2020 Report on Trusts and Entities Established by the California Public Utilities Commission

Assembly Bill 1338 (Public Utilities Code 910.4)
Annual Report To The Legislature

PUBLISHED FEBRUARY 1, 2021

California Public Utilities Commission

A digital copy of this report can be found at:

https://tinyurl.com/AB1338CPUC

Thanks to:

Contents

I. Introduction

This 2020 annual legislative report is submitted by the California Public Utilities Commission (CPUC) to the Legislature according to Assembly Bill (AB) 1338 passed in September 2008. It summarizes annual updates to fiscal and governance information for entities and programs established by the CPUC.

Assembly Bill 1338 (Huffman, 2008)

AB 1338 requires the CPUC to report to the Legislature certain information concerning entities or programs created by order of the CPUC. On January 1, 2016, Section 326.5 of the Public Utilities Code was amended and renumbered to Public Utilities Code 910.4, which is included in full below:

Public Utilities Code 910.4.

By February 1 of each year, the Commission shall report to the Joint Legislative Budget Committee and appropriate fiscal and policy committees of the Legislature on all sources and amounts of funding and actual and proposed expenditures, both in the two prior fiscal years and for the proposed fiscal year, including any costs to ratepayers, related to both of the following:

(a) Entities or programs established by the Commission by order, decision, motion, settlement, or other action, including, but not limited to, the California Clean Energy Fund, the California Emerging Technology Fund, and the Pacific Forest and Watershed Lands Stewardship Council. The report shall contain descriptions of relevant issues, including, but not limited to, all the following:
  (1) Any governance structure established for an entity or program.
  (2) Any staff or employees hired by or for the entity or program and their salaries and expenses.
  (3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.
  (4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the Commission entered into the contract.
  (5) The public process and oversight governing the entity or program's activities.

(b) Entities or programs established by the Commission, other than those expressly authorized by statute, under the following sections:
  (1) Section 379.6.
  (2) Section 399.8.
  (3) Section 739.1.
  (4) Section 2790.
  (5) Section 2851.

Entities or Programs Established by the California Public Utilities Commission

Table 1 shows the actual and proposed expenditures for the prior two fiscal years and current fiscal year for entities and programs established by order of the CPUC. The chapters for each entity and program that follow include further details and required reporting information.

Table 1. Entities' and Programs' Actual and Proposed Expenditures, 2018-2021

Entity	Expenditures	2018-2019	2019-2020	2020-2021
The Pacific Forest and Watershed Lands Stewardship Council	Proposed	$11,400,000	$13,700,000	$13,100,000
	Actual	$6,800,000	$7,500,000	N/A
The California Clean Energy Fund	Proposed	$5,500,000	$6,400,000	$6,300,000
	Actual	$5,860,000	$5,900,000[1]	TBD
The California Emerging Technology Fund	Proposed	$8,030,000	$9,025,000	$10,580,000
	Actual	$6,543,479	$8,232,563	N/A
The California Hub for Energy Efficiency Financing	Proposed	$3,597,000	$2,973,000	$4,134,000
	Actual	$2,867,000	$2,664,000	N/A
21st Century Energy Systems – Research and Development Agreement	Proposed	$4,294,218	$1,229,241	N/A
	Actual	$3,824,826	$1,074,680	N/A
The Diablo Canyon Independent Safety Committee	Proposed	$0	$0	$0
	Actual	$0	$0	$0
Nuclear Decommissioning Trusts	Proposed	N/A	N/A	N/A
	Actual	$9,467,550	$11,212,632	N/A
Electric Program Investment Charge (EPIC)	Proposed	$185,000,000	$185,000,000	$185,000,000
	Actual	$150,953,520	$90,149,859	$153,865,860
TECH and BUILD Programs	Proposed	$0	$0	TBD
	Actual	$0	$0	TBD

Additional details for each Trust and Entity are included in the chapters that follow. The fiscal year for the California Clean Energy Fund, the Pacific Forest and Watershed Lands Stewardship Council, and EPIC is from January 1-December 31. For EPIC, the figures provided are for calendar years 2018, 2019, and 2020. The fiscal year for all other entities listed is from July 1-June 30.

[1] Estimate of actual expenditures.

II. Annual Report Updates from Trusts & Entities Created by the CPUC

The Pacific Forest and Watershed Lands Stewardship Council

BACKGROUND

The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) was formed as a result of the CPUC Decision (D.) 03-12-035 dated December 18, 2003: "Opinion Modifying the Proposed Settlement Agreement of Pacific Gas & Electric Company, PG&E Corporation and the Commission Staff, and Approving the Modified Settlement Agreement" (Settlement Agreement). The Settlement Agreement, Paragraph 6 of Section VI, Subsection C specified that a total of $100 million would be provided to the Stewardship Council for the Land Conservation Commitment and the Environmental Opportunity for Urban Youth. Paragraph 6 further stipulated that funding would be paid over 10 years, to be recovered in retail rates. At this time, the Stewardship Council does not receive any additional sources of funding.

The Stewardship Council's mission is to protect and enhance watershed lands and uses and invest in efforts to improve the lives of young Californians through connections with the outdoors. The Stewardship Council has two goals: (1) to ensure that over 140,000 acres of California's pristine watershed lands are conserved for the public good through the Land Conservation Program, and (2) to invest in outdoor programs that serve young people residing in the PG&E service area through the Youth Investment Program.

The Stewardship Council Board of Directors (Board) is comprised of appointees from state and federal agencies, including the CPUC, water districts, tribal and rural interests, forestry industry, conservation organizations, and PG&E. The Board's decisions are all made by consensus.

2020 UPDATES & ACCOMPLISHMENTS

- From the Stewardship Council's inception through December 31, 2020, the Board has approved all 96 Land Conservation and Conveyance Plans (LCCPs) for fee donations and conservation easement or conservation covenant transactions. These plans describe how the proposed transactions satisfy the requirements of the Settlement Agreement and Stipulation. After the Board approves a LCCP, PG&E then seeks regulatory approval of the transaction from the CPUC and the Federal Energy Regulatory Commission (FERC), as applicable. The Board has approved LCCPs for approximately 38,700 acres that have been recommended for donation and for approximately 100,500 acres that are being retained by PG&E. The Settlement Agreement included acknowledgment of a large amount of acreage that would likely be retained by PG&E, which bore out after the land conservation and conveyance process, including extensive land survey work.[2]

- As of December 31, 2020, a total of 61 conservation easement and fee title donation transactions have closed escrows. 12 transactions were closed in 2017, 10 in 2018, 11 in 2019, and 13 closed escrows in 2020.
- As of December 31, 2020, following regulatory approvals, 35 conservation easements were recorded on more than 35,100 acres being retained by PG&E at the following planning units: Auberry, Butt Valley Reservoir, Philbrook Reservoir, Butte Creek, Manzanita Lake, Kings River, Doyle Springs, Iron Canyon, Kern River, Lower Bear Area, Middle Fork Stanislaus River, Fordyce Lake, Narrows, Merced River, Kilarc Reservoir, Wishon Reservoir, Lake Spaulding, McArthur Swamp, Blue Lakes, Chili Bar, Lake McCloud, Mountain Meadows Reservoir, Kerckhoff Lake, Willow Creek, Lyons Reservoir, Battle Creek, Cow Creek, and Lower Drum.
- As of December 31, 2020, fee title has been conveyed for approximately 15,200 acres. 25 land donations with conservation easements or conservation covenants have been completed. PG&E has closed escrow on fee title conveyance of lands to the University of California, California Department of Forestry and Fire Protection (CAL FIRE), Madera County, Tuolumne County, Placer County, the Auburn Area Recreation and Park District, the Potter Valley Tribe, Maidu Summit Consortium, Fall River Resource Conservation District, and Fall River Community Services District with conservation easements recorded concurrently with the land transfer. Lands have also been conveyed to the U.S. Forest Service at the Battle Creek, Deer Creek, Wishon Reservoir, North Fork Mokelumne River, Lyons Reservoir, Lower Bear Area, Blue Lakes, and Fordyce (White Rock) Lake planning units with the conservation covenant recorded concurrently.

2020 Environmental Enhancement Program Accomplishments and Updates

Since launching the Enhancement Program in 2012, the Stewardship Council has made $11.3 million in enhancement grants and budgeted approximately $12.7 million for projects that enhance the beneficial public values (BPVs) of the Watershed Lands and promote productive partnerships involving landowners, conservation easement holders, local communities, youth, and other stakeholders. Examples of enhancement projects include habitat restoration, recreational trails and facilities, cultural resource protection and interpretation, forest research, management plans, planning and feasibility studies, cultural surveys, and biological surveys.

---

[2] D.03-12-035, Appendix C (Settlement Agreement) states, "Of the Watershed Lands, approximately 95,000 acres are lands that are either included in the project boundaries, contain essential project elements related to the operations of the hydro facilities, or are part of legal parcels that contain major FERC project facilities. The remaining 44,000 acres are lands completely outside the FERC project boundaries and do not contain FERC project features." D.03-12-035, Appendix C is available at: [32688.PDF (ca.gov)]

In January 2020, the Stewardship Council launched a new competitive solicitation for Enhancement Grants. In June, the Enhancement Review Committee reviewed 13 concept applications requesting approximately $7 million in funding and invited 9 applicants to submit full proposals. Full proposals were accepted at the end of August 2020, which the Enhancement Review Committee reviewed. The Watershed Planning Committee will further review the selected proposals prior to being recommended to the Board for potential funding. Projects are ranked on many criteria, including feasibility and the capacity of proponents to successfully complete the proposed projects.

