

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



March 14, 2022

PG&E Advice Letter 6478-E
SCE Advice Letter 4700-E
SDG&E Advice Letter 3940-E
CEC Advice Letter 2-E

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**SUBJECT: Joint Electric Program Investment Charge (EPIC) Administrator Advice Letter
Proposal of Eligible Administrative Budget Line items**

Dear Messrs. Dietz, Anderson, and Ms. Menon, Evola, and Kaushik

Summary

The Energy Division has determined that the Joint EPIC Administrator's Advice Letter (AL) 6478-E et al. is in compliance with Decision (D.)21-11-028 except as noted below, and is effective today.

The Public Advocates Office (Cal Advocates) filed a protest in response to this advice letter. Cal Advocates identified a few areas of concern. In its reply, the California Energy Commission (CEC) rebutted all of Cal Advocates' concerns. No other replies to the protest were received.

Background

On January 24, 2022, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and the California Energy Commission (CEC) (collectively, "Joint Administrators" of the Electric Program Investment Charge (EPIC) program) timely filed a Tier 2 Advice Letter pursuant to Ordering Paragraph (OP) 16 of D.21-11-028. In compliance with D.21-11-028, Energy Division issued guidance for Joint Administrators to develop

a new EPIC Administrative Budget Framework.¹ In their advice letter, the Joint Administrators propose a Framework consisting of a detailed line-item list of EPIC administrative costs with clear associated definitions that all administrators would be required to utilize. As directed by the CPUC decision, the advice letter identifies, describes, and provides rationale for areas in which administrators could not come to consensus in terms of what activities are administrative and how they should be defined. The advice letter also responds to a data request² posed to the Joint Administrators by Energy Division, including question 4(a) on why it is not appropriate to proportionally charge EPIC for IOU administrative activities under Activity Categories 13 (Supervision and Personnel) and 14 (Training and Development) based on the full-time equivalent (FTE) fraction of time each IOU employee devotes to EPIC, and question 4(e) asking for an estimate of the magnitude of administrative costs under these same Activity Categories for each individual IOU.

Protest

Cal Advocates timely filed a protest on February 14, 2022. Cal Advocates argues that the Activity Categories of line items 12.2–12.3 (Administrative Activities), 13.1–13.5 (Supervision and Personnel), and 14.1–14.2 (Training and Development) should be denied.³ Cal Advocates argues that these line items contain tasks that pertain to general administrative duties that are not directly related to administering the EPIC program and do not satisfy the CPUC’s definition of EPIC administrative costs. Cal Advocates additionally argues that line item 7.4 in Activity Category 7 (Technology Implementation & Knowledge Transfer)⁴ should be denied because (1) the description suggests that the cost item generally applies to the CEC’s broader research, development, and deployment (RD&D) information sharing activities and EPIC administrative costs should only be spent on EPIC-specific activities, (2) activities under line item 7.4 are part of an open proceeding and the advice letter should not predetermine the issues under consideration in an open proceeding, and (3) the CEC inappropriately proposes to fund activities related to line item 7.4 through EPIC 4 (2021-2025) project funding,⁵ and as such, it is unreasonable that these activities receive both EPIC administrative and EPIC investment funding.

Reply to Protest

The CEC timely replied to Cal Advocate’s protest on February 22, 2022. In its reply, the CEC states the activities described in Activity Categories 12, 13, and 14 are directly related to and necessary for the CEC’s administration of EPIC. The CEC asserts that these categories and associated line items are consistent with the CPUC’s previous definitions of allowable administrative costs as specified in D.12-05-037 and D.15-04-020.⁶ The CEC further clarifies that the costs identified in each of these categories apply only to CEC staff who directly work on the administration of the EPIC program. The CEC also states it believes the IOUs should include at least a portion of these costs in their EPIC administration accounting.⁷

In the CEC’s reply to Cal Advocates regarding line item 7.4, the CEC states that the online platforms specifically support EPIC program administration in that the Empower Innovation platform was developed to facilitate stakeholder networking and create strategic partnerships for EPIC solicitations.

¹ Energy Division issued guidance on December 1, 2021, and issued follow-up guidance on December 23, 2021, and January 6, 2022, based on review of draft workshop materials.

