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 (November 8, 2012)

REPLY COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION AND THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION REGARDING THE INTERCONNECTION OF ENERGY STORAGE SYSTEMS PAIRED WITH RENEWABLE GENERATORS ELIGIBLE FOR NET ENERGY METERING

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In accord with the October 17, 2013, Assigned Commissioner Ruling (ACR) in the above captioned docket, the Solar Energy Industries Association (SEIA)[1] and the California Solar Energy Industries Association reply to certain of the comments regarding the interconnection of energy storage systems paired with renewable generators eligible for net metering which were filed in the above captioned proceeding on November 1, 2013.

I. INTRODUCTION

The ACR seeks to "address the lack of clarity regarding the proper treatment of storage devices under the NEM tariff." [2] In this regard, the ACR described the the electric utilities current practice of "require[ing] that storage devices paired with NEM-eligible facilities interconnect under the Multiple Tariff Facilities provision of their NEM tariffs" and, as a result, be "treated as distinct non-NEM-eligible generators not exempted from a variety of charges that do not apply to NEM generating facilities,"[3] and determined that given the California Energy Commission's (CEC) recent clarification of types of energy storage that may be considered an

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1 The comments contained in this filing represent the position of the Solar Energy Industries Association as an organization, but not necessarily the views of any particular member.

2 ACR, p.5.

3 *Id.*, p. 4.

addition or enhancement to a renewable electrical generation facility, that this practice is not the "proper treatment of storage devices under the NEM tariff."[4] In opening comments, each of the responding electric utilities seek to significantly narrow, eliminate or postpone decision on the provision of exemptions from certain costs/charges to NEM paired energy storage devices. As illustrated below, these arguments are inconsistent with applicable statute, not supported by sufficient evidence, and/or in contravention of the CEC Guidebook.

II. THE EXEMPTIONS DIRECTED BY THE ACR ARE REQUIRED BY STATUTE

As illustrated in SEIA's Opening Comments, the proposal to give storage devices that meet the CEC's Renewables Portfolio Standard Eligibility Guidebook (Guidebook) requirements and are paired with NEM eligible facilities the same benefits available to renewable generating facilities under NEM tariffs is required by applicable statute.[5] Despite the clear statutory mandate, certain parties take the position that a Commission determination to afford these storage devices exemption from certain costs/charges is optional. This is not the case.

The Utility Reform Network (TURN) argues that the proposal "represents a discretionary action to extend a subsidy under NEM" and is not required by the statute.[6] Similarly, Pacific Gas & Electric Company (PG&E) argues that the "addition or enhancement language [contained in Public Resources Code 25741(a)(1)] does not translate into an expansion of the definition of 'renewable generator' nor should it be used to create a mandate that a storage interconnected at the same meter as a renewable generator has become somehow itself a 'renewable generator'

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4 *Id.*, p. 5.

5 Comments of the Solar Energy Industries Association Regarding the Interconnection of Energy Storage System Paired with Renewable Generators Eligible for Net Energy Metering R. 12-11-005 (November 1, 2013) (SEIA Comments), pp. 2-3.

6 Comments of the Utility Reform Network Regarding the Interconnection of Energy Storage System Paired with Renewable Generators Eligible for Net Energy Metering R. 12-11-005 (November 1, 2013) (TURN Comments), pp. 3-4.

eligible for the interconnection subsidy provided to NEM interconnections."[7] Finally, SDG&E submits while "the question 'Should energy storage be NEM-eligible technology?' is not new, there have been no opportunities for parties to put forth their respective proposals on a fully developed record."[8] While stated differently, these parties all express the view that the Commission's determination to afford NEM facility paired storage devices which meet the CEC conditions exemption from certain cost/charges is policy driven. It is not.

Section 2827 (b) (5) of the Public Utilities Code defines a "renewable electrical generation facility" for purposes of the NEM statute as "a facility that generates electricity from a renewable source listed in paragraph (1) of subdivision (a) of Section 25741 of the Public Resources Code." In turn, paragraph (1) of subdivision (a) of the referenced section provides that a "renewable electrical generation facility" is:

> [A] facility[that] uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology.