2018 and 2019 enhancement grant awards currently in implementation stage include:

- Fall River Lake Trail Improvement and Ecocultural Enhancement Project, Shasta County – the Fall River Valley Community Service District, working in partnership with Lomakatsi Restoration Project, has completed an oak woodland restoration project and will build 1.8 miles of trail, including benches and interpretive signage.
- Indian Ole Public Access Improvements, Lassen County - Mountain Meadows Conservancy will build a half mile of trail with a restroom and interpretive signage. The project is currently securing permitting.
- Tàsmam Kojòm Maidu Cultural Park, Plumas County – Maidu Summit Consortium (MSC) will improve infrastructure for the first Tribal Cultural Park in California and protect natural and cultural resources while enhancing visitor use. MSC will improve Yellow Creek Campground on the property with upgraded restrooms, a new cooking area, a new group campsite, and upgraded existing campsites with food storage lockers and amenities. MSC will also construct a kiosk with interpretive panels and limited connecting trails, along with a meadow restoration project funded with matching grants from U.S. Fish and Wildlife Service and the California Department of Fish and Wildlife.
- Bass Lake North Fork Regional Trail, Madera County - Madera County is developing a new walk-in campground, a connecting trail, and a staging area for multiple use access to the campground at the property. Madera County has planned a new regional park at the site and the trail will link other trail segments in the area for the growing regional system. The Bass Lake North Fork Regional Trail Project addresses the need for development of additional regional outdoor recreational opportunities within the foothill and mountain areas of Madera County. The project will enhance the BPVs of natural habitat for fish and wildlife, outdoor recreation, and historic and cultural resources. Madera County has completed a fuels reduction project to prevent catastrophic wildfire damage to the property and surrounding habitat, initial grading of trails is complete, and other elements are in process.

Youth Investment Program Accomplishments

Youth Outside continues to focus on developing sustainable funding beyond the life of the Stewardship Council. Youth Outside was awarded $10,725,000 in 2013 and, as of as of December 31, 2019, had a remaining balance of $2,866,925 to create a permanent program to connect youth with the outdoors. Youth Outside anticipates all Major Grant Agreement funds to be expended by 2022.

Youth Outside's 2020 strategic priorities include: 1) advancing long-term financial sustainability and internal capacity to fulfill its mission; 2) supporting the cultural relevancy movement through grantee capacity building, program delivery, and trainings to increase awareness in addressing critical barriers; and 3) expanding external presence and brand visibility as the leading organization driving racial equity and justice in the outdoors.

In 2020, Youth Outside awarded grants to 37 organizations (35 multi-year grants and 2 one-year grants) totaling $662,000. These grants serve youth in several regions of PG&E's service area, providing transformational outdoor education and open-space experiences to thousands of youths. A sample of awards is listed below:

- A Youth Outside award to Insight Garden Program supports programs ensuring that youth and young adults in California prisons can engage with and learn from the natural world, and return home from prison as health equity leaders, environmental stewards, urban organic gardeners, greening community educators, and advocates for environmental justice and food sovereignty.
- A Youth Outside award to Movimiento supports work developing young people's leadership and life skills via outdoor adventure, counseling and therapy, cultural exchange, service-learning, farming, and indigenous youth events. Movimiento's focus is to synthesize outdoor-based learning experiences with mental health.
- A Youth Outside award to Seven Tepees Youth Program supports work with urban youth on day and overnight wilderness trips to foster the skills they need to make lifelong positive choices, and to give them the skills and values that will enable them to achieve college or career readiness by their senior year in high school.
- A Youth Outside award to Tolowa Dunes Stewards supports environmental education, protection and stewardship work, focused on the unique coast, dunes, and wetlands of the Lake Earl Wildlife Area and Tolowa Dunes State Park, including the sacred cultural sites of the indigenous first people of these lands, the Tolowa Dee-ni'.
- A Youth Outside award to Warrior Institute provides holistic, innovative solutions to organize and build indigenous leadership in northern California by forging new generations of young leaders with balanced (ki:maw) minds, bodies, and spirits who are empowered to create health, economic equality, and environmental justice for the next seven generations and beyond through outdoor experiences and environmental education.

Supported by the William and Flora Hewlett Foundation, the Empowered Communities Environmental Fund is Youth Outside's newest grant making program that prioritizes supporting organizations and programs led by and serving Black, Indigenous, and communities of color, through financial support, capacity-building resources, and networking opportunities. This program started in the summer of 2020, focusing in the Southwest and Coastal Northwest sections of the United States. Youth Outside will facilitate several official program-launch events, including region-specific online meetings and technical assistance workshops.

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is provided below.

Expenditures

In addition to the information required by statute reported below, Table 2 shows the Stewardship Council's actual and proposed expenditures for the two prior fiscal years and the proposed fiscal year based on the most recent audit report and tax return.

Table 2. The Stewardship Council's Actual and Proposed Expenditures, 2017-2021

Fiscal Year	2018-2019	2019-2020	2020-2021
Proposed expenditures (budget)	$11,400,000	$13,700,000	$13,100,000
Actual expenditures	$6,800,000	*$7,500,000	N/A

*proposed to spend through 2020

The Stewardship Council has established an independent Audit Committee, which oversees a full financial audit of the organization's financial statements and internal controls processes. The annual audit and the organization's IRS form 990: Return of Private Foundation are available to the public on the Stewardship Council's website. These reports can be found at:
http://www.stewardshipcouncil.org/public_information/financial_statements.htm.

Governance Structure

This section provides links to relevant documents related to the Stewardship Council's governance structure.

a. Articles of Incorporation:
   http://www.stewardshipcouncil.org/documents/background%20documents/Articles%20of%20Incorporation_Amended%204.30.14.pdf
b. Bylaws:
   http://www.stewardshipcouncil.org/documents/background%20documents/Corporate%20Bylaws_Amended%204.30.14.pdf
c. Settlement Agreement:
   http://www.stewardshipcouncil.org/documents/background%20documents/Settlement%20Agreement.pdf
d. Stipulation Agreement:
   http://www.stewardshipcouncil.org/documents/background%20documents/Stipulation%20Signed.pdf
e. Policies and Procedures: The board-adopted Policies and Procedures are available upon request.

Schedule of Employees and Compensation

Table 3 provides a summary of staff salaries and benefits. A more detailed breakdown of salaries and benefits for the top five highest paid employees, and employee compensation is provided in Appendix A.1.

Table 3. General Breakdown of Stewardship Council's Active Staff Costs, December 31, 2018-October 31, 2020

Year	Gross Pay	Benefits	401k	Total
2018	$821,928	$204,672	$24,410	$1,051,010
2019	$642,827	$158,458	$14,806	$816,092
2020	$469,688	$89,373	$16,150	$575,211

In June 2020, the Director of Finance and Operations resigned. Duties were combined and internal staff assumed new job descriptions. Land conservation and finance duties were combined, resulting in the creation of a new position, the Director of Program and Administration. Once the requirements of the Settlement Agreement and associated Stipulation have been met, the Stewardship Council will dissolve consistent with the founding documents. The Stewardship Council is currently anticipating organizational dissolution in 2023 and is addressing staffing and other needs during the process of dissolution with the development of a dissolution plan.

Staff Transferred or Loaned

No State staff is currently, or ever has been loaned internally or interdepartmentally to the Stewardship Council.

Contracts, Funding Sources, and Legislative Authority

Under the Settlement Agreement, Section 17(c), PG&E is obligated to fund the Stewardship Council annually over a 10-year period and is authorized by the Commission to recover these payments in rates. PG&E made its tenth and final installment payment to the Stewardship Council in January 2013. However, the Commission is not a party to any of the contracts entered into by the Stewardship Council, except that it is a third-party beneficiary to the Major Grant Agreement that the Stewardship Council entered into with the Foundation for Youth Investment (now known as Youth Outside) in August 2013. When the Stewardship Council dissolves after it finishes its land conservation program work, the CPUC will have the right to succeed to the Stewardship Council's rights, but not its obligations, under the Major Grant Agreement.

A schedule of professional fees is provided in Appendix A.2.

Public Process and Oversight

The Stewardship Council's Stipulation Agreement, corporate bylaws, and board-adopted policies and procedures guide its public process and oversight.

a. Stipulation Agreement. The Stipulation Agreement provides that:

1. "The meetings of the Governing Board [of the Stewardship Council], including meeting minutes, will be public… The Stewardship Council will publish notice of its meetings in newspapers of general circulation in the counties where affected parcels are located and will maintain a public web site… Before making decisions regarding the disposition of any individual parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe and/or co- licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner." (Section 11(c))

2. "The Governing Board will make each decision by consensus" (Section 11(a) "Each member of the Governing Board will report to, and back from, the entity he or she represents before the Governing Board takes any programmatic action . . . in order to ensure that consensus represents the views of that entity." (Section 11(b))

3. "The Stewardship Council will provide semi-annual progress reports to the Commission… Each such report will state (1) actual expenditures and progress achieved towards the stated purpose of the Land Conservation Commitment; (2) unresolved disputes within the Governing Board; and (3) anticipated expenditures and actions during the next reporting period." (Section 14)

b. Corporate bylaws. The Stewardship Council's corporate bylaws are as follows:

Section 11. Public Notice of Meetings.

