

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding
Policies, Procedures and Rules for the Self-
Generation Incentive Program and Related
Issues.

Rulemaking 20-05-012
(Filed May 28, 2020)

**REPLY COMMENTS OF
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL,
LEAPFORG POWER, INC., AND OHMCONNECT, INC. ON PROPOSED DECISION
IMPLEMENTING ASSEMBLY BILL 209 AND IMPROVING SELF-GENERATION
INCENTIVE PROGRAM EQUITY OUTCOMES**

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I. INTRODUCTION

The California Efficiency + Demand Management Council (“The Council”)¹, Leapfrog Power, Inc. (“Leap”), and OhmConnect, Inc. (“OhmConnect”) (collectively, the “Joint Parties”) respectfully submit these Reply Comments on the Proposed Decision Implementing Assembly Bill 209 and Improving Self-Generation Incentive Program Equity Outcomes (“Proposed Decision” or “PD”), mailed in this proceeding on February 2, 2024. These Reply Comments are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

II. A DEMAND RESPONSE PARTICIPATION REQUIREMENT WILL MAXIMIZE THE RELIABILITY VALUE OF THE SELF-GENERATION INCENTIVE PROGRAM

A DR participation requirement is critical for providing the most reliability value for the program funds paid for by ratepayers. San Diego Gas & Electric Company (“SDG&E”) expressed this point well, saying that it would “optimize a customer’s technology and settings to realize the greatest grid benefits possible.”² The Self-Generation Incentive Program (“SGIP”) incentives are paid for by ratepayers who have the right to expect that they are getting maximum value for their contributions to the SGIP budget. Furthermore, energy storage is perfectly suited to provide precise, fast, and reliable DR, a valuable product given the current tight capacity supplies in California.

¹ The views expressed by the California Efficiency + Demand Management Council are not necessarily those of its individual members.

² SDG&E Opening Comments, at p. 7.

The Joint Parties highlight that several parties either support or do not oppose the Proposed Decision's requirements that all new SGIP participants be required to enroll in a qualified DR program, and advocate for using the definition of a qualified DR program that was adopted in Decision ("D.") 23-12-005.³ However, the Los Angeles Department of Water and Power ("LADWP") is correct that more details are needed on how the DR enrollment requirement would be implemented, such as the timing of the SGIP incentive payment in relation to DR enrollment, and whether and how a Program Administrator can ensure continued DR enrollment following payment of the SGIP incentive.⁴ With regard to the first question, the Joint Parties support LADWP's proposal that the 50 percent upfront payment only be applied after the applicant has separately enrolled in a qualified DR program or is determined to be exempt.⁵

The second question points to what may be the impractical nature of a ten-year DR participation requirement. The Joint Parties share the concern expressed by Southern California Edison ("SCE") that a ten-year DR participation requirement may be problematic.⁶ At minimum, the Commission should adopt the Joint Community Choice Aggregators ("JCCAs") recommendation that, in recognition that DR options will likely change over the ten-year period, "customers should have the flexibility to enroll in new DR programs that best suit their needs" and request clarification that SGIP incentive recipients may switch the "qualified" DR program in which they are enrolled during the 10-year period.⁷

The Joint Parties disagree with statements implying that low-income customers are somehow unable to understand how to enroll in a DR program. In fact, some DR providers actively and successfully target low-income customers for DR participation. However, given the problematic nature of the click-through process and low completion rate for all types of customers, the Commission may want to consider offering low-income customers some type of enrollment assistance to minimize the barriers for customers applying for SGIP incentives and enrolling in an eligible DR program.

Solar Energy Industries Association ("SEIA") correctly argues that the Proposed Decision's statement about the "relative simplicity of enrolling" in a DR program is

³ See, Pacific Gas and Electric Company ("PG&E") Opening Comments, at pp. 4-5; Joint Community Choice Aggregators ("JCCAs") Opening Comments, at p. 3; and SDG&E Opening Comments, at p. 7.

⁴ LADWP Opening Comments, at pp. 2-3.

⁵ *Id.*, at p. 3.

⁶ SCE Opening Comments, at pp. 3-4.

⁷ JCCAs Opening Comments, at p. 5.

unsupported by the record in the proceeding, but then makes its own unsupported statement that a DR participation requirement ignores “the complexity of participation” which “creates a barrier for low-income customers.”⁸ Though SEIA cites SCE’s prior comments in support of its assertion, SCE provides no evidence of this in its December 2, 2022 Opening Comments on the October 26, 2022 Assigned Commissioner’s Ruling in this proceeding.

Similarly, Tesla argues that a DR participation requirement would increase the complexity of the SGIP, add additional process hurdles, and expose customers to trade-offs and risks.⁹ Tesla does not elaborate on these trade-offs and risks. Certainly, including a DR participation requirement would add another step to the SGIP process. However, as the Joint Parties state above, DR participation will maximize the benefits of the program budget that ratepayers fund, which provides justification for this additional step. Contrary to Tesla and SEIA’s implication, this additional step is not extraneous but is critical to ensuring that SGIP is providing the maximum amount of benefits to the ratepayers that fund it.

SEIA’s assertion that “the PD fails to consider the economic ramifications of compelling low income households to participate in DR programs in order to take advantage of SGIP incentives” appears to imply that critical peak pricing (“CPP”) is the only residential DR option available to residential customers.¹⁰ Tesla and California Energy Storage Alliance (“CESA”) make a similar statement.¹¹ However, this overlooks the different DR program options now available that allow customers to modify their load curtailment commitments on a dynamic basis and are generally more lucrative than CPP. For example, third-party DR programs like the Demand Response Auction Mechanism and other bilateral DR Resource Adequacy contracts, which were not included in the list of “qualified” programs provided by the PD but would fit under the D.23-12-005 definition for “qualified” programs, provide additional options to low-income customers to match their risk tolerance.