² Energy Division issued a data request to the EPIC administrators on January 14, 2022, seeking additional clarification on several Activity Categories presented at the January 14, 2022, Joint EPIC Administrator workshop.

³ Advice Letter (AL) 6478-E et al., Attachment A, Table 2

⁴ AL 6478-E et al., Attachment A, Table 2

⁵ CEC EPIC 4 Investment Plan Application A.21-11-021 proposed R&D Topic 42 (Events and Outreach).

⁶ CEC Reply, p. 3. The explains that the EPIC staffing activities described in categories 12, 13, and 14 are clearly consistent with “staffing costs of the administrators” and “internal coordination costs” identified on page 66 of D.12-05-037, but here mistakenly attributes “internal coordination costs” to D.12-05-037 instead of D.15-04-020, FOF 22.

⁷ CEC Reply, p. 2.

The CEC further explains that the Energize Innovation platform was developed to support critical knowledge transfer by providing an easy-to-use platform where users can find up-to-date information about EPIC-funded projects and avoid duplication, learn from prior challenges, and build upon prior successes.⁸ The CEC additionally states that activities in line-item 7.4 are broader in scope and performed by CEC EPIC staff, whereas related activities proposed in the CEC's EPIC 4 investment plan⁹ are narrower in scope and conducted by a contractor selected through a competitive solicitation process, providing the EPIC Annual Symposium as an example of an R&D topic.¹⁰

Joint IOU Administrator's Response to Energy Division Questions

In response to Energy Division question 4(a), the IOU administrators state that IOU activities in Activity Categories 13 and 14 do not generally relate directly to EPIC and are thus not charged to EPIC.¹¹ In response to Energy Division questions 4(e), the IOU administrators state that the cost of these activities is very low compared to the cost of the set of administrative activities that directly relate to, and are charged to, the EPIC Program, and that there is no precise way to retroactively calculate these costs.

Discussion

Energy Division finds that Table 1 (EPIC Administrative Cost Framework) and Table 2 (EPIC Administrative Activities) as submitted in AL 6478-E et al.¹² satisfy the requirements of D.21-11-028 that the Joint Administrators (1) propose a detailed line-item list of EPIC administrative costs with clear associated definitions that all Administrators would be required to utilize, and (2) provides rationale for areas in which administrators could not come to consensus in terms of what activities are administrative and how they should be defined.

With regard to Cal Advocates' protest that activities described in Activity Categories 12, 13, and 14 do not satisfy the CPUC's definition of EPIC administrative costs, Energy Division finds that these Activity Categories are all staffing costs of the administrators as defined by D.12-05-037, including internal coordination costs as defined by D.15-04-020.¹³ These decisions support the CEC's response that these activities are consistent with the CPUC's previous definitions of allowable administrative costs.

With regard to Cal Advocates' protest to line item 7.4 that EPIC administrative costs should only be spent on EPIC-specific activities, Energy Division finds that developing and maintaining the online platform Empower Innovation is consistent with the administrative activity of conducting solicitations as defined by D.12-05-037.¹⁴ Energy Division additionally finds that developing and maintaining the online platform Energize Innovation is consistent with the administrative activity of program reporting as defined by D.15-04-020.¹⁵ These decisions support the CEC's response that these activities are consistent with the CPUC's previous definitions of allowable administrative costs. Energy Division agrees with Cal Advocates that it is unreasonable that these online platforms receive both EPIC administrative and EPIC investment funding. With regard to the CEC's argument that the EPIC Annual Symposium is an example of an R&D topic, Energy Division reminds the CEC that D.15-04-020 defines hosting the EPIC Annual Symposium as a normal administrative duty.¹⁶ The purpose of this advice letter and disposition is to define the Administrative Budget Framework. Issues related to

⁸ CEC Reply, p. 4.

⁹ CEC EPIC 4 Investment Plan Application A.21-11-021 proposed R&D Topic 42 (Events and Outreach).

¹⁰ CEC Reply, p. 4.

¹¹ AL 6478-E et al., Attachment B.

¹² AL 6478-E et al., Attachment A.

¹³ D.15-04-020, Finding of Fact (FOF) 22.