TURN argues that because the NEM code "specifically does not refer to the actual definition of a renewable generation facility in the Public Resources Code, but instead refers to the "renewable sources listed" in the Section 25741 (1) (a), that the terminology "and any addition's or enhancements to the facility" is not relevant to determining a renewable electrical generation

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7 Opening Comments of Pacific Gas & Electric Company on the Assigned Commissioner's Ruling Regarding the Interconnection of Energy Storage Systems Paired with Renewable Generators Eligible for Net Energy Metering. R. 12-11-005 (November 1, 2013) (PG&E Comments), p. 4.

8 Opening Comments of San Diego Gas & Electric Company (U 902-E) on the Assigned Commissioner's Ruling Regarding the Interconnection of Energy Storage Systems Paired with Renewable Generators Eligible for Net Energy Metering. R. 12-11-005 (November 1, 2013) (SDG&E Comments), p. 3.

facility for the purpose of the NEM program.[9] What TURN fails to address, however, is the fact that the "sources" listed in Public Resource Code 25741(1)(a) *are* specific types of generation facilities (*i.e.*, the generation facilities are the sources).

The CEC has now clarified the conditions under which a storage device may be considered " an addition or enhancement" pursuant to the statutory language. As the renewable electrical generation facility is defined as a facility that uses a certain type of resource *and* any additions or attachments thereto, if a storage device which meets the defined criteria is paired with a NEM eligible facility, then it does in fact, for statutory application, become part of that NEM eligible renewable electrical generation facility and is subject to the same rights and obligations of such a facility. Contrary to PG&E's assertion, this is not an expansion of the definition of "renewable generator,"[10] but rather application of the existing definition as clarified by the CEC. Similarly, while providing exemptions from payment of certain costs/charges to storage devices paired with NEM facilities may have been "a grey area" as asserted by SDG&E,[11] the CEC clarification of conditions under which a storage device may be considered " an addition or enhancement" to a renewable generator, removes this lack of clarity.[12]

Affording qualified storage devices paired with eligible NEM facilities exemptions from certain costs/charges is statutorily required. The Commission should act expeditiously to implement these statutory provisions as applicable to qualified storage devices.

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9 TURN Comments, p. 4.

10 PG&E Comments, p.4.

11 SDG&E Comments, p.3.

12 We note that the IOUs, also point utilize the entirety of Public Resources Code Section 25741's definition of a Renewable Electrical Generation Facility, inclusive of the "additions or enhancements" language, in defining such a facility for purposes of their NEM tariffs See SCE Schedule NEM – Special Condition 6.b., https://www.sce.com/NR/sc3/tm2/pdf/ce158-12.pdf; P G&E Electric Schedule NEM – Applicability Sheet 2, http://www.pge.com/tariffs/tm2/pdf/ELEC_SCHEDS_NEM.pdf; SDG&E Schedule NEM – Special Conditions 1.b., http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-SCHEDS_NEM.pdf.

III. PG&E PROVIDES NO BASIS FOR LIMITING EXEMPTIONS TO RESIDENTIAL CUSTOMERS

PG&E opposes providing the exemption from payment from certain costs/charges to all storage installations combined with NEM generation, arguing that such exemption should be limited to residential customers. PG&E's support for its proposed limitation is that "the current unknown potential impacts on the distribution grid, especially necessary upgrades, are much more likely to appear with larger storage systems."[13] The ACR, however, already addressed this argument:

> At the July 15 interconnection workshop, the utilities also expressed concern about the impacts that storage devices may have on distribution systems. These concerns merit some consideration, but it is important to facilitate the market for distributed storage during this nascent stage of its development. ***Until the utilities gain more experience interconnecting storage and more data are available, these concerns remain speculative***.[14]

PG&E provides nothing in its comments beyond speculative concern. Moreover, as illustrated above, PG&E's proposal does not comport with applicable statutes. PG&E's proposal should be rejected.

