November 6, 2023

Rosemary Chiavetta
Commission Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

RE: Utilization of Storage Resources as Electric Distribution Assets. Docket No. M-2020-3022877

Dear Secretary Chiavetta:

The Solar Energy Industries Association ("SEIA") appreciates the opportunity to provide input on the Energy Storage Asset Policy Statement ("Policy Statement") of the Pennsylvania Public Utility Commission ("PUC" or "the Commission"). Our detailed comments follow.

SEIA is the national trade association for the United States solar industry. As the voice of the industry, SEIA works to support solar as it becomes a mainstream and significant energy source by expanding markets, reducing costs, increasing reliability, removing market barriers, and providing education on the benefits of solar energy and energy storage. SEIA works with its 1,000 member companies and other strategic partners to advocate for policies that create jobs and shape fair market rules that promote competition and the growth of reliable, low-cost solar power. SEIA's member companies range from manufacturers, residential, community solar, commercial, and utility-scale solar developers, installers, construction firms, investment firms, and service providers. SEIA has over 30 member companies located in Pennsylvania, with several more national firms also conducting business in the state.

Solar technology and energy storage assets have a symbiotic relationship. The pairing of solar and storage allows for renewable, carbon-free solar to provide low-cost electricity around the clock. The cost of storage has already declined dramatically, and systems will continue to get more affordable. The estimated cost of a storage system in 2030 is projected to be only 20% of the cost of the same system in 2020. With rapidly declining costs, storage will play a vital role in decarbonizing Pennsylvania's grid and providing tangible power supply savings for ratepayers.

While the Commission's Policy Statement represents an important step towards the development and deployment of storage assets in Pennsylvania's energy landscape, the Commission should address two critical gaps:

1) SEIA encourages the PUC to broaden the scope of their Policy Statement to also consider the benefits to the distribution system of behind-the-meter ("BTM") storage assets.
2) Pennsylvania's electric distribution companies ("EDCs") should be required to use an Integrated Distribution Planning ("IDP") framework to ensure that all cost-effective opportunities for the use of energy storage are appropriately evaluated and implemented.

BTM energy storage will play a critical role in the advancement of battery storage technologies and other non-wires solutions in the Commonwealth. The Policy Statement defines non-wires solutions as "an EDC investment and operating practice that can defer or replace the need for specific transmission and/or distribution projects, at lower total resource cost, by reliably reducing transmission congestion or distribution system constraints at times of maximum demand in specific grid areas."[1] SEIA recommends that the PUC amend its definition of non-wires solutions to include BTM energy storage and avoid any suggestion that EDCs should unilaterally and in every circumstance be the owners and operators of non-wires solutions.

In 1996, Pennsylvania passed the Electricity Generation Customer Choice and Competition Act, which deregulated the Commonwealth's energy market, allowing for competitive suppliers to offer generation services to Pennsylvania consumers. This law further prohibited EDCs from owning or operating generation assets. In keeping with the spirit of that law, SEIA contends that Pennsylvania's EDCs should not have an implied exclusivity in this application, as is suggested in the proposed definition of non-wires solutions. SEIA urges the Commission to amend this definition to encourage an approach to non-wires solutions that encourages private sector investment and utility procurement of grid services from those competitively sourced solutions. For example, a storage asset could be deployed by an independent provider with a power-purchase agreement ("PPA") in place to provide specific services to the EDC during peak times. This would allow the storage asset to be deployed during other times in wholesale markets to meet demand for regulation services, renewable integration, regional peak shaving, or reliability. By excluding the possibility of third-party ownership, the full potential of storage systems to provide a wide range of services is lost.

SEIA does not object to EDC ownership of storage if it is used exclusively as a distribution asset. However, the applications energy storage provides should be open for competition. As a result, SEIA recommends that any proposal for electric distribution company ownership of storage both show that it meets the standards to be in a distribution asset according to the Federal Energy Regulatory Commission's ("FERC")

[1] Pennsylvania Public Utilities Commission Proposed Policy Statement on Use of Electric Storage to Enhance Grid Reliability and Resilience, PA PUC Docket No. M-2020-3022877 (Aug. 24, 2023).

uniform system of accounts and be subjected to a cost benefit analysis, comparing it to traditional infrastructure solutions as well as non-wires alternatives and a nondiscriminatory tariff that is open to the competitive market. The most cost-effective way to provide the necessary services is for EDC's to issue clear and open RFPs for the specific services they need and use the results to select the least-cost effective option, which may include third-party-owned storage assets.

While the Policy Statement "encourages EDCs to consider electricity-storage assets as part of their system planning," there is no guidance or detail as to how this can be done effectively and consistently across utility service territories.[2] To ensure energy storage and other non-wires solutions are properly compared and evaluated against traditional transmission and distribution infrastructure, SEIA encourages the Commission initiate a proceeding to develop an IDP structure that aligns with SEIA's prior recommendations in this docket, including providing for non-utility ownership of energy storage and other non-wires solutions. This will help to clarify how EDCs can fulfill the Commission's encouragement to appropriately consider energy storage assets as part of system planning. Without a clear, comprehensive, and transparent process with stringent compliance requirements, the promise of energy storage will not be adequately fulfilled in Pennsylvania.

There are considerable disadvantages associated with allowing utilities to use rate based storage assets for more than just distribution assets, including undermining competition in any market in which it also operates. As a result, SEIA recommends that any proposal for electric distribution company ownership of electric storage 1) show that it meets the standards to be in a distribution asset according to FERC's uniform system of accounts and 2) be subjected to a cost benefit analysis, comparing it to traditional infrastructure solutions as well as non-wires alternatives and a tariff based program. This will ensure that Pennsylvania provides an open and competitive market for energy storage deployment.

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SEIA again expresses our appreciation for the opportunity to provide input on the PUC's Energy Storage Asset Policy Statement and applauds the Commission for exploring the viability of electric storage, and for starting a proceeding to inform the Commission on utilities' and other stakeholders' positions regarding utilization of storage resources as electric distribution assets. Please feel free to contact me directly with any questions.

Respectfully submitted,

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[2] *Ibid.*

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