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Irvine, 2/24/2015

Subject: Feedback on Electric Program Investment Charge (EPIC)

Dear Mrs. ten Hope,

We would like to thank the Commission for organizing the public workshop to review the Energy Commission's implementation of the 2012-2014 EPIC Investment Plan and the chance to provide feedback on opportunities for improving the Energy Commission's implementation of EPIC.

AGGIOS, Inc. is a California startup developing new methods for energy management of electronic devices, including set top boxes, computers, small networking equipment and gaming consoles. In 2014 AGGIOS has demonstrated methods for significant energy savings in set top box devices under Commission's EISG small grant. Currently we are actively supporting Commission's Title 20 proceedings on computers.

Why we think our comments can be helpful?

Based on Commission's and industry's positive review of our EISG project, seven leading US public electronic corporations and the startup AGGIOS have submitted the project proposal "Mobile efficiency for plug load devices" for the EPIC PON-13-301 solicitation "Developing a Portfolio of Advanced Efficiency Solutions". The corporations committed to match every EPIC dollar with two dollars in expert labor, equipment and software. Our proposal was disqualified in phase 2 due to lack of a separate reference for the wholly owned subsidiary of AGGIOS (for details see the attached request for reconsideration). As we went through the whole EPIC process from the initial EPIC workshops, over the phase 1 and phase 2 submissions, disqualification, debriefing, request for reconsideration, and finally taking part in this public workshop, we believe

that our experience and feedback can be beneficial for future applicants, the EPIC program and the Commission.

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

The EPIC undertaking is an exceptional opportunity for the Commission and the state of California and an immense and complex task. EPIC is now the only source of funding for energy research activities in California. It has not only replaced the PIER program, but caused the termination of Commission's small grant EISG program for electricity and most of the energy investment programs by the California utilities. Managing such a surge in opportunities and expectations is not an easy task even for the most capable organizations.

Commission's implementation of the EPIC program worked particularly well post NOPA, i.e. in the damage control phase. Our debriefing with the EPIC decision makers was very open and conducted at highest professional standards. This workshop is a further indication that the Commission is aware of the issues and is doing its best to help the energy research community.

In this section we shall focus on one specific suggestion for improvement. The substantial amount (of ratepayer's moneys) which the Commission is distributing and managing requires a proper system of checks to be implemented. As an example, in the table below is the statistics of the six latest EPIC NOPAs.

CEC NOPA Statistics					
PON	Awarded	Passed	Not Passed	Disqualified	% Disqualified
13-302	4	23	8	2	5%
13-301	11	14	7	12	27%
14-603	3	0	3	0	0%
13-303	7	6	6	0	0%
13-606	40	0	6	4	8%
13-603	8	0	9	2	11%

In this case the disqualification of 27% of the PON 13-301 projects (which successfully passed phase 1) should have rung an alarm somewhere in the Commission as the typical disqualification rate across all solicitations is typically significantly lower. Similar checks should signal the cases when a single organization or a single technology wins 25 or more percent of the awarded funds, as again it was the case with PON 13-301.

Our proposal is that the Commission introduces an additional check which triggers the second level of Commission's review. If the initial decision is confirmed, it should automatically lead to the public release of the full report by the second level reviewers. If not, such a solicitation should be disqualified and repeated.

Is the Energy Commission meeting its commitments to increase the participation of women, minorities, and disabled veterans and what can the Energy Commission do to increase participation in EPIC?

Unfortunately, it is not. With the way how the Commission has defined the administrative procedures for EPIC and with the bureaucratic way how these procedures are implemented, there is little chance for most research organizations to avoid a disqualification, except projects from organizations who can afford full time experts and lawyers focused on writing applications for government programs. Most organizations led by women, minorities, and disabled veterans, as well as most technology startups, cannot afford such expensive resources.

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?

Again, we shall focus on particular suggestions:

#1 Attachment 7 - Grant Budget spreadsheet:

“Identify if a Company is a certified Small Business (SB), Micro-Business (MB), Disabled Veteran Business Enterprise (DVBE) or None. These types of entities may be eligible for preferences or incentives in certain solicitations. The Energy Commission will verify certification status at the following website:

<http://www.bidsync.com/DPXBisCASB>”

This information disappears once you fill out the worksheet and there is no simple way for the Commission to classify the applicant into these categories.