¹⁴ D.12-05-037, p. 66

¹⁵ D.15-04-020, FOF 12 and FOF 22

¹⁶ D.15-04-020, OP 27.

approving the funding itself should be litigated in the proceeding of the CEC's EPIC 4 Investment Plan Application (A.)21-11-021.

With regard to the proposed Activity Categories 12, 13, and 14 and Energy Division questions 4(a) and 4(e), the CEC argues that the CPUC seeks to "clarify and better understand EPIC administrative costs."¹⁷ We agree with the CEC that this is the expressed intention of the Commission and that "the IOUs should include at least a portion of those costs in their EPIC administration accounting."¹⁸ While Energy Division recognizes that in some instances the IOUs and the CEC are necessarily different in the execution of their administration, it finds that administrative costs for all administrators should be treated similarly to demonstrate the true costs of administering EPIC programs. Therefore, the IOUs should prorate these costs commensurately based on the portion of time IOU staff are dedicated to EPIC responsibilities. This is consistent with the CPUC's intention to understand the administrative costs necessary to support the EPIC program as directed in D.21-11-028.

Disposition

The Energy Division approves AL 6478-E et al. as in compliance with D.21-11-028, with the exception that we direct the IOUs to: (1) assign an appropriate percentage of IOU costs associated with EPIC Administrative Activity Categories 12, 13, and 14; and (2) provide a rationale of how the percentage was determined.¹⁹ Energy Division expects that, pursuant to OP 16 of D.21-11-028, EPIC Administrators will use only the line items defined in the EPIC Administrative Cost Framework table to describe and justify administrative expenses in their investment plans. Accordingly, the CEC should update its administrative budget for its EPIC 4 Investment Plan (A.21-11-021) now, consistent with the framework approved in this disposition, and file an update with the CPUC as part of its application.

If you need further assistance on this matter please contact Fredric Beck at fredric.beck@cpuc.ca.gov.

Sincerely,



Pete Skala

Interim Deputy Executive Director for Energy & Climate Policy, CPUC

Director for Procurement, Efficiency, and Electrification, Energy Division, CPUC

cc: Tariff Unit, Energy Division
Judith Ikle, Energy Division
Cheryl Cox, Energy Division
Christopher Meyers, Cal Advocates
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Shinjini C. Menon, AdviceTariffManager@sce.com
Tara S. Kaushik c/o Karyn Gansecki,
Karyn.Gansecki@sce.com
Greg Anderson, SDGETariffs@sdge.com
Christina Evola, Christina.Evola@energy.ca.gov

¹⁷ CEC Reply, p. 3, footnote 10 citing D.21-11-028.

¹⁸ CEC Reply, p. 2.

¹⁹ Energy Division is not requesting a precise retroactive accounting of past expenses in these categories, nor is it intending to institute any ongoing reporting with regard to the proposed EPIC Administrative Activities Categories. Energy Division is requesting a reasonable estimate of the IOU impact of these activities on the Functional Cost Categories defined in Table 1, Attachment A of AL 6478-E et al.

January 24, 2022

Advice 6478-E

(Pacific Gas and Electric Company ID U 39 E)

Advice 3940-E

(San Diego Gas & Electric Company U 902 E)

Advice 4700-E

(Southern California Edison Company U 338 E)

Advice 121-2-E

(California Energy Commission)

Public Utilities Commission of the State of California

Subject: Joint EPIC Administrator Advice Letter Proposal of Eligible Administrative Budget Line Items

Purpose

Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), Southern California Edison Company ("SCE"), and California Energy Commission ("CEC") (collectively, "Joint Administrators") hereby submit this Tier 2 Advice Letter in compliance with the California Public Utilities Commission ("CPUC" or "Commission") Decision ("D.") 21-11-028, Ordering Paragraph ("OP") 16.

Background

The Commission first authorized the EPIC surcharge to fund Research, Development, and Demonstration ("RD&D") programs in the public interest in D.11-12-035. The funding mechanism for these programs was expressly established by D.12-05-037.

