

Backup Material for Item #6: *2021-2025 Electric Program Investment Charge Proposed Investment Plan (EPIC 4 Investment Plan)*, Draft Commission Report

The draft EPIC 4 Investment Plan will be available November 2021 on the following page: <https://www.energy.ca.gov/epic4>.

Memorandum

To: Chair David Hochschild
Vice Chair Siva Gunda
Commissioner Karen Douglas
Commissioner Patty Monahan
Commissioner Andrew McAllister

Date: November 3, 2021

From: Jonah Steinbuck
Deputy Director
Energy Research and Development Division (ERDD)

Subject: Proposed California Environmental Quality Act Compliance Regarding the *Electric Program Investment Charge 2021-2025 Investment Plan (EPIC 4 Investment Plan)*

At the November 15, 2021 California Energy Commission (CEC) Business Meeting, staff from ERDD plan to propose the *EPIC 4 Investment Plan* for CEC's consideration and approval.

For purposes of complying with the California Environmental Quality Act (CEQA), Public Resources Code § 21000 et seq., staff recommends CEC find that approving the *EPIC 4 Investment Plan* is not a "project" for purposes of CEQA.

Under CEQA, a "project" means "an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment..." (Pub. Resources Code § 21065). The definition of "project" does not include:

The creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. [14 Cal. Code of Regulations § 15378.]

The *EPIC 4 Investment Plan* meets this exception to the definition of a "project" under CEQA because it only proposes funding for categories of activities. Decisions to fund specific projects will be made in the future through competitive solicitations or other selection mechanisms. Because no commitment to any specific project is made in this plan, approving it will not cause a direct or reasonably foreseeable indirect change in the environment.

The draft EPIC 4 Investment Plan will be available prior to the Business Meeting on the following page: <https://www.energy.ca.gov/epic4>.

STATE OF CALIFORNIA

STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

RESOLUTION: Adopting *The Electric Program Investment Charge Proposed 2021–2025 Investment Plan (EPIC 4 Investment Plan)*

WHEREAS, the Electric Program Investment Charge (EPIC) was established by the California Public Utilities Commission (CPUC) in 2011 to fund public interest investments in research, development, and demonstration (RD&D) of clean energy technologies and approaches for the benefit of electricity ratepayers of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) (referred to as “electricity ratepayers” hereafter); and

WHEREAS, the CPUC’s Decision 12-05-037 establishes the purposes and governance of EPIC funding and designates the California Energy Commission (CEC) as an EPIC administrator, and CPUC Decision 20-08-042 renews EPIC for 10 years, through December 31, 2030 and authorizes two five-year investment plan cycles; and

WHEREAS, CEC staff have developed *The Electric Program Investment Charge Proposed 2021–2025 Investment Plan (EPIC 4 Investment Plan)*, in accordance with CPUC Decisions 12-05-037 and 20-08-042; and

WHEREAS, the development of the *EPIC 4 Investment Plan* is consistent with the CEC’s broad authority under Public Resources Code Sections 25216(c) and 25401, and was developed with the input and guidance of CEC Chair David Hochschild and Commissioner J. Andrew McAllister, in their capacity as lead commissioners on RD&D matters; and

WHEREAS, the development of the *EPIC 4 Investment Plan* is also consistent with the CEC’s authority under Public Resources Code section 25710, et seq., which establishes the *Electric Program Investment Charge Fund* in the State Treasury to receive EPIC funding to be administered by the CEC, establishes requirements for CEC’s administration of EPIC, and authorizes the CEC to use this EPIC funding as authorized by the CPUC and appropriated by the Legislature; and

WHEREAS, the development of the *EPIC 4 Investment Plan* was informed by stakeholder comments solicited in a dozen public workshops held on May 10, June 14, June 21, June 28, July 1, July 14, July 16, July 20, July 22, August 4, October 8, and October 15, 2021, and by stakeholder comments on staff’s draft proposed initiatives for the *EPIC 4 Investment Plan*; and

WHEREAS, the *EPIC 4 Investment Plan* presents the CEC's strategy for administering approximately \$148 million per year to fund RD&D of clean energy technologies and approaches for the benefit of electricity ratepayers; and

WHEREAS, on July 29, 2021 and October 6, 2021, the CEC staff published draft proposed initiatives for the *EPIC 4 Investment Plan* and offered stakeholders and interested members of the public a template to provide research concepts for consideration as well as a dozen opportunities to provide comments; and

WHEREAS, the CEC has considered the *EPIC 4 Investment Plan*, including minor, non-substantive changes and corrections as discussed during the plan's adoption at the Business Meeting, and agrees with the proposed strategy presented therein for administering the EPIC monies to fund RD&D from 2021 to 2025 for the benefit of electricity ratepayers; and

WHEREAS, the CEC has considered the application of the California Environmental Quality Act (CEQA) to the adoption of the *EPIC 4 Investment Plan* and concludes that the *EPIC 4 Investment Plan* is not a "project" for purposes under CEQA because it fits within activities excluded from the definition of "projects" under CEQA, including the "creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment" (14 California Code of Regulations Section 15378(b)(4)). The *EPIC 4 Investment Plan* proposes funding for categories of activities, but decisions to fund specific projects will be made in the future through competitive solicitations or other selection mechanisms.

THEREFORE BE IT RESOLVED, the CEC hereby finds the *EPIC 4 Investment Plan* not to be a project under CEQA, adopts the *EPIC 4 Investment Plan*, incorporating any changes adopted today along with any non-substantive changes such as typographical corrections to the *EPIC 4 Investment Plan* and directs the Executive Director, or his designee, to take the following action:

- Finalize the adopted investment plan;
- File the adopted investment plan and an application for consideration with the CPUC in accordance with CPUC Decisions 12-05-037 and 20-08-042 and the CPUC's September 28, 2021 Letter granting the CEC's Request for Extension of Time to Comply with Ordering Paragraph 7 of Decision 20-08-042 by December 1, 2021;
- Make revisions to the adopted investment plan to address issues or concerns raised as part of the CPUC proceeding to consider the plan, provided that any substantive revisions to the adopted plan are brought back to the CEC for its approval or subsequent ratification.

CERTIFICATION

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted at a meeting of the CEC held on November 15, 2021.

AYE:

NAY:

ABSENT:

ABSTAIN:

Liza Lopez
Secretariat