1. All meetings of the Board, including meeting minutes, shall be public; provided, however, that the Board shall have the authority to undertake a closed meeting in appropriate circumstances. The Board shall publish notice of its meetings in newspapers of general circulation in the affected counties within a reasonable time prior to any meeting and shall maintain a public web site that provides notices of its meetings and copies of all meeting minutes. Upon request, all information available on the web site shall be made available in hard copy to members of the public at cost.
2. Before the Board makes any decision regarding any individual parcel of land, the Board shall provide notice to the Board of Supervisors of the affected county, each affected city, town and water supply entity, each affected tribe and/or co-licensee and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner within a reasonable time prior to the meeting at which the Board will make the decision regarding that land.

c. Board-adopted policies and procedures. The board-adopted Policies and Procedures include the following:

1. Public Noticing - The Stewardship Council is required to "publish notice of its meetings in newspapers of general circulation in the counties where affected parcels are located..." It is also required by its Bylaws to "publish notice of its meetings in newspapers of general circulation in the affected counties within a reasonable time prior to any meeting…" Staff will be responsible for meeting the letter and spirit of these requirements through an inclusive and comprehensive public outreach effort.

2. Stewardship Council 2018-19 Public Outreach Activities, Targeted Media Outreach and Noticing:

- The Stewardship Council sends e-mails to interested stakeholders in its database regarding Land Conservation program updates and information, and announcements for public Stewardship Council board meetings. As of November 1, 2020, the Stewardship Council database included 13,418 individuals and 5,183 organizations (federal, state, local agencies, non-profits, schools, tribal entities, foundations, and for-profit businesses).
- The Stewardship Council mails notifications to neighboring property owners, the Board of Supervisors of the affected county, each affected city, town and water supply entity, and each affected tribe regarding draft Land Conservation and Conveyance Plans (LCCPs) for subject parcels of PG&E Watershed Lands. The notification explains how stakeholders can submit public comments on the draft LCCP. The Stewardship Council also disseminates e-mail notices to stakeholders in its database requesting public comment on the draft LCCPs.
- The Stewardship Council sends news releases announcing public board meetings to a media database, which includes over 1,200 media outlet representatives.
- The Stewardship Council pays for legal notices to be printed in local papers, noticing all public board meetings. Notices are printed in newspapers serving populations that are located (a) near the place of each board meeting, and (b) in the geographical areas corresponding to the Watershed Lands that are the subject of a recommendation for the selection of a fee donee or conservation easement holder or a proposed action approving a Land Conservation and Conveyance Plan.
- Logs are maintained for telephone inquiries regarding noticing. If a written correspondence is received, an electronic copy is made and saved. E-mail communication is also saved electronically.
- The Stewardship Council's 2019 annual report[3] is posted to the Council's website, and its availability announced via an email to all stakeholders in our database.

[3] Historical annual reports are also available at http://www.stewardshipcouncil.org/public_information/publications.htm#Close.

The California Clean Energy Fund

BACKGROUND

The California Clean Energy Fund (CalCEF) is an independent 501(c)(4) non-profit corporation, doing business as CalCEF Ventures. CalCEF was established as a result of the 2003 bankruptcy settlement between PG&E and the CPUC by D.03-12-035, related to Investigation (I.) 02-04-026.[4] PG&E granted CalCEF $30 million over a five-year distribution period that was derived from shareholders per the terms of the Settlement Agreement.

Over the years, CalCEF has expanded into a family of entrepreneurial non-profit organizations focused on the rapid commercialization, deployment, and scale up of low-carbon energy technologies. The CalCEF tripartite framework (comprised of three not-for-profit corporations: CalCEF Ventures, CalCEF Innovations, and CalCEF Catalyst) identifies market barriers, develops and launches innovative financing solutions to overcome those barriers, and invests in the deployment of those solutions. CalCEF is forging a new model of market, policy, and financial innovation to bridge gaps in the development cycle of clean energy technologies.

In 2019, the CalCEF family of organizations rebranded as New Energy Nexus to emphasize the additional global elements and new funding sources it is incorporating into its programming to continue its mission to drive innovation and equity into the global clean energy economy.

The following selection highlights CalCEF's / New Energy Nexus' accomplishments since 2005:

- Collaborated with industry leaders to bring new financing solutions to the energy efficiency marketplace;
- Founded the nation's first university center on energy efficiency, located at UC Davis;
- Created the first venture capital impact fund focused on clean energy;
- Helped form the industry's first multi-investor platform for clean energy related tax equity investment;
- Launched the industry's first fund to focus on early-stage clean energy financing;
- Collaborated with Lawrence Berkeley National Laboratory, as well as two other Department of Energy National Labs, San Jose State University, and industry leaders to launch CalCharge, aimed at developing and deploying new energy-storage technologies;
- Entered into a contract with the California Energy Commission (CEC) to administer and run the California Sustainable Energy Entrepreneur Development (CalSEED) initiative, which has awarded 97 grants to early-stage clean energy enterprises within its first 4 years of programming;
- Launched, advised, and implemented multiple corporate innovation programs that connect clean energy

[4] Order Instituting Investigation into the ratemaking implications for PG&E pursuant to the Commission's Alternative Plan of Reorganization under Chapter 11 of the Bankruptcy Code for PG&E, in the U.S. Bankruptcy Court, Northern District of California, San Francisco Division, In re PG&E, Case No. 01-30923 DM: http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/32684.PDF.

and climate tech start-ups with corporate customers, e.g., Free Electrons, a global advanced accelerator program for clean energy solutions connecting clean energy startups and utilities; the EV & Battery Challenge, now in its second iteration with leading global battery companies.

- Launched the New Energy Nexus, a global network of clean energy incubators and accelerators.
- Launched the CalTestBed program in collaboration with the University of California Office of the President. The CEC funds this initiative and will provide $8.8 million in testing vouchers to clean energy innovators to use at one of nearly 30 testing facilities throughout California through 2023.

Since 2017, all funds provided from the 2003 settlement have been spent down and remaining investment returns are not expected to provide a reliable funding stream for the organization's future work or provide any significant windfalls. The organization is now sustained through other sources of funding.

2020 UPDATES & ACCOMPLISHMENTS

The 2020 fiscal year's program accomplishments include:

- Awarded 28 Concept awards ($150,000 each) to early-stage clean energy start-ups to the CalSEED program's fourth cohort in 2020 and held a Business Plan Competition to recommend six Prototype awards ($450,000) to the CEC to Concept awardees from the second year CalSEED cohort.

- Awarded $5.6 million in testing vouchers to support 26 clean energy companies representing nine different technology areas in the inaugural cohort of the CalTestBed program. The funds will vastly accelerate commercialization of the awardee's clean energy innovations. Testing will take place in test beds across six University of California campuses as well as the Lawrence Berkeley National Lab.

- Launched an impact investment fund for clean energy startups in Indonesia and making four investments into promising clean energy start-ups and supported 56 clean energy startups with acceleration programs across South Asia, including new programming in India (CalCEF Innovations).

- Launched The Clean Fight through, a passively managed subsidiary of CalCEF Innovations, in New York state. The Clean Fight, funded by a grant by the New York State Energy Research and Development Agency (NYSERDA) is an accelerator that seeks high-impact clean building solutions that are ready to scale. Further information is provided on The Clean Energy Fight's website at: https://www.thecleanfight.com.

- Launched, in collaboration with Rocky Mountain Institute, Third Derivative, a large-scale global accelerator to find, fund, hone, and scale the most-promising technologies to achieve larger, faster reductions in global carbon emissions. An initial cohort of 47 participating companies was launched in December 2020. Further information is provided on the Third Derivative's website at https://third-derivative.org/ (CalCEF Ventures).

- Supported 16 new last mile clean energy distribution enterprises (including with microcredit, supply chain logistical support and entrepreneurship training) in Uganda (CalCEF Innovations).

- Funded through restricted grants received, CalCEF organizations deployed $2 million in program related investments to support clean energy enterprises as a catalytic early-stage investor.

- Advised EXCEL Accelerator, a road show-based energy internet startup program in China that connects growth stage companies with new customers (CalCEF Innovations).
- Launched the second iteration of the EV & Battery Challenge in collaboration with LG Energy Storage Systems and Hyundai Kia Motor Company (CalCEF Catalyst).
- Published two reports to inform ecosystem building and acceleration of clean energy enterprises in the battery sector in California and in the global climate fintech marketplace:
    - The report, *Building Lithium Valley - Opportunities and Challenges Ahead for Developing California's Battery Manufacturing Ecosystem*, is available at: https://www.newenergynexus.com/wp-content/uploads/2020/10/New-Energy-Nexus_Building-Lithium-Valley.pdf.
    - The report, *Climate Fintech - Mapping an Emerging Ecosystem Climate Capital Catalysts*, is available at: https://www.newenergynexus.com/climate-fintech-report/.

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is provided below. This information represents reporting for CalCEF Ventures, CalCEF Innovations, and CalCEF Catalyst combined.

Expenditures

Table 4 shows the actual and proposed expenditures for the two prior fiscal years and the proposed fiscal year for CalCEF.

Table 4. CalCEF's Actual and Proposed Expenditures, 2019-2021

Year	2019	2020	2021
Proposed expenditures (budget)	$5,500,000	$6,400,000	$6,300,000
Actual expenditures	$5,862,929	$5,900,000[5]	TBD

CalCEF's fiscal year is from January 1-December 31.