The Commission opened an Order Instituting Rulemaking (R.19-10-005) in October 2019 to determine whether the EPIC Program should be granted renewal. The Commission issued D.20-08-042, which renewed the EPIC Program for a period of 10 years from 2021 through 2030¹ and authorized Investor-Owned Utilities ("IOUs") to collect \$148 million for the CEC's program annually beginning 2021 unless otherwise ordered or adjusted in the future by the Commission.² In D.21-11-028, the Commission determined that IOUs shall

¹ OP1, D.20-08-042

² OP3, D.20-08-042

continue to administer their portions of EPIC³ and authorized the collection of \$185 million annually beginning 2021.⁴ D.21-11-028 also raised the CEC's administrative expenditure cap from 10% to 15% of their overall program budget.⁵

In D.21-11-028, the Commission also ordered the Joint Administrators to host a public workshop no later than 60 days after the issuance of D.21-11-028 to propose a detailed line-item list of EPIC administrative costs that all Administrators may follow, and to file a Tier 2 Advice Letter with their proposal no later than 10 days after the workshop.⁶ This Advice Letter provides the proposed list of eligible administrative budget line items. In addition, it identifies and describes certain areas in which the IOUs and CEC differ in administrative activities and associated charging practices, and provides rationale for these differences.

Discussion

Following consultation with the Commission's Energy Division staff on the agenda and the content of the presentation, on January 12, 2022, the Joint Administrators held a public workshop. In preparation for the workshop, the CEC and IOUs held multiple sessions to develop a framework of administrative cost categories, identify specific administrative activities, and define the mapping between the cost framework and activities. Attachment A includes the EPIC Administrative Cost Framework and Example EPIC Administrative Activities tables (Tables 1 and 2, respectively) presented in the workshop with non-editorial clarifications indicated in underline and strikethrough. The EPIC Administrative Cost Framework table includes clear definitions of the administrative cost categories. The EPIC Administrative Activities table defines the specific activities that comprise EPIC administration, explains any differences between IOU and CEC activities, and maps each activity back to the applicable cost categories.⁷

On January 14 and 18, 2022, the Joint Administrators received follow-up questions and clarification from Energy Division staff after the workshop. These questions and the Joint Administrators' responses are included in Attachment B.

Public Comments During and After the Workshop

There were no public comments during the workshop. No written comments on the workshop were served on the Commission's service list or filed in the CEC's Docket 20-EPIC-01.

³ OP1, D.21-11-028

⁴ OP3, D.21-11-028

⁵ OP4, D.21-11-028

⁶ OP16, D.21-11-028

⁷ The costs and activities described here relate solely to the Joint Administrators' administration budgets and do not include potential variations in costs or activities charged to program area (RD&D) budgets.

Conclusion

On behalf of the Joint Administrators, PG&E respectfully requests the Commission approve this Tier 2 Advice Letter and attachments.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than February 14, 2022, which is 21 days⁸ after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be sent to the EPIC Administrators via E-mail at the addresses shown below on the same date it is electronically delivered to the Commission:

For PG&E: Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
E-mail: PGETariffs@pge.com

For SCE: Shinjini C. Menon
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Telephone: (626) 302-3377
Facsimile: (626) 302-6396
E-mail: AdviceTariffManager@sce.com

Tara S. Kaushik
Managing Director, Regulatory Relations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

⁸ The 20-day protest period concludes on a weekend; therefore, PG&E is moving this date to the following business day.

For SDG&E: Attn: Greg Anderson
Regulatory Tariff Manager
8330 Century Park Court, CP31F
San Diego, CA 92123-1548
E-Mail: GAnderson@sdge.com and
SDGETariffs@sdge.com

For CEC: Christina Evola
Senior Attorney
Chief Counsel's Office
California Energy Commission
715 P Street
Sacramento, CA 95814-5512
Telephone: (916) 891-8095
Email: Christina.Evola@energy.ca.gov

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 2 advice submittal become effective on regular notice, February 23, 2022, which is 30 calendar days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.19-10-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

Advice 6478-E

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January 24, 2022

Attachments

cc: Service List R.19-10-005



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6478-E, et al.

