ALJ/TJG/jnf **Date of Issuance 4/28/2023**

Decision 23-04-042 April 27, 2023

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Consider Renewal of the Electric Program Investment Charge Program.	Rulemaking 19-10-005

DECISION ON PHASE 2-C OF ELECTRIC PROGRAM INVESTMENT CHARGE RULEMAKING

TABLE OF CONTENTS

Title	Page
DECISION ON PHASE 2-C OF ELECTRIC PROGRAM INVESTMENT CHARGE RULEMAKING	1
Summary	2
1. Background	2
1.1. Procedural Background	2
1.2. Submission Date	5
2. Jurisdiction	5
3. Issues Before the Commission	6
4. Planning and Coordination on Strategic Goals and Objectives	9
4.1. Party Positions	11
4.2. Discussion	12
5. PICG Contract Extension and Increasing CPUC Oversight Funding	16
5.1. Party Positions	17
5.2. Discussion	18
6. Addressing Social Justice and Equity in EPIC Investments	19
6.1. Party Positions	20
6.2. Discussion	21
7. Incorporating the Commission's Distributed Energy Resources Plan into EPIC	23
7.1. Party Positions	23
7.2. Discussion	24
8. Evergreen Recommendations	25
8.1. Party Positions	25
8.2. Discussion	25
9. Impact Analysis Framework	25
9.1. Party Positions	27
9.2. Discussion	27
10. Future EPIC Program Evaluations	29
10.1. Party Positions	30
10.2. Discussion	31
11. Database Expansion to Include Gas R&D	32
11.1. Party Positions	33
11.2. Discussion	33
12. Annual Reporting	34
12.1. Party Positions	35
12.2. Discussion	37

13. Intellectual Property Issues..40
14. Summary of Public Comments 41
15. Comments on Proposed Decision...41
16. Assignment of Proceeding...42
Findings of Fact...42
Conclusions of Law 44
ORDER 46

Appendix A – Foundational Principles for Development of a Uniform Impact Analysis Framework to Comply with Decision 21-11-028

Appendix B – Updated Summary of Commission Determinations Regarding Recommendations in Electric Program Investment Charge Evaluation Final Report

Appendix C - Updated EPIC Administrator Annual Report Outline

DECISION ON PHASE 2-C OF ELECTRIC PROGRAM INVESTMENT CHARGE RULEMAKING

Summary

This decision adopts a number of administrative improvements for the Electric Program Investment Charge (EPIC) Program to increase transparency and focus on specific strategic goals. The actions include:

- developing and implementing a process to create a uniform impact analysis framework;
- instituting a public planning and coordination process to develop strategic goals and strategic objectives; and
- aligning future EPIC Investment Plans with the California Public Utilities Commission's Environmental and Social Justice Action Plan, Distributed Energy Resources Action Plan, and the federal Justice40 Initiative.

This decision also authorizes Energy Division Staff to revise and extend the contract of the Policy + Innovation Coordination Group Project Coordinator. Additionally, this decision authorizes Energy Division Staff to develop a scope of work and undertake a Request for Proposal process to select a contractor to conduct the next EPIC program evaluation.

To consider an issue raised by Southern California Edison Company regarding potential intellectual property constraints, as well as the outcomes of the public planning processes for the uniform impact analysis framework and strategic goals and strategic objectives, the statutory deadline for this proceeding is extended until July 31, 2024.

1. Background

1.1. Procedural Background

On October 10, 2019, the California Public Utilities Commission (CPUC or Commission), on its own motion, opened Rulemaking (R.) 19-10-005 to consider the renewal of the Electric Program Investment Charge (EPIC) Program. The purpose of this proceeding is to review the EPIC Program, consider whether and how to continue funding the program, and to consider appropriate administrative and programmatic improvements.

On March 6, 2020, the assigned Commissioner issued a Scoping Memo and Ruling, outlining the scope and schedule for this proceeding.

Decision (D.) 20-08-042, issued on September 2, 2020, addresses the question of continuing program funding by renewing EPIC for ten years, through December 31, 2030, authorizing two five-year investment plan cycles (referred to, respectively, as EPIC 4 and EPIC 5). That decision authorizes the California Energy Commission (CEC) to continue as an Administrator, with an annual budget of $147.26 million for the EPIC 4 investment cycle (2021-2025). The decision did not authorize the Investor-Owned Utilities (IOUs) to continue in their current role as EPIC Administrators, citing concerns with their performance, but instead deferred a determination on this topic to Phase 2 of this proceeding. Otherwise, D.20-08-042 concluded Phase 1 of this proceeding.

On May 10, 2021, the Assigned Commissioner issued a First Amended Scoping Memo and Ruling (Amended Scoping Memo). The Amended Scoping Memo divides Phase 2 of this proceeding into three parts—Phases 2-A, 2-B, and 2-C—and orders a supplemental round of comments on a proposal, as well as on questions related to CPUC guidance on EPIC guiding principles and policy priorities.

On July 15, 2021, the Commission adopted D.21-07-006, which approved the CEC's EPIC 4 Interim Investment Plan (Phase 2-A).

On October 13, 2021, the assigned Commissioner issued a Second Amended Scoping Memo and Ruling, adding a new issue to the scope of this proceeding and modifying the schedule.

On November 18, 2021, the Commission adopted D.21-11-028, resolving most of the issues in Phase 2-B of this proceeding, including authorizing the IOUs to file their EPIC 4 Investment Plans.

On March 15, 2022, this proceeding was reassigned from Commissioner Martha Guzman Aceves to Commissioner Genevieve Shiroma.

On June 28, 2022, the assigned Commissioner issued a Third Amended Scoping Memo and Ruling (Third Amended Scoping Memo). The Third Amended Scoping Memo amends the scope of Phase 2-C to include both additional questions and a Staff Proposal addressing many of the issues in Phase 2-C. On October 7, 2022, the assigned Administrative Law Judge (ALJ) issued a ruling requesting comment on the Staff Proposal.

This decision considers issues within the scope of Phase 2-C of this proceeding, as well as any other outstanding issues.

On November 1, 2022, the following parties filed comments:

- The CEC;
- Bioenergy Association of California (BAC);
- Southern California Edison Company (SCE);
- Southern California Gas Company (SoCalGas);
- Pacific Gas and Electric Company (PG&E); and
- San Diego Gas & Electric Company (SDG&E).

On November 14 2022, the following parties filed reply comments:

- The CEC;
- SCE;
- SoCalGas;
- PG&E;
- SDG&E; and
- West Biofuels.

On January 20, 2023, the assigned Commissioner held an All-Party Meeting to discuss the proceeding with parties. On January 31, 2023, the parties present at the All-Party Meeting filed a joint motion to include a summary of the All-Party Meeting into the record. The assigned ALJ granted that motion on March 13, 2023.

1.2. Submission Date

This matter was submitted on November 8, 2022, upon the filing of reply comments.

2. Jurisdiction

The Commission's authority to initiate this rulemaking is pursuant to Public Utilities (Pub. Util.) Code § 399.8, which reads in pertinent part as follows:

> (a) In order to ensure that the citizens of this state continue to receive safe, reliable, affordable, and environmentally sustainable electric service, it is the policy of this state and the intent of the Legislature that prudent investments in energy efficiency, renewable energy, and research, development, and demonstration shall continue to be made.
>
> (b)(1) Every customer of an electrical corporation shall pay a nonbypassable system benefits charge authorized pursuant to this article. The system benefits charge shall fund energy efficiency, renewable energy, and research, development, and demonstration.
>
> (2) Local publicly owned electric utilities shall continue to collect and administer system benefits charges pursuant to Section 385.
>
> (c)(1) The commission shall require each electrical corporation to identify a separate rate component to collect revenues to fund energy efficiency, renewable energy, and research, development, and demonstration programs authorized pursuant to this section…

Pub. Util. Code § 740.1 provides additional guidance, stating that:

The commission shall consider the following guidelines in evaluating the research, development, and demonstration programs proposed by electrical and gas corporations:

(a) Projects should offer a reasonable probability of providing benefits to ratepayers.

(b) Expenditures on projects which have a low probability for success should be minimized.

(c) Projects should be consistent with the corporation's resource plan.

(d) Projects should not unnecessarily duplicate research currently, previously, or imminently undertaken by other electrical or gas corporations or research organizations.

(e) Each project should also support one or more of the following objectives:

(1) Environmental improvement.

(2) Public and employee safety.

(3) Conservation by efficient resource use or by reducing or shifting system load.

(4) Development of new resources and processes, particularly renewable resources and processes which further supply technologies.

(5) Improve operating efficiency and reliability or otherwise reduce operating costs.

3. Issues Before the Commission

This decision resolves the issues outlined below.

1. Planning and Coordination:

   a. Should the Commission establish measurable strategic goals for the program? Should the Commission provide direction for topic areas and/or strategies that the Commission establishes to ensure EPIC investments are prioritized to achieve the state's goals and benefit ratepayers, within the context of the mandatory guiding principles and other program rules? What should be the process/cadence for revisiting these EPIC strategic goals and investment priorities?

b. How should the Commission address the findings and recommendations in a forthcoming evaluation of the Policy and Innovation Coordination Group (PICG)? The PICG was intended to support greater policy coordination between the Commission and EPIC investments, help alleviate the unique coordination challenges posed by the current multi-administrator model, and enable a system of feedback and implementation to channel California's specific energy policy and planning needs into action.[1]

c. How should the Commission modify the cap on CPUC oversight funding for the PICG to ensure EPIC investment in the policy and innovation coordination process and the EPIC database is best coordinated and aligned among EPIC Administrators, CPUC proceedings, and EPIC strategic goals and policy priorities? The EPIC database provides publicly searchable information in a central online location for all EPIC projects since program inception.

d. Should the PICG-administered EPIC database be expanded to include CEC- and IOU-funded gas research, development, and demonstration projects to account for the growing intersection of gas and electricity projects related to the State's decarbonization efforts?

e. How should EPIC Administrators address the goals and objectives of the Commission's Environmental and Social Justice (ESJ) Action Plan in their EPIC Investment Plans? How are EPIC Administrators currently meeting these goals? What additional steps or investments in ESJ communities should EPIC Administrators take?

---

[1] D.18-01-008 at 27.

f. Should the Commission require EPIC Administrators to take into account Justice40 Initiative goals and criteria[2] as they develop EPIC projects, including the targeting of more funding opportunities to disadvantaged communities?

g. How should EPIC Administrators address the vision and action elements of the Commission's recently adopted Distributed Energy Resources (DER) Action Plan in their EPIC Investment Plans?

2. How should the Commission address recommendations from the Evergreen Evaluation that have not already been fully addressed? For example, the Evergreen Evaluation suggested the Commission consider requiring a review of the non-competitive bidding cases before they are contracted. (Refer to Appendix B of D.18-10-052.)

3. Future program and Administrator evaluations:

   a. What metrics should be used in evaluating the program's success going forward?

   b. What other items should an evaluation consider?

   c. When should the evaluations take place?

   d. Who should conduct the evaluation?

   e. Should different metrics apply to different administrators?

