

FAQ for SGIP Residential Storage Applicants

How do I select a developer to work with?

Several developers of energy storage systems operate in this market and you are encouraged to speak with a variety of them before making a decision. We recommend you get at least three quotes, as you would do to select a contractor for other work at your home or business. In addition, seek out reviews for the contractor through the Better Business Bureau, Yelp or other sources.

In particular, look for the best value attainable without rebates in the event that your application for SGIP rebates is unsuccessful. If a salesperson is trying to sell you a storage system or battery purchased from a third-party, investigate the third-party price of the battery to ensure you are getting a good deal.

We encourage you to contact the California Contractors State License Board (CSLB) with any questions about salespeople or contractors that visit your home to sell or install energy storage systems. If needed, the website for filing a complaint with the CSLB is [here](#).

The CSLB has published [tips for evaluating contractors](#), which include:

- Hire only state-licensed contractors.
- Check a contractor's license number online at www.cslb.ca.gov or by calling 1-800-321-CSLB (2752).
- Get at least three bids.
- Get three references from each bidder and review past work in person.
- Make sure all project expectations are in writing and only sign the contract if you completely understand the terms.

If you have further questions concerning SGIP incentives and how they may apply to an energy storage system that you are considering for your home, you are encouraged to contact Patrick Doherty, CPUC Regulatory Analyst, at PD1@cpuc.ca.gov or (415) 703-5032.

How is the state incentive program structured?

The Self-Generation Incentive Program will offer incentives to energy storage systems based on several factors, including the kilowatt-hour (kWh) capacity of the system. The incentive amount offered to new storage customers will decline over time as the market matures to ensure efficient use of these ratepayer-funded incentives. Each incentive level is known as a "step," and a certain amount of money is reserved for each step. On a statewide basis, approximately \$40 million has been reserved for energy storage systems in each step. There will be five steps for energy storage systems.

The table below illustrates the planned incentive steps for residential energy storage systems 10 kilowatts (kW) in size or less. For systems above 10kW, please refer to the SGIP Handbook available at [this webpage](#) for more details on the incentive levels that apply (the 2017 version of the SGIP Handbook may not be posted until February, 2017).

Residential Energy Storage Systems less than or equal to 10kW in size	Incentive rate per Watt-hour (see important disclaimer below)
Step 1	50 cents/Watt-hour
Step 2	45 cents/Watt-hour
Step 3	40 cents/Watt-hour
Step 4	35 cents/Watt-hour
Step 5	30 cents/Watt-hour

Step 1 will commence when the program reopens in spring 2017. Each subsequent step will begin once the previous step's budget is extinguished.

IMPORTANT DISCLAIMER: The amount of incentive decrease between steps can accelerate if a step extinguishes the entirety of its budget in 10 days or less. In that event, the decrease between steps is 10 cents/Watt-hour rather than 5 cents/Watt-hour. For example, if Step 1 extinguishes its budget within 10 days of its opening date, then the Step 2 incentive rate will be 40 cents/Watt-hour rather than 45 cents/Watt-hour.

How much of a financial incentive will I receive for my energy storage system?

It depends on the size of your system and the time at which you apply. As noted above, incentives are greater in earlier steps. Once you know the incentive rate of a given step, you can multiply the incentive level by the rated kWh capacity of your system to determine the amount of incentive you may receive.

Note also that energy storage incentives are reduced as the rated duration of the energy storage system increases. Most energy storage systems are rated for a given number of hours of continuous discharge. Many models have two-hour durations, but some models may have four-hour durations or more. The SGIP incentive steps down for all hours beyond the first two hours according to the following schedule:

Storage Duration	Incentive Rate (% of base incentive)
0-2 hours	100%
Greater than 2 hours to 4 hours	50%
Greater than 4 hours to 6 hours	25%
Greater than 6 hours	0%

As an example, an energy storage system with a duration of four hours per kW will receive the full incentive level for the first two hours of duration and a discounted 50% of the full incentive for the second two hours of duration. At a 50 cents/watt-hour level, a 4 hour, 10kW energy storage system would receive an incentive of \$15,000, or \$10,000 for zero to 20 kWhs (first two hours of duration x 10 kW X 50 cents) and \$5,000 for the 21 to 40 kWhs (second two hours of duration x 10kW x 50 cents x 50%).

Applying for an incentive does not guarantee that the incentive will be received by the applicant, as each application must meet certain minimum requirements before an incentive is paid. Please refer to the SGIP Handbook available at [this webpage](#) for more details (the 2017 version of the SGIP Handbook may not be posted until February, 2017).

Note that the total incentive amount that can be received may be limited by a number of factors, including total project cost and other incentives received to pay for project costs. Please refer to the SGIP Handbook available at [this webpage](#) for more details concerning these limitations (the 2017 version of the SGIP Handbook may not be posted until February, 2017).

How much will I have to pay for my energy storage system after accounting for the incentive payment?

This depends on the price of the system as sold to you, and the costs associated with installing and interconnecting the system to your utility's distribution infrastructure. At a minimum, customers are required to pay an application fee of 5% of the total cost of the system for which incentives are sought.

Generally speaking, an application for Self-Generation Incentive Program funding may include all of the following costs:

- Engineering feasibility study costs.
- Engineering and design costs.
- Environmental and building permitting costs.
- Equipment capital costs.
- Construction and installation costs.
- Interconnection costs, including electric grid interconnection application fees and metering costs associated with interconnection.
- Warranty and/or maintenance contract costs associated with eligible project cost equipment (the cost of this component is capped at 10% of the total claimed project costs).
- System metering, monitoring and data acquisition equipment as well as additional on-board monitoring equipment and costs associated with a monitoring contract.
- Sales tax and use tax.

Note that, generally speaking, any costs involved with the purchase and installation of your system beyond the incentive amount will need to be paid by you.

How can I get a payback for the cost of the energy storage system not covered by incentives through electricity bill savings?

There are several ways that a storage system can be used to generate savings, so ask your developer about how your system will be configured and what you can expect as a reasonable payback period.

You may be able to lower your residential electricity bill using an energy storage system if you are on a time-varying tariff where the cost of electricity varies depending on the time of day. An energy storage system could charge during off-peak times and discharge during peak times, thereby potentially saving some money on an electricity bill. These rates are also known as “time-of-use” (TOU) rates.

Signing on to a TOU rate is the first step in realizing potential bill savings from a residential energy storage system. Information on PG&E’s TOU rates can be found [here](#). Information on SCE’s TOU rates can be found [here](#). Information on SDG&E’s TOU rates can be found [here](#). Information on SMUD’s TOU rates can be found [here](#), and LADWP’s TOU rates can be found [here](#).

It is important to keep in mind that most storage developers manage the charge/discharge cycles of a storage system through their own algorithms in order to create potential bill savings for a customer. It is recommended to discuss this particular feature of the energy storage system with the developer of the system to understand how much control you may have over the charge/discharge cycle of your storage system.

Are there other ways to receive financial benefits from an energy storage system in addition to time shifting electricity use?

There are other services provided by an energy storage system that a utility may be willing to pay for.

Most utilities offer discounts on summer energy prices in exchange for a customer accepting higher energy rates for certain periods of time when statewide demand for energy is very high. In PG&E territory, this is known as the [SmartRate program](#). In SCE territory, this is known as the [Save Power Days program](#). In SDG&E territory, this is known as [Time of Use Plus+](#). Enrolling in these programs could save you money on your electricity bills if you used your energy storage system to meet your electricity needs during the high cost periods and charged the system during lower cost periods.

Additionally, the developer of your storage system may use your system in combination with other energy storage systems they manage to jointly participate in utility programs that provide incentives for assistance in reducing demand for grid resources at certain times. These programs are generally known as “[demand response](#)” or “proxy demand response.” In the future, residential energy storage systems may also be eligible to receive payments for providing other grid services such as frequency regulation.

At this time, it is not expected that individual residential electricity customers with energy storage systems will participate in these programs as individuals. It is expected that the system developer will continue to aggregate multiple systems to jointly participate in these programs. Ask your developer about whether or not your system will participate in programs such as these.

May I use my energy storage system solely as a source of backup power?

No. The rules of the Self-Generation Incentive Program prohibit energy storage systems from being used solely as sources of backup power. In addition to this prohibition, there are rules in place that require residential energy storage systems to be completely cycled a number of times a month. This cycling is intended to ensure that the system provides power to the grid on a regular basis instead of holding power solely for a customer's backup purposes since the funding from this program is committed to technologies that provide value across the electricity grid.

Will I continue to interact with the program administrators after incentives are received?

Yes. After the incentive is paid some interaction with the program administrators will be required. The administrators may need to run a field verification of your system to ensure it is operating within the parameters stated in the application. Additionally, every system that receives program incentives is required to provide operational data to the program administrators and the CPUC upon request.

Who do I talk to about applying for incentives?

The Self-Generation Incentive Program is administered in different areas by different program administrators. These administrators can walk you through the process of applying for incentives, although it is likely that the storage project developer will file an application on your behalf. You may wish to talk over the details of the application process with the developer as well as the program administrator.

In PG&E and SMUD territory, PG&E is the program administrator. PG&E's website for the program can be found [here](#). In SCE territory, SCE is the program administrators. SCE's website for the program can be found [here](#). In SDG&E territory, the Center for Sustainable Energy is the program administrator. The Center's website for the program can be found [here](#). In LADWP territory, the program administrator is SoCalGas. Their program website can be found [here](#).