Similarly, Grid Alternatives erroneously claims that a DR participation requirement “undercuts the vital principle of energy autonomy for those who most need and deserve it.”¹² It is not clear how they define “energy autonomy” but a DR participation requirement in return for

⁸ SEIA Opening Comments, at p. 6.

⁹ Tesla Opening Comments, at pp. 6-7.

¹⁰ SEIA Opening Comments, at p. 7.

¹¹ Tesla Opening Comments, at p. 7 and CESA Opening Comments, at p. 4.

¹² Grid Alternatives, at p. 10.

receiving a technology incentive is certainly not without precedent, as this has existed in the IOUs' DR portfolios for many years. Grid Alternatives also claims with regard to a DR participation requirement, "We do not believe the grid benefits are sufficiently significant relative to the burdens of imposing the requirements on customers with high energy burdens who have already paid disproportionate amounts of their household budgets into supporting the grid."¹³ Grid Alternatives appears to overlook the fact that DR program participation is an *opportunity* to earn potentially significant revenues which would effectively reduce a participant's electricity bill. Contrary to Grid Alternative's argument, DR serves as an opportunity to earn revenues, thereby reducing the proportion of their household budgets that they pay to support the grid.

III. THE DEFINITION OF A "QUALIFIED" DR PROGRAM SHOULD BE CONSISTENT WITH D.23-12-005

Several parties express concern about the definition of a qualified DR program.¹⁴ The Joint CCAs provided a series of highly eloquent arguments in support of using the D.23-12-005 definition and summed them up perfectly, saying:

Rather than attempting to re-invent the wheel for each incentive or rebate program, the Commission should align the definition of "qualified DR program" for SGIP purposes with the DR Decision. The Commission arrived at that definition after considering input from several parties, including the IOUs and multiple CCAs, and the definition is therefore broad and robust. The very purpose of establishing a definition of "qualified DR program" in the DR proceeding was to create something that could be easily referenced and would facilitate DR program enrollment requirements in other non-DR proceedings.¹⁵

The Joint Parties fully agree and urge the Commission to maximize the DR participation options available to SGIP participants by upholding their adoption the D.23-12-005 definition. Further, the Commission should remove list of "qualified" DR programs it provided in Appendix E, which is an incomplete list of programs that would fit under the D.23-12-005 definition and therefore gives the impression that the Commission is not following D.23-12-005 in the Proposed Decision.

¹³ *Id.*

¹⁴ See, PG&E Opening Comments, at pp. 4-5; SCE Opening Comments, at pp. 3-4; and JCCAs Opening Comments, at p. 3.

¹⁵ JCCAs Opening Comments, at p. 4.

IV. REALLOCATING UNUSED GENERATION BUDGET TO THE LARGE-SCALE AND SMALL RESIDENTIAL STORAGE BUDGETS IS NECESSARY TO THE SUCCESS OF THE SGIP

The Joint Parties support reallocating Generation Budget to the Large-Scale Storage and Small Residential Storage Budgets, but this should not be done in a way that withdraws reserved funding from existing Generation projects. The Commission should ensure that any generation projects with pending reservation requests as of the issuance date of the final decision retain their funding. However, Foundation Wind's claim that it "anticipates submitting reservation requests from the PG&E Generation budget allocation of between \$13.5M and \$18M" provides no certainty of if, and when, these reservation requests will be forthcoming.¹⁶ By this argument, Foundation Wind or any other SGIP generation developer could claim at any time that they have substantial projects coming "right around the corner" and therefore, the Commission should retain funding for them based on this expectation. Considering Foundation Wind's concerns, if the Commission ultimately adopts a reallocation of incentive budget as the PD proposes, it should set a deadline by which any new reservation requests must be submitted. It would be unfair to simply "close the door" without an opportunity for developers to submit a final batch of reservation requests.

While Foundation Wind's creativity in putting forth several different proposals for a gradual reallocation of funding is appreciated, the overarching goal of the Commission in this instance should be to clear the backlog of energy storage projects and ensure that no backlog occurs again until program funding is exhausted, while ensuring that any generation projects with pending or approved reservation requests are completed. The SGIP Program Metric webpage shows that waitlists exist for Pacific Gas and Electric Company's ("PG&E's") and the Center for Sustainable Energy ("CSE's") Large-Scale Storage category, and very little funding remains for all three program administrators. For Residential Storage Equity, CSE has a waitlist and very little remaining funding for CSE, SCE, and Southern California Gas Company. In contrast, the Generation category for all four program administrators has a large amount of remaining budget (although CSE has a waitlist) which is going unused.¹⁷

¹⁶ Foundation Wind Opening Comments, at pp. 3-4.

¹⁷ SGIP Program Metrics which can be found here: https://www.selfgenca.com/home/program_metrics/

The Joint Parties do not agree with Mainspring Energy's claim that shifting unused Generation budget to Energy Storage budgets somehow undermines the goals of the SGIP.¹⁸ In fact, the Joint Parties would argue that leaving these funds unused greatly inhibits the SGIP's success, especially when, as discussed above, funding is close to being exhausted for Large-Scale Storage and Residential Storage Equity. So, contrary to Mainspring Energy's claims, more, not fewer, projects will be built if the Commission approves the Proposed Decision's proposed budget reallocation.¹⁹

V. CONCLUSION

The Joint Parties appreciate the opportunity to provide Reply Comments on the Proposed Decision. In addition, the Joint Parties request that the Proposed Decision be modified for the reasons stated above and in Opening Comments.

Dated: February 27, 2024

Respectfully submitted,

/s/ JOSEPH DESMOND

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¹⁸ Mainspring Energy, at p. 3.

¹⁹ *Id.*