

DOCKETED

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CALSSA's Comments on CEC's Market Rate BUILD Program

Additional submitted attachment is included below.



April 1, 2022

RE: CALSSA's Comments on the Market Rate BUILD Program Draft Guiding Principles

Dear California Energy Commissioners and staff,

Thank you for the opportunity to provide feedback on the draft guiding principles for the EHP Program ("Market Rate BUILD"). CALSSA was one of the advocates for the \$75 million to be appropriated for the program in last year's budget, and we look forward to the program's launch to spur the installation of solar batteries and gas-free buildings. Overall, we support many of the proposed principles, such as reducing greenhouse gas emissions, distributing the funds quickly, and creating a simple application process. Our comments focus on the areas of the program that we believe can be improved.

We are concerned by the proposal to allocate only 5 percent of the incentive funding to storage projects that are not part of an all-electric home, while no such cap would exist for funding for all-electric homes that are not paired with storage.

Batteries are a crucial tool for reaching 100 percent clean energy. Batteries supply power to homes and the grid during peak hours when the sun is setting and utilities would otherwise be increasing generation at fossil fuel power plants. Batteries on different properties can act in unison, discharging power to the grid in coordination to optimize a battery fleet's ability to reduce fossil fuel power generation. Batteries are especially effective at reducing greenhouse gas emissions when paired with onsite PV, which will be the case due to the solar mandates for new residential construction.

Battery installation rates in new residential construction are low, at approximately 1 percent. This is in part because of the relatively high upfront cost of batteries and in part because builders are unfamiliar with the technology.

Battery installation rates are low for multifamily housing also because the solar industry, building industry, and utilities have yet to overcome certain hurdles. Installing one large energy storage system for an entire apartment reduces installation costs and better uses space on the property compared to installing smaller energy storage systems attached to individual meters. However, while energy storage systems attached to individual meters can offer bill reduction and resiliency benefits, the industry is nascent in optimizing those benefits when one energy storage systems would supply power for the entire apartment.

For these reasons, subsidies for storage in the market rate BUILD program would reduce greenhouse gas emissions and significantly spur adoption, especially for multifamily housing, yet the draft guiding principles and presentation propose allocating only 5 percent of the funds to storage-only projects and creating resiliency metrics for those few funds.

We believe the subsidies should encourage energy storage and electrification equally, and ask the Commission to consider how to structure the program accordingly. We believe the majority of the funds should go to properties that have both energy storage systems and are natural gas-free. Those



are the types of homes California needs to build to reach 100 percent clean energy. Additionally, Section 25403.2 of the Public Resource Code (from the market rate BUILD program trailer bill) does not give the Energy Commission direction to prioritize subsidies for electrification over subsidies for energy storage.

In addition to our recommendations concerning energy storage systems, we recommend that the Commission incorporate the successful features of the New Solar Homes Partnership program into the program. These features include allowing builders to lock in incentives for an entire community for 36 months and allowing incentives to be paid to the builder's contractor performing the work eligible for the incentives. Also, while we agree with the guiding principle under "Incentive Layering" that the incentives should not exceed the cost to the builder, it is important that this ceiling cost be calculated to include materials and installation, rather than solely materials.

Thank you for consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Benjamin Davis".

Benjamin Davis
Policy Associate
California Solar & Storage Association

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The California Solar & Storage Association (CALSSA) has advanced the common interest of the solar and storage industry for over 40 years, making California the most robust market in the U.S. The association is the state's largest clean energy business group with over 700 member companies representing an array of businesses that manufacture, design, install, finance and provide other resources to the growing local solar and storage market in California.