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Additional submitted attachment is included below.

February 27, 2023

Commissioner Siva Gunda
Vice Chair
California Energy Commission
715 P Street
Sacramento, CA 95814

Submitted Electronically

Dear Vice Chair Gunda,

On behalf of Prologis, I respectfully request that the California Energy Commission (CEC) exercise its discretionary authority to allocate a portion of its $1 billion in funding under its Clean Energy Reliability Investment Plan (CERIP) to reduce the cost of developing rooftop systems that support community solar plus storage programs.

Prologis is the world's leader in logistics real estate solutions, focused on urban infill development. With assets totaling over 1.2 billion square feet, approximately 2.8% of global GDP flows through our 5,495 properties each year. California is our largest market, where our portfolio includes 166.7 million square feet of space across 843 properties, one third of which are located in disadvantaged communities (DACs). We have set a goal of deploying 1,000 megawatts (MW) of solar and storage across our global properties by 2025, and fully agree with Chair Hochschild that rooftop solar is the least impactful form of energy in the world. To this end, Prologis plans significant investments in renewable energy generation, storage, and interconnection infrastructure at its properties in California, prioritizing those in dense urban centers close to where the energy demands are increasing most.

Our primarily large, flat rooftops are ideal for commercial solar installations that can help California reach its renewable energy goals and allow Prologis to offer reliable, secure, and privately financed sources of distributed energy. To date, we have been able to develop 120 MW of solar generating capacity at locations throughout the state and hope to accelerate our rate of solar and storage deployment across all of our properties globally. We have only scratched the surface of what we are capable of generating, with 154.5 million square feet of rooftop in California yet undeveloped with the potential to produce 1.2 GW of power despite our strong desire to install more rooftop solar installations.

State incentives play a crucial role in the ability for rooftop solar projects to pencil out. Prologis currently has community solar projects operating and in development on our rooftops in New York, which has quickly grown to be the most successful community solar market in the nation. Our ability to build projects there is in part due to the MW Block incentive adders that provide increased funding for smaller projects, community solar projects, canopies, and projects serving low- to moderate-income (LMI) households. Other states where Prologis has community solar development pipelines, like New Jersey and Illinois, also recognize the policy priority of smaller, local and distributed solar generation assets by providing incentives for these varied project types.

To ensure the success of California's community solar program, we urge the state to follow the example of other successful state programs that encourage a diversity of project types and models by incentivizing policy priorities. We are interested in similarly hosting community solar projects on our roofs through the

California Public Utilities Commission's (CPUC) new statewide community solar plus storage program authorized by AB 2316, the credit rate of which will be based on the avoided cost of the generation as calculated by the CPUC's Avoided Cost Calculator. As a result, we believe that many rooftop projects may only be financially feasible with additional incentive funding provided by the CEC.

Compared to ground-mounted projects, rooftop community solar projects offer a number of benefits that are not fully reflected in the CPUC's Avoided Cost Calculator. Rooftop community solar projects can often be interconnected and permitted faster than ground-mounted projects; they create jobs and job training for underrepresented urban populations and residents of the communities in which they are deployed; and rooftop solar installation enables the preservation of land that is not yet disturbed, minimizing environmental impacts.

The state will also need to maximize use of rooftop space for renewable energy infrastructure in order to achieve its goal of 100 percent of electricity retail sales and state loads from renewable and zero-carbon resources by 2045 as described in the Joint Agency Workshop to Plan for SB 100 Resource Build. The CEC should promote opportunities for rooftop solar development, which is the most effective land use for new clean energy resources, particularly in DACs where there is significant rooftop space. This is beneficial not only from an environmental justice, equity, and stewardship perspective, but also reduces the need for building new infrastructure for out-of-state resources, consistent with SB 100 goals.

The additional benefits of rooftop projects come with additional costs as compared to ground-mounted. For example, rooftop projects are typically smaller, decreasing economies of scale available for larger ground-mounted projects. Commercial and industrial property owners generally require substantially higher lease rates compared to the owners of rural land in order to justify the costs and risks of hosting solar on their roofs. Unlike the land that hosts ground-mounted projects, rooftops need periodic replacement and regular maintenance, and if a solar facility causes roof leaks, the property owner would typically have liabilities to the tenant occupying space underneath the roof.

We are concerned that rooftop community solar plus storage projects may cost more than the revenue that will flow to project developers from the bill credit rate offered in the CPUC's forthcoming community solar plus storage program, which will favor ground-mounted projects that are further from low-income customers, create additional land use impacts, and require extensive transmission line development. To close this cost margin, we would recommend the CEC adopt a similar approach to New York and other states, offering an adder for rooftop projects to allow for development in dense urban areas where ground-mounted projects are not feasible.

As the CEC looks to implement its Clean Energy Reliability Investment Plan, we request that you consider allocating a portion of this funding for scaling resources to help reduce the cost of rooftop solar generation. This will benefit low-income subscribers through the CPUC's program and bring more capacity online quicker in priority markets. We would welcome the opportunity to discuss this further and to work with the CEC on scoping this opportunity.

Sincerely,

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