Governance Structure

CalCEF Ventures is governed by a board of between 3-15 directors under its Incorporation Charter and Bylaws filed in 2004 and the 2013 amended and restated Bylaws. CalCEF Ventures appoints the Board of Directors of CalCEF Innovations, a 501(c)(3) non-profit corporation and CalCEF Catalyst, a 501(c)(6) non-profit corporation. CalCEF Innovations currently has a board of 10 directors while CalCEF Catalyst has a board of four directors.

5 Estimate of actual expenditures.

Governance Overview

CalCEF Ventures has been a limited partner in Clean Energy Advantage Partners since 2011 and is a general partner in Microgrid Catalytic Capital Partners.

a. Articles of Incorporation: Articles of Incorporation, 2004.
b. Bylaws: Restated Bylaws, 2013.
c. Settlement Agreement: http://docs.cpuc.ca.gov/Published/Final_decision/32687.htm
d. Stipulation Agreement: No stipulation agreement found.
e. Policies and Procedures: Conflict of Interest Policy, 2009.
f. Current board members: Vic Shao (since 2018), Jonathan Foster (since 2004), Julie Blunden (since 2013), Ian Rogoff (since 2013), Janet Dalziell (since 2020).

Schedule of Employees and Compensation

As of November 2020, CalCEF Ventures employs 15 headcount / 14 full-time equivalent staff, which includes staff charged out to CalCEF Innovations and CalCEF Catalyst. Table 5 includes staff salaries and benefits for all staff across the CalCEF family, now branded as New Energy Nexus. Settlement funds were fully spent down as of the end of 2017; hence no settlement funds have been spent on staff salaries or benefits since then.

Table 5. New Energy Nexus Staff Salaries

Year	Gross Pay	Benefits	Total
2018	$1,263,687	$135,216	$1,398,903
2019	$1,643,945	$209,661	$1,853,605
2020 Year to Date*	$1,165,099	$139,821	$1,304,920

*As of December 2020

Staff Transferred or Loaned

Staff are shared across the CalCEF family of organizations but recorded (accrued) for each organization separately. No State staff is currently, or has ever, been loaned to this organization. No staff from other organizations is on loan to CalCEF.

Contracts, Funding Sources, and Legislative Authority

PG&E shareholders provided CalCEF Ventures' initial funding of $30 million. The funding extended over a five-year period as follows: $2 million in 2004, $4 million in 2005, $6 million in 2006, $8 million in 2007, and $10 million in 2008. During this period, other entities also made minor donations of $110,000 (mostly in-kind). PG&E's role in CalCEF Ventures was limited to providing the $30 million in funding and in appointing three of the initial board members (none remain). Authority for this funding was granted in

CPUC D.03-12-035, upon settlement of PG&E's bankruptcy.

CalCEF Ventures invested in new technologies by entering into partnering contracts with certain for-profit venture capital partners, all of which have been wound down. CalCEF holds a direct investment in Thetus, a former portfolio company of one of the venture capital funds; the fund has since been dissolved and ownership interest was transferred to CalCEF Ventures. (A detailed list of investments is provided in previous years' AB 1338 Annual Reports).

In 2006, CalCEF Ventures made a grant of $500,000 to UC Davis for the development of the Energy Efficiency Center, and in 2007 made a second grant of $500,000 per the terms of the grant agreement. In 2008, CalCEF Innovation was established as a sister organization with $500,000 to address important gaps in public policy regarding motivation promotion of clean energy technology and business solutions, and to pursue policy making needs and public benefit goals. In 2011 and 2012, CalCEF Ventures co-established two new investment vehicles with operating partners: in 2011, Clean Energy Advantage Partners and in 2012, Renewable Energy Trust.

CalCEF Ventures maintains ownership interest in Clean Energy Advantage Partners. The ownership interest in Renewable Energy Trust was first diluted in the years after the original investment, as expected, through follow-on funding rounds since the seeding stage and exited in late 2016. In 2012, CalCEF Ventures continued its support of the UC Davis Energy Efficiency Center and provided an additional $200,000 grant over the subsequent three years. The investment distribution of the original funding among the partners and grantees can be found in previous AB 1338 Annual Reports.[6]

In September 2016, CalCEF Ventures entered into a contract with the CEC to administer and operate the California Sustainable Energy Entrepreneur Development (CalSEED) Initiative. The program is funded through the Electric Program Investment Charge (EPIC).

In January 2018, CalCEF Ventures was awarded a grant by the CEC to manage the CalTestBed program. The related agreement was finalized in June 2019 and the program has formally launched. The program is funded through EPIC.

After the initial funding for CalCEF Ventures was spent, the organization transitioned to a sustainably financed operating model through a combination of grants, including two grants totaling $750,000 from the Economic Development Agency to support regional innovation strategies in California and a private sector grant to support catalytic investments, and other mission-aligned earned income streams. As part of its catalytic investment activities, CalCEF Ventures is a general partner in Microgrid Catalytic Capital Partners.

CalCEF Innovations is predominantly funded by philanthropic grants. CalCEF Catalyst receives certain membership and fee-for-service income from the member[7] companies—currently five—in its CalCharge program.

---

6 These investments are not listed in this report since the last investment from the original funding was made in 2013.

7 Membership is non-voting.

Public Process and Oversight

CalCEF Ventures is a non-profit 501(c)(4) corporation not funded through direct taxation or utility ratepayers. CalCEF Ventures, CalCEF Innovations, and CalCEF Catalyst each have a Board of Directors that provide oversight of program activities.

The California Emerging Technology Fund

BACKGROUND

The California Emerging Technology Fund (CETF) was established as a non-profit corporation pursuant to orders from the CPUC approving the mergers of SBC/AT&T and Verizon/MCI in 2005 in CPUC D.05-11-028 and D.05-11-029, respectively. As a condition of approval of the mergers, AT&T and Verizon were required to contribute to CETF a total of $60 million seed capital over five years "for the purpose of achieving ubiquitous access to broadband and advanced services in California, particularly in underserved communities, through the use of emerging technologies by 2010." The funds were transferred by both companies by 2010. The $60 million seed capital funds were fully spent as of June 2017, plus a portion of earned interest and other awarded grants. As of June 30, 2017, CETF retained a little more than $2.3 million in earned interest from the original seed capital to support ongoing operations.

Pursuant to CPUC D.15-12-005, issued on December 9, 2015, additional funds were provided to CETF through a Memorandum of Understanding (MOU) demonstrating public benefit from the mergers of Frontier Communications and Verizon Wireline. As a result of D.15-12-005, Frontier entered into an agreement with CETF to implement several activities to close the Digital Divide, including a pass-through of $3,050,000 in funds to re-grant to non-profit community-based organizations (CBOs) throughout its territory in California. CETF does not receive any Frontier funds to support operations.

Pursuant to CPUC D.16-05-007, issued on May 12, 2016, additional funds were provided to CETF through an MOU demonstrating public benefit from the mergers Charter Communications, Inc., Time Warner Cable, Inc., and Bright House Networks. As a result of D.16-05-007, on July 1, 2016, Charter agreed in the MOU with CETF to provide $6,500,000 each year for five years for a total of $32.5 million to support CETF's core mission and program activities in Charter territories. Both companies agreed that the work of CETF would remain vendor neutral.

In addition, in February 2019, the City Council of San José voted to engage CETF to assist in the management of grants with local CBOs and public agencies from its Digital Inclusion Fund. Per the action of the City Council and signed agreement, CETF received $20,000 from the City in fiscal year 2018-2019, and will receive $190,000 annually for ten years, to support the San José Digital Inclusion Partnership (SJDIP) Program Manager and manage Digital Inclusion grant payments that will flow through CETF. As of December 2019, all CETF funds going forward are from these sources.

Pursuant to CPUC D.20-04-008, issued on April 16, 2020, additional funds were provided to CETF through an MOU demonstrating public benefit from the mergers T-Mobile USA, Inc. and Sprint Communications, L.P. As a result of D.20-04-008, T-Mobile agreed in the MOU with CETF to provide $7 million each year for five years for a total of $35 million: $22 million to support CETF's digital inclusion programs in T-Mobile territory and $13 million to support CETF's core mission to accelerate broadband deployment and adoption. Both companies agreed that CETF's work of would remain vendor neutral.

In the establishment of CETF, D.05-11-028 and D.05-11-029 directed it to pursue the goals that expanded the adoption and usage of broadband technology in addition to promoting ubiquitous access: "We understand that without computers and computer literacy neither availability nor access will ensure use. It is low use that is at the heart of the digital divide. CETF should consider the possibility of public-private partnerships to develop community broadband access points that provide both." When CETF became operational in 2007, the Board of Directors developed a Strategic Action Plan with aggressive Overall Goals to achieve and/or cause the following to happen: 98 percent deployment and 80 percent adoption. Those Overall Goals were achieved in the first decade (per the Decade Report delivered to the CPUC and Legislature in November 2017). In 2017, the CETF approved a new 5-Year Strategic Plan to achieve new Overall Goals: 98 percent deployment by region and 90 percent adoption statewide. CETF is making steady progress towards achieving these Overall Goals.