Tier Designation: 2

Subject of AL: Joint EPIC Administrator Advice Letter Proposal of Eligible Administrative Budget Line Items

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.21-11-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 2/23/22

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson
Title: Director, Regulatory Relations
Utility/Entity Name: Pacific Gas and Electric Company

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email: PGETariffs@pge.com

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

Attachment A

EPIC Administrative Cost Framework and Example EPIC Administrative Activities Tables

Attachment A

Table 1. EPIC Administrative Cost Framework

Functional Cost Category	Definition	Cost Tracking	
		CEC	IOUs
Labor (LA)	Salaries and wages, and associated benefits and payroll taxes for staff activities.	✓	✓
General and Administrative Expense and Overhead (GE)	Ongoing operating expenses such as rent, utilities, IT, and other similar costs.	✓	✓
Travel (TR)	Transportation, lodging, and meal costs associated with staff travel.	✓	✓
Event Fees for Hosted and Attended Events (EV)	Costs associated with sponsoring, hosting, or attending events – including consortia, memberships, conferences, venue rentals, and other similar costs.	✓	✓
Supplies and Materials (SU)	Office supplies, equipment, and other materials.	✓	✓
Contracted Services (CO)	Third-party provided services such as technical support for proposal evaluation, data subscriptions to supplement benefits analysis, and augmentation of internal staff for project oversight and program coordination.	✓	✓

Table 2. EPIC Administrative Activities

ID	Activities Category	Applicable to		Reasons for Differences	Cost Category Mapping
		CEC	IOUs		
1	Investment Plan Development				
1.1	Internal ideation and coordination	✓	✓	n/a	LA, GE, SU
1.2	External stakeholder coordination	✓	✓	n/a	LA, GE, SU, TR, EV
1.3	Investment plan drafting and filing	✓	✓	n/a	LA, GE, SU
2	Project Planning				
2.1	Solicitation Development	✓	✗	IOUs don't develop external solicitations at this stage, as they execute projects internally, and conduct external sourcing for portions of project scope after project initiation	LA, GE, SU
2.2	Post-Solicitation Release Activities (pre-bid workshops, Q&A)	✓	✗		LA, GE, TR, SU
2.3	Internal coordination to define specific projects	✗	✓	The CEC does not define specific projects at this stage, and instead defines solicitations for external project proposals.	LA, GE, SU
2.4	Socialization of proposed projects with external stakeholders	✗	✓	The CEC does not socialize specific internally-defined project proposals, and instead solicits project proposals from external parties.	LA, GE, SU, TR, EV
3	Project Initiation				
3.1	Proposal evaluation	✓	✗	This is the CEC's evaluation of external project proposals, and not applicable to	LA, GE, SU, CO

ID	Activities Category	Applicable to		Reasons for Differences	Cost Category Mapping
		CEC	IOUs		
				the IOUs as they develop their detailed project business plans internally.	
3.2	New agreement development	✓	✗	This is the CEC's execution of agreements with the successful bidders that will execute the projects, and not applicable to the IOUs as they do not award projects in their entirety, and instead conduct external sourcing for portions of project scope after project initiation	LA, GE, SU
3.3	Detailed business plan development	✗	✓	This internal IOU development of detailed project business plans is analogous to external parties' development of detailed project proposals for CEC grants.	LA, GE, SU, CO
3.4	Leadership approval and funding release	✓	✓	n/a	LA, GE, SU, CO
4	Post-Initiation Vendor Sourcing				
4.1	Coordination to define project sourcing needs and strategies	✗	✓	These IOU sourcing activities are analogous to the CEC activities under Project Initiation. Differences are that the IOUs conduct these for portions of project scope instead of the entire project and do not always conduct competitive solicitations (e.g., RFPs).	LA, GE, SU, CO
4.2	Execution of sourcing strategies (RFI, RFP, direct award, etc.)	✗	✓		LA, GE, SU, CO
4.3	Negotiate terms & conditions and intellectual property ownership	✗	✓		LA, GE, SU, CO
5	Project Oversight & Governance				
5.1	Oversee project to ensure it stays on track and is achieving its objectives	✓	✓	n/a	LA, GE, SU, TR, CO
5.2	Identify and manage any project interdependencies and help clear any roadblocks during execution	✓	✓	n/a	LA, GE, SU, TR, CO
5.3	Oversee project-level budget and ensure funds are being spent efficiently	✓	✓	n/a	LA, GE, SU, CO
5.4	Facilitate formal changes to project scope, schedule, or budget	✓	✓	n/a	LA, GE, SU, TR, CO
6	Stakeholder Communication, Engagement, and Outreach				
6.1	Develop publications, articles, press releases, conference presentations, and other outreach materials	✓	✓	n/a	LA, GE, TR, SU, CO
6.2	Conduct and participate in public workshops, EPIC Symposiums, and other events	✓	✓	n/a	LA, GE, TR, EV, SU, CO
6.3	Coordinate with Disadvantaged Community Advisory Group (DACAG)	✓	✗	While the IOU EPIC teams coordinate with disadvantaged communities, they do not participate in the DACAG in the formal capacity the CEC does.	LA, GE, SU
6.4	Develop, manage, and curate online EPIC-related platforms	✓	✓	n/a	LA, GE, SU, CO