III. OVERLY RESTRICTIVE INTERPRETATIONS OF INTEGRATED AND DIRECTLY CONNECTED STORAGE SYSTEMS MUST BE REJECTED

The CEC Guidebook establishes two categories of energy storage that "may be considered an addition or enhancement to a renewable electrical generation facility": "integrated" and "directly connected." SCE has interpreted an integrated system as one in which the battery and the photovoltaic system are connected to a single inverter (*i.e.,* one that is incapable of charging from sources other than the renewable generation facility), while it has interpreted a directly connected facility system as one served by SCE through a single meter but

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13 PG&E Comments, p. 6.

14 ACR, p. 7.

with one inverter for the renewable energy source and another inverter for the storage device.[15] SCE's derivation of a directly connected energy storage is premised on what it submits is the CEC Guidebook's directive that the storage system not be able to receive energy from non-renewable sources outside the generation facility.[16] With respect to integrated systems, SCE, however, appears ready to allow for their interconnections, provided the systems adhere to a series of guidelines created by SCE.[17] In contrast, with respect to directly connected systems, SCE "recommends that the Commission not extend the proposed exemptions to directly connected energy storage systems at this time."[18] Rather, SCE asserts that the "Commission should revisit the eligibility of such systems after technical review work produces data on grid impacts from which it can be determined if such systems can satisfy the Guidebook requirements."[19]

Moreover, PG&E and SCE appear to share SCE's unduly narrow view of the CEC's definitions and, therefore the applicability of the exemptions under the NEM statute. Specifically, SDG&E states that "storage devices that are charged in **any capacity** *[emphasis added]* using non-renewable generation (including storage systems charged using energy from the electrical grid) are clearly not NEM eligible and are, therefore, not discussed herein,"[20] while PG&E argues that the Commission should make it clear that "whenever the storage unit can be

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15 Comments of Southern California Edison Company on the Assigned Commissioner's Ruling Regarding the Interconnection of Energy Storage Systems Paired with Renewable Generators Eligible for Net Energy Metering, R. 12-11-005 (November 1, 2013) (SCE Comments), p. 7and p. 9.

16 SCE Comments, p. 9.

17 *Id.*, p. 8

18 *Id.*, p. 10

19 *Id.*

20 SDG&E Comments, p. 1.

charged from the grid, it *is not* a renewable generator."[21] As detailed below, the IOUs' restrictive definitions of integrated storage systems must be unambiguously rejected by the Commission

As support for their restrictive interpretations, the IOUs have presented the Commission with highly speculative concerns regarding the grid impacts of customer side storage,[22] but fail to demonstrate that the existing rules pursuant to which storage systems are required to interconnect are insufficient to address any potential impacts. Moreover, the IOUs' interpretation of the CEC definition of a directly connected storage device to mean a device that "is not able to receive energy from non-renewable sources outside the generation facility,"[23] simply does not comport with the evolution of the storage industry. Indeed, SCE recognizes that its restrictive interpretations have posed problems for the industry. [24] The reality is that the storage industry model is focused on storage devices that are configured such that they can be charged from the grid in addition to being charged from customer side renewables. The ability to be charged both by the grid and by the onsite renewable facility is an integral part of their value proposition. A large percentage of the hundreds of storage interconnection applications which are currently pending with the IOUs have been developed under this model.

The IOUs' restrictive interpretations of the two categories of storage devices which the CEC has determined "may be considered an addition or enhancement to a renewable electrical generation facility" must be rejected by the Commission. Failure to do so will significantly

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21 PG&E Comments, p. 5.

22 SCE Comment, pp. 9-10; PG&E Comments, p. 5.

23 SCE Comments, p. 9

24 *Id.*, p. 8.

impede market growth, not "facilitate the market for distributed storage during this nascent stage"[25] as intended by the ACR.

IV. CONCLUSION

The IOUs' and TURN's positions addressed above are inconsistent with applicable statute, not supported by sufficient evidence, and/or in contravention of the CEC Guidebook. As such, they should be rejected.

Respectfully submitted this November 8, 2013, San Francisco, California.

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[25] ACR, p. 7.