2020 UPDATES & ACCOMPLISHMENTS

- Managed grants to CBOs and promotion of affordable offers to achieve 203,750 adoptions.
- Established an INFO line to assist residents statewide and support CBOs to achieve adoptions.
- Led implementation of School2Home in 30 schools in seven districts for 16,000+ students and 800+ teachers.
- Conducted Implementation Guide Peer Review, completing "School2Home In A Box" for wide distribution.
- Achieved 11,000+ adoptions for Frontier Partnership with CBOs, which is more than Frontier signed up with its own offer.
- Collaborated and signed agreements with 16 school districts and a group of Tribal Nations to distribute 5,000 Chromebooks to low-income students in the Frontier service area. Secured agreement between CETF and districts with the option for digital literacy training.
- Funded and facilitated the identification of Broadband Strategic Corridors by regional consortia.
- Supported and assisted four regional consortia to develop preferred scenarios (two with CENIC) to achieve 98 percent deployment.
- Facilitated collaboration among Northeast Regional Consortium, Frontier Communications, and GeoLinks on the Northeast Project Application to the California Advanced Services Fund.
- Sponsored preparation of successful Southern California Association of Governments (SCAG) Grant Application to Caltrans to assess the potential of broadband deployment to reduce vehicle miles traveled and greenhouse gases (GHGs).
- Managed the SJDIP with an extensive open grant invitation and application process, including the City Council's unanimous approval of grants to 23 CBOs recommended by CETF and the Advisory Board.
- Prepared the SJDIP Grant Agreement template, secured City Attorney approval; processed 23 Grant Agreements and first quarter payments.

- Distributed, with the Santa Clara County Office of Education, affordable offers' fliers in three languages.
- Conducted three SJDIP grantee training workshops (online).
- The CETF Progress Report contains details relative to previous years and can be found at https://www.cetfund.org/about-us/annual-reports-and-audits/progress-report/2020-annual-reports/.

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is provided below.

Expenditures

Table 6 lists CETF's proposed and actual expenditures for the two prior fiscal years and the proposed fiscal year.

Table 6. CETF's Actual and Proposed Expenditures, 2018-2021

Fiscal Year	2018-2019	2019-2020	2020-2021
Proposed expenditures (budget)	$8,030,000	$9,025,000	$10,580,000
Actual expenditures	$6,543,479	$8,232,563	N/A

Governance Structure

The CPUC Ordering Paragraphs specified the initial composition and process for constituting the 12-person CETF Board of Directors: four were to be appointed by the CPUC; four were to be appointed by the companies (three by SBC, of which only one could be an employee, and one by Verizon); and the remaining four were to be appointed by the initial eight board members. Initial appointments were made in April 2006 and the Board of Directors was fully constituted by the end of June 2006.

Below are links relevant to documents related to CETF's governance structure.

a. Articles of Incorporation: https://www.cetfund.org/about-us/mission-and-history/articles-of-incorporation/.

b. Bylaws: http://cetfund.org/governance/bylaws.

c. Settlement Agreements: The CPUC Decisions authorizing the mergers and the establishment of CETF are D.05-11-028 and D.05-12-011. The Decisions funding the work of CETF since 2016-2017 are D.15-03-005 and D.15-07-009. These Decisions can be found on the CPUC's website by entering the application number (without dashes) in the Proceeding document search function (https://apps.cpuc.ca.gov/apex/f?p=401:1:0::NO:RP) and choosing the tab for "Decisions." The application number for each decision is below:

- D.05-11-028, authorizing Verizon's acquisition of MCI, has the application number A. 05-04-020.
- D.05-12-011, authorizing SBC's acquisition of AT&T, has the application number A.05-02-027.
- D.15-12-005, authorizing Frontier's acquisition of Verizon California wireline services, has the application number A.15-03-005.
- D.16-05-007, authorizing Charter's acquisition of Time Warner Cable Inc.; Time Warner Cable Information Services (California), LLC; Advance/Newhouse Partnership; Bright House Networks, LLC; and Bright House Networks Information Services (California), LLC has the application number A.15-07-009.
- D.20-04-008, authorizing T-Mobile's acquisition of Sprint Communications, L.P. has the application number A.18-07-011.

d. Stipulation Agreement: No Stipulation Agreement is given for this entity.

e. Policies and Procedures: Available upon request.

f. Current board members: Available at: https://www.cetfund.org/about-us/governance-and-leadership/board-of-directors/.

Schedule of Employees and Compensation

Table 7 shows CETF's employee compensation schedule for the two prior fiscal years and the proposed fiscal year. Gross pay incudes base salary and performance incentive ay (but not travel reimbursements as included in the independent audit). Benefits include health insurance and employer retirement contributions (but not employer payroll taxes).

Table 7. CETF's Employee Compensation Schedule

Year	Gross Pay	Benefits	Total[8]
July 2017-June 2018	$1,189,300	$231,024	$1,420,324
July 2018-June 2019	$1,220,340	$227,161	$1,447,501
July 2019-June 2020[9]	$1,450,600	$330,886	$1,781,486

Staff Transferred or Loaned

There are no State employees at CETF, nor have there ever been any State staff or employees transferred or loaned internally or interdepartmentally to CETF.

---

[8] The total reflects audited financials.

[9] Fiscal year 2019-2020 reflects an increase of employees.

Contracts, Funding Sources, and Legislative Authority

Table 8 shows professional contracts for fiscal year 2019-2020. A list of completed and current grants is provided in Appendix B.1.

Table 8. List of CETF Contracts

Category	Total Amount
Accounting	$ 81,500
IT Tech Support (Includes Website Support/ Online Grant Services)	$ 44,783
Legal Counsel	$118,285
Plan Administrators	$ 4,999
Printing	$ 4,671
Broadband and Adoption Programs	$ 2,577,653
School2Home	$ 2,212,779

As previously mentioned, under the 2005 mergers of AT&T/SBC and Verizon/MCI approved by the CPUC, both companies are obligated to fund CETF annually over a five-year period for a total of $60 million. This funding is from the shareholders of each company and not ratepayers. Both companies have completed their payments. During fiscal year 2009-2010, the National Telecommunications Information Agency (NTIA) awarded CETF two federal grants totaling $14.2 million, which were completed in fiscal year 2012-2013. As of June 2017, the entire $60 million in seed capital had been spent.

CETF also entered into an MOU with Frontier Communications, Inc. and Charter Communications, Inc. to implement public benefits as a result of corporate consolidations in 2017. CETF is managing charitable funds from Frontier to achieve new broadband adoptions by low-income households in their service areas. CETF will also receive a total of $3,050,000 from Frontier Communications and $32.5 million from Charter through 2021 to continue organizational operations and support School2Home and other digital inclusion programs in their service areas. Beginning in May 2020 through 2025, CETF received $35 million from T-Mobile USA, Inc. to support for Digital Inclusion Programs $22 million ($12.5 million to School2Home, $4.5 million to Digital Literacy Training, and $5 million to Local Government Grants) and $13 million to support CETF's core mission to accelerate broadband deployment and adoption.

Public Process and Oversight

CETF is incorporated as a California 501(c)(3) non-profit corporation as a public benefit corporation. It has a Board of Directors that provides oversight. CETF was established with shareholder funds from AT&T and Verizon. There were no ratepayer funds in the seed capital or subsequent funding CETF received.

The California Broadband Council (CBC) was established to marshal the State's resources to increase broadband network deployment, and to eliminate the Digital Divide by expanding broadband accessibility, literacy, adoption, and usage. While CETF's President and CEO is a statutory member of the CBC, CETF has made presentations on policy issues and grant programs to this group.

CETF published an annual report during the first decade and, going forward, will publish a bi-annual progress report describing the grants to date, the metrics and outcomes of the investments, and detailed financial information. In addition to mailing printed copies, CETF distributes an electronic copy to everyone who signs up to receive one on the CETF website. All the annual reports are posted on the organization's website at: http://www.cetfund.org/annualreports. The Decade Report 2007-2017 was attached as Attachment E in the 2017 AB 1338 Annual Report and presented in a public meeting to the CPUC on November 30, 2017. Going forward, CETF will produce reports every two years and continue sending reports to the CPUC. The IRS Forms 990 for the past three years are available upon request.

CETF hosts a wide range of public forums during the year, including meetings with its Board of Expert Advisors, Regional Consortia, and grantees all designed to provide and solicit information about the grants and future directions. 2019 public forums and workshops are identified in the Highlights and Accomplishments. In addition, CETF is a legal party to proceeding considering the T-Mobile, Sprint, Dish acquisition application, A.18-07-011.

CETF is required by California law to comply with the Non-Profit Integrity Act of 2004. The CETF Board of Directors appoints an independent Audit Committee, which oversees a full audit of the financial statements. The audits are on the CETF website at: http://www.cetfund.org/aboutus/finances/audit.

The California Hub for Energy Efficiency Financing

BACKGROUND

The California Hub for Energy Efficiency Financing (CHEEF) was established through CPUC D.13-09-044 dated September 20, 2013. D.13-09-044 authorizes energy efficiency financing pilots that leverage ratepayer funds to attract a greater amount of private capital to the energy efficiency retrofit market by reducing risk to lenders.

On June 18, 2014, the CPUC entered into a Memorandum of Agreement (MOA) with the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), a state agency associated with the California State Treasurer's Office. The MOA to administer CHEEF financing activities has been extended to June 30, 2022. As set out in D.13-09-044 and the MOA, the CPUC reviews CAEATFA's funding and work. D.13-09-044 noted that the CPUC's oversight is "critical to protecting the integrity of ratepayer funds allocated to support [energy efficiency] financing programs." Both D.13-09-044 and the MOA direct the CPUC and CAEATFA to coordinate and execute education and outreach for energy efficiency financing pilot programs.