---

[2] On January 20, President Biden signed Executive Order (EO) 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. On January 27, 2021, President Biden issued EO 14008, Tackling the Climate Crisis at Home and Abroad. Section 223 of EO 14008 establishes the Justice40 Initiative, which directs 40 percent of the overall benefits of federal investments to flow to disadvantaged communities, including in areas such as clean energy and energy efficiency, clean transit, affordable and sustainable housing, training and workforce development, the remediation and reduction of legacy pollution, and the development of clean water infrastructure. On July 20, 2021, the Office of Management and Budget released Interim Implementation Guidance for the Justice40 Initiative, M-21-28 (OMB Interim Guidance). More information may be found at: https://www.energy.gov/diversity/justice40-initiative.

f. What should be the consequences for program and/or administrator underperformance?

4. How should the Commission make refinements to the single, uniform benefits analysis framework and set of metrics currently under development enabling the evaluation and tracking of the benefits of all EPIC projects as ordered by D.21-11-028 Ordering Paragraph (OP) 12?

5. Program Reporting:

   a. Should EPIC Administrators continue filing annual reports? If so, on what date should they be due?

   b. Should EPIC Administrators have the option of referencing the EPIC database in their annual reports in lieu of including final project reports in their annual reports as a means to reduce administrative burden?

   c. Should the Commission direct EPIC Administrators to coordinate and leverage other public program dollars they may receive for clean energy innovation outside of the EPIC program, including state and federal funding, to help support and advance EPIC priorities?

4. Planning and Coordination on Strategic Goals and Objectives

The assigned ALJ Ruling issued on October 7, 2022 (October Ruling) includes an Energy Division Staff (Staff) proposal (Staff Proposal) that, if adopted, would create a public process to develop and establish measurable strategic goals and objectives for the EPIC 5 investment cycle, consistent with the Evergreen Evaluation[3] findings and the Commission's intent expressed in D.18-01-008, D.18-10-052, and D.21-11-028. Staff proposes extending the contract with the PICG Project Coordinator (PICG Coordinator) to facilitate stakeholder processes and deliver a report that recommends measurable strategic goals for

[3] Electric Program Investment Charge Evaluation Final Report, Evergreen Economics, September 8, 2017.

EPIC Investment Plans. After the Commission approves the strategic goals for the EPIC 5 investment cycle, the PICG Coordinator would continue to work with stakeholders to develop specific strategic objectives to meet each approved strategic goal. The resulting reports from the PICG process would, in part, form the basis on which the Commission would adopt EPIC goals and objectives, which administrators could use to plan and develop EPIC 5 strategic initiatives.

The October Ruling includes examples to illustrate how this process would function. Examples of strategic goals that meet EPIC's mission statement may include addressing clean energy targets, such as requiring renewable and zero-carbon energy resources to supply 100 percent of electric retail sales by 2045. In this case, a strategic goal might be defined as EPIC's anticipated contribution to meeting the State's Offshore Wind (OSW) deployment targets utilizing research, development, and demonstration (RD&D) to innovate grid integration, port infrastructure readiness strategies, and environmental impact assessment. Associated strategic objectives would then be articulated as specific quantified targets. Because a smarter, more flexible, and more resilient grid is needed for 100 percent clean energy, an example OSW Strategic Objective could be a requirement to provide grid flexibility through better situational awareness and DER control by completing lab tests and field demonstrations of ultra-reliable, low latency communications by 2030.

The October Ruling asks parties to comment on whether the Commission should adopt this proposal, in whole or in part, or if the Commission should modify it. In setting its long-term strategic goals, the October Ruling also asks how EPIC should take into account new climate legislation enacted in 2022.

4.1. Party Positions

Parties disagree on the proposed process to develop strategic goals for EPIC 5 and subsequent investment plans, including the proposed revisions to the scope of work for the PICG.

SCE supports the Staff Proposal.

SDG&E claims the Staff Proposal would hinder EPIC Administrators' ability to be nimble and adjust to market and technology trends. Instead, SDG&E proposes that EPIC Administrators work collaboratively leading up to their EPIC 5 Investment Plan applications and establish strategic objectives and strategic initiatives through a joint Tier 2 Advice Letter requesting Commission approval.[4]

SDG&E also proposes legislation pertinent to EPIC that was passed in 2022 be optional, claiming that flexibility is essential so as not to unnecessarily bind the EPIC Administrators to any new climate legislation.[5]

The CEC opposes the proposed strategic goals public process, asserting it will duplicate the CEC's stakeholder engagement activities and duplicate other opportunities for CPUC input into CEC planning, including scoping memos during investment plan applications. The CEC further argues that establishing measurable strategic goals would reduce EPIC Administrator flexibility to address state energy goals. The CEC is also concerned that the proposal would grant the PICG inappropriate decision-making power and influence and impede direct interagency coordination and cooperation.[6]

---

[4] SDG&E Opening Comments, filed on November 1, 2022, at 2.

[5] *Id* at 3.

[6] CEC Opening Comments, filed on November 1, 2022, at 3-5.

At the January 20, 2023 All-Party Meeting, the CEC proposed that it serve as the facilitator of the proposed strategic goals public process, instead of the PICG.[7]

PG&E supports the proposal but argues that a well-balanced EPIC portfolio should include higher-risk projects that might lead to higher rewards, and that any effort to optimize portfolios with the defined strategic objectives should not bias the selection of projects to only those that are low risk. PG&E asserts that doing so may run counter to the intent of an RD&D program meant to invest in promising but unproven technologies.[8]

4.2. Discussion

We adopt the Staff Proposal with the clarifications discussed below.

The PICG Coordinator, under the direction of Staff, will facilitate the stakeholder process through a series of workshops and prepare a report that summarizes stakeholder input to inform the Commission's future guidance for measurable program level strategic goals and Administrator level strategic objectives that align with achieving the State's climate goals. The strategic goals will inform the public stakeholder process to establish the strategic objectives. This two-prong engagement process will include Administrators, but our intent also is to include leading national and state experts, as discussed in D.12-05-037. PICG reports will highlight areas of consensus and non-consensus and provide an opportunity for stakeholders to comment. Staff will prepare proposals for both the strategic goals and strategic objectives based on this public stakeholder process, which parties will have the opportunity for parties to comment, before

---

[7] Motion of SCE to Admit the Joint All-Party Summary of the January 20, 2023 EPIC All-Party Meeting into the Record, filed January 31, 2023, at Appendix A-1.

[8] PG&E Opening Comments, filed on November 1, 2022, at 2.

the Commission considers a proposed decision adopting strategic goals and objectives for EPIC 5 in a subsequent decision.

The CEC argues that the Staff Proposal to continue use of the PICG as the facilitator garnering stakeholder input on EPIC 5 strategic goals duplicates the CEC's stakeholder engagement activities. The CEC further asserts that the Staff Proposal would grant the PICG inappropriate decision-making power and influence and impede direct interagency coordination and cooperation. That is not our intent.

In D.18-01-008, D.18-10-052, and D.21-11-028, the CPUC established the PICG to increase the alignment of California's EPIC investments and program execution with the CPUC's and California's energy policy needs through increased coordination among program administrators and between program administrators and the CPUC. The PICG is dedicated to: 1) the technical, complex coordination task of identifying timely opportunities for substantive feedback and coordination among EPIC investments and California's energy innovation needs and goals; and 2) providing the support functions to allow this feedback and coordination to occur effectively. The PICG does not provide any formal direction or binding guidance to administrators regarding which projects to fund.

We recognize that the CEC has been charged with pursuing research and development substantially funded in the past through its own budget and has consequently garnered extensive knowledge and expertise. As indicated in the Evergreen Evaluation, the CEC was the only EPIC Administrator that previously identified a series of strategic objectives with strong and transparent linkages to state policy goals, planned transparently, and engaged stakeholders throughout the process, consistent with other peer research and development programs.[9] We also recognize that for the EPIC Program, the CEC is provided criteria it is to meet through Public Resources (Pub. Res.) Code § 25710.[10]

We believe the Staff Proposal is in line with existing CPUC policy for greater coordination by EPIC Administrators.[11] In D.18-10-052, this Commission agreed with the Evergreen Evaluation that clearer Commission direction on program priorities would help generate an optimal mix of projects to maximize ratepayer benefits, lead to energy innovation, and support the state's key policy goals.[12] We believe the Staff Proposal is a significant improvement from existing practice because Administrator strategic initiatives and research topic areas would now be planned to support clear and measurable goals at the inception of investment plans. Such program-wide goals are needed to evaluate the progress of investments and the extent to which investment plan portfolios maximize ratepayer benefits and impacts in achieving the state's clean energy and climate

[9] Electric Program Investment Charge (EPIC) Evaluation, prepared by Evergreen Economics, September 8, 2017, at 1-10. The IOU Administrators have since adopted many of the CEC's practices.

[10] The CPUCs' directives are contained in Pub. Util. Code § 740.1.

[11] D.15-04-020, OP 6 directs EPIC Administrators to identify specific Commission proceedings addressing issues related to each EPIC project in their annual EPIC reports. D.18-01-008 at 24 directs the PICG to conduct specific coordination functions to achieve one overarching goal: ensure EPIC investments are optimally aligned with and informed by key Commission and California energy innovation needs and goals. D.22-06-004 requires that coordination with the Commission should be made periodically, as guided by Energy Division staff, during the duration of the EPIC 4 investment cycle to ensure that there is an updated exchange of information between the Commission's Energy Division staff and CEC staff regarding proceedings and related Commission programs that have linkages with the research topics included in the plan (*See* at 29, Conclusion of Law 16 at 45, and OP 3).

[12] D.18-10-052, Appendix B provides summary of Commission determinations regarding recommendations in Evergreen EPIC evaluation final report. Appendix B provides an updated summary reflecting all additional Commission determinations on Evergreen findings to date.

goals. We also want to recognize that the CEC is uniquely situated here, as both a state energy planning agency with extensive research and development expertise and as an EPIC Administrator with a track record of successful administration, as demonstrated through the results of the third-party Evergreen Evaluation.

We also disagree with opinions that the Staff Proposal reduces Administrator flexibility to address state energy goals. Administrators have significant flexibility at the strategic initiative and research topic area levels. Administrators are able to specify funding at a strategic initiative level, while still preserving their ability to plan and execute project portfolios that maintain a long-range perspective, are dynamic in nature, address emerging issues, and make the best possible use of resources.[13] Further, Administrators are able to shift 15 percent of funds at the strategic initiative level,[14] and may file a Tier 2 Advice Letter seeking Commission approval to reallocate more than 15 percent of funds between initiatives.[15]

Regarding assertions that the Staff Proposal grants the PICG decision-making power, we remind parties that the PICG is a facilitating entity.[16] The Staff Proposal allows the PICG to facilitate input on key topics that would inform a proposed decision related to the EPIC 5 investment cycle. The CEC does not elaborate further on how the Staff Proposal would impede direct interagency coordination and cooperation. We view the PICG process as enhancing coordination and cooperation, not impeding it.

---

[13] D.21-11-028 at 17 and OP 8.

[14] D.21-11-028, OP 10.

[15] D.21-11-028, OP 11.

[16] D.18-01-008 states, and D.18-10-052 reaffirms, the PICG has no decision-making power or influence over EPIC policy (*See* D.18-01-008, OP 2, and at 29. See also D.18-10-052, FOF 13 and at 90).

Pub. Util. Code § 740.1 requires IOU electric and gas RD&D programs to offer a reasonable probability of providing benefits to ratepayers and requires expenditures on projects which have a low probability for success be minimized, but does not bar investment in higher-risk projects. Risk should be discussed as part of the goal-setting process.

5. PICG Contract Extension and Increasing CPUC Oversight Funding

The Staff Proposal recommends extending the current PICG contract to: 1) implement the EPIC Planning and Coordination changes discussed in Section 4; 2) continue maintaining and operating the EPIC Database; and 3) undertake modifications to the database discussed in Section 10.

Staff proposes the following as the PICG's mission statement:

> The PICG process is dedicated to facilitating strategic planning guidance for EPIC portfolios by advising the Commission on a broad range of stakeholder input to inform Commission policy priorities in achieving the State's energy goals and to ensure EPIC investments promote innovation and benefit the ratepayers who fund the EPIC program.[17]

In response to the longer five-year budget cycles created by D.20-08-042, Staff also proposes an increase in the PICG Coordinator contract budget, with the budget capped at $3,000,000. This would accommodate the additional work described in the October Ruling, which would cover the EPIC 4 (2021-2025) investment cycle, and do so in a way that allows Staff the flexibility to manage the PICG Coordinator contract without the need to seek additional Commission approval. If the budget amount is insufficient, Staff proposes that Staff have the

[17] Phase 2C Ruling at 11.

ability to increase the amount of the PICG contract via the resolution process to alleviate the need to open a formal proceeding for this matter.

Finally, Staff proposes that PG&E continues serving as the PICG Project Coordinator contract fiscal manager.

None of the proposed modifications would change the PICG's advisory role. All oversight, formal direction, data requests, reporting requirements, and other Commission responsibilities remain solely with the Commission and Staff.[18]

The October Ruling asks parties to comment on whether the Commission should adopt these proposals, in whole or in part, or modify them.

5.1. Party Positions

Parties disagree on whether the Commission should extend or modify the work of the PICG.

PG&E and SCE support the proposed contract extension and modifications. The CEC argues the PICG process is duplicative of the CEC's own planning efforts, has thus far been ineffective, and the value proposition of a PICG contract extension is unclear.[19] SDG&E opposes extending or modifying the scope of the PICG contract, opining that would hinder the EPIC Administrators' ability to be nimble and adjust to current market and technology trends.[20] SDG&E states it would appreciate having a third-party coordinator who has worked on EPIC and understands the complexities of day-to-day EPIC work

[18] *Id* at 12.

[19] CEC Opening Comments, filed November 1, 2022, at 5-7.

[20] SDG&E Opening Comments, filed November 1, 2022, at 4.

and utility operation for the best insight into what strategic objectives and strategic initiatives are needed to drive ratepayer benefits.[21]

At the January 20 All-Party Meeting, the CEC expressed support for the PICG being responsible for the EPIC database.[22]

5.2. Discussion

We adopt the Staff Proposal.

In essence the debate over whether to extend and modify the PICG contract reflects the same debate in Section 4, above. Parties that oppose the proposed stakeholder engagement process facilitated by the PICG also argue that the Commission should not extend the PICG contract, while parties that support the proposal recognize the need to modify and extend the PICG contract and pay for it. As discussed, we adopt the proposed stakeholder engagement process on the premise that it will allow for strategic initiatives and research topic areas to be planned in advance, in a manner that supports clear and measurable EPIC strategic goals and strategic objectives being set in a transparent manner with broad stakeholder input, as well as greater advice from external national experts. D.12-05-037 orders a broad range of stakeholders to be consulted in EPIC planning and execution.[23] Such program-wide goals are needed to evaluate the progress of investments and the extent to which the investment portfolio maximizes ratepayer benefits and impacts in achieving the state's clean energy and climate goals. If the PICG process was previously ineffective, it is because there was no Commission requirement that Administrators incorporate or

---

[21] *Id* at 2.

[22] Motion of SCE to Admit the Joint All-Party Summary of the January 20, 2023 EPIC All-Party Meeting into the Record, filed January 31, 2023, at Appendix A, A-6.

[23] D.12-05-037, OP 14.

address the PICG's efforts and findings. We adopt the Staff Proposal to extend and modify the PICG contract.[24]

6. Addressing Social Justice and Equity in EPIC Investments

The Staff Proposal recommends the following permanent allocation for the CEC, beginning with the EPIC 4 Investment Plans: 1) at least 25 percent of technology demonstration and deployment (TD&D) funds toward projects located in and benefitting disadvantaged communities (DACs); and 2) at least an additional 10 percent allocation of TD&D funds toward projects located in and benefitting low-income communities. Staff further proposes that the IOU EPIC portfolios allocate and track EPIC investments in a commensurate manner as the CEC.

The Staff Proposal would also direct Administrators to engage with ESJ communities early as they plan their EPIC 4 projects, including consultation with California tribes on potential for investment or workforce development on California Tribal Lands. For EPIC 5, Administrators should submit community engagement plans to the Commission via Tier 2 Advice Letters in advance of planning their portfolios. To support this requirement, EPIC Administrators should develop targeted and coordinated engagement strategies and seek early input from ESJ communities prior to developing their EPIC investment plans.

Staff proposes that the EPIC Program be aligned with Justice40 to demonstrate that 40 percent of the benefits from EPIC investments accrue to DACs and low-income communities.

[24] The existing PICG contract is paid from existing oversight funds, not from Administrator budgets or rate increases.

Staff also proposes that the Commission adopt similar guidelines consistent with Justice40 and include this topic in the proposed PICG-facilitated process. As a result, the outcome of the PICG process should be to define equity criteria and metrics as part of establishing strategic goals and objectives in order to be able to measure the impact of a Justice40 goal in Annual Reports and EPIC cycle evaluations.

6.1. Party Positions

The CEC, PG&E, and SCE support the proposal. BAC favors Justice40 over the CPUC ESJ Action Plan proposal because some pollution impacts on DACs are from sources outside those communities (*e.g.*, wildfires).[25] SDG&E opposes the proposal, asserting the proposal would exacerbate the challenges SDG&E faces by restricting much of its limited funding to concepts targeted to these specific communities. SDG&E proposes to make the recommendations optional and not mandatory.[26]

PG&E and SDG&E propose including counting front of the meter (FTM) projects upstream of DAC/low-income communities that have clear DAC benefits.[27] For example, an IOU EPIC project might involve a field demonstration of a new technology at a substation that significantly improves safety or reliability for the customers connected to that specific substation. If the IOU Administrator had intentionally selected a substation that largely or entirely served DACs or low-income communities, with the intent of providing benefits to those communities specifically, the funds allocated to that project should

[25] BAC Opening Comments, filed October 27, 2022, at 10-11.

[26] SDG&E Opening Comments, filed November 1, 2022, at 6-7.

[27] PG&E Opening Comments at 5, SDG&E Opening Comments at 7.

count towards the Utilities' DAC and low-income community fund allocation requirements.

SCE proposes applying the requirements beginning with the EPIC 5 investment plan cycles, so there is an opportunity to create an Equity Strategic Goal to better track progress and be more inclusive of stakeholders, especially DACs. SCE proposes to use the PICG process to define Equity criteria and develop metrics as part of establishing strategic goals and objectives.[28]

6.2. Discussion

We adopt the Staff Proposal with modifications.

For clarity, the Staff Proposal does not change state definitions of DACs or disadvantaged vulnerable communities (DVCs).[29] Because the reporting of ratepayer benefits is already an EPIC requirement, the incremental cost of the Staff Proposal would be to gather data regarding ratepayers and regions outside of disadvantaged and low-income communities, as currently defined by Pub. Res. Code § 25711.6, and DVCs as used in defining EPIC's mandatory guiding principle for improving equity.[30] Although the metrics associated with the Commission's ESJ Action Plan and Justice40 are different from each other, they are not mutually exclusive. The ESJ Action Plan refers to the location of an investment, while the Justice40 refers to the accrual of benefits from that

[28] SCE Opening Comments, filed November 1, 2022, at 7.

[29] D.20-08-046 at OP 1 defines "Disadvantaged Vulnerable Communities" as consisting of communities in the 25 percent highest scoring census tracts according to the most recent version of the California Communities Environmental Health Screening Tool (CalEnviroScreen), as well as all California tribal lands, census tracts with median household incomes less than 60 percent of state median income, and census tracts that score in the highest five percent of Pollution Burden within CalEnviroScreen, but do not receive an overall CalEnviroScreen score due to unreliable public health and socioeconomic data.

[30] D.21-11-028, OP 2 and at 43.

investment. IOU Administrators already should be maximizing opportunities to propose future projects that benefit DVCs.[31] For instance, administrators are already required to conduct at least two workshops (one in Northern California and one Southern California) for the purpose of providing training about EPIC, and related technical support, to DACs and interested community-based organizations (CBOs).[32] Administrators should seek to consult with the Disadvantaged Communities Advisory Group (DACAG) in developing its community engagement plans to advise the Commission on its review of Tier 2 Advice Letters proposing how they will comply with D.18-10-052 in engaging ESJ communities and incorporating resulting feedback into developing their strategic initiatives.[33] D.21-11-028 establishes EPIC's guiding principle for improving equity through innovations that "increasingly support, benefit, and engage disadvantaged vulnerable California communities," including California tribes.[34]

We modify the Staff Proposal to include PG&E and SDG&E's request to include FTM projects upstream of DAC/low-income communities that have clear and verifiable DAC benefits, though we do not include projects with state-

[31] D.18-10-052, Conclusion of Law 13.

[32] D.18-10-052, Conclusion of Law 14.

[33] D.18-10-052, OP 11 and Conclusion of Law 15. The DAC workshops should include the following topics: (a) Developing approaches to effectively integrating DACs within the EPIC program; (b) Determining how to fill the gaps regarding EPIC-related informational resources needed by DACs and CBOs; (c) Considering the CEJA/Greenlining recommendations regarding targeting DACs, and their suggestions for changes to benefits assessment; and (e) The CEJA/Greenlining recommendations for better public participation, especially via CBOs, should also be considered in the scoping and implementation of these workshops.

[34] D. 21-11-028, OP 2.

or region-wide impacts (such as wildfire reduction) because that may circumvent legislative requirement for DAC/low-income-specific benefits.

We clarify that existing requirements regarding equity and DVCs continue to apply and may be discussed further in the PICG process to establish EPIC goals and objectives. Any new requirements adopted by the CPUC regarding equity will add to or modify existing EPIC requirements and become effective for EPIC 5 investment plans.

7. Incorporating the Commission's Distributed Energy Resources Plan into EPIC

Staff proposes that EPIC Administrators demonstrate that they have taken the DER Action Plan into account in developing their Strategic Initiatives, such that reporting on how the DER Action Plan is considered in EPIC planning and portfolios would become a standard component of the Administrators' Annual Reports. The October Ruling asks parties to comment on whether the Commission should adopt or modify the proposal, and to specify portions that should be modified or not adopted.

7.1. Party Positions

The CEC, PG&E, SCE, and BAC support the proposal, while SDG&E does not support it. SDG&E opines that the proposal requires Strategic Initiatives be determined before program-wide Strategic Goals and Strategic Objectives are set.[35]

PG&E proposes a collaborative process be employed holistically to update the common outline for the Administrators' annual reports.[36]

[35] SDG&E Opening Comments, filed on November 1, 2022, at 9.

[36] PG&E Opening Comments, filed November 1, 2022, at 6.

SCE proposes Administrators and the PICG collectively create a Strategic Goal for DERs through the PICG-led processes, asserting this will increase program transparency and stakeholders' feedback. SCE further proposes that all Strategic Goals be included in the expanded EPIC database.[37]

7.2. Discussion

We adopt a modified version of the Staff Proposal.

In response to SDG&E's statement regarding the sequence of events in the Staff Proposal, we clarify that the strategic initiatives would be developed by the Administrators after strategic goals and strategic objectives are approved by this Commission, not before.

PG&E's proposal to update the annual report outline has merit because the outline may be out of date in terms of policy priorities that have emerged since the outline was adopted in 2013 by D.13-11-025.[38] As discussed further in Section 12, Appendix A contains an updated annual report outline, taking into account the determinations made in this decision.

SCE's proposal to create a strategic goal for DERs through the PICG-led processes supports the Commission's intent for a transparent public process leading to clear Commission direction on EPIC program priorities per D.18-10-052.[39] SCE's proposal to include a DER discussion as part of EPIC strategic goals supports the Commission's intent for clear metrics to ensure

---

[37] SCE Opening Comments, filed November 1, 2022, at 11.

[38] D.13-11-025 OP 22 adopted a common administrator report outline developed through a collaborative effort of the Administrators and the Office of Ratepayer Advocates (now Public Advocates Office (Cal Advocates)).

[39] D.18-10-052, at 28.

consistent reporting on the progress of EPIC investments that align with EPIC's goals per D.18-10-052.[40]

8. Evergreen Recommendations

The Staff Proposal recommends no change to the current utility Administrator's non-competitive bidding thresholds. As set forth in their joint Research Administrative Plans, SCE's threshold is under $100,000, PG&E's is under $250,000, and SDG&E's policy is employing direct award contracts for small or unique contracts. The Commission has previously viewed these practices as sufficient but was also open to addressing the appropriate threshold for requiring competitive bidding and the appropriate threshold for requiring demonstration that only a sole supplier was available for the subject resource.[41] The October Ruling asks parties to comment on if the Commission should continue with existing policy or adopt a new one.

8.1. Party Positions

PG&E and SCE support the proposal and no party opposes it.

8.2. Discussion

We adopt the Staff Proposal.

9. Impact Analysis Framework

To bring greater focus and transparency to the EPIC program, the Commission adopted in D.21-11-028 a number of administrative requirements, as well as guiding principles and a mission statement for EPIC.[42] Many of these improvements stem from those identified in the Evergreen Evaluation, including increased clarity on portfolio optimization, prioritization among EPIC's many

---

[40] *Id* at 100.

[41] D.20-02-002 at 13.

[42] D. 21-11-028 Appendix A.

objectives, and improved information sharing and stakeholder engagement efforts.[43] As part of this process, D.21-11-028 requires PG&E, SDG&E, and SCE to coordinate with the CEC and Staff to develop a single, uniform benefits analysis framework and set of metrics that enable the evaluation and tracking of the benefits of all EPIC projects.[44]

The Staff Proposal recommends that the Commission formally adopt Staff's Guidance for a Single, Uniform EPIC Benefits Analysis Framework, attached to the October Ruling as Attachment A. This document contains general expectations in developing a uniform benefits analysis framework and metrics, enabling the evaluation, and tracking of the benefits of all EPIC projects.

Staff proposes that this guidance be used to assess EPIC investment benefits commencing with EPIC 4 Investment Plans so that Administrators can begin demonstrating immediately the benefits of ratepayers' investment in the EPIC program. The October Ruling asks parties to comment on the following questions relating to the Staff Proposal:

- How should the Commission make refinements to the single, uniform benefits analysis framework and set of metrics currently under development enabling the evaluation and tracking of the benefits of all EPIC projects as ordered by D.21-11-028, OP 12?
- Should the Commission adopt the Staff Proposal? Should the Commission adopt a modified version of this proposal? If yes, how would parties modify the proposal? Are there specific portions of the proposal the Commission should not adopt?

---

[43] *Id* at 48.

[44] *Id*, OP 12

9.1. Party Positions

PG&E, SCE, and SDG&E support the proposal, as this served as the basis for the creation of the benefits framework that each Utility Administrator applied to develop their respective EPIC 1, 2 & 3 Benefits Impact Reports, as required by D.21-11-028.[45] The CEC proposes that the CPUC build on the proposed framework and include some of the processes the CEC developed with one of its consultants to allow for more detailed analyses of benefits at both a project and portfolio level. The CEC opines that substantial work and collaboration are needed to develop a framework with the necessary robust set of models, assumptions, and methodologies that will be needed before the Administrators can begin to implement a uniform framework.[46]

With its support, SDG&E notes that some EPIC projects may only serve to inform industry and company standards and/or are commercially adopted but do not directly align to the guiding principles of EPIC, though these projects still provide value.[47]

9.2. Discussion

We adopt the Staff Proposal with modifications.

In response to SDG&E's point, we slightly modify the term "uniform benefits framework" so that it now will be called the "uniform impacts framework." We find that the term impact better captures the spirit of this new framework. By nature, research and development (R&D) projects have an element of risk, which means that not all EPIC projects will directly benefit

---

[45] PG&E Opening Comments, filed on November 1, 2022 at 9. SCE Opening Comments, filed on November 1, 2022, at 15. SDG&E Opening Comments, filed on November 1, 2022, at 12.

[46] CEC Opening Comments, filed on November 1, 2022, at 13-14.

[47] SDG&E Opening Comments, filed on November 1, 2022, at 11.

ratepayers in a quantifiable manner. There still should be an easily explainable impact, benefit, or a lesson learned, that should be detailed in project reports and summarized in annual reports and inform program evaluations.

As the CEC acknowledges, developing and implementing this framework of tracking and evaluating the impacts of EPIC projects, as ordered by D.21-11-028, will take work. Administrators should: 1) demonstrate only impacts that should be attributed to EPIC; 2) use comparable scenarios to estimate when the market would have produced an innovation had EPIC funding not been available; and 3) use or adapt existing accepted methodologies where possible for efficiencies of resources, time, cost, and effort.

While some elements of the CEC's methodology may be able to be leveraged and built upon, the CEC's methodology is not the sole analysis we adopt in this decision because the CEC's methodology does not currently comply with D.21-11-028. It does not address net impacts or attribution, including comparable scenarios that should be used to estimate the timeframe within which the market would have produced an innovation had EPIC funding not been available.

D.12-05-037 orders that the primary and mandatory guiding principle of EPIC is to provide electricity ratepayer benefits.[48] D.21-11-028 defines ratepayer benefits as: 1) improving safety, 2) increasing reliability, 3) increasing affordability, 4) improving environmental sustainability, and 5) improving equity, all as related to California's electric system.[49] While EPIC projects may inadvertently provide value beyond defined ratepayer benefits, all EPIC projects

[48] D.12-05-037, OP 1.

[49] D.21-11-028, OP 2.

must provide the impacts using the five guiding principles of D.21-011-028 because all EPIC projects must yield ratepayer benefit as directed by D.12-05-037.

Developing and implementing the Uniform Impact Analysis Framework will require substantial work and collaboration. As part of that, Staff will hold at least one workshop. The input taken from that workshop may form the basis of a staff proposal that parties will be able to comment on later on as part of Phase 2-D of this proceeding.

10. Future EPIC Program Evaluations

The Third Amended Scoping Memo asks the following questions related to future program and Administrator evaluations:

1) What metrics should be used in evaluating the program's success going forward?
2) What other items should an evaluation consider?
3) When should the evaluations take place?
4) Who should conduct the evaluation?
5) Should different metrics apply to different administrators?
6) What should be the consequences for program and/or administrator underperformance?

The Staff Proposal recommends implementing a formal evaluation of the EPIC Program at the midpoint of every investment plan cycle, which would allow evaluation findings to inform subsequent investment cycle planning, with the next evaluation launched in 2023. The EPIC program evaluation should focus on program strategy, project portfolio impact, and Administrator performance. The proposal would also have the Commission authorize Staff to use the Commission's oversight account to fund the next EPIC evaluation. Staff will develop a scope of work for the evaluation and selection criteria for the Request for Proposal (RFP). Similar to PG&E's role as fiscal manager for the PICG contract, Staff proposes that SCE serve as the RFP and contract fiscal manager, without exercising control over the design or scope of the evaluation contractor's activities.

The October Ruling asks parties to comment on whether the Commission adopt this proposal or modify it. Parties that desire modifications are asked to propose specific metrics the Commission should use in evaluating EPIC's success going forward, as well as what other items an evaluation should consider and what should be the consequences for program and/or Administrator underperformance.

10.1. Party Positions

PG&E, SDG&E, and SCE support the proposal. The CEC opposes it, asserting the process would duplicate the CPUC's investment plan approval process. The CEC argues that the proceeding to consider an administrator's investment plan application should serve as the EPIC program evaluation.[50]

PG&E proposes that the proposed evaluation consider all administrative improvements made in recent years, not just those related to the Evergreen Evaluation. PG&E opines that it would be valuable for the evaluator to provide an outside perspective on specific high value-added administrative practices conducted by individual Administrators that might be beneficial to the other Administrators. PG&E also asserts that the evaluator should also consider what current administrative requirements might not be the most valuable expenditure of resources, as administrative practices and governance tend to increase over time.[51]

[50] CEC Opening Comments, filed on November 1, 2022, at 12.

[51] PG&E Opening Comments, filed on November 1, 2022, at 8.

10.2. Discussion

We adopt the Staff Proposal.

Evaluations are expected to be a common practice within EPIC. D.12-05-037 requires that an independent evaluation of the EPIC Program be conducted by a consultant under contract to the Commission in 2016.[52] D.18-10-052, makes clear what this Commission intended for future evaluations.[53] Overall program success cannot be measured without program-wide evaluations to gauge overall program performance.

We disagree with the opinion that the proposed EPIC Program evaluation is duplicative of investment plan application proceedings. The purpose of an application proceeding is to consider the individual Administrator's investment plan – after this Commission has already authorized its budget amount in a previous decision. It is not a time to consider programmatic evaluations of all of the Administrators, or rules reflecting those evaluations. Indeed, by the time the application is filed, it would be extremely late in the process to perform an evaluation, especially given the time expectations applicants have regarding when the investment plans should be approved. Further, even if Administrators were not asking for expeditious approval of their investment plans, the evaluations would be performed mostly by interested parties – the Administrators and their grantees – instead of a neutral, independent entity, accountable to ratepayers, through its contract with this Commission. Independent program evaluations held on a periodic ongoing basis will support program improvements, transparency, and accountability towards meeting

---

[52] D.12-05-037, Finding of Fact 12 and at 30.

[53] D.18-10-052 at 100 and 138-139.

established goals. Program evaluations allow Administrators to demonstrate, independently and collectively, verified successes, and lessons learned, which underscore the value of ratepayer benefits. These in turn provide productive feedback to make improvements and course corrections to EPIC portfolio planning and implementation.

PG&E's proposal that the evaluation consider all administrative improvements in recent years has merit because D.21-11-028 made changes to EPIC's administrative structure beyond those recommended by the Evergreen Evaluation and previously adopted by this Commission. Additionally, PG&E's proposal that the evaluation identify low value administrative requirements has merit because streamlining administrative activities can help reduce administrative burden. We clarify that both requirements will be included as part of the evaluation.

11. Database Expansion to Include Gas R&D

The Staff Proposal recommends that the EPIC database be modified to include gas R&D projects from both the CEC and Utility Administrators to make the linkage between electric and gas R&D projects transparent. Gas R&D projects should present similar information as EPIC RD&D programs in the EPIC database to the extent possible. The database should be further modified to demonstrate project synergies and coordination at the intersection of electric RD&D and gas R&D projects.

The October Ruling asks parties to comment on if the Commission should adopt this proposal or a modified version of this proposal and to offer specific modifications.

11.1. Party Positions

PG&E, SCE, and BAC support adopting the proposal. The CEC opposes the proposal, asserting the CPUC EPIC database is duplicative of its own CEC-specific databases. The CEC proposes to modify the proposal to require that only IOU-administered gas projects be captured in the CPUC EPIC Database, and the CPUC database links to the CEC's Energize Innovation database to avoid unnecessary expenditure of government funds creating a copy of gas project outcomes on a second web platform.[54] SDG&E opposes the proposal, claiming it will create a cost-shift between EPIC funded and non-EPIC funded gas R&D work. SoCalGas also opposes the proposal, arguing it will create a substantial administrative burden and cost to incorporate R&D projects from an entirely different research domain. SoCalGas also claims the proposal lacks merit because the SoCalGas RD&D program is already actively promoting and sharing the results of research projects through several outreach and engagement channels.[55] Additionally, SoCalGas asserts the EPIC database is relatively new and the CEC or CPUC should assess the effectiveness of the database so far. Finally, SoCal Gas opines that funds to support the database through the general rate case would not be available until 2028.[56]

11.2. Discussion

There increasingly is, and will be more, overlap between power supplied by electricity and gas, and thus RD&D projects funded by ratepayers making use of both utilities. Therefore, it makes sense to respond to these changes by using one database that tracks all ratepayer-funded RD&D projects across these

---

[54] CEC Opening Comments, filed on November 1, 2022, at 7.

[55] SDG&E Opening Comments, filed November 1, 2022, at 6.

[56] SoCal Gas Opening Comments, filed November 1, 2022, at 1-2, 5-6.

industries. However, several parties raise important legal and logistical considerations that make adopting the Staff Proposal in this decision problematic.

In particular, we agree that to avoid a potential cross-subsidy, electricity ratepayer funds should be tracked separately for accounting purposes from funds meant for other utilities. Because the necessary details have not been resolved in the record of this proceeding, we decline to adopt the Staff Proposal on this issue at this time. However, there may be other procedural vehicles to achieve our goal of coordination across electric RD&D and gas R&D administrators, including for a cohesive database.

12. Annual Reporting

The Third Amended Scoping Memo asks the following questions:

1) Should EPIC Administrators continue filing annual reports? If so, on what date should they be due?
2) Should EPIC Administrators have the option of referencing the EPIC database in their annual reports in lieu of including final project reports in their annual reports as a means to reduce administrative burden?
3) Should the Commission direct EPIC Administrators to coordinate and leverage other public program dollars they may receive for clean energy innovation outside of the EPIC program, including state and federal funding, to help support and advance EPIC priorities?

The Staff Proposal recommends formalizing the EPIC annual report as a regular compliance process requiring Administrators to demonstrate that EPIC portfolio Administrator planning and implementation complies with Commission direction. Administrators would provide a summary narrative describing relevant findings in the EPIC database, and the Annual Reports outline should be revised to demonstrate compliance with, and progress achieved for, the Strategic Goals, Strategic Objectives, Benefits Analysis Framework, Equity, the ESJ Action Plan, Justice40, and the DER Action Plan. In addition, Administrators should report on coordination activities with the Commission and other EPIC Administrators by documenting how they addressed the 2020 PICG workstream final report "Learnings and Opportunities for Coordination and Collaboration." Further, Administrators should explain how they have leveraged other public program dollars received for clean energy innovation, including state and federal funding, to support and advance EPIC priorities. Staff proposes that commencing in 2023, Administrators submit EPIC Annual Reports via a Tier 2 Advice Letter, which would continue to be submitted on April 30 each year and served on relevant service lists. In addition, Administrators would present their Annual Reports to the Commission's Emerging Trends Committee (ETC) each year soon after the advice letters are submitted to the Commission. Staff proposes that the Commission consider offering stipends to external experts to review and comment on annual report progress to expand capacity for stakeholder participation, including ESJ communities. The ALJ Ruling includes a figure illustrating the proposed annual report review process.

The October Ruling asks parties to comment on whether the Commission should adopt or modify this proposal, including in whole or in part. Further, the October Ruling asks whether metrics that demonstrate progress should be included in EPIC plans going forward, and if yes, should the metrics be included in annual reports, the EPIC database, or some other vehicle.

12.1. Party Positions

Parties support some parts of the reporting requirement proposals and disagree with some others.

The CEC, PG&E, and SCE support the following reporting requirements:

- Revising/updating the outline for the EPIC Annual Report;[57]
- Including descriptions to demonstrate compliance with the Benefits Analysis Framework, Equity, ESJ Action Plan, Justice40 goals, and the DER Action Plan;[58]
- Referencing the EPIC database in annual reports;[59]
- Presenting EPIC annual reports to the CPUC's Emerging Trends Committee;[60] and
- Explaining leveraged public program dollars received for clean energy innovation, including state and federal funding, to support and advance EPIC priorities.[61]

The CEC, PG&E, SCE, and SDG&E oppose other aspects of the Staff Proposal, asserting the following:

- A Tier 2 report approval process would be administratively burdensome, while a Tier 1 Advice Letter would be more efficient;[62]
- A directive to leverage funds for EPIC could conflict with legislative guidance, federal funding guidance and requirements, and other state administration priorities;[63]

---

[57] CEC Opening Comments, filed on November 1, 2022, at 15. PG&E Opening Comments, filed on November 1, 2022, at 10.

[58] CEC Opening Comments, filed on November 1, 2022, at 15.

[59] PG&E Opening Comments, filed on November 1, 2022, at 9-10.

[60] CEC Opening Comments, filed on November 1, 2022, at 15.

[61] SCE Opening Comments, filed on November 1, 2022, at 18.

[62] CEC Opening Comments, filed on November 1, 2022, at 15-16. PG&E Reply Comments, filed on November 14, 2022, at 3-4. SCE Opening Comments, filed on November 1, 2022, at 17. SDG&E Opening Comments, filed on November 1, 2022, at 13.

[63] CEC Opening Comments, filed on November 1, 2022, at 15.

- Continued use of the annual report would duplicate the contents of the EPIC database, which was meant to replace the annual reporting requirement;[64] and
- EPIC Administrators addressed the findings of 2020 PICG Workstream final reports through "Deep Dive" meetings held with the CPUC in 2022.[65]

SDG&E seeks clarification of how the proposed annual report peer review process will be funded.[66]

PG&E proposes that the annual report outline be updated through a collaborative process to capture the key information to support program evaluation and the planning for subsequent cycles.[67]

12.2. Discussion

We adopt the Staff Proposal with modifications.

Annual reports are necessary for ongoing transparency and compliance, as well as understanding program effectiveness, and provide a basis for assessing the need for program modifications. This is particularly important given that EPIC is renewed and assessed on a five-year cycle. D.13-11-025 requires reporting on program overviews, coordination efforts, transparency mechanisms, fund shifting, key results, and next steps.[68] This information cannot be gleaned from the final project reports or the EPIC database alone. As part of reporting transparency, EPIC Administrators should likewise be transparent that ratepayers are the source of the billions of dollars in funding that supports the important work of the EPIC Program. To accomplish this, Administrators shall

---

[64] SDG&E Opening Comments, filed on November 1, 2022, at 13.

[65] SCE Opening Comments, filed on November 1, 2022, at 17-18.

[66] SDG&E Opening Comments, filed on November 1, 2022, at 14.

[67] PG&E Opening Comments, filed on November 1, 2022, at 10-11.

[68] D.13-11-025, OP 22.

post clearly and prominently in their annual reports and on all program, project, and outreach materials, websites, and any other public materials (including those of third-party EPIC contractors) the following language consistent with other utility ratepayer funding programs: "This program is funded by California utility customers under the auspices of the California Public Utilities Commission."

It is not clear what SDG&E relies on when it states that the EPIC database was meant to replace annual reports, as D.18-10-052 does not specify that in the PICG's Scope of Work. That is not this Commission's vision for annual reports. We view the narrative in the annual reports as essential, a roadmap of the database.

The Commission agrees that annual reports should be streamlined, where possible, to support the evolving needs of the EPIC program, including leveraging the EPIC database so that the report narratives complement the database, not duplicate it. We decline to adopt the proposal that annual reports be peer reviewed. We also agree to no longer require Administrators to include a spreadsheet with the annual report (D.13-11-025 Attachment 6), because this data should be captured in the EPIC database. However, this also presumes that the EPIC database contains sufficient information. The database is still relatively new, but a cursory review suggests many entries are still incomplete. Because of this, the annual reports must be filed as Tier 2 Advice Letters. Incomplete or inaccurate entries in the database will be grounds for rejecting the Advice Letter and require prompt refiling of the annual report within 30 days.

We disagree with the CEC's statements that Staff's proposal contains a directive to leverage non-EPIC public funds for EPIC. Rather, the proposal is asking administrators to report on how EPIC funds were leveraged with any non-EPIC public clean energy innovation funds, including the 2021 Infrastructure Investment and Jobs Act (Pub. L. 117-58)[69] to advance the State's climate goals for transparency and in alignment with the requirement of D.12-05-037 to use and leverage matching funds whenever possible.[70] We disagree with SCE's statements that the PICG final workstream reports and the 2022 Administrator-CPUC "Deep Dive" meetings are interchangeable.[71] While the "Deep Dive" meetings may have been helpful, both in terms of facilitating more Administrator coordination and in discussing important issues, such as RD&D that might assist wildfire mitigation and prevention efforts, it was not tied to the PICG report, and was not a public process – the meetings were with Staff. Other findings from the second phase of the PICG process need to be addressed, including equity and transportation electrification, and, most importantly, the process must be transparent. This second phase, conducted from July 2020 through October 2021, focused on four Partnership Areas where EPIC-funded RD&D projects could better coordinate to accelerate innovation.[72]

To reflect the revisions contained in this decision, in terms of how it impacts the structure and content of the annual reports, we include a revised annual report outline as Appendix A. Annual reports will be used to inform EPIC program evaluations.

---

[69] H.R. 3684 – 117th Congress (2021-2022): Infrastructure Investment and Jobs Act (November 15, 2021).

[70] D.12-05-037, at 44.

[71] In 2022, the CPUC held internal meetings with EPIC administrators and CPUC subject matter experts to review a limited set of RD&D-related issues in detail. These meetings were internally termed "Deep Dive" meetings.

[72] Final Partnership Areas. Policy + Innovation Coordination Group. California EPIC Program. July 29, 2020. Available electronically at: https://epicpartnership.org/resources/Final_Partnership_Areas.pdf

EPIC Administrators should provide a coordinated presentation to the Commission on an annual basis, at either a Commission business meeting or the Commission's Emerging Technology Committee, at the Commission's discretion. The presentation should be made to the Commission in a timely manner after the submission of Administrators' annual reports. Administrators shall coordinate this presentation via Energy Division Staff, who will provide guidance on timing and agenda.

13. Intellectual Property Issues

SCE requests the Commission clarify intellectual property terms for indemnification and march-in rights to maximize potential project partners.[73] SCE asserts indemnification is limited to infringement and not unbounded liability on the part of the participant partner. SCE asserts march-in rights are allocated to the Federal Government and not California in cases where an EPIC Administrator collaborates on an EPIC project with national laboratories, such as Lawrence Livermore or Lawrence Berkeley. In response to a ruling from the assigned ALJ for their EPIC 4 applications (Application (A.) 22-10-001, A.22-10-002, and A.22-10-003), SCE and the other IOUs have provided substantially more insight on intellectual property issues in that proceeding than in this one. Based on the record in this proceeding, we are not able to adopt a rule on this. To consider this issue as part of this rulemaking, we amend the scope of this proceeding to allow for one additional phase. To accomplish this, we also extend the statutory deadline to July 31, 2024. The assigned ALJ will issue a ruling seeking additional information.

[73] SCE Opening Comments, filed on November 1, 2022, at 9.

14. Summary of Public Comments

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comments submitted in a proceeding be summarized in the final decision issued in that proceeding.

No public comments were made on this proceeding's docket.

15. Comments on Proposed Decision

The proposed decision of ALJ Thomas J. Glegola in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. On April 12, 2023, the following parties filed opening comments: the CEC, PG&E, SCE, and SDG&E. No parties filed reply comments.

In response to comments from the CEC asking that it be placed in charge of the planning and coordination process to develop strategic goals and objectives outlined in Section 4,[74] we reiterate, as noted in Section 4.2, that the PICG is not a decision-making body, and will not be responsible for developing or approving investment plan applications. Instead, the PICG Coordinator is a contractor, responsible to the CPUC. The PICG's facilitation of planning and coordination process to develop strategic goals and objectives outlined in Section 4 will support the CPUC in building the record for EPIC 5 and beyond. Finally, the work of the PICG Coordinator will be funded out of the CPUC's existing EPIC administrative budget. In this effort, the PD is revised to acknowledge as indicated in the Evergreen Evaluation, the CEC was the only

[74] CEC Opening Comments, filed April 12, 2023, at 1-6.

EPIC Administrator that identified a series of strategic objectives with strong and transparent linkages to state policy goals, planned transparently, and engaged stakeholders throughout the process, consistent with other peer research and development programs.

We do not adopt the CEC's proposed revision of using a Tier 1 Advice Letter for reporting ESJ community engagement and strategic initiative integration.[75] These tasks are not ministerial in nature, and thus require a Tier 2 or Tier 3 Advice Letter process. A Tier 2 Advice Letter requirement is less burdensome than a Tier 3 Advice Letter.

Several parties raise concerns related to the efficiency of the EPIC Program evaluation process. We will endeavor to find efficiencies where we can. EPIC Administrators also can help create a more efficient process but ensuring that the EPIC database is current.

Finally, we modify the PD at page 34 and Conclusion of Law Number 8 to reflect more accurately the accounting requirements for ratepayer funds.

16. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Thomas J. Glegola is the assigned ALJ in this proceeding.

Findings of Fact

1. On October 7, 2022, the assigned ALJ issued a ruling requesting comment on the Staff Proposal.

2. EPIC funds have financed promising projects that provide considerable energy savings and improve safety.

3. The Evergreen Evaluation identified recommendations to improve IOU

---

[75] *Id* at 9.

administration of EPIC.

4. The record indicates a need to prioritize and focus EPIC's many objectives.

5. D.21-11-028 found that the IOU Administrators, while technically in compliance with EPIC program requirements, should improve their information sharing and stakeholder engagement practices.

6. D.18-01-008 directs the PICG to conduct specific coordination functions to achieve one overarching goal: ensure EPIC investments are optimally aligned with and informed by key Commission and California energy innovation needs and goals.

7. D.18-01-008 establishes the PICG as a facilitating entity. This decision does not alter the PICG's role in that regard.

8. D.22-06-004 requires that coordination with the Commission should be made periodically, as guided by Energy Division Staff, during the duration of the EPIC 4 investment cycle to ensure that there is an updated exchange of information between the Commission's Energy Division Staff and CEC Staff regarding proceedings and related Commission programs that have linkages with the research topics included in the plan.

9. In D.18-10-052, this Commission agreed with the Evergreen Evaluation that clearer Commission direction on program priorities would help generate an optimal mix of projects to maximize ratepayer benefits, lead to energy innovation, and support the state's key policy goals.

10. Requiring all EPIC Administrators to use the same impact analysis framework and set metrics allows for improved EPIC program evaluation and oversight, as well as greater transparency for ratepayers.

11. Requiring the IOU Administrators to file a report documenting their success to date increases EPIC program transparency and provides metrics for continued program evaluation.

12. D.21-11-028 orders PG&E, SDG&E, and SCE to coordinate with the CEC and this Commission's Energy Division staff to develop a single, uniform benefits analysis framework and set of metrics that enable the evaluation and tracking of the benefits of all EPIC projects. This decision modifies the term to uniform impact analysis framework, to better explain the Commission's intent.

13. D.12-05-037 orders a broad range of stakeholders to be consulted in EPIC planning and execution.

14. D.12-05-037 requires an independent evaluation of the EPIC Program be conducted by a consultant under contract to the Commission in 2016, and D.18-10-052 made clear this Commission intended there to be future evaluations.

15. D.13-11-025 requires reporting on program overviews, coordination efforts, transparency mechanisms, fund shifting, key results, and next steps.

16. D.21-11-028 grants EPIC Administrators the flexibility to reallocate up to 15 percent of funds in each of their approved initiatives without additional Commission approval.

17. The statutory deadline for this proceeding expires on April 28, 2023.

Conclusions of Law

1. The Uniform Impact Analysis Framework process adopted herein for EPIC oversight and funding is just and reasonable in light of the whole record.

2. The Staff-proposed Uniform Impact Analysis Framework is in line with existing Commission policy for greater coordination by EPIC Administrators.

3. The Staff-proposed Strategic Goals and Strategic Objectives process improves the existing practice by using a public process to develop clear and

measurable goals at the inception of EPIC investment plans, with the input of a broad range of external national experts.

4. It is reasonable to have a single, uniform impact analysis framework and set of metrics that enable the evaluation and tracking of the impacts of all EPIC projects.

5. It is reasonable to allocate at least 25 percent of TD&D funds toward projects located in and benefitting DACs, and at least an additional 10 percent allocation of TD&D funds toward projects located in and benefitting low-income communities.

6. It is reasonable to require EPIC Administrators to demonstrate that they have taken the DER Action Plan into account in developing their Strategic Initiatives.

7. Overall program success cannot be measured without program-wide evaluations to gauge overall program performance.

8. To avoid a potential cross-subsidy, electricity ratepayer funds should be tracked separately for accounting purposes from funds meant for other utilities.

9. Annual reports are necessary for ongoing transparency and compliance, as well as understanding program effectiveness, and provide a basis for assessing the need for program modifications.

10. The statutory deadline for this proceeding should be extended to address the intellectual property issues raised by SCE and to allow parties and Energy Division Staff to develop proposed metrics that will be contained in the uniform impact analysis framework and strategic goals and strategic objectives adopted in this decision.

O R D E R

IT IS ORDERED that:

1. The foundational principles for developing and implementing a Uniform Impact Analysis Framework, contained in Appendix A, are adopted. Administrators of the Electric Program Investment Charge Program (EPIC) shall meet with Energy Division Staff to discuss the specific methodologies and metrics that will be used to measure impacts. Those proposed methodologies and metrics will be considered by the Commission in Phase 2-D of this proceeding.

2. Beginning with the Electric Program Investment Charge (EPIC) 4 Investment Plans, EPIC Administrators shall consider the California Public Utilities Commission's (Commission) Environmental and Social Justice Action Plan, the Commission's Distributed Energy Resources Action Plan, and the federal Justice40 Initiative when developing EPIC investment plans. The EPIC 4 Investment Plans shall dedicate at least 25 percent of technology demonstration and deployment (TD&D) funds toward projects located in and benefitting disadvantaged communities and at least an additional 10 percent allocation of TD&D funds toward projects located in and benefitting low-income communities. In their annual reports, EPIC Administrators shall indicate how their investment plans meet the standards set in these initiatives.

3. The California Public Utilities Commission's (Commission) Energy Division Staff is authorized to revise the scope of work, extend the contract, and direct the work of the Policy + Innovation Coordination Group Project Coordinator (PICG Coordinator), created by Decisions (D.) 18-01-008 and D.18-10-052. The work of the PICG Coordinator shall include facilitating public workshops and drafting a summary report of findings to inform future

Commission guidance to establish Electric Program Investment Charge (EPIC) investment plan strategic goals and objectives, and updating and managing the EPIC research and development database.

4. The budget of the Policy + Innovation Coordination Group Project Coordinator (PICG Coordinator) contract is revised to up to $3,000,000. If the contract budget exceeds that, the California Public Utilities Commission's (Commission) Energy Division Staff must receive Commission approval via Resolution.

5. Pacific Gas and Electric Company shall continue to serve as the fiscal manager of the contract with the Policy + Innovation Coordination Group (PICG) Project Coordinator authorized in Ordering Paragraphs 3 and 4 without exercising control over the design, scope, or management of the PICG Coordinator's activities.

6. The California Public Utilities Commission's Energy Division Staff is authorized to develop a scope of work and undertake a Request for Proposal (RFP) process to select a contractor to conduct an evaluation of the Electric Program Investment Charge (EPIC) Program and manage the selected contractor. The evaluation shall focus on program strategy, project portfolio impacts, and EPIC Administrator performance.

7. Southern California Edison Company shall serve as the fiscal manager of the contract for the evaluation of the Electric Program Investment Charge Program (EPIC) authorized in Ordering Paragraph 6, without exercising control over the design, scope, or management of the evaluation.

8. The Electric Program Investment Charge (EPIC) Program Administrators shall file annual reports on April 30 of each year, via a Tier 2 Advice Letter that follow the outline in Appendix C. Annual reports found to be deficient,

including due to missing information in the complementary EPIC database, shall be resubmitted within 30 days.

9. All Electric Program Investment Charge (EPIC) Program Administrators shall post clearly and prominently in their annual reports and on all program, project, and outreach materials, websites, and any other public materials (including those of third-party EPIC contractors) the following language consistent with other utility ratepayer funding programs: This program is funded by California utility customers under the auspices of the California Public Utilities Commission.

10. The statutory deadline for Rulemaking 19-10-005 is extended until July 31, 2024.

11. Rulemaking 19-10-005 remains open.

This order is effective today.

Dated April 27, 2023, at San Francisco, California.

ALICE REYNOLDS
President
GENEVIEVE SHIROMA
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

APPENDIX A

Appendix A
Foundational Principles for Development of a Uniform Impact Analysis Framework to Comply with Decision (D.) 21-11-028

This document outlines the Commission's expectations of Electric Program Investment Charge (EPIC) administrators in developing and implementing a uniform impact analysis framework and metrics, enabling the evaluation and tracking of the impacts of all EPIC projects, in compliance with D.21-11-028, Ordering Paragraph 12. These foundational principles include:

Purpose

- The mandatory guiding principle of EPIC is to provide ratepayer benefits as related to California's electric system.[76]
- The EPIC impacts analysis framework should provide EPIC administrators with a uniform methodology to demonstrate with data the realized and potential impacts to ratepayers from EPIC research, development, and demonstration (RD&D) investment.

Overarching Principles

- In general, each EPIC project should offer a reasonable probability of providing benefits to ratepayers, expenditures on projects which have a low probability for success should be minimized,[77] and the EPIC portfolio as a whole should demonstrably benefit ratepayers.
- While in some cases, a targeted group of ratepayers may benefit from an individual project's output, EPIC investments should result in scalable and replicable innovations that prioritize solutions to address California's energy and climate goals.
- Accurate and precise EPIC project and program impacts reporting is paramount to inform policy, decision-making, and formulating EPIC strategic goals. Therefore, impacts resulting from the analytical framework must be defensible and not overstated.
- Clear and transparent methods are necessary to calculate past, current, and future EPIC impacts based on published data and reasonable assumptions, such that any party can take the data and assumptions and apply the methodology to recreate the results. Without such a foundation, it will be difficult to calculate quantitative impacts of EPIC innovations that lack the market or deployment history to have

---

[76] D.12-05-037.

[77] Pub. Util. Code § 740.1(a) and (b).

readily available sufficient data for impacts analysis or project future impacts of pre-commercial innovations.

Net Impacts

- Realized ratepayer benefits must be demonstrated by the incremental, value-added impact of EPIC innovation.
  - For example, if a ratepayer spends $20 to save $30, the ratepayer impact realized is the net $10 savings, not the gross $30 impact. Thus, the metric by which EPIC investments should be evaluated is *net*, not gross, impacts.
- Net impacts are required to calculate project or program benefit-cost ratios and rates of return on ratepayer investment.

Attribution

- To understand the impact of EPIC accurately and precisely, and therefore, inform continuance or improvements in EPIC strategic goals and strategic objectives, administrators should demonstrate to the CPUC what impacts have or are forecasted to occur that would not have otherwise occurred without EPIC investment (i.e., only these impacts should be attributed to EPIC.)
- The portion of the observed change that is only due to EPIC investment must be documented with data, and a set of reasonable and acceptable rules for determining the share of credit attributed to EPIC developed, including attribution for the value of cost-shared, matching, or leveraged funding.
- Comparable scenarios should be used to estimate when the market would have produced an innovation had EPIC funding not been available. Where innovation would have eventually occurred without EPIC, impacts should be based on the acceleration in the time to market readiness of the innovation, rather than the lifetime of the technology itself.
  - For example, if a deployed EPIC innovation provides impacts for 20 years between 2025 and 2045, and it is determined the innovation would have occurred and been deployed without EPIC in 2030, then the period of market acceleration due to EPIC is five years and EPIC impacts are calculated only for that 5-year period.

Methods

- Administrators should use or adapt existing accepted methodologies where possible for efficiencies of resources, time, cost, and effort.[78]

---

[78] Including for example, but not limited to, the following works and other works by their respective authors: An Investigation of Innovative Energy Technologies Entering the Market between 2009-2015, Enabled by EERE-funded R&D. PNNL-31895. Pacific Northwest National Laboratories. August 2021; Metrics for an Equitable and Just Energy System. Pacific Northwest National Laboratories. June 2021; Evaluating Realized Impacts of DOE/EERE R&D Programs -

Footnote continued on next page.

- The methodology used to calculate impacts should be grounded in theory (i.e., if funding certain small businesses is seen as beneficial, data documentation and impact demonstration of this strategy should be provided).
- Impacts evaluation may involve expert elicitation. Clearly and succinctly framing questions is required to guide experts in obtaining pertinent data.

Metrics

- D.13-11-025, Attachment 4 provides a list of impacts (*Metrics and Potential Areas of Measurement)* proposed by the EPIC administrators and approved by the CPUC, which can serve as the basis for discussion of metrics. The list includes 10 impact metric categories and 59 potential areas of measurement. The decision allows creation of new, project-specific impact metrics to consider for revisions.
- Because units of measure have not been defined for many of these metrics, additional definitions are required for uniform impact reporting. This impact metrics list may be modified and updated based on new information and must be used consistently across all administrators.

Assumptions

- To the extent possible, administrators should use the same core data set for basic assumptions, such as the emissions profile of peak power in each service area. If administrators do not use the same data set, they should provide rationale for why not.
- While market penetration assumptions may vary by innovation, the method by which these assumptions are arrived should be consistent.

Impact Reporting

- For clarity of impacts on different economic sectors, direct, indirect, and induced impacts should be disaggregated in reporting.

Iterative Process

- Guidelines may be revised and clarified as the EPIC Impacts Analysis Framework is developed to achieve the goals and principles outlined above.

(END OF APPENDIX A)

Standard Impact Evaluation Method. DOE/EE-1117. August 2014; A Framework for Evaluating R&D Impacts and Supply Chain Dynamics Early in a Product Life Cycle. DOE/EE-1096. June 2014; A Proposed Methodology to Determine the Leverage Impacts of Technology Deployment Programs. James L. Wolf. Prepared for US DOE/EERE. June 2008; Impact Evaluation Framework for Technology Deployment Programs. Sandia National Laboratories. Prepared for US DOE/EERE. July 2007; and Prospective Evaluation of Applied Energy Research and Development at DOE (Phase Two). National Research Council. The National Academies Press. 2007.

APPENDIX B

Appendix B
Updated Summary of Commission Determinations Regarding Recommendations in Electric Program Investment Charge Evaluation Final Report[79]

Administrative Process	Evergreen recommends…	Commission Determination
11.1 Program Administration	1a) The administrators provide more detailed justification for non-competitive bidding in their Annual Reports.	D.20-02-003 directed IOU administrators to provide greater transparency, primarily in the form of Direct Award Request Forms in their respective Annual reports. The method used to grant awards for each project is now reported in the EPIC database. [D.20-02-003, at 13.]
11.1 Program Administration	1b) The CPUC consider requiring a review of the non-competitive bidding cases before they are contracted.	D.20-02-003 determined the information provided by the IOUs was sufficient. [D.20-02-003, at 13.]
11.1 Program Administration	1c) The CPUC require the IOUs to specify the funding amount for the non- competitive award to make it easier to assess the fraction of funding that is being directly awarded.	Per D.20-02-003, the IOUs confirmed through their Research Administrative Plans and subsequent filings that they will provide such an accounting. [D.20-02-003, at 14.]
11.2.2 Portfolio Optimization	2a) The CPUC establish priorities among its current policy goals and funding criteria to better guide the administrators in their investment planning.	Ordering Paragraphs (OP) 3 and 4 of this decision establishes a procedure to set EPIC Strategic Goals and Strategic Objectives.
11.2.2 Portfolio Optimization	2b) The administrators collaborate in categorizing and summarizing projects (such as by technology type and/or policy area) and review projects by topic areas to ensure that	The program-wide EPIC database, established by D.18-01-008 and D.18-10-02 and launched in March 2022, uses several investment areas to categorize project type.

[79] Evergreen Economics. Electric Program Investment Charge Evaluation Final Report. September 8, 2017.

D.18-01-008, Appendix B, Summary of Recommendations in Electric Program Investment Charge Evaluation Final Report, September 8, 2017.

D.18-10-052, Appendix B, Summary of Commission Determinations Regarding Recommendations in Electric Program Investment Charge Evaluation Final Report.

Administrative Process	Evergreen recommends…	Commission Determination
	the portfolio of projects effectively supports key policy goals.	
11.2.2 Portfolio Optimization	2c) The administrators' Investment Plans are closely reviewed to ensure they not only meet program requirements, but that they are also effective in advancing the energy policy priorities that the CPUC identifies.	OP 3 and 4 of this decision establishes a procedure to set EPIC Strategic Goals and Strategic Objectives against which the effectiveness of EPIC portfolios may be measured. Additionally, OP 8 of this decision orders an evaluation of EPIC's program strategy, project portfolio impact, and Administrator performance.
11.2.3 Stakeholder Engagement	2d) The administrators engage more stakeholders earlier in the investment planning process	D.21-11-028 requires Energy Division Staff to review, assess, and report to the Commission on the IOUs progress in implementing the additional administrative requirements adopted in the decision one year and three years after IOU EPIC 4 applications are approved.[D.21-11-028, at OP 1 and at 24.]
11.2.3 Stakeholder Engagement	2e) The IOUs provide more comprehensive information, to allow time for more meaningful engagement.	D.21-11-028 requires Energy Division Staff to review, assess, and report to the Commission on the IOUs progress in implementing the additional administrative requirements adopted in the decision one year and three years after IOU EPIC 4 applications are approved.[D.21-11-028, at OP 1 and at 24.]
11.3.1 Administrator Project Selection Processes	3a) The IOUs develop more transparent project selection criteria.	D.20-02-003 determined the information provided by the Joint Applicants was sufficient. The Commission stated it is expected that the information contained in the respective IOU administrators' initial applications, Scoring Matrix, Business Plan Templates, and Project Templates will become part of a complete database for all EPIC projects. [D.20-02-003, at 19.]
11.3.1 Administrator Project Selection Processes	3b) The IOUs share project research plans and budgets with the CPUC and the public, at least one month prior to launch.	D.20-02-003 determined the information provided by the Joint Applicants was sufficient. D.21-11-028 requires Energy Division Staff to review, assess, and report to the Commission on the IOUs progress in implementing the additional administrative requirements adopted

Administrative Process	Evergreen recommends…	Commission Determination
		in the decision one year and three years after IOU EPIC 4 applications are approved.[D.20-02-003, at 18-19. D.21-11-028, at OP 1 and at 24.]
11.3.2 Administrator Coordination	3c) The CPUC review the IOUs' project research plans (which we have recommended that they make public as they are developed) to ensure that there is no unnecessary duplication in their EPIC 3 projects.	D.18-10-052 determined the utilities' plans did not reveal any unnecessary duplication. [D.18-10-052, at 43.]
11.3.3 Match Funding	3d) The CEC consider modifying the match funding requirement for TD&D projects and make it optional.	D.20-02-003 determined the information provided by the Joint Applicants—who stated they will "enhance their sourcing processes to increase matching funding," report on project match funding on their EPIC annual reports, and report cost sharing in their bid process as a criterion for contractor selection— was sufficient.[D.20-02-003, at 20.]
11.3.4 Intellectual Property Terms	3e) The CPUC review IP rules or guidance developed for the Department of Energy's Small Business Innovation Research (SBIR) Program to explore possible opportunities for easing IP requirements. Regardless of the outcome of any such efforts, the CPUC should ensure that IP requirements are communicated effectively.	OP 11of this decision extends the statutory deadline of the proceeding to consider intellectual property issues as part of this rulemaking.
11.3.5 Flexibility	3f) The administrators should use the Advice Letter process only for requesting substantive changes to projects or adding new projects that are not covered by one of the existing general descriptions in their Investment Plans.	D.21-11-028 requires administrators shall file a Tier 2 Advice Letter seeking Commission approval to reallocate more than 15 percent of funds between strategic initiatives. [D.21-11-028, at OP 11.]
11.3.5 Flexibility	3g) The CEC explore how and whether it could add more flexibility to its grant request forms and/or research planning process to be able to respond to market and technology changes that occur between the time	D.18-10-052 determined no specific action was required. [D.18-10-052, at 66.]