#2 No subcontractor or major subcontractor definition in the PON 13-301 solicitation document.

The missing definitions can lead to misunderstandings and unjustified disqualifications. In general the solicitation document is written in a loose and narrative way allowing a variety of interpretations, but the review of the submitted projects is obviously done with the highest degree of legal focus on detail. We recommend to the Commission to look carefully into this issue and consult the SBIR and other US defense project solicitations.

#3 From the PON 13-301 solicitation document:

“All applicants providing match funds must submit commitment letters during Stage Two (Proposal Screening) that: (1) identify the source(s) of the funds; (2) justify the dollar value claimed; (3) provide an unqualified (i.e., without reservation or limitation) commitment that guarantees the availability of the funds for the project; and (4) provide a strategy for replacing the funds if they are significantly reduced or lost. Please see Attachment 11, Commitment and Support Letter Form.”

Our experience from working with public companies, their CEOs and their general counsels is that such a commitment is legally not acceptable for them as it would mean a wide open commitment exposing them to potential legal actions. This can lead to misinterpretations and unfair treatment of projects. We recommend that the Commission's legal team develops a standard form for the commitment letter.

In solicitations released thus far, is the Energy Commission missing any important technologies, approaches, or opportunities described in the 2012-2014 Investment Plan? Please recommend specific topics that the Energy Commission should include to ensure EPIC does not miss opportunities that benefit IOU ratepayers.

Plug-load research, but that was pointed out by other parties already.

Is there a need to invest EPIC funds in research centers or consortiums that implement multi-year programs? If so, describe why research centers or consortiums are needed and identify which topic areas they are needed in.

Only as long as they submit original projects as all other applicants and compete for the funds under the same conditions. EPIC should not be used to fill the financial gaps in the academic and educational system or reduce the costs for the industry for implementation of well known research results. We recommend that for specially developed research center or consortium solicitations the Commission requires obligatory dollar for dollar cash match funds from the industry.

If the Energy Commission invests EPIC funds in research centers or consortiums, what criteria (e.g. research complexity, successful commercialization, broad partnerships, and demonstrated need) should the Energy Commission use to competitively solicit applications that maximize benefits to IOU ratepayers?

See above.

Again, thank you for the opportunity to comment on the EPIC program implementation and suggest improvements.

Sincerely,

Vojin Zivojnovic, Ph.D.

CEO

AGGIOS Inc.

Attachment: AGGIOS request for reconsideration

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Irvine, 12/10/2014

Subject: EPIC PON 13-301: Request for Reconsideration of project proposal "Mobile Efficiency for Plug Load Devices"

Dear Mrs. ten Hope,

Thank you for the debriefing by your team on Dec 10th 2014 at Commission's offices in Sacramento. Based on the information provided during the debriefing and upon further discussions with the project subcontractors, partners and other parties with interest in the proposed project we would like to request a reconsideration of Commission's decision to disqualify our project.

Debriefing summary

The Commission has disqualified the project "Mobile Efficiency for Plug Load Devices" based on the lack of separate references for the subcontractor AGGIOS EUROPE LLC.

Rebuttal

As stated throughout the submitted documents, AGGIOS EUROPE LLC is the research and design subsidiary of AGGIOS, Inc.. For all business aspects AGGIOS EUROPE LLC is part of its US parent and the same references as provided for the US parent AGGIOS, Inc. apply. We believe that our project submission is complete and as-is includes all the information requested in the solicitation documentation.

The Commission had three alternatives to promptly resolve this issue:

- Contact the people provided as references for AGGIOS Inc.;
- Use the CEC defined interview procedure - call AGGIOS and ask for clarifications;
- Consult public information, like the AGGIOS web site;

Unfortunately, the Commission has chosen the disqualification path.

We respectfully disagree with the decision to disqualify our project and are requesting the Commission to reconsider its decision.

Sincerely,

Vojin Zivojnovic, Ph.D.

President & CEO