

Electric Program Investment Charge Program

Frequently Asked Questions*

What is the Electric Program Investment Charge (EPIC) program and why was it created?

The Electric Program Investment Charge (EPIC) program was created by the California Public Utilities Commission (CPUC) in December 2011 pursuant to its existing authority in its Rulemaking 11-10-003. The EPIC rulemaking proceeding was initiated by the CPUC in October 2011 at the request of Governor Brown. EPIC funds will provide approximately \$162 million annually from 2012-2020 primarily to address policy and funding gaps related to the development, deployment and commercialization of next generation clean energy technologies.

In its EPIC decision, the CPUC designated the California Energy Commission as one of four administrators of the program and required the administrators to submit coordinated investment plans to the CPUC for consideration no later than November 1, 2012. The other designated administrators are the three large electric investor-owned utilities (IOUs) Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE).

The Energy Commission's development of the EPIC investment plan is being conducted in accordance with recent legislation, Senate Bill 1018 (Chapter 39, Statutes of 2012), and overlaps with the Energy Commission's broad authority under Public Resources Code Sections 25216 (c) and 25401. Senate Bill 1018 establishes the EPIC Fund in the State Treasury to receive program funding to be administered by the Energy Commission as authorized by the CPUC and appropriated by the Legislature.

The portion of the EPIC program administered by the Energy Commission will provide funding for applied research and development, technology demonstration and deployment, and market facilitation for clean energy technologies and approaches for the benefit of electricity ratepayers of PG&E, SDG&E, and SCE.

All funds will be administered under CPUC oversight, with a proceeding at least every three years to consider more detailed investment plans presented by the administrators.

http://docs.cpuc.ca.gov/word_pdf/NEWS_RELEASE/167287.pdf

Information is available in CPUC Decision 12-05-037 in Rulemaking 11-10-003 available at:

http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/167664.pdf

Information is available on the Energy Commission website at www.energy.ca.gov/research/epic/.

When was EPIC created?

The rulemaking proceeding (11-10-003) that created EPIC was initiated by the CPUC in October 2011. The proceeding consisted of two phases. The first phase of the proceeding (Phase 1) addressed the appropriate funding levels for renewable energy and research, development, and demonstration (RD&D) purposes and how long these funds should continue to be collected from electric utility ratepayers. The second phase (Phase 2) addressed the details of program design, oversight, and administrative questions related to how the funds would be allocated and by whom.

The CPUC adopted its final decision on Phase 1 on December 15, 2011. In that decision the CPUC required the three electric IOUs to collect the EPIC surcharge and hold the funds for disposition as provided in Phase 2 of the proceeding. On May 24, 2012, the CPUC adopted its Phase 2 decision. This decision allocates EPIC surcharge funds for various types of applied technology research, development, demonstration, deployment, and market facilitation, identifies the Energy Commission to serve as one of the EPIC surcharge program administrators to award program funding as authorized by the CPUC, and directs the electric utilities to transfer to the Energy Commission the EPIC surcharge funds as specified by the CPUC.

Who oversees and administers EPIC?

The CPUC has ultimate oversight over EPIC. The CPUC sets funding levels and priorities and reviews and ultimately adopts detailed investment plans submitted by the program administrators for Commission approval.

The CPUC has selected the Energy Commission to administer 80 percent of EPIC funds (about \$115 million annually) for applied technology research, development, demonstration, and deployment, and market facilitation.

The three electric investor-owned utilities will administer 20 percent (\$30 million annually) in the area of technology demonstration and deployment.

How is EPIC funded?

EPIC funds come from rates charged to customers of PG&E, SDG&E, and SCE.

What are the objectives and guiding principles of the EPIC program?

The purpose of the funding is to support investments in applied research and development; technology demonstration and deployment; and market facilitation of clean energy technologies and approaches for the benefit of electricity ratepayers of PG&E, SDG&E, and SCE. The CPUC requires that the mandatory guiding principle for these investments is ensure benefits to the electric IOU ratepayers in the form of increased system reliability, reduced energy costs and enhanced safety. In addition EPIC funded activities will also be directed to promote the following complementary objectives:

- Societal benefits (e.g. public health, reduced habitat impacts, etc.).
- Greenhouse gas mitigation and adaptation in the electricity sector at the lowest possible cost.
- The loading order.
- Low-emission vehicles/transportation.
- Economic development.
- Efficient use of ratepayer monies.

Additionally, principles articulated in California Public Utilities Code Sections 740.1 and 8360, which govern utility expenditures in the areas of RD&D and smart grid, provide further guidance.

What kind of ratepayer benefits will EPIC provide?

The primary and mandatory guiding principle of the EPIC is to provide electric IOU ratepayer benefits, defined as promoting greater reliability, lower costs, and increased safety. The investments will be directed in a manner to ensure that all funding goes toward activities that offer meaningful benefits to electricity ratepayers consistent with the guiding principles identified above.

How much funding is designated for bioenergy projects?

20 percent of \$45 million (\$9 million) per year is reserved for bioenergy technologies and will be administered by the Energy Commission.

What are bioenergy technologies and strategies?

