

DOCKETED

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Public Storage CEC letter for community solar and storage

Additional submitted attachment is included below.

February 21, 2023

California Energy Commission
715 P Street
Sacramento, CA 95814

Dear California Energy Commissioners and staff,

Public Storage is a California based public company, part of the S&P 500, with a market cap greater than \$50 billion. Our company owns 437 locations in CA, totaling roughly 31.5 million square feet of rentable space and with over 10 million square feet of rooftops. Public Storage is dedicated to promoting renewable energy. To date, we have leased millions of square feet of our rooftops for community solar projects in a number of markets throughout the United States. We are hoping to host community solar projects on our roofs when California's new community solar program is operating. However, we believe that rooftop community solar projects may only be financially feasible with additional state funding provided by California Energy Commission.

We have learned that the California Public Utilities Commission (CPUC) is developing a new statewide community solar + storage (CS+S) program that will have a strong low-income focus. That program's bill credit rate will by law be based on the avoided cost of the generation as calculated by the CPUC's Avoided Cost Calculator. We hope that the new California program will deploy not just ground-mounted CS+S systems on rural lands, but also for rooftop-located CS+S projects in our cities.

Compared to ground-mounted projects, rooftop community solar projects have a number of benefits that are not fully reflected the CPUC's Avoided Cost Calculator. For example, rooftop community solar projects can often be interconnected and permitted faster than ground mounted-projects; they create jobs and job training for marginalized urban populations; and installing solar on rooftops enables preservation of land that is not yet disturbed (which has a number of environmental benefits).

These additional benefits come with additional costs as compared to ground-mounted projects. For example, rooftop projects are typically smaller, which decreases economies of scale available for larger ground-mounted projects. Commercial/industrial roof owners generally need substantially higher lease rates as compared to the owners of rural land in order to justify costs and risks of hosting solar on their roofs (e.g., 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 CS+S projects receiving a 30% or 40% federal investment tax credit (ITC) may cost more than the revenue that will flow to project developers from the bill credit rate offered under the future CPUC program.

By March 1, we understand that your agency will submit a proposal for \$1 billion in public funds over the next three years to support a Clean Energy Reliability Investment Plan (CERIP), which will help to build clean reliable energy generation to keep California's grid running smoothly during times of highest demand. We encourage you to allocate a portion of the \$1 billion to help reduce the cost of rooftop CS+S generation to ensure these projects can be built.

Sincerely,



John Sambuco
President, Asset Management
Public Storage