PowerFlex
75 Broad Street
New York, NY 10004
www.powerflex.com

September 12, 2023

Sherri L. Golden
Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350

RE: Docket No. QO22080540 – In the Matter of the New Jersey Energy Storage Incentive Program

Dear Secretary Golden,

Thank you and the Board of Public Utilities ("Board") for the opportunity to participate in the Request for Information on the proposed New Jersey Energy Storage Incentive Program ("NJ SIP"). As a leading installer and operator of 115+ MW of solar resources in New Jersey, and a national provider of 15+ MW of battery energy storage systems ("BESS"), PowerFlex is pleased to see the Board create a new storage market in New Jersey. PowerFlex has participated in all the energy storage incentive programs referenced by the Board in the Straw Proposal, and our comments are based on our experience with these programs and expertise with the incentivized technologies. We understand that the Board strives to balance the interests of ratepayers and the renewable energy industry. While this is a highly complex objective, we are confident that the further expansion of renewable energy and storage in the state will ensure affordable, safe, and clean energy for years to come.

Please see our comments below to the Board's questions.

1.0 Utility Ownership/Dispatch Control

The Straw "does not propose to allow for utility ownership or operation of devices," but notes that "EDCs will play a key role in building the grid infrastructure necessary to enable the effective dispatch of energy storage devices." This proposal was intended to encourage private ownership and operation of energy storage devices and the development of a robust energy storage sector in New Jersey's restructured competitive market.

1.1 What are the advantages and disadvantages of utility control versus non-utility control of energy storage systems?

For behind-the-meter energy storage assets, utility control is suboptimal compared to third-party control. Indeed, the system will not only support grid support services and applications, but also smooth the on-site facility load and reduce demand peaks. Non-utility control is the only scenario where both applications can be combined and optimized to generate the maximal benefits from the storage asset.

Further, non-utility control of energy storage systems encourages the competitive deployment of third-party capital, thereby supporting the proliferation of energy storage businesses and jobs in New Jersey.

1.2 For Distributed resource Performance-based Incentives, should responding to a utility signal be compulsory or voluntary?

Distributed resources Performance-Based Incentive response should remain voluntary, as a general good practice is to leave the flexibility of operations and dispatch optimization to the asset owner and/or operator. The economic compensation for the PBI, if correctly funded, will be enough to maximize the participation of available assets as a response to utility signals.

1.3 For Grid Supply resources Performance-based Incentives, should responding to a market signal be compulsory or voluntary?

No Comment

2.0 Installed Storage Targets, Deployment Timelines and Capacity Blocks

The Straw set annual installed energy storage targets that increase over time (see section V. D. of the NJ SIP Straw Proposal for details).

2.1 How should capacity blocks be structured and proportioned, both within each component of the NJ SIP (Grid Supply and Distributed) and relative to each other?

PowerFlex strongly disagrees with how the capacity blocks are currently proportioned. As proposed, the Board plans to allocate seven times more capacity to grid supply storage than distributed storage in the NJ SIP from 2023–2030. In the first year alone, the Board proposed capacity blocks sized 3:1 in favor of grid supply storage over distributed.

Given that 1,000 MW of the state's 2,000 MW target will be procured as grid-supply resources through the Competitive Solar Incentive ("CSI") program, it is not clear to PowerFlex why SIP is also primarily a grid-scale program. Distributed storage is currently ineligible for any other incentive program, so the proposed capacity allocations will place behind-the-meter distributed storage at a distinct disadvantage compared to grid-scale storage.

Distributed battery storage can provide many unique benefits to the New Jersey grid and ratepayers, including improved grid and customer resiliency, customer management of load and utility charges, on-site renewable integration, and reduced local emissions, which is especially beneficial for NJ ratepayers in overburdened or environmental justice communities. Additionally, distributed energy storage plays a key role in managing additional load introduced to the grid through mass electric vehicle ("EV") adoption.

Therefore, PowerFlex strongly encourages the Board to increase the NJ SIP allocations for distributed storage so that at least 50% of the SIP's 1,000 MW procurement target is met with distributed storage. By comparison, the California Energy Commission is currently proposing that $450 million of its $550 million Distributed Electricity Backup Assets incentive program be set aside for distributed resources. This in a state that already has a Self-Generation Incentive Program dedicated to distributed resources. Incentivizing distributed batteries and socializing the benefits of those batteries to benefit all ratepayers is the most efficient and equitable way the Board can improve the resiliency and reliability of the grid.