Biomass waste streams produced by California's commercial, agricultural, and industrial practices can be used as a fuel for combustion, or as a feedstock to produce biogas which can then be used to generate electricity. A number of emerging technologies and processes can be used to convert biomass into biogas (or producer gas), and each has its advantages and disadvantages. Distributed generation (DG) systems can then use the biogas to generate electricity. Bioenergy has many benefits compared to other forms of energy generation, including displacing fossil fuel power plants with a reliable renewable resource, generating distributed energy near demand, reducing greenhouse gas emissions, providing jobs in rural communities, providing agriculture, industry and forestry with an effective disposal option for biomass residues, and reducing wildfire severity and the use of landfills.

Recent research efforts in California include preliminary evaluations of forest biomass conversion and the tradeoffs between power generation and biofuels production; economic and environmental analysis of dairy digester technologies; air quality implications of various conversion pathways and distributed generation technologies; and low-emission technologies to enable combined heat and power (CHP) production from biogas and landfill gas. EPIC investments will advance this knowledge base and build on recent project results, with particular focus on strategies to enable sustainable forest biomass collection and conversion, increase energy generation from agricultural waste streams, and develop low-cost emission control and advanced generation technologies to enable increased use of biomass in small-scale applications.

Will EPIC provide funding for New Solar Homes Partnership (NSHP)?

The Energy Commission's draft EPIC investment plan proposes increasing the EPIC total budget to provide up to \$25 million annually to fund NSHP. These proposed additional funds – which are subject to CPUC approval and appropriation by the Legislature – would be available to support the NSHP if necessary given the status of NSHP funding at that time and the overall NSHP program budget of \$400 million. The NSHP is currently funded with moneys from the Energy Commission's Renewable Resource Trust Fund (RRTF). Funds previously borrowed from the RRTF for the state's General Fund are scheduled to be repaid over the next two years for use in the NSHP. These funds amount to approximately \$95 million, with the majority of the funds due to be repaid by June 30, 2013. If some or all of these funds are repaid as scheduled, EPIC funds may not be needed for the NSHP for several years. If EPIC funds are not needed for the NSHP in any given year, EPIC collections in future years for the NSHP could be reduced or eliminated.

What are the costs of administering EPIC?

\$12.8 million is available per year for Energy Commission administration of EPIC. The amount available for IOU administration of EPIC is \$3.4 million, bringing the total to \$16.2 million per year. There is \$0.8 million for CPUC oversight. See Table 2 of the CPUC final decision available at: http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/167664.pdf The CPUC also issued an order correcting error that is available at: http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/170007.pdf.

How much funding is available for grants?

The investment plan includes more information on proposed grant opportunities through EPIC. A draft investment plan is available for comment at www.energy.ca.gov/research/epic/documents/. Comments are due by 5 pm, October 1, 2012.

When will the investment plan be approved?

The Energy Commission will consider a proposed investment plan for adoption on October 25, 2012, and submit the plan to the CPUC in November 2012. The CPUC will open a proceeding on the Energy Commission's proposed EPIC investment plan and the proposed investment plans for the IOU portion of EPIC in early November 2012; the CPUC plans to render a decision on those plans in May 2013. Funding for specific EPIC projects will not be available until after the CPUC adopts the investment plans proposed by the Energy Commission and the IOUs.

What are the next steps for EPIC?

- Review information and documents on the EPIC program and sign up for the EPIC listserv by going to www.energy.ca.gov/research/epic/
- Listen or attend the workshops. The next workshop is scheduled for September 27, 2012 at the Energy Commission.
- Submit comments to the EPIC docket. Instructions are included in the notice for each workshop. Workshop notices are available on-line at www.energy.ca.gov/research/epic/documents/.
- The CPUC will open a proceeding in November 2012, with additional opportunities for public comment (in San Francisco) expected in early 2013.
- Previous workshops and presentations are available at: www.energy.ca.gov/research/epic/documents/

What is the anticipated schedule for EPIC program approval activities?

Activity	First Triennial Investment Plan (covering 2012-2014)	Second Triennial Investment Plan (covering 2015-2017)	Third Triennial Investment Plan (covering 2018-2020)
Administrators hold scoping workshops	August 2012	January 2014	January 2017
Administrators propose Investment Plans to stakeholders	September 2012	March 2014	March 2017
Administrators submit Investment Plans to Commission	November 1, 2012	May 1, 2014	May 1, 2017
Commission proceeding	December - April 2013	May 2014- November 2014	May 2017- November 2017
Decision adopting or Modifying Investment Plans	May 2013	December 2014	December 2017
Annual Reports due	February 28, 2014; February 28, 2015	February 28, 2016; February 28, 2017	February 28, 2018; February 28, 2019

Where can I find more information related to EPIC?

California Public Utilities Commission, *Phase 1 Decision Establishing Interim Research Development and Demonstration and Renewable Program Funding Levels*, Rulemaking 11-10-003, Adopted December 15, 2011:

http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/156050.PDF

California Public Utilities Commission, *Phase 2 Decision Establishing Purposes and Governance for Electric Program Investment Charge and Establishing Funding Collections for 2013-2020*, Rulemaking 11-10-003, Adopted May 31, 2012: http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/167664.pdf

California Energy Commission, Electric Program Investment Charge Notices, Orders and Documents, www.energy.ca.gov/research/epic/documents/

***NOTE:** Some information contained within this FAQ is directly referenced from the CPUC Final Decision and the Energy Commission draft EPIC investment plan.