D.13-09-044 includes a draft implementation plan for the CHEEF with the following tasks:[10]

1. Issue competitive solicitations for a master servicer, and other technical assistance as needed such as for information technology, data management, etc. The master servicer manages the flow of ratepayer funds and data between the Investor-Owned Utilities (IOUs),[11] CHEEF, and financial institutions.
2. Create an Information Technology (IT)-driven platform to support the core processes and functions that make utility on-bill repayment (OBR) possible and facilitate data collection.
3. Develop procedures for various CHEEF responsibilities such as: approval of forms and protocols for data-transfer between the IOUs and financial institutions and the development of lender service agreements.
4. Develop standards for evaluating financial institutions' qualifications and approving financial institutions for pilot participation.
5. Implement CPUC-approved protocols for collection of energy and financial data, data sharing, and third-party access to aggregated, anonymous data.
6. Develop a framework for type and frequency of reporting to CHEEF by the IOUs and financial institutions and ensure quarterly information reports on pilots' progress are provided by CHEEF to the

---

[10] D. 13-09-044, Appendix F is available at: [Microsoft Word - D1309044 Implementing 2013-2014 Energy Efficiency Financing Pilot Program.docx (ca.gov).]()

[11] The IOUs are San Diego Gas and Electric (SDG&E), Southern California Gas (SoCalGas), Southern California Edison (SCE), and Pacific Gas and Electric (PG&E).

CPUC as requested by the Energy Division.

7. Coordinate with existing customer and contractor facing tools such as Energy Upgrade California.
8. Provide a mechanism to make minor, mid-course modifications to the pilot programs as needed to better meet the individual objectives of a particular program.

D.13-09-044 authorizes a total of up to $75,244,931 (including $9,344,931 for the CHEEF Pilot Reserve) of ratepayer funding administered by the IOUs for the pilots. Acknowledging that CHEEF may need to be supported by a master servicer, a trustee bank, a contractor manager, a data manager, and a technical advisor, D.13-09-044 allocates $5 million of the budget to cover CHEEF's administrative costs and $2 million for CHEEF training and outreach for contractors and financial institutions. Table 9 below[12] provides a summary of the actual and proposed expenditures, and further details may be found in Appendix C.1.[13]

Table 9. CHEEF's Actual and Proposed Expenditures, 2018-2021

Fiscal Year	2018-2019	2019-2020	2020-2021
Proposed expenditures (budget)	$3,597,000	$2,973,000	$4,134,000
Actual expenditures	$2,867,000	$2,664,000	N/A

D.13-09-044 also selects CAEATFA to administer CHEEF functions. D.13-09-044 recognizes that, because CAEATFA is a state agency, it would be necessary for CAEATFA to obtain legislative budget authority to perform this role. On July 1, 2014, CAEATFA was granted legislative budget authority to act as the administrator of CHEEF through December 2015, and most recently that authority was extended to June 30, 2022.

Inadequate initial staffing levels to address the complexity and scope of work, coupled with high turnover and frequent vacancies due to the limited-term nature of the existing positions, left insufficient resources to effectively meet the desired anticipated timelines for the pilots. Subsequently, CAEATFA requested approval from the CPUC for an additional $8.36 million of the existing $9.3 million contingency fund for administrative support to address the delayed timetable and complexity of the work, and to right-size the number and level of staff resources, through fiscal year 2019-2020. The CPUC approved CAEATFA's funding request and released $8.36 million of CHEEF reserve funds.[14]

In April 2020, the CPUC approved the transition of the CHEEF's Residential "Pilot" to a full-scale program and authorized CAEATFA to spend up to $9.5 million of funds that had previously been allocated

---

12 The data was provided by CAEATFA's Director per the CPUC's Energy Division staff's request on November 25, 2019.

13 See Appendix C.1 for the Finance Pilot Budget with CAEATFA Expenditures (September 2014 through June 30, 2020).

14 D.17-03-026 affirmed CPUC Rulemaking 13-11-005: Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing, Education, and Outreach Activities issued November 22, 2016.

toward Credit Enhancements for maintenance and improvement of information technology and administrative needs of the CHEEF for fiscal years 2020-2021 and 2021-2022 during the interim period before the next CPUC decision.[15]

Roles

Key infrastructure elements needed to implement CHEEF include a master servicer, trustee bank, secure flow of funds functionality, contractor manager, and technical advisors. Below are descriptions of each of these roles and information regarding their status as it relates to CAEATFA's procurement processes.

- *Master Servicer*: The master servicer plays a key role in daily administration of the pilots, accepting lender and loan enrollment applications and processing bill repayment transactions. CAEATFA selected Concord Servicing Corporation (Concord) as the master servicer, through a competitive solicitation, and entered into a contract on April 23, 2015. Concord subsequently began the mapping and development of the Residential Energy Efficiency Loan Assistance (REEL) infrastructure process, while concurrently working with the IOUs to define the various business requirements required of the IOUs' billing systems to enable the flow of funds and data for OBR. CAEATFA contracted with Concord through two subsequent solicitations on January 1, 2018 and October 22, 2020.
- *Trustee Bank:* The trustee holds the ratepayer funds provided by the IOUs to serve as credit enhancements under the various pilot programs. US Bank served as the trustee for the program from March 11, 2015 to December 31, 2020. Beginning in January 2021, Zions Bank will act as the trustee bank, pending Department of General Services (DGS) approval.
- *Contractor Manager*: The contractor manager recruits, trains, enrolls, and supports contractors participating in the REEL and Small Business Financing (SBF) pilot programs and conducts quality control oversight of projects not participating in an IOU rebate/incentive program. On October 24, 2017, Frontier Energy began providing services under a contract for the REEL program. Upon the launch of the SBF program, CAEATFA issued a solicitation for a contractor manager to serve both programs; Frontier was selected for a new contract that began June 4, 2019.
- *Technical Advisor*: Technical advisors provide expertise to CAEATFA in its development and implementation of the CHEEF pilot programs. CAEATFA contracted with Energy Futures Group, which provides technical assistance to continue research and development and provides implementation assistance for the commercial programs. The initial contract term was from March 29, 2017 through February 14, 2019. The most recent contract with the same technical advisor started on March 13, 2019 and will end on March 13, 2021.

2020 UPDATES & ACCOMPLISHMENTS

Residential Energy Efficiency Loan Assistance Program (REEL)

CAEATFA launched REEL as the first of the Energy Efficiency Financing Pilots in July 2016. In March

[15] Resolution E-5072 issued on April 17, 2020.

2017, the CPUC issued D.17-03-026 granting CAEATFA the authority to make several requested modifications to the pilots to be more responsive to the evolving energy efficiency marketplace. CAEATFA made several modifications to the REEL pilot, including:

- Simplifying measure eligibility for the program and moving toward a statewide list of eligible energy efficiency measures.
- Removing the need for a separate statewide Customer Information Service Release form.
- Consolidating lenders' separate loan loss reserve accounts by IOU into a single loan loss reserve account for lenders.

REEL's initial two-year pilot term was completed on July 15, 2018. However, to continue the momentum of the pilot, there was not a hard stop of program operation after two years and the pilot continued issuing loans while the evaluation process took place.

In December 2019, Opinion Dynamics, Inc. completed the evaluation of the REEL pilot program. Following the evaluation, the CPUC issued Resolution E-5072 approving REEL to continue operating as a full-scale program. Additionally, the CPUC authorized CAEATFA to make enhancements to the REEL and the financing pilots for maintenance and improvement of information technology and administrative needs during the interim period before the next CPUC decision. However, this authorization does not include any expanded scope for the REEL program nor for any other financing pilots.

By the end of October 2020, the program had enrolled 966 loans, with an average loan size of $16,561, and claim-eligible principal totaling $16 million since the program's inception (compared with 569 loans and $9.6 million by the end of October 2019).[16]

The website GoGreenFinancing.com launched in June 2018 and continues to serve consumers and stakeholders in need of energy efficiency project financing. The website launched in Spanish in December 2020.

On-Bill Repayment Programs

Several programs will include OBR as a key feature. CAEATFA staff has been working with the IOUs and the master servicer to establish the OBR infrastructure. While concurrently launching off-bill versions of the pilots. CAEATFA is developing plans for "penny testing" with all four IOUs and will consider incorporating OBR functionality for pilots in 2021.

The Small Business Finance Pilot

SBF pilot program regulations were approved by the Office of Administrative Law and went into effect on December 17, 2018, setting the stage for full program launch that began in 2019.[17] The SBF pilot program

---

[16] Available at: https://www.treasurer.ca.gov/caeatfa/cheef/cheef-reports-and-additional-materials.asp.

[17] Small Business Pilot was launched in October of 2019. CAEATFA reported to the CPUC's Energy Division that as of November 2019, there were three enrolled loans totaling $437,800. Any other pilot not launched by the end of 2019 will be cancelled.

seeks to:

1. Provide a state-backed financing program designed to address the energy efficiency challenges faced by small business owners and tenants.
2. Provide an accessible—and attractive—financing option for small businesses.
3. Provide a source of financing that allows deep energy retrofits in existing small business buildings.

Financing through the program is available to small businesses, non-profits, and market-rate multi-family properties (five or more units) that meet the following business size requirements:

- 100 or fewer employees,
- Annual revenue of less than $15 million, or
- Compliance with SBA small business size classifications (annual revenue limits range from $750,000 to $38.5 million, depending on industry).