ID	Activities Category	Applicable to		Reasons for Differences	Cost Category Mapping
		CEC	IOUs		
6.5	Conduct benchmarking and scan the external technology landscape	✓	✓	n/a	LA, GE, SU, CO
6.6	Facilitate external letter of support and commitment processes	✓	✓	n/a	LA, GE, SU, CO
6.7	Hold program-level workshops to share research results and solicit stakeholder input	✓	✓	n/a	LA, GE, TR, EV SU, CO
7	Technology Implementation & Knowledge Transfer				
7.1	Coordinate with internal and external stakeholders to share project progress and results	✓	✓	n/a	LA, GE, SU, EV, TR
7.2	Coordinate to define detailed path to operational deployment and ensure post-EPIC funding is incorporated during General Rate Case development	✗	✓	This is unique to the IOUs as they have a direct path to adopt EPIC-funded technologies for use on their systems. The CEC does not directly adopt technologies.	LA, GE, SU, CO
7.3	Support project teams in developing comprehensive final reports	✓	✓	n/a	LA, GE, SU, CO
7.4	Develop, manage, and curate online project database and networking platforms such as EnergizeInnovation.fund and EmpowerInnovation.net	✓	✗	These platforms were developed by CEC to share information about its RD&D projects and support team networking around funding opportunities.	LA, GE, SU
8	Intellectual Property (IP) Coordination				
8.1	Coordinate with project teams and other stakeholders to identify IP, protection strategy, file patents, develop licensing agreements.	✗	✓	The CEC does not engage in any direct IP protection or patent filing.	LA, GE, SU, CO
8.2	Assess royalty requirements at project close.	✓	✗	The CEC has specific/standard royalty requirements and their own process for assessing royalties at project close.	LA, GE, SU
9	Regulatory Support and Compliance				
9.1	Participate in CPUC proceedings (filings, ordered workshops, and related activities)	✓	✓	n/a	LA, GE, TR, SU
9.2	Develop <i>EPIC Annual Report</i>	✓	✓	n/a	LA, GE, SU, CO
9.3	Conduct project and program benefits assessment	✓	✓	n/a	LA, GE, SU, CO
9.4	Support formal program audits, evaluations and data requests	✓	✓	n/a	LA, GE, SU, CO
9.5	Administer Policy + Innovation Coordination Group (PICG) contract on behalf of CPUC (PG&E only)	✗	✓	CPUC ordered that PG&E perform this function.	LA, GE, SU
9.6	Manage CEC and CPUC remittance payment processes	✓	✓	n/a	LA, GE, SU, CO
10	Internal Management Coordination				

