGIP technology"14 and requests a review by both the Commission staff and the SGIP PAs after 12 months of program operation to help determine whether the incentive level for AES is sufficient to achieve the desired goals. We are concerned from this comment that there may be confusion about AES system eligibility under SGIP, and therefore clarify that we are not adding an AES system as a new technology under SGIP. As noted above, AES systems cannot be added to the SGIP as a stand-alone technology. Rather, we are allowing eligible SGIP technologies, currently wind and fuel cell systems, that are coupled with AES systems to receive incentives for AES. We also decline Chevron's suggestion for a 12-month review of the AES incentives. We prefer such reviews to take place as part of the Commission's ongoing SGIP program evaluation process.

The SGIP PAs request that we remove the advice letter requirement for implementing the SGIP program revisions. Instead, the PAs suggest convening a workshop in December to give them an opportunity to vet the changes required

[14] See Chevron Energy's comments to the proposed decision.

by the decision among themselves and with the industry and to implement the SGIP program changes with the release of 2009 SGIP Program Handbook, scheduled to be published approximately on February 1, 2009.

We do not require a workshop for implementation of the revisions to the SGIP ordered in this decision. However, because of the technical nature of the revisions, we allow more time for the PAs to prepare their implementation advice letters. The SGIP PAs shall submit the advice letters within 60 days of the effective date of this decision. We also allow the PAs to incorporate the changes to the SGIP program in the 2009 SGIP Handbook, which is currently scheduled for February 1, 2009, if the advice letter is approved by the Energy Division.

## 5. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Maryam Ebke is the assigned Administrative Law Judge in this proceeding.

## Findings of Fact

1. The SGIP is limited to wind and fuel cell technologies.
2. There are no protests to the Energy Division's recommendation regarding PMRs Numbers 1 through 5 and PMR number 7.
3. As a stand-alone technology, AES is not eligible for SGIP incentives.
4. When coupled with wind or fuel cell technology, AES system supports the goals of SGIP for peak demand reduction.
5. $2/W is an appropriate incentive for AES coupled with a currently eligible SGIP technology (wind or fuel cell technology).
6. It is logical and consistent with Commission past practice for projects containing an AES system to not exceed the capacity limitations of SGIP.
7. It is reasonable to apply the tiered incentive structure that was adopted in D.08-04-049 to SGIP projects with an AES system.

8. Because AES supports wind and fuel cell technologies, it is reasonable to require that it be funded out of the SGIP budget.

9. Except for the 20-year minimum warranty requirement, the technical parameters proposed by VRB are broad enough to allow all qualified AES to participate in SGIP.

10. A five-year warranty for AES is consistent with the SGIP warranty requirements for wind and fuel cell technologies and is reasonable.

11. It is reasonable for PMRs to be submitted at least 10 business days before the SGIP Working Group meeting

12. The existing process for the submittal of the Working Group's recommendation for PMRs is reasonable.

## Conclusions of Law

1. Due to program ineligibility, PMRs Numbers through 5 should be denied.

2. PMR Number 6 should be adopted.

3. When coupled with a currently eligible SGIP technology, namely wind or wind fuel cell technology, AES systems should receive incentives.

4. AES systems, if coupled with wind or fuel cell technology, should receive incentives on a per KW basis.

5. A $2/W incentive should be adopted for AES systems that are coupled with wind or fuel cell technology.

6. The size of the AES should not exceed the capacity of the accompanying generation.

7. During 2008 and 2009, and on a pilot basis, the tiered structure adopted in D.08-04-049 should apply to SGIP projects with AES systems.

8. Any SGIP project that is currently an eligible technology (wind or fuel cell) should be eligible to receive AES incentives if coupled with an eligible AES system.

9. AES incentives should be funded from SGIP budgets.

10. With the exception of the 20-year warranty term, the technical parameters to define AES in the context of SGIP proposed by VRB should be adopted.

11. A five-year warranty for AES should be adopted.

12. PAs should monitor AES applications and report to the Commission if they find the adopted parameters adversely impact the ability of some qualified AES to participate.

13. The proposed changes to the PMR evaluation process with modifications as described in Appendix A should be adopted.

14. This decision should be effective immediately so that the PAs can implement it expeditiously.

## O R D E R

**IT IS ORDERED** that:

1. Advanced energy storage systems that are coupled with one of the eligible self generation technologies, namely wind or fuel cell technology, and meet the technical and operational criteria established in this decision shall receive a $2/watt incentive.

2. Appendix A is adopted.

3. Within 60 days from the date of this decision, the Self-Generation Incentive Program (SGIP) Administrators shall file an advice letter implementing the revisions to the SGIP in accordance with the requirements of this decision and Appendix A. Prior to filing the advice letter, PAs should discuss the specific revisions to the handbook with the SGIP Working Group.

4. Rulemaking 08-03-008 remains open.

This order is effective today.

Dated November 21, 2008, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners