



February 7, 2018

East Bay Community Energy
1111 Broadway, 3rd Floor
Oakland, CA 94607
Via Email Submission to LDBPcomments@ebce.org

Re: Comments on East Bay Community Energy’s Draft Local Development Business Plan, *Net Energy Metering Strategy Recommendations and Energy Storage Contracting Strategy Recommendations*

The California Solar & Storage Association (formerly CALSEIA) appreciates the opportunity to submit comments on draft elements of East Bay Community Energy’s (EBCE) Local Development Business Plan. These comments are focused on the following sections of the Local Development Business Plan: *Net Energy Metering Strategy Recommendations and Energy Storage Contracting Strategy Recommendations*, prepared by Optony, Inc. and The Offset Project. We look forward to reviewing future drafts of EBCE policies and working with EBCE staff and board as they develop and implement their programs.

I. Introduction

The California Solar & Storage Association is a trade association of 500 businesses involved in the local solar and storage industry in California, including 52 businesses located in EBCE Territory. Our membership comprises installers, manufacturers, financiers, consultants, and others. We represent companies on policy matters and assist with common business development opportunities.

The California Solar & Storage Association supports EBCE’s intention to use distributed energy resources as a resource as it develops its Community Choice Aggregation (CCA) service. In particular, the commitment to local solar and storage as dynamic grid-beneficial tools is a forward-looking vision for how energy use will look in the future. This vision will be beneficial for the community and for the grid. EBCE also has a unique opportunity to guide and support customer choice and we support the goals within this proposal that allow for customer generation.

II. Net Energy Metering (NEM) Strategy Recommendations
a. NEM Export Adder

The California Solar & Storage Association in general supports the Net Energy Metering Strategy Recommendations report, and its thoughtful approach and background to inform an EBCE NEM policy. We appreciate that the report incorporates recommendations from our previous

comments.¹ Specifically, we are pleased to see the proposed recommendations for EBCE include a NEM adder to help encourage local solar and storage deployment from all local distributed energy resource (DER) installers. A NEM adder, especially one that at minimum makes existing NEM customers whole compared to PG&E NEM customers, will help with EBCE customer retention, and help spur local development and the associated economic benefits. We are also pleased to see the report includes recommendations for additional optional adders, such as those targeted to help increase access to local solar and storage for low-income residents in EBCE territory. We recommended a similar approach in our earlier comments and again encourage EBCE to adopt this approach in the development of its NEM program.

b. Storage Export Adder

We agree that storage can help meet current and future grid needs. The recommendations lay out a forward-looking vision for a dispatchable network of distributed storage that can fulfill resource adequacy and other grid needs. This network can also decrease the need for power procurement during the evening ramp with targeted peak load reductions. Valuing distributed energy resources also benefits individual customers who can finance part of their systems by providing grid benefits and invest their own money for the other customer benefits. The community then benefits from local economic development and customer bill savings from self-generation.

i. Impact of Generation-Only Storage Adder Should Be Clarified

We agree compensation for NEM storage export is a good tool to incentivize storage and also a tool to influence customer behavior in a grid-beneficial manner. A credit mechanism, including an adder, would provide “a clear market signal that energy storage is a highly-desirable addition to any installed DERs within its territory.”² Storage export has not been widely encouraged by the Investor-Owned Utilities (IOUs), but would unlock the potential of storage as a demand response and load-shifting asset.

However, because IOUs, including PG&E, do not compensate storage export, export would only be compensated on the generation side of the equation. We therefore have doubts that this mechanism would be widely used as a storage-only export. Currently, the most common practice is to size a battery for on-site load. Generation credits for battery exports may not be valuable enough to install a larger battery that is able to address both on-site load and export to the grid.

Notwithstanding this expectation, we are supportive of creating a battery export compensation mechanism. As utilities head in the direction of allowing credit in demand response programs

¹ CALSEIA Comments on East Bay Community Energy’s Draft Local Development Business Plan, East Bay Community Energy Feed-in Tariff Design Recommendations at https://ebce.org/wp-content/uploads/LDBP_Comments_CALSEIA_120817.pdf

² East Bay Community Energy, Local Development Business Plan, *Net Energy Metering (NEM) Strategy*, Prepared by Optony, Inc. and The Offset Project, p. 13

for battery exports, it would be valuable for customers focusing on that opportunity to be able to also discharge for credit from EBCE on days when there is no call for power from demand response programs.

Similarly, a credit adder of \$0.005 for NEM systems that include storage is well intentioned and would push in the right direction, but may not be enough to move the needle for a customer deciding between solar or solar plus storage.

ii. *System Control*

We acknowledge that EBCE, in exchange for storage export compensation would want the CCA to “access a territory-wide network of dispatchable resources that provide the lowest-cost method of meeting resource adequacy and demand requirements.”³ This is a good goal and will unlock value for distributed storage and for EBCE. However, we think a more efficient and dynamic solution would be to use price signals to incent storage to behave in beneficial ways for all parties. Price signals would give customers and EBCE flexibility to respond to different grid and CCA needs. Again, we believe customer adoption of export compensation will be marginal at this stage even if customers do not have to give up partial control of a storage system. They will be even less likely to participate if they do not have full control of the resource. In exchange for export compensation or other storage incentives, EBCE could require storage systems to have specific communication control capabilities to respond to future demand response, dynamic rates or other signals.

Flexibility would allow EBCE and customers to respond to changing grid needs. The draft plan acknowledges a need for this flexibility: “These parameters could change over time, as EBCE finds itself in greater or less need of distributed energy storage, or depending upon program performance and overall impact.”⁴ Responding to a price signal would allow developers and manufacturers to optimize systems for both customer use and usage patterns that would benefit EBCE.

III. **Energy Storage Contracting Strategy**

a. **On-Bill Financing**

We agree that on-bill financing and on-bill repayment could be great options for storage customers. Allowing for repayment of storage costs over time will allow more EBCE customers to access and benefit from storage. Even with a state rebate from the Self-Generation Incentive Program, upfront storage costs can be significant. Customers that are not able to or do not want to take out a loan, and who do not qualify for Property Assessed Clean Energy (PACE) financing because they do not own or have equity in their homes or buildings, would benefit from the option of on-bill repayment.

b. **CARE Customer Giveaway**

³ LDBP, NEM, p. 13.

⁴ LDBP, NEM, p. 13.

We strongly support the CARE customer giveaway. Such a program would allow low-income customers to receive the benefits of energy storage and would give EBCE significant load shifting and targeted peak-load reduction capability. We agree that service on a TOU rate is a reasonable requirement. While a smaller, 2.2kWh battery may be sufficient for some CARE customers, we would encourage EBCE to allow for different size batteries depending on the load of the house. In addition, EBCE could also subsidize storage installations in multi-family configurations so that all CARE customers can benefit. Multi-family storage could also leverage the new Solar on Multifamily Affordable Housing (SOMAH) program created by the PUC that gives rebates for multi-family solar.⁵

c. **Dynamic Rates**

We agree that incentivizing residential and larger storage through TOU and rate incentives will be a benefit for both customers and the grid. We also agree with the statement that “TOU and NEM evolutions that provide more value to local and renewable energy production can help promote the financial success of solar and storage systems.”⁶ Rates can be designed to encourage behavior that limits system costs, reduces GHG emissions, and other benefits. Many rates and pilot rates within IOU territories are beginning to look at real-time pricing, critical peak pricing, coincident peak demand and storage-specific rates to incent specific behavior. CCAs like EBCE can do the same. However, rate design is a long, drawn-out process that will take years to develop. We recommend in the meantime that EBCE incentivize the installation of storage devices, and require demand response (DR) and dynamic rate communication capabilities.

IV. Rebates to Incentivize Storage Adoption

We agree storage export compensation is good policy, as outlined in the NEM proposal. We agree that “implementing an adder mechanism through NEM creates a pro-active contractual relationship between the CCA and its customers, opening the door to a multitude of future programs and adjustments of adder levels to achieve various goals.” Adders can be used to incent multitudes of future CCA and community needs and can serve as a bridge to future price signals like rates.

We also encourage EBCE to employ other tactics to improve DER development, so that EBCE territory includes a fleet of storage devices. A potential adder may not be enough for customers to decide on purchasing a system. However, an upfront equipment rebate, with a requirement for DR or price signal communication could encourage DER deployment and allow for future aggregation.

⁵ California Public Utilities Decision 17-12-022, Decision adopting implementation framework for Assembly Bill 693 and creating the Solar on Multifamily Affordable Housing Program, December 14, 2017

⁶ East Bay Community Energy, Local Development Business Plan, *Energy Storage Contracting Strategy*, Prepared by Optony, Inc., p. 12

We disagree with the statement that:

any incentives offered to offset direct purchase costs, which differ from rate incentives, should include language that allows for EBCE to have first priority over at least a portion of the state of charge through virtual power plant (VPP) or automatic demand response applications.⁷

While VPP and DR applications are a good goal, we believe EBCE control over systems would limit customer flexibility. Price signals are a far better and economical method of influencing customer development.

We propose that EBCE consider a small rebate in addition to the Self-Generation Incentive Program rebate that would require future price signal communication. As we have seen in California with the California Solar Initiative program and various energy efficiency programs and now with SGIP, rebates are the best way to ensure these new technologies are deployed at scale.

V. Conclusion

The California Solar & Storage Association appreciates the opportunity to submit comments on the Local Development Business Plan and we look forward to working with EBCE as the remaining Local Development Business Plan elements are developed and implemented.

By: /s/ Laura Gray
Laura Gray

Laura Gray
Energy Storage Policy Advisor
California Solar & Storage Association
426 17th St #700
Oakland, CA 94612
Telephone: (802) 558-2260
Email: laura@calssa.org

By: /s/ Kelly Knutsen
Kelly Knutsen

Kelly Knutsen, Ph.D
Director of Technology Advancement
California Solar & Storage Association
426 17th St #700
Oakland, CA 94612
Telephone: (510) 548-2312
Email: kelly@calssa.org

⁷ LDBP, Storage Contracting, 12