ID	Activities Category	Applicable to		Reasons for Differences	Cost Category Mapping
		CEC	IOUs		
10.1	Regularly brief internal leadership and workforce on progress and results	✓	✓	n/a	LA, GE, SU, CO
10.2	Compile internal monthly dashboard reports on project status and health and communicate with internal stakeholders	✓	✓	n/a	LA, GE, SU, CO
11	Program and Process Coordination and Improvement				
11.1	Develop and maintain guidance documentation (reference materials, procedures, process maps) to support program execution	✓	✓	n/a	LA, GE, SU, CO
11.2	Routinely identify process improvements and update guidance documentation	✓	✓	n/a	LA, GE, SU, CO
11.3	PICG participation and support	✓	✓	n/a	LA, GE, SU
11.4	Internal coordination among EPIC administrators and CPUC	✓	✓	n/a	LA, GE, SU, TR
12	Administrative Activities				
12.1	Program-level budget tracking and management	✓	✓	n/a	LA, GE, SU, CO
12.2	Time accounting	✓	✗	IOU expenses associated with these activities are not charged to EPIC because they don't directly relate to EPIC administration.	LA, GE, SU
12.3	Human Resources coordination	✓	✗		The CEC disagrees with the IOU description because the CEC believes these activities may relate - though perhaps not exclusively - to EPIC administration.
13	Supervision and Personnel				
13.1	Job recruitments	✓	✗	IOU expenses associated with these activities are not charged to EPIC because they don't directly relate to EPIC administration.	LA, GE, TR, SU
13.2	New hire training and onboarding	✓	✗		LA, GE, SU
13.3	Staff meetings	✓	✗		LA, GE, SU
13.4	Staff performance appraisals	✓	✗	The CEC disagrees with the IOU description because the CEC believes these activities may relate - though perhaps not exclusively - to EPIC administration.	LA, GE, SU
13.5	Personnel issues	✓	✗		LA, GE, SU
14	Training and Development				
14.1	Mandatory staff training	✓	✗	IOU expenses associated with these activities are not charged to EPIC because they don't directly relate to EPIC administration.	LA, GE, SU
14.2	Discretionary training/skills development	✓	✗		LA, GE, TR, SU

ID	Activities Category	Applicable to		Reasons for Differences	Cost Category Mapping
		CEC	IOUs		
				The CEC disagrees with the IOU description because the CEC believes these activities may relate - though perhaps not exclusively - to EPIC administration.	

Attachment B

Follow-up Questions from CPUC Staff and Joint Administrators' Responses

Attachment B

Follow-up questions from CPUC Staff and Joint Administrators' responses:

1. ***Regarding Activity 6.3, Coordinate with Disadvantaged Community Advisory Group***, please provide information on how the IOU EPIC teams coordinate with disadvantaged vulnerable communities (DACs).

a) *How is equity currently taken into account in IOU project planning and execution?*

The IOUs understand the question to mean disadvantaged vulnerable community (DVC) and not disadvantaged community (DAC) as the question appeared to inadvertently combine the two definitions. The IOUs engage EPIC stakeholders including DVCs through formal public workshops. Workshops are held during investment planning to allow stakeholders to provide input and help shape the content of investment plans. Workshops are also held during investment plan execution to allow stakeholders to provide input on specific projects before they are launched, and to provide stakeholders with updates over the course of project execution. Beyond formal public workshops, the IOUs also engage with DVCs on an ad hoc basis, and in cases where projects are conducted in/with a DVC, the IOUs work closely with the DVC on project execution. As part of the upcoming EPIC 4 investment planning process, the IOUs will conduct at least two workshops with DVCs specifically in the Q2/early Q3 2022 timeframe, to better understand and align investment plans with community needs. These DVC workshops will be supplemental to the broader public workshops that will be conducted.

Furthermore, where demonstration projects require a field component, the IOUs work with their respective public relations, regulatory and engineering teams to determine the optimal site(s) and look for opportunities to conduct the work in DVCs as part of these processes. In the future, the processes of evaluating DVCs as potential demonstration hosts could be aligned among the Administrators.

b) *How do IOUs measure their engagement with DACs?*

As noted above, the IOUs understand the question to mean disadvantaged vulnerable community (DVC) and not disadvantaged community (DAC). While the CEC has formal requirements around the amount of their EPIC work that is required to be conducted in DVCs and thus track their performance against these requirements, there are no corresponding requirements for the IOUs' programs. As such the IOUs do not track any DVC-related metrics as part of their EPIC Programs. However, as the IOUs have previously communicated to the commission, a significant portion of IOU EPIC projects to date have taken place in DVCs.