Administrative Process	**Evergreen recommends…**	**Commission Determination**
	the project is proposed and the project is launched.	
11.4.1 Project Status Reports	4a) The administrators share information while projects are in progress with the CPUC and the public on a more frequent basis, such as quarterly. The administrators should collaborate in categorizing and summarizing projects, as previously recommended (2b), (such as by technology type and/or policy area) so that interested parties can more easily obtain pertinent information on a given topic area.	D.18-10-052 directed the Policy and Innovation Coordination Group (PICG) to address the issue, and established requirements for additional public information sharing meetings and events as part of its activities. [D.18-10-052, at 70.]
11.4.1 Project Status Reports	4b) The administrators collaborate and jointly convene a quarterly workshop to share results about project status and lessons to-date on a topical basis, with engagement from stakeholders on topics that are of interest.	D.18-10-052 found quarterly reporting would be too frequent and directed the PICG to address the issue, and established requirements for additional public information sharing meetings and events as part of its activities. [D.18-10-052, at 70.]
11.4.2 Benefits Quantification	4c) The IOUs develop more detailed processes to quantify benefits associated with their projects, including what types of data would be necessary and how they will collect these data, as well as a reporting structure and process that would document and report those benefits to all relevant stakeholders.	D.21-11-028 directed administrators to develop a single, uniform benefits analysis framework and set of metrics enabling the evaluation and tracking of the benefits of all EPIC projects. OP 1 of this decision establishes a procedure to further develop and implement a uniform impact analysis framework. [D.21-11-028, OP 12 and OP 13.]
11.4.2 Benefits Quantification	4d) The administrators develop a process to jointly report on EPIC's short-, mid- and long-term project benefits across the portfolio on a routine basis (e.g., annually) to the CPUC, relevant stakeholders and the general public.	D.21-11-028 directed administrators to develop a single, uniform benefits analysis framework and set of metrics enabling the evaluation and tracking of the benefits of all EPIC projects. OP 1 of this decision establishes a procedure to further develop and implement a uniform impact analysis framework. [D.21-11-028, OP 12 and OP 13.]
11.4.3 Results Dissemination	4e) The CEC's project benefits quantification processes be reviewed	D.21-11-028 directed administrators to develop a single, uniform benefits analysis framework and set of metrics enabling the evaluation and

Administrative Process	Evergreen recommends…	Commission Determination
	again once more projects are completed.	tracking of the benefits of all EPIC projects. The decision clarifies that this EPIC-wide process should result from a newly scoped process that may be informed, but not dictated, by other methodologies for use in EPIC or other similar R&D programs. OP 1 of this decision establishes a procedure to further develop and implement a uniform impact analysis framework. [D.21-11-028, at 20, at OP 12, and at OP 13.]
11.4.3 Results Dissemination	4f) SCE share its project results more widely with interested stakeholders, including delivering presentations at conferences and workshops.	D.20-02-003 determined SCE has complied with this recommendation. [D.20-02-003, at 22.]
11.4.3 Results Dissemination	4g) SDG&E's project closeout reports be reviewed once projects are completed to ensure results are being widely disseminated.	D.18-10-052 determined no specific action was required. [D.18-10-052, at 75.]
11.4.3 Results Dissemination	4h) The administrators jointly develop a single EPIC website and listserv to post and distribute project information.	A program-wide EPIC database, established by D.18-01-008 and D.18-10-02, was developed by the PICG Project Coordinator and launched in March 2022. It is available online at https://database.epicpartnership.org/projects
11.5 Project Impacts and Policy Alignment	5a) The CPUC consider using our characterization of the EPIC portfolio in terms of the types of technologies and studies and their commercialization status as baselines against which to compare future iterations of EPIC.	D.21-11-028 directed administrators to develop a single, uniform benefits analysis framework and set of metrics enabling the evaluation and tracking of the benefits of all EPIC projects. The decision requires the framework include identifying an existing baseline as the point of comparison for demonstration results, which can provide insight into scalability, and applicability beyond demonstrated use cases. OP 1 of this decision establishes a procedure to further develop and implement a uniform impact analysis framework. [D.21-11-028, at 23, at OP 12, and at OP 13.]
11.5 Project Impacts and Policy Alignment	5b) The CPUC regularly evaluate EPIC to confirm that the CEC is ensuring the Market Facilitation projects are effectively connected to	OP 8 of this decision orders an evaluation of EPIC's program strategy, project portfolio impact, and Administrator performance.

Administrative Process	Evergreen recommends…	Commission Determination
	and serving the needs of the Applied R&D and TD&D projects.	
11.5 Project Impacts and Policy Alignment	5c) EPIC administrators establish a process to ensure that once Applied R&D projects are completed by the CEC, the results are considered and potential TD&D projects are identified.	D.20-02-003 found the IOUs proposal to regularly meet with the CEC to identify and prioritize projects that could be considered for inclusion in IOU TD&D portfolio was sufficient. [D.20-02-003 at 22]
11.6 Overarching Coordination and Collaboration	6a) The CPUC and/or the administrators fund and convene an independent body to coordinate, facilitate and lend technical expertise.	D.18-01-008 established a framework for the Policy and Innovation Coordination Group (PICG) to be administered by an independent contractor and D.18-10-052 established the PICG scope of work. OP 5 of this decision extends the current PICG contract and modifies its scope of work to implement the work described in this decision. [D.18-01-008, at 19, at 24-30, and D.18-10-052 at 92]
11.7 On-Going Program Evaluation	7a) Using the theory-driven framework developed for this evaluation, monitor and report key performance metrics on an on-going basis and conduct a comprehensive evaluation every three to four years. All of these evaluation activities should be conducted by an independent evaluator in close collaboration with the four administrators to avoid any duplication of efforts and to ensure that the results will be useful to all stakeholders (e.g., the CPUC, state legislators, and the four administrators and other stakeholders).	While D.18-10-052 declined to adopt Recommendation 7a, OP 8 of this decision orders an evaluation of EPIC's program strategy, project portfolio impact, and Administrator performance. [D.18-10-052, at 100.]
11.7 On-Going Program Evaluation	7b) The administrators create a single, centralized database containing all relevant information on active and completed EPIC projects along with monitoring and quarterly reporting of key	A program-wide EPIC database, established by D.18-01-008 and D.18-10-02, was developed by the PICG Project Coordinator and launched in March 2022. It is available online at https://database.epicpartnership.org/projects

Administrative Process	Evergreen recommends…	Commission Determination
	performance metrics, in order to support the on-going evaluation of the Program.	
11.7 On-Going Program Evaluation	7c) Modify (and continually update as needed) the characterization of the Program to more accurately reflect its complexity.	D.21-11-028 adopted an EPIC mission statement and updated the definition of its guiding principles on providing electric ratepayer benefits. [D.21-11-028, at OP 2 and at Appendix A.]
11.7 On-Going Program Evaluation	7d) Modify (and continually update as needed) the EPIC program theory and logic models to better reflect the more complex character of the Program.	OP 8 of this decision orders an evaluation of EPIC's program strategy, project portfolio impact, and Administrator performance.
11.7 On-Going Program Evaluation	7e) Revisit the key performance metrics that should be tracked and the frequency with which they should be tracked and reported.	OP 3 and 4 of this decision establishes a procedure to set EPIC Strategic Goals and Strategic Objectives against which the effectiveness of EPIC portfolios may be measured.

(END OF APPENDIX B)

APPENDIX C

Appendix C
Updated EPIC Administrator Annual Report Outline

1. Executive Summary

a. Overview of Programs/Plan Highlights (Summarize how past year activities have made progress in addressing Strategic Objectives and Strategic Initiatives. Note any key successes or impediments/setbacks.)

2. Introduction and Overview

a. Background on EPIC (Very short general description of EPIC and the Program Administrator's role.)
b. EPIC Program Components (Detail how past year activities have made progress in addressing Strategic Objectives and Strategic Initiatives.)
c. Coordination (Detail coordination and compliance with EPIC proceedings. Provide data on coordination with the market and other R&D actors, coordination among administrators in moving innovation from applied R&D to TD&D and in facilitating innovation uptake; with DVCs, CBOs, and the DACAG regarding the ESJ Action Plan and Justice40; and with CPUC on its DER Action Plan. Explain with data how engagement in public process, workshops, CPUC proceedings, policies, legislation, and other direction is incorporated into administrator processes to keep making refinements in the efficacy of coordination and engagement.)
d. Transparent and Public Process/CEC Solicitation Activities (Detail stakeholder engagement activities and any impediments encountered.)

3. Budget

a. Authorized Budget (Table Format, including breakout by Strategic Initiative and Program Administration.)
b. Commitments/encumbrances (including amount of funding encumbered in the past year and unencumbered funds remaining in the funding cycle.)
c. Fund shifting above 15% between Strategic Initiatives (discuss pending fund shifting requests and /or approvals.)
d. Uncommitted/unencumbered funds (discuss plans to allocate funds and any impediments to doing so.)

4. Projects

a. High level summary (Table of number of projects funded and total funding, by Strategic Initiative, Topic Area, investment period, and project status (open, completed, and suspended in the past year). Narrative detail of any key successes or impediments/setbacks in the past year. Describe any current joint CEC/IOU projects, or plans to develop them.

b. Project Status Report (Summary narrative including success stories, impediments/setbacks, and lessons learned in the past year, including lessons learned from fund shifting. Anticipated RFPs from the coming year.)[80]

5. Conclusion

a. Key results for the year for (insert PA name here) EPIC programs.
b. Next Steps for EPIC Investment Plan (Innovation transfer, stakeholder workshops, etc.)
c. Issues that may have major impact on progress in projects, if any.

(END OF APPENDIX C)

[80] EPIC Administrator Annual Reports should refer to the EPIC database for accurate and up to date individual project data.