

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  
(Filed November 8, 2012)

REPLY COMMENTS OF THE UTILITY REFORM NETWORK ON THE  
PROPOSED DECISION REGARDING NEM ELIGIBILITY FOR PAIRED  
STORAGE DEVICES



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**REPLY COMMENTS OF THE UTILITY REFORM NETWORK ON THE  
PROPOSED DECISION REGARDING NEM ELIGIBILITY FOR PAIRED  
STORAGE DEVICES**

Pursuant to Rule 14.3, the Utility Reform Network (“TURN”) submits these reply comments on the Proposed Decision of ALJ MacDonald Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering Generation Facilities (“PD”).

The comments of several parties demonstrate that there will be unintended consequences from the Commission’s action in this PD. Minimizing these consequences is yet another reason why the Commission should find that the proposed waiver for storage coupled with a NEM-eligible generator is not a legal requirement under the net energy metering statute, but represents a valid policy choice at this time.

Stem, Inc., a major installer of battery storage systems, questions why the waivers apply only to coupled storage rather than to stand-alone storage. Stem explains that the proposed rules discriminate against business models that involve stand-alone storage.<sup>1</sup> In a different vein, the California Center for Sustainable Energy supports the PD and urges the Commission to adopt additional rules that recognize the different values of storage and promote both stand-alone and coupled systems.<sup>2</sup>

These comments reflect the fact that storage can provide a number of system benefits, including load shifting for demand response and more rapid load

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<sup>1</sup> Stem Comments on PD, p. 4-5.

<sup>2</sup> CCSE Comments, p. 3-4.

modification for voltage support. These benefits have nothing to do with whether the system is paired with a NEM-eligible generator, but rather depend on system configuration and the ability of third parties to control battery charging/discharging. Both paired and stand-alone systems can be configured to provide primarily private benefits of either back-up generation or bill reduction through lower demand charges. Both paired and stand-alone systems can be configured to provide broader system benefits.

It is possible that the configuration of some NEM-paired storage systems might not achieve any system benefits. For example, it is unlikely that paired storage behind a single inverter has the ability for third party control of battery charging/discharging. As such, promoting paired storage by waiving costs only for these systems may actually limit the system benefits of behind-the-meter storage procurement.

As the PD acknowledges, the storage market is very young and evolving. The Commission should maintain the flexibility to amend and modify critical decisions regarding incentives that will impact the direction of this market. As such, the Commission should not guarantee that future coupled systems will necessarily be eligible for fee waivers after the current Net Energy Metering tariffs are amended pursuant to AB 327. TURN explained in our opening comments why the proposed treatment of paired storage, based on the CEC Guidebook definition of a renewable generation facility, is not required by the NEM statute. The Commission should not lock itself into a policy framework of favoring only “paired storage” by including language in the PD that indicates that

this outcome is required as a matter of law. TURN thus recommends that the Commission modify the language in the PD as recommended in our comments, in order to ensure that the growth of the customer-sited storage market is not skewed against storage products that offer more potential to provide system benefits in the future.

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Respectfully submitted,

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