2. **Regarding Activity Category 8, Intellectual Property Coordination**, per D.12-05-037, intellectual property (IP) policy is a complex issue area with legal and practical implications. IP has been addressed several times in EPIC, notably through D.12-05-037, D.13-11-025, D.15-04-020, and D.18-10-052.

a) *Given these decisions, can you briefly summarize the reasoning for treating IP differently between the IOUs and the CEC?*

The primary reason for differences in IP-related activities is that the CEC, as a state agency, does not file its own patents or execute agreements related to the monetization of EPIC-generated IP. The CEC instead sets standard royalty requirements in its EPIC grant agreements, and the grant recipients handle any decisions and actions around pursuing patents and monetizing the IP. The CEC then assesses any resultant royalties it is owed.¹ On the other hand, the IOUs do file their own patents, and correspondingly develop their own monetization strategies, and negotiate any licensing of the IP on a case-by-case basis.

3. **Regarding Activity Category 8, Intellectual Property Coordination**, D.18-10-052 at 54 declined Evergreen Economics' 2017 EPIC Evaluation Report recommendation on IP rules and guidance (Recommendation 3e), stating that the CPUC expects to address IP matters again in the near future. Further determination of EPIC IP policy is within scope of Phase 2C of the EPIC proceeding R.19-10-005.

a) *Do the administrators believe further action on IP is required? If so, what are the particular issues to be addressed?*

In their respective EPIC Successor Program (R. 19-10-005) Phase 2 Opening Briefs, administrators provided their positions on the recommendations from the Evergreen Evaluation as they relate to IP.² As each administrator will expand on their own positions in Phase 2C of the proceeding, this issue should be deferred until then.

4. **Regarding Activity Categories 13, Supervision and Personnel, and 14, Training and Development**, please explain why these activities do not relate to IOU EPIC administration.

¹ Public Resources Code section 25711.5 subdivision (b) directs the CEC to consult with the state Treasurer to establish conditions for state intellectual property interest and royalties potentially derived by EPIC-funded projects, as noted by D.13-11-025, p. 71.

² See, e.g., Opening Brief of the CEC on the Phase 2 Issues Identified in the Commission's Phase 1 Decision Renewing EPIC, pp. 40-43; Southern California Edison Company's (U 338-E) Opening Brief on Scope of Phase 2, pp. 9, 12; Opening Brief of Pacific Gas and Electric Company (U-39E) on Phase 2 Issues, pp.13, C-2.

- a) *Why is it not appropriate to charge EPIC for these activities proportionally based on the FTE fraction each IOU employee devotes to EPIC?*

Unlike the extensive set of other administrative activities identified in the tables that relate to the EPIC Program and are charged to EPIC, these activities do not generally relate directly to EPIC and are thus not charged to EPIC. These activities would be conducted regardless of the employee's involvement in EPIC. Also, the total cost of these activities is comparatively very low, and any sort of proportional allocation to EPIC (even if deemed appropriate) would be even lower. It would introduce significant complexity to implement timekeeping practices for the proportional allocation as described above, and any such proportional allocation could be difficult for IOUs to estimate given the intermittent nature of these costs and employees' varying level of involvement in EPIC over time.

If there are specific instances when an activity in one of these areas does relate directly to EPIC, such as a training course that might directly relate to administering/furthering EPIC, in such instances the IOU would charge costs related to the activity directly to EPIC.

- b) *What is the impact of not fully explaining these costs through EPIC?*

The IOUs incur these costs through general expense order numbers associated with their general rate cases.

- c) *Are these administrative costs recovered through EPIC project costs?*

No. Please see response to 4b above.

- d) *Where are costs for these activities recovered from ratepayers if they are not recovered through EPIC?*

Per the response to 4b above, the IOUs incur these costs through general expense order numbers associated with their general rate cases.

- e) *What is the magnitude of these costs for each individual IOU on an annual basis?*

Per the response to 4a above, the cost of these activities is very low compared to the cost of the set of administrative activities that directly relate to, and are charged to, the EPIC Program. As employees charge these costs to broader order numbers that are also used to capture other costs, (e.g., time spent by back-office employees supporting emergency operations centers) there is no precise way to retroactively calculate these costs.

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

East Bay Community Energy Ellison
Schneider & Harris LLP Energy
Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie

Green Power Institute
Hanna & Morton
ICF
International Power Technology

Intertie

Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy