

March 4, 2015

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*Via email to [Eli.Harland@energy.ca.gov](mailto:Eli.Harland@energy.ca.gov)*

*RE: Comments of the Center for Sustainable Energy (CSE) in the Electric Program Investment Charge (EPIC): Checking in on the Implementation of the First-Triennial Investment Plan.*

## Introduction

The Center for Sustainable Energy™ (CSE) is pleased to provide these comments to the California Energy Commission (Energy Commission) regarding the February 24, 2015 workshop entitled, “Electric Program Investment Charge (EPIC): Checking in on the Implementation of the First-Triennial Investment Plan”. CSE actively pursues EPIC funding and provides these comments based on our extensive experience with the EPIC competitive grant solicitation process.

CSE applauds the activities underway through the EPIC Program, and we are confident that the applied research and development, technology demonstration and deployment, and market facilitation activities funded by the EPIC Program successfully accelerate the adoption of technologies that will enable California to power our future with clean and sustainable energy. Even so, given the early experiences of the EPIC Program, we see opportunities for improvement to its implementation.

In this regard, CSE provides comments responding to the two discussion topics presented by the Energy Commission:

- **Discussion Topic #1: EPIC Implementation and Processes; and**
- **Discussion Topic #2: EPIC Investments and Research Centers**

## Discussion Topic #1: EPIC Implementation and Processes

*What is working well with the Energy Commission's implementation of EPIC and what opportunities are there to improve the implementation of EPIC?*

CSE is confident that the applied research and development, technology demonstration and deployment, and market facilitation activities funded by the EPIC Program will accelerate the adoption of technologies that will power our future with clean and sustainable energy. Nevertheless, CSE encourages the Energy Commission to put more emphasis on project benefits to California ratepayers, and place less emphasis on the level of collaboration with the Investor-Owned Utilities (IOUs). As a specific recommendation, CSE suggests that projects should be evaluated regardless of whether or not a letter of support has been secured by the IOU.

We note that the policies driving the creation of the EPIC Program often run counter to the IOU's stated public positioning; thus, it is unfair and unreasonable for the Energy Commission to overemphasize collaboration with the IOUs. CSE has observed frequent challenges in attempts at collaboration with the IOUs in the EPIC Program, and CSE suggests that the apparent lack of willingness on the side of the IOUs should be addressed. More importantly, though, greater emphasis should be put on project benefits to California ratepayers. All EPIC Program activities must be designed to produce benefits to the IOU's electricity ratepayer, including greater reliability, resiliency, lower costs, and environmental and economic benefits. These elements should be the focus, rather than that of collaboration with the IOUs. In essence, the EPIC Program investments can help determine what ratepayers want and need, and therefore highlight ways in which the IOUs can facilitate or enhance these desires, or conversely, where IOU policies and practices actually inhibit adoption of clean distributed energy resources by customers. CSE would prefer that determination of IOU ratepayer benefits be made by reviewers based on the merits of the proposal itself, rather than the threshold measure like IOU participation.

*Please identify and describe ways that the Energy Commission can improve the solicitation process. Is the purpose of each Program Opportunity Notice clear? Are the instructions for completing the application templates (e.g., project narrative, scope of work, and budget) clear and easy to understand?*

CSE contends that although parties do find a way to navigate the EPIC Program solicitation process, it is often with some difficulty, as the overall solicitation process remains cumbersome and, at times, not fully transparent. To provide greater transparency to the solicitation process, CSE recommends: a) scoring criteria improvements that value overall California benefits; b) inclusion of concept papers as part of the submission process; c) finalist interviews to provide an opportunity to clarify any issues of concern or questions that come up during the review process; and d) use of technical/peer reviewers for technical and teaming aspects of proposals.

***a) Scoring Criteria Improvements that Value Overall Benefits are Warranted.***

The current solicitation process focuses on spending EPIC Program funds in California (with up to 15 points available), compared to focusing on the overall benefits that a project will bring to California. This seemingly prioritizes project spending over the benefits that a project may bring to California in the long-term. Again, all EPIC Program activities must be designed to produce electricity ratepayer benefits, including greater reliability, lower costs, and environmental and economic benefits. Therefore, CSE recommends revisions to the scoring criteria that allow this particular criterion to have a wider bandwidth to be judged on project outcomes and benefits to California, and not exclusively focus on how and where project-specific funding is allocated.

Secondly, the scoring criteria should be modified to reflect all project-specific requirements. That is, applications should be evaluated based on whether a proposed project meets all of the requirements outlined in the Program Opportunity Notice (PON) for the project focus. In this regard, CSE recommends additional points or value should be applied when a project meets all of the PONs requirements. This will support the Energy Commission's efforts to differentiate between projects that achieve some—compared to *all*—key objectives. More generally, CSE recommends enforcement of a consistent application scoring method.

***b) Consider Including Concept Papers as Part of The Submission Process.***

Although the EPIC review process is thorough in evaluating proposals, there may be an opportunity for the Energy Commission to include a project concept paper as an initial

screening mechanism prior to full submittal. Concept papers may provide added insight into the strength of individual proposals, and could act as a “first gate” in the evaluation process. Currently, the Department of Energy uses the concept paper approach to screen which projects are invited to apply.<sup>1</sup> While concept papers would most likely increase the overall proposal development time, it would help to improve the quality of responses, and support the Energy Commission in identifying proposals that are not the strongest fit for EPIC funding earlier in the process. In turn this could reduce time and resources used to evaluate deficient proposals under the current review design.

*c) Consider Finalist Interviews.*

Often, the difference in scoring between awardees and non-awardees is marginal, frequently coming down to less than one point differences. Thus, final candidates should be interviewed and given an opportunity to clarify any issues of concern or questions that come up during the solicitation review process. A finalist interview would provide an opportunity for applicants to emphasize and differentiate between its proposed project and others, and overall would provide an opportunity to evaluate proposals based on both quantitative and qualitative marks gathered from both an application and interview. CSE specifically recommends that the Energy Commission consider including an interview process which is linked to the overall scoring of a project for finalist pool candidates.

*d) Consider the Use of Technical/Peer Reviewers for Technical and Teaming Aspects of Proposals.*

CSE does not seek to comment on Energy Commission expertise or internal staffing practices. However, in having staff evaluate all policy, technical, and administrative aspects of a project, the current evaluation process may be overly burdensome on the Energy Commission. The use of *ad hoc* technical/peer review committees for certain aspects of the proposal, may provide an improved process. This approach could alleviate the burden on Energy Commission staff of evaluating proposals based on detailed, technical merits without sacrificing that essential review. This would allow Energy Commission staff to focus on evaluating proposals based on the policy implications of a project, including potential societal or economy-wide impacts on California as well as rate payer benefits, and would allow added focus on evaluation of the administrative elements of each proposal.

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<sup>1</sup> See “Concept Paper”; Funding Opportunity Exchange; Funding Opportunity Announcements; Website Access: <https://arpa-e-foa.energy.gov/>

## Discussion Topic #2: EPIC Investments and Research Centers

If the Energy Commission is considering PIER reauthorization for research centers, CSE suggests—to the extent possible—that the Energy Commission permit participation in PIER funded research by non-profit entities or research consulting firms. CSE specifically recommends that the Energy Commission consider permitting these parties to act as contractors or subcontractors on PIER funded projects. CSE provides this recommendation as a non-profit entity with the capability to provide support to PIER funded research centers in key areas identified by the Energy Commission (i.e. evolving technologies, a track record benefitting IOU customers, the capability to leverage other funding sources, as well as skills in partnership, market, and policy building. However, this recommendation goes far beyond CSE’s own interest in participation as there are many credible and competent organizations fully capable of delivering value to research efforts on behalf of EPIC. This permission could be accomplished through expanded definition of eligibility for PIER funded research partners.

More broadly, CSE suggests that there is a need to invest EPIC funds in research centers or consortiums, particularly when implementing multi-year programs. For example, the California Public Utility Commission’s (CPUC), Integrated Demand Side Management (IDSMS) proceeding – which may have a major impact on the renewable energy landscape in California – may require multiple years of research and analysis, all supporting iterative program design, to properly evaluate regulatory impacts and assess program achievements. This effort will involve unprecedented collaboration between utilities, consumers, regulators and markets, all of whom will have research and data needs. A dedicated research can serve and facilitate these needs best when it is able to plan over a multi-year time horizon.

CSE notes, however, that EPIC projects not affiliated with research centers or consortiums should also be permitted to undertake multi-year programs, and that association with research centers or consortiums should not be compulsory for longer-term funding.

## Conclusion

CSE appreciates the opportunity to provide these comments on the February 24, 2015 Workshop, “Electric Program Investment Charge (EPIC): Checking in on the Implementation of



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the First-Triennial Investment Plan". CSE remains confident that the EPIC Program can continue to achieve its core objectives.

Please continue to consider CSE a resource. CSE would be happy to speak with the Energy Commission regarding any comments/questions raised from CSE's comments.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Sachu Constantine", is written over a light blue horizontal line.

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