Further, capacity within Distributed storage should be simplified from what is currently proposed. The Board currently proposes dividing each energy year into three blocks of storage capacity, with the fixed incentive decreasing by $2/kWh between each block. This structure creates three different incentive levels within each year, which encourages a high-risk development environment for would-be asset owners who are concerned by incentive variability within a year. Maintaining a stable incentive rate throughout at least one energy year will provide storage asset owners the same market certainty and transparency that is currently provided in the solar market through the ADI program. PowerFlex recommends that the Board does not divide the energy year into three declining incentive blocks but instead uses each annual allocation as an entire block. This structure would reduce risk and uncertainty in the energy storage industry.

Overall for both Grid Supply and Distributed storage, capacity targets should decrease over time, instead of increasing, to align with market economics. Since the fixed incentive is proposed to decline over time and current battery costs are extraordinarily high, the most capacity should

be allocated in the first year to kickstart the storage industry in New Jersey and ensure that the high costs of current storage systems are sufficiently offset by the highest value of the fixed incentive. As energy storage reaches economies of scale and declines in cost over time, it will need fewer incentives and therefore less capacity from the program. If annual capacity is not fully allocated, then the remaining capacity should rollover to the next year.

2.2 Should the proposed first-come, first-served application process be changed to a "FirstReady, First-Served" process?

The application process should remain first-come first-served. This is standard practice for storage incentives across the country. Further, a FirstReady First-Served process introduces risk and uncertainty into the development process as storage owners will not be confident the incentive value they applied for is what they will receive. Declines in incentives can significantly impact project returns, investors and storage owners will therefore not want to take the risk that project economics can change after application.

As the Board already requires necessary maturity and commercial operation criteria to ensure storage applications are viable, a FirstReady, First-Served process is not necessary to ensure project installation. Rather a FirstReady, First-Served process will only hurt capital investment in the program and deter storage development.

2.3 How should the program be designed to avoid or minimize interconnection delays? Should the interconnection process be modified for accommodating energy storage and if so, how?

Interconnection delays can be minimized in the following ways:

1. Utilities would benefit from additional IC managers, especially given the expected increase in IC applications due to the SIP.
2. PowerFlex recommends that interconnection be submitted through utility-specific portals, rather than via email, to avoid documents being lost in email inboxes.
3. Utilities should provide hosting capacity maps and other resources for solar + storage and standalone storage. Project developers use these maps to assess project viability for both cost and timeline, depending on the existing circuit's DG saturation. Developers sometimes choose to focus their efforts on areas of the grid that are not as saturated, which would trim the application queue for utilities, and in some cases, reduce the number of detailed studies performed by utilities.
4. Given the range of operation modes for standalone and paired storage, utilities should provide clear operation requirements for the operation modes that their grids can support. This will ensure that project developers understand the utility-specific requirements, which of course may change depending on grid conditions, for inverters

and PCS, relay protection settings, SCADA requirements, AC equipment requirements, and utility metering. This will increase the number of clearly scoped projects in the interconnection queue, thus reducing resources and time for utilities and developers spent on resolving application deficiencies.

5. Finally, developers should be able to simultaneously submit IC applications of multiple sizes for a proposed standalone or paired storage system. Review and evaluation of multiple sizes for these systems, performed in parallel by the utility, will reduce interconnection timelines for instances where the larger size may not be viable due to grid saturation, or may require significant upgrades.

The interconnection process can be improved to be more accommodating for storage in the following ways:

1. For storage systems paired with solar, utilities should allow for BESS interconnection applications to be submitted at any time. In other states, utilities mandate that an application for a storage add-on can only be submitted after the PV system has achieved Permission to Operate. In many cases, this has deterred customers from considering a storage add-on at their facility. The ability to submit storage applications at any time will add flexibility for customers and developers to consider and deploy storage on an existing PV project without slowing down the entire process.
2. Sharing upgrade costs between developers and utilities would also make storage more accessible. Utilities would have a greater stake in these projects and thus their interconnection process.
3. NJ utilities should not require medium voltage interconnections or new services for FTM storage/solar as they add significant project cost and time for systems under ~3.2MVA due to the materials and labor costs and long procurement timelines associated with new services and medium voltage, customer-owned switchgears.

3.0 Incentive Structure

The NJ SIP incentives are proposed to be comprised of two incentive payments, a Fixed Incentive and a Performance-based Incentive (see section V. E. of the NJ SIP Straw Proposal for details).

3.1 Incentives are meant to cover a portion of the fully installed cost of an energy storage system. What is the fully installed unit cost (in $/kWh) for energy storage systems at present, and estimated to be each year through 2030? How do New Jersey-specific costs vary from these estimates? Please provide links to your references.

PowerFlex is currently experiencing the fully installed unit cost for distributed energy storage systems to vary between $600-$1,000/kWh depending mostly on the size of the system. As per

the US energy storage monitor Q2 2023 report from Wood Mackenzie[1], the cost of commercial and industrial energy storage systems varied between $1,156-$2,743/kW; assuming a two-hour system, this represents $577-$1,372/kWh. The average cost in the report was $1,821/kW, i.e., $910/kWh.

PowerFlex does not expect BESS costs to drop in the near term (2025) as the main driver for Li-ion battery price decrease in the future will be the opening of new lithium mines to match the growing demand for this raw material. In the long term, BESS costs are expected to drop with the increase of lithium supply, but it is difficult to say where the fully installed cost of the system will land. PowerFlex does not have a precise cost 2030 forecast to share here.

The fully installed cost of New Jersey BESS systems should be comparable to other mature markets with similar labor costs and deployment standards like California or New York. BESS systems and corresponding AC electrical equipment are expected to represent the same cost from state to state.

3.2 What are the best public data sets for energy storage costs?

There are very few reliable and publicly available data sets for distributed energy storage costs. The reports of the National Renewable Energy Laboratory (NREL)[2] or the Department of Energy are usually focused either on grid-scale (or "utility-scale") or residential battery storage costs. Commercial, distributed energy storage costs are somewhere in the middle of these two previously mentioned segments, depending on the size of the host facility.

3.3 Should Fixed Incentives be assignable to an aggregator? Why or why not? (An aggregator is a third party that has an agreement with the owners of multiple energy storage systems to manage the energy storage systems on behalf of the owner.)

Yes, fixed incentives should have the option to be assigned to an aggregator as this will improve capital flexibility for system owners. Aggregators are in a position to deliver significant grid service capacity cost-effectively and efficiently because of their existing customer relationships and software capabilities.

[1] https://power-and-renewables.woodmac.com/reportaction/150138191/Toc
[2] Reports are available here.

3.4 Should a Distributed energy storage resource that can provide grid services have the ability to opt in to either the Grid Supply or the Distributed storage program, for both the Fixed and Performance-based incentives?

No Comment

3.5 The Straw proposes the use of the PJM Marginal Emission Rate ("MER") signal as a basis for Performance-based Incentives for Grid Supply energy storage systems. Is or will the PJM MER be sufficiently developed to use to calculate NJ SIP Performance-based Incentives?

No Comment

3.6 Is there a different methodology that can be used to determine Performance-based Incentives, such as a Peak Demand Reduction program?

There are a number of different methodologies to incentivize storage performance, especially for grid-supply. However, for distributed storage the structure currently proposed, similar to the ConnectedSolutions programs in Connecticut and Massachusetts, is the best performance-based incentive structure as it is transparent, easy to dispatch, and does not present a financial burden if for some reason the events are not achievable.

3.7 If a Peak Demand Reduction program were to be developed, how should it be structured? What other states have similar programs that New Jersey should use as a benchmark?

PowerFlex appreciates the simplicity and predictability of Massachusetts' ConnectedSolutions program and Hawaii's Battery Bonus program. Both programs pair an upfront incentive with a performance payment based on a predictable schedule of cycling the battery during peak periods to improve the daily load shape of the grid (i.e., "battery on a timer"). In both programs, this has proven to be an effective way to encourage battery adoption and improve the reliability of the grid. We also appreciate the flexibility of California's Emergency Load Reduction Program, which is a voluntary program that pays participants $2/kWh for participating in events (based on CAISO and/or utility triggers) during peak periods (4:00 – 9:00pm), guaranteeing a minimum of 20 hours and maximum of 60 hours per season (May – October), allowing for third-party aggregation, and measuring performance measurement at the device level (rather than antiquated baselines). This program, while more complex than ConnectedSolutions or Battery

Bonus, still provides a predictable and flexible program structure that is easy to understand and tailor to customers, while making the grid more resilient during the most critical peak periods.

3.8 What degree/percentage of Peak Demand should be targeted for reduction? What effect would such a program have on GHG emissions?

No Comment

3.9 The Straw proposed that each EDC establish its own level of Performance-based Incentives. Should EDCs establish EDC-specific performance incentives, or should the incentive be standardized and common to all EDCs?

A Standardized performance-based incentive common to all EDCs is preferred as it is easy for the public to understand and provides clarity across the state.

3.10 Should energy storage owners be permitted to opt in, or be subject to utility control, in order to be eligible for Distributed performance incentives?

Distributed performance incentives should not be subject to utility control for the reasons specified in Section 1.0. If utilities develop clear and valuable market signals for the performance incentives, distributed storage owners and operators will voluntarily participate in the program. The goal of grid services programs should be to incentivize capacity/incremental load reduction without requiring participants to relinquish their ownership rights.

3.11 How should incentives be structured for thermal storage systems?

No comment

3.12 Under what circumstances, if any, should Distributed resources be able to opt in to Grid Supply Performance-based Incentives?

No Comment

3.13 Large projects and long duration projects have the potential to qualify for significant incentives. Should incentive caps be applied in this program? If so, how (for example, by customer, project, developer, duration or meter), or other method?

PowerFlex does not believe that incentive caps should be applied but does share the Board's concern about oversized batteries and/or a handful of developers capturing the majority of available incentive. PowerFlex believes instead of incentive caps there should be system size caps. For behind-the-meter storage systems PowerFlex recommends that the SIP limit the storage size to the customer's peak annual demand to foster more competition for annual capacity. Customers should have the option to apply for more capacity if the facility anticipates significant load growth, but customers must show how this load growth will be realized (i.e., EV charging stations are being installed). Capping the storage size at the customer's annual load will prevent installers from needlessly oversizing systems just to recoup more incentive value.

3.14 Should a cap be set such that the sum of federal and state incentives does not exceed a certain amount? If so, please provide details.

No cap should be set on the sum of federal and state incentives a project may receive. Such a cap would likely not keep track with market conditions and would arbitrarily stifle growth of the New Jersey storage industry.

3.15 What provisions should be included in the program for monitoring, reporting and evaluation in order for deployed projects to maintain eligibility for incentives that are paid over time?

A traditional reporting and evaluation requirement that has been used in other storage performance-based incentives, such as California's Self-Generation Incentive Program (SGIP) and the Demand-Side Grid Support (DSGS), is the seasonal reporting of BESS meter data to the utility, allowing for a very simple yet powerful verification of the asset performance during the incentive period or program events.

This reporting action represents a relatively low-effort action for the BESS owner and operator, since this data is already collected and stored for other purposes, including performance measurement and supplier warranty claims.

Another reporting mechanism is the Generation Attribute Tracking System (GATS), a standard monitoring platform used in REC markets. Particularly utilized to implement emissions-related policies and regulations through REC reporting, this platform will aid New Jersey in tracking

progress toward reducing GHG emissions, as well as tracking the performance of BESS systems to ensure that they can receive the SIP's incentives.

3.16 How can BPU structure NJ SIP Performance-based Incentives to both promote value stacking and prevent double compensation?

See comment to 5.1 below. The BPU should structure the Performance-based Incentive for distributed resources in a way that allows value stacking with the main commercial applications of behind-the-meter energy storage projects in New Jersey, i.e., capacity and transmission peak management. The concern for double compensation is not relevant here, as the economic value for capacity and transmission peak management is almost always too low to justify the deployment of distributed storage systems. This has caused the very weak penetration of distributed energy storage in New Jersey over the past few years. However, energy storage's capacity and transmission peak shaving delivers an extremely valuable grid service to both the utility and the site host. The SIP's Performance-based incentives therefore need to value stack with capacity and transmission peak management to ensure both the grid resiliency benefits of this demand management, and the economic viability of distributed storage.

4.0 Overburdened Community Incentives

The Straw proposed three methods to support OBCs with energy storage incentives.

- An incentive adder in kWh
- A separate incentive block
- An additional up-front incentive

4.1 Staff is considering establishing both an adder and a capacity block for OBCs. What size should the capacity blocks be over time as a percentage of the overall Distributed segment? How much should the adder be in 1) $/kWh or 2) as a percentage of the base incentive?

PowerFlex fully supports Staff's efforts to ensure an equitable share of distributed energy storage resources are placed into overburdened communities (OBCs). PowerFlex believes that the most efficient and effective way to prioritize equity in program design is to only include a simple incentive adder instead of set capacity asides that create additional administrative burden. However, if a portion of distributed storage capacity will be allocated to OBCs, PowerFlex insists that more capacity is allocated to distributed storage overall. As explained in 2.1 the current proposed targets for distributed energy storage in the program are far too low to even support storage development outside of OBCs. Further the small capacity for distributed storage limits the potential for OBCs to benefit from storage. PowerFlex strongly encourages the Board to increase the NJ SIP allocations for distributed storage so that at least 50% of the 1,000

MW procurement target is met with distributed storage. If this target is met PowerFlex supports 20-25% of the annual capacity blocks for distributed storage are allocated to OBCs. This aligns with requirements for other storage incentive programs such as California's proposed Distributed Electricity Backup Assets Program (DEBA) which recommends 25% of capacity reserved for disadvantaged communities. PowerFlex further supports that the $/kWh adder for OBCs should similarly be 20-25% of the base incentive value.

4.2 How can BPU assure that the incentive structure chosen will in fact provide benefits to OBCs?

Financial incentives will ensure development of storage in overburdened communities. However, to guarantee these communities realize localized public health benefits from these systems, the BPU must require that energy storage in OBCs is charged by onsite renewable energy. Although PowerFlex understands the SIP is focused on incentivizing stand-alone energy storage, distributed storage offers the most environmental and health benefits when it is paired with solar or another renewable energy source. Especially since Peaker plants and other carbon emitting energy infrastructure disproportionately exist in OBCs, distributed storage deployed in these communities will simply charge from these carbon intensive resources and not provide any health or carbon reduction benefits. On the contrary, if an energy storage system in an OBC is paired with an onsite solar photovoltaic system the storage will charge from solar, thereby reducing local carbon emissions, and discharge to improve grid resiliency.

5.0 Other Questions

5.1 What actions, if any, should BPU take to improve access to the energy storage value stack as part of implementing the NJ SIP?

It is essential to remind the BPU that the incentive payments alone will not be enough to make distributed storage projects economically viable in New Jersey. This program, and specifically the performance-based incentive, can only generate a successful outcome if the incentive is perfectly stackable with the other main source of revenues for behind-the-meter storage resources in the PJM region which are capacity and transmission peak management.

Two easy propositions would be:

- Make the "utility signal" for the performance-based incentive exactly matching the capacity and transmission peaks of the system so BESS can have a clear discharge target window with an economic optimal.

- Guarantee that participating to capacity/transmission peak shaving has priority over the performance-based incentive participation. For example, by declaring that the incentive performance is not measured on days that feature a capacity or transmission peak.

5.2 How will Federal Energy Regulatory Commission ("FERC") Order 2222 affect New Jersey's energy storage market? What changes should the Board make to the NJ SIP to take advantage of PJM's pending implementation of FERC Order 2222?

FERC Order 2222 is designed to facilitate competition and a level playing field for *distributed* energy resources. Therefore, the Board should ensure a competitive marketplace for battery storage by not allowing for utility ownership and operation of the assets, and by ensuring that a much higher percentage of capacity is dedicated to distributed systems.

5.3 Are modifications to the NJ SIP needed to maximize the ability of energy storage developers to access federal investment tax credits or other federal incentives?

No modifications are necessary.

5.4 What provisions, if any, should be established for interconnection of zero-export energy storage facilities (that is, energy storage facilities that do not inject power back into the grid and only supply power to on-site load)?

PowerFlex strongly supports grid resiliency and would recommend that storage systems be allowed to export to the grid wherever possible. However, for the cases where export may not be feasible due to grid limitations, PowerFlex recommends that the utilities clearly define their non-export operating requirements, including details on allowed storage system protection schemes, relay settings, SCADA requirements, etc.

5.5 What specific best practices regarding rates and tariffs from other states should be incorporated?

Time-of-use (TOU) electricity rates are a well-developed market mechanism that can help the utilities manage ratepayers' usage patterns and recover additional revenue for particularly "expensive" demand behavior. In California, regulators implemented rate design oriented specifically around energy storage and renewable assets. Well-designed TOU electric rates like

these offer passive incentives for asset owners and enable distributed resources to improve grid operations incrementally.

Also, TOU rate structures can provide value for a much longer term than a performance or capital incentive without the need for additional revenue. Utilizing rate structures to incentivize certain usage behaviors allows the program to be revenue-neutral to the status quo (whereas other incentives may need explicit "pay-fors").

In summary, PowerFlex recommends the Board not restrict a storage asset's eligibility in multiple markets and tariffs and should instead encourage revenue stacking whenever feasible. To this end, PowerFlex recommends the implementation of robust TOU rate structures for retail customers, in the spirit of "Option R" and "Option S" in California.

5.6 Should energy storage be utilized and compensated in the Triennium 2 Energy Efficiency /Demand Response proceeding as an allowable Demand Response resource? If so, what changes, if any, should be made to the NJ SIP design to avoid potentially providing double compensation for the same service?

No comment

5.7 How should energy storage systems be metered and measured? Can an inverter serve this function? What role should advanced metering infrastructure ("AMI") play in the NJ SIP?

Customer-owned, revenue grade current transformers (CTs), located in customer-owned electrical equipment, should be used to meter and record storage asset performance. In other states, some utilities require a dedicated electrical cabinet to house utility owned CTs, which can add significant cost in some cases upwards of $80,000 per project, due to the metering section and utility required disconnects to isolate that meter section. Additional utility coordination is also required for the installation of the utility owned CTs. The customer-owned, revenue grade CT solution reduces project costs, while still providing accurate data for the SIP to measure the participant performance.

PowerFlex strongly supports clear technical requirements for batteries in New Jersey. As mentioned in 3.15, PowerFlex prefers the use of a standard monitoring platform, such as GATS, that is able to monitor and report performance data as opposed to a requirement for mechanical metering of storage or solar exports.

5.8 Please provide any other comments on the NJ SIP

Although it was already mentioned in previous comments, PowerFlex stresses that the NJ SIP performance-based component needs to allow distributed energy storage resources to stack the incentive with other applications, mainly the transmission and capacity peak reduction at the core of most behind-the-meter assets. It is unlikely that the SIP will produce a positive impact on distributed storage deployments if this condition is not met.

Further, a fixed incentive that adequately covers 30% of the total fully installed cost of the project should be paid upfront or over a period of 3-5 years, instead of over 10-15 years.

The proposed 10-15-year duration of the Fixed Incentive reflects the technology's useful life. However, the capital costs of battery storage are not realized over the asset's useful life. Under the Investment Reduction Act passed in 2022, all storage systems claiming the Investment Tax Credit are eligible to be depreciated over five years, under Modified Accelerated Cost Recovery System ("MACRS") rules. PowerFlex therefore recommends that the maximum duration of the Fixed Incentive payout should be no more than five years. This duration would better reflect how an asset owner realizes energy storage system costs.

PowerFlex also encourages the Board to consider providing different Fixed Incentive values for storage systems based on size. We believe the proposed $40/kWh/year will not adequately cover 30% of costs for distributed assets of varying sizes. Specifically, PowerFlex recommends the SIP pay $90/kWh/yr for systems sized less than 1 MW and $50/kWh/yr for systems sized greater than 1 MW paid out over five years.

Regarding maturity requirements, PowerFlex agrees with the Board that on average, 18 months is a sufficient window to reach commercial operation from incentive award, but we believe some form of extension should be allowed. Over the past two years the storage industry has experienced significantly long lead times due to the COVID-19 pandemic, supply chain difficulties, labor shortages, or other problems. Additionally, some projects may have unique challenges that require additional time to work through. PowerFlex recommends the Board allow at least one six-month extension to align with the ADI program and possible market disruptions, and two six-month extensions for sites that face extenuating circumstances, similar to the SGIP program. These projects should, of course, be required to provide documentation on their circumstances to receive the second extension.

Finally, during the stakeholder sessions, members of the Board clarified the following:

- Behind-the-meter storage paired with solar can participate in the SIP program for storage and the ADI program for solar.

- The performance-based incentive for distributed storage resources is based on a battery's *discharge* during a dispatch event, not whether it injects energy into the distribution system.

PowerFlex requests that the Board incorporate these clarifications in writing into the next proposal.

PowerFlex appreciates the opportunity to provide comments on the SIP and looks forward to future engagement with the Board in developing this program.

Respectfully submitted,

Raghav Murali
Director of Policy and Government Affairs
PowerFlex