SBF is available to both small business property owners and tenants and the pilot program will facilitate a variety of financing instruments for potential customers to consider, including loans, equipment leases, service agreements and savings-based payment agreements. Each participating finance company offers products from this menu of authorized instruments. Small business owners will be able to take out loans up to $5 million. Participating financial institutions will be eligible to receive a credit enhancement for qualifying measures for up to $1 million of the financed amount.

As of the end of October 2020, the SBF pilot offered financing from three participating finance companies and had enrolled over 50 contractors and project developers and had facilitated $1.5 million in financing for seven projects. CAEATFA staff is planning modifications to the program regulations for early 2021 to allow for a streamlined microlending pathway and to support on-bill repayment. More information on the CHEEF pilot programs is available on CAEATFA's website at: https://www.treasurer.ca.gov/caeatfa/cheef/ and at: https://gogreenfinancing.com.

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is below.

Expenditures

Table 9 above and Appendix C.1 show CHEEF expenditures.

Governance Structure

A specific governance structure was not created for the CHEEF. However, D.13-09-044 clarifies that CAEATFA is required to follow public procurement and rulemaking procedures when contracting for CHEEF-managed services and finalizing rules for programs identified in this Decision. Specifically, CAEATFA is bound by Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contracts Code, and Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the

Government Code.

CAEATFA must submit a budget revision request to the Department of Finance and Joint Legislative Budget Committee to approve staff positions to administer the pilots as well as for the ability to utilize ratepayer funds to cover administrative costs to secure their approval for staff positions to administer the pilots and to be authorized to expend ratepayer funds to cover administrative costs. CAEATFA received budgetary authority to implement the pilots through fiscal year 2021-2022 to implement the pilots through their estimated timetable and evaluation period. Finally, the MOA between CAEATFA and the CPUC was extended to June 30, 2022.

Staff and Employees and their Salaries and Expenses

Table 10 shows CHEEF's employee compensation schedule for the two prior fiscal years and the proposed fiscal year.

Table 10. CHEEF Salaries and Expenses Authorized for Fiscal Year 2019-20

	State Personnel Classification	Annual State Salary and Benefit
	Staff Services Manager II (Supervisor)	$145,908
Program Manager	Staff Services Manager I (Supervisor) - Direct and Implementation (D&I)	$127,896
	Staff Services Manager I (Specialist) - Compliance	$127,896
	Staff Services Manager I (Specialist) - D&I	$127,896
	Staff Services Manager I (Specialist) - D&I	$127,896
	Staff Services Manager I (Specialist) - Marketing	$127,896
Support Staff	Associate Governmental Program Analyst - D&I	$110,124
	Associate Governmental Program Analyst - D&I	$110,124
	Associate Governmental Program Analyst - Marketing	$110,124
	Associate Governmental Program Analyst - Marketing & Data[18]	$110,124
	Associate Governmental Program Analyst - Compliance	$110,124

[18] This is a new position for fiscal year 2020-2021.

	Associate Governmental Program Analyst - Compliance & Data[19]	$110,124
	Office Technician	$72,528
	Office Technician	$72,528

State salary represents annual midrange assumption; includes average benefit.

Staff Transferred or Loaned

Other CAEATFA staff may assist with the intermittent workload. This assistance is not significant and is not currently quantifiable.

Contracts, Funding Sources, and Legislative Authority

Table 11 below shows CHEEF contracts and funding.

Table 11. CHEEF Contracts and Funding[20]

Contract	Current Contract Term	Amount	Amount Paid*	Funding Source
MOA between the CPUC and CAEATFA	Through June 30, 2022	$0	N/A	None
Receivables contract between the four IOUs and CAEATFA	September 1, 2014 – June 30, 2022	$15,360,000 (reimbursement only)	N/A	Ratepayer Funds
CAEATFA contract with master servicer (Concord Servicing Corporation)	April 23, 2015 – December 31, 2017	$1,500,000	$1,278,294	Ratepayer Funds
	January 1, 2018 – October 21, 2020	$1,500,000	$1,394,463	
	October 22, 2020 – July 31, 2022[21]	$5,500,000[22]	$8,997.15[23]	

19 This is a new position for fiscal year 2020-2021.

20 Per request of the CPUC's staff, CAEATFA management provided the data in December 2020.

21 Two one-year extensions are available.

22 This figure includes two available $1 million extensions.

23 This figure represents the amount paid billed through October 2020.

Table 11. CHEEF Contracts and Funding[20]

Contract	Current Contract Term	Amount	Amount Paid*	Funding Source
CAEATFA contract with Trustee Bank (US Bank)	January 24, 2015 – December 31, 2017	$180,000	$160,000	Ratepayer Funds
	January 08, 2018 – December 31, 2020	$285,000	$240,000	
CAEATFA contract with Trustee Bank (Zions)[24]	January 1, 2021 – December 31, 2023	$360,000	TBD	Ratepayer Funds
CAEATFA contract with contractor manager (Frontier Energy Corporation)	October 24, 2017 – August 31, 2019	$1,500,000	$775,680	Ratepayer Funds
	June 4, 2019 – May 28, 2021[25]	$1,500,000	$515,989	
CAEATFA contract (CMAS Service Order) for Technical Assistance (Energy Futures Group)	May 25, 2016 – December 15, 2016	$49,963	$49,904	Ratepayer Funds
	March 29, 2017 – February 14, 2019	$249,995	$224,193	
CAEATFA contract with Technical Advisor (Energy Futures Group)	March 13, 2019 – March 13, 2021[26]	$299,999	$133,585	Ratepayer Funds

*For services through June 30, 2019.

24 This contract is pending DGS approval.

25 A one-year extension is available.

26 A one-year extension is available.

Public Process and Oversight

CAEATFA developed its pilots under state laws regarding public processes and procurement. Regulations are established under the oversight of the Office of Administrative Law, which include establishing the appropriate channels for public input and access. In addition, all contracts are publicly noticed and competitively bid under the oversight of the DGS.

- Regulations for each pilot program are established under California's Administrative Procedures Act.
- REEL program regulations can be found in Title 4, Division 13, Article 5, Section 10091.1 through Section 10091.15 of the California Code of Regulations.
- The Commercial Pilot regulations can be found at Title 4, Division 13, Article 6, Section 10092.1 through Section 10092.14 of the California Code of Regulations.
- The Affordable Multifamily Pilot regulations can be found at Title 4, Division 13, Article 7, Section 10093.1 through Section 10093.11 of the California Code of Regulations.

CAEATFA's budget and position authority is overseen by the Department of Finance and the Legislature on an annual basis. CAEATFA provides the following reports:

- Quarterly Reports to the CPUC (as required under the Decision and Contract).
- Annual Reports to the State Legislature (Submitted no later than March 31 pursuant to Public Resources Code Section 26017).

21st Century Energy Systems – Research and Development Agreement

BACKGROUND

On December 20, 2012, the CPUC authorized the 21st Century Energy Systems (CES-21) in D.12-12-031.[27] The D.12-12-031 authorized the development of a five-year Cooperative Research and Development Agreement between PG&E, Southern California Edison Company (SCE), and SDG&E (collectively known as the Joint Utilities), and the Lawrence Livermore National Laboratory (LLNL). The program was subsequently modified by 2013 Budget Trailer Bill, Senate Bill (SB) 96.

In 2014, the CPUC approved D.14-03-029,[28] which modified D.12-12-031 to comply with SB 96. Changes included reducing funding from $152.19 million to $35 million over the five-year research period, narrowing the scope of the program to focus only on cybersecurity and grid integration, minimizing the governance structure, and enhancing CPUC and Legislative oversight of the program.

On April 25, 2014, the Joint Utilities filed a joint Advice Letter containing their proposed cybersecurity and grid integration research and development projects, revised under the new program requirements. The CPUC conducted a thorough and collaborative review of the proposals and convened a consensus-building session among the parties to discuss the issues raised. Ultimately, Resolution E-4677 was approved on October 2, 2014. Resolution E-4677 approved, with modifications and additional oversight requirements, the Joint Utilities' proposed cybersecurity and grid integration projects.

On January 17, 2018, the Joint Utilities each filed an advice letter requesting the public release license rights to four cybersecurity software applications developed under the CES-21 program. The CPUC approved this request in Resolution E-4943 without modification. On September 26, 2019, the Joint Utilities each filed an advice letter requesting the public release license rights to three additional cybersecurity software applications; the CPUC approved this request in Resolution E-5057.

Program Overview

The Joint Utilities began implementation of the Cybersecurity Project and the Grid Integration Project in 2015, securing multiple subcontractors to conduct the work in addition to LLNL.

The Cybersecurity Project, which focused on next-generation industrial control systems in general and Machine-to-Machine Automated Threat Response (MMATR), had $33 million in funding and sought to develop automated response capabilities to protect critical California infrastructure against cyber-attacks. The project was successful in bringing about meaningful developments towards the first automated system for cyber-attack detection and response. This project achieved the development of a simulation and modeling engine for evaluating the impacts of cyber-attacks on the power grid; an operationally realistic

---

27 CPUC D.12-12.031 is available at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M041/K694/41694931.PDF

28 CPUC D.14-13-029 is available at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M089/K292/89292970.PDF

physical test bed for understanding how IOUs' industrial control systems interface, communication technology, and cybersecurity interfaces could be used at real substations; and an automated response research package. In line with the requirements of SB 96 and D.14-03-029, the project was completed in October 2019.

The Grid Integration Project focused on flexibility metrics and standards and studied planning metrics and standards that explicitly considered operational flexibility. The project had $2 million in funding and sought to improve flexibility metrics and thereby improve long term resource planning for California's grid. This research project targeted potential breakthroughs to assess the electric grid's operational flexibility requirements, operating limits of the existing or planned grid to integrate additional amounts of intermittent renewable generation, and additional resources and costs to integrate additional renewable generation. The Grid Integration Project was successful in all its requirements and officially completed in November 2017.[29]

CES-21 has created ground-breaking research in understanding the impacts of cyber-attacks on the power grid at scale and automated response to previously known cyber-attacks, as well as the variety of tools that can help characterize, describe, and prioritize threats to Industrial Control Systems. This research has been recognized by the Department of Energy, the National Security Agency, the Department of Homeland Security, numerous national laboratories (beyond LLNL), and the cybersecurity industry at large. The program has informed and contributed to standards and it has pushed the boundaries of research in the power grid cybersecurity domain. The program has identified the path forward for developing an integrated MMATR capability, as well as additional gaps in the grid cybersecurity domain that should be addressed in future research efforts. Finally, the program has identified a role that the state of California is uniquely positioned to play in securing our grid against cyber threats.

2020 UPDATES & ACCOMPLISHMENTS

The Joint Utilities completed the Cybersecurity Project in October 2019 and submitted the final CES-21 program report to the CPUC on December 6, 2019. The CPUC submitted the final report to the Legislature on January 6, 2020.[30] The utilities provided final program financial information to the CPUC in August 2020. The program and all associated reporting are now completed.

For more information, please contact Amy Mesrobian (amy.mesrobian@cpuc.ca.gov or 415-703-3175).

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is below.

---

29 Lawrence Livermore National Laboratory published the final report on the Flexibility Metrics project titled, *Role of Operating Flexibility in Planning Studies*, on April 26, 2018.

30 California Energy Systems for the 21st Century (CES-21) Program Final Report https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442466304.

Expenditures

Table 12 lists CES-21's proposed and actual expenditures for the two prior fiscal years.

Table 12. CES-21's Actual and Proposed Expenditures, 2018-2021[31]

Fiscal Year	2018-2019	2019-2020	2020-2021
Proposed expenditures (budget)	$4,294,218	$1,229,241	N/A
Actual expenditures	$3,824,826	$1,074,680	N/A

Governance Structure

SB 96 (2013) and D.14-03-029 determined that the CES-21 program would be administered by one representative, a Project Manager, from each PG&E, SCE, and SDG&E. These project managers coordinated with LLNL, administered the CES-21 program and the Cooperative Research and Development Agreement (CRADA) with LLNL, and ensured that CES-21 stayed within the authorized budget.

Schedule of Employees and Compensation

It is not feasible to provide a full schedule of employees and compensation because of the CES-21 program's structure. Many, if not all, staff working on CES-21 are funded through multiple sources as they perform work for multiple programs, each with their own funding stream, within their respective organizations.

Staff Transferred or Loaned

No CPUC staff have been transferred or loaned internally or interdepartmentally for this program.

Contracts, Funding Sources, and Legislative Authority

Contracts entered into by the CES-21 Program are authorized by D.14-03-029 and funded by CES-21 Program funds. This program is funded through the ratepayers of PG&E, SCE, and SDG&E on a proportional basis, as authorized in D.12-12-031.

Public Process and Oversight

The CPUC's staff oversaw the CES-21 Program. The program administrators were required to submit monthly and annual reports outlining key developments. These were reviewed by staff in the CPUC's Energy Division and Safety and Enforcement Division. Annual and Final reports are posted on the CPUC's Energy Research, Development, and Deployment webpage: https://www.cpuc.ca.gov/energyrdd/.

[31] Utilities report expenditures by calendar year. This table provides an estimate of funding by fiscal year by averaging across the two calendar years.

The Diablo Canyon Independent Safety Committee

BACKGROUND

The Diablo Canyon Independent Safety Committee (DCISC) was established as a part of a settlement agreement entered into in June 1988 between the Division of Ratepayer Advocates (renamed Public Advocate's Office) of the CPUC, the Attorney General for the State of California, and PG&E concerning the operation of the two units of PG&E's Diablo Canyon Nuclear Power Plant (Diablo Canyon). The agreement provided that:

> An Independent Safety Committee shall be established consisting of three members, one each appointed by the Governor of the State of California, the Attorney General, and the Chairperson of the California Energy Commission, respectively, serving staggered three-year terms. The Committee shall review Diablo Canyon operations for the purpose of assessing the safety of operations and suggesting any recommendations for safe operations. Neither the Committee nor its members shall have any responsibility or authority for plant operations, and they shall have no authority to direct PG&E personnel. The Committee shall conform in all respects to applicable federal laws, regulations and Nuclear Regulatory Commission (NRC) policies.

The committee acts as an advisory body and has no independent budget.

On January 25, 2007, the CPUC approved a modified charter for the DCISC in D.07-01-028.[32] Section 1.B of the new charter concerns appointments of Committee members. It states that candidates for the Committee membership shall be selected from those applicants responding to an open request for application and requires the CPUC to provide for public comment on the applicants' qualifications and potential conflicts of interest. Under the modified charter, the President of the CPUC is required to review the applicants' qualifications, experience, and background, including any conflicts of interest, together with any public comments, and propose candidates with knowledge, background, and experience in the field of nuclear power plants and nuclear safety issues to that year's appointing authority. The CPUC's Energy Division is required to prepare and circulate for public comment, and place on the CPUC public agenda a resolution ratifying the CPUC's President's selection of candidates.

2020 UPDATES & ACCOMPLISHMENTS

Following the CPUC's approval of Resolution E-5081 in June 2020 ratifying the President's selection of two candidates, their names were submitted to the Governor for the term July 1, 2020 - June 30, 2023.[33] (The incumbent and one of the two candidates, Dr. Per Peterson, remain on the DCISC in the interim). In 2019, the California Attorney General reappointed Dr. Robert Budnitz for the term July 1, 2019 - June 30, 2022.

---

[32] D. 07-01-028 is available at: http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/64007.PDF

[33] At the time of this report's publishing a candidate had not yet been selected.

In 2018, the Chair of the CEC reappointed Dr. Peter Lam for the term July 1, 2018 - June 30, 2021. The DCISC held three public meetings in 2020. The DCISC also recently completed its Thirtieth Annual Report for July 1, 2019 – June 30, 2020, which will be available soon at: www.dcisc.org.

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is provided below. The sections on "Expenditures" and "Contracts, Funding Sources, and Legislative Authority" are not applicable to the DCISC because the committee has no independent budget, as stated above.

Governance Structure

The Committee consists of three members, each appointed by the Governor of the State of California, the Attorney General, and the Chair of the CEC, respectively, serving staggered three-year terms. Further information is available at: http://www.dcisc.org/about/history.php.

The Restated Charter for the DCISC, approved in CPUC D. 07-01-028, is available at: http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/AGENDA_DECISION/63383.PDF

Schedule of Employees and Compensation

As approved in the PG&E Advice Letter 5797-E-A, available at: https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5797-E-A.pdf, compensation for members of the DCISC includes the following:

- Annual Retainer of $10,400;
- A fee of $260/hour to attend DCISC meetings;
- A fee of $260/hour for DCISC work performed outside of committee meetings in excess of 40 hours per year; and
- Reimbursement of expenses incurred in the performance of DCISC work.

Staff Transferred or Loaned

There are no CPUC or other State staff hired to work for the DCISC. No State staff is currently or ever has been loaned internally or interdepartmentally to the DCISC.

Public Process and Oversight

Agendas, meeting videos, and minutes are available for each DCISC public meeting. Notices for the DCISC's public meetings are posted at: http://www.dcisc.org/notice.php. The DCISC held public meetings in February, June, and October 2020 (the latter two were held online-only due to COVID-19).

The DCISC provides extensive information to the public concerning Diablo Canyon. Transcripts and minutes of each public meeting and reports of each fact-finding meeting, and an extensive annual report on the safety of Diablo Canyon's operations are available by contacting the committee or at the R. E. Kennedy Library. The DCISC welcomes comment and communication from members of the public and provides an opportunity for such dialogue during every public meeting. In addition, the DCISC's administrative office maintains a toll-free 800 telephone line and an E-mail address to respond to questions or requests for information from the public. Written comments or questions may also be directed to the DCISC's members by contacting the office of the DCISC Legal Counsel.

The DCISC's contact information is available at: http://www.dcisc.org/contact.php.

Nuclear Decommissioning Trusts

BACKGROUND

Pursuant to Order Instituting Investigation (OII) 86, the CPUC conducted an investigation into managing the decommissioning trust funds for California's nuclear power plants. As a result, CPUC D.87-05-062 adopted externally managed trusts as the vehicles for accruing decommissioning funds. Two types of funds were established:

1. Qualified trust funds are contributions that qualify for an income tax deduction under Section 468A of the Internal Revenue Service (IRS) Code.
2. Non-qualified trust funds are contributions that do not qualify for an income tax deduction.

Each utility has a committee made up of five members who are responsible for directing and managing their nuclear decommissioning trusts. Two of the committee members are utility affiliated. The three that are not affiliated with the utility are CPUC-approved members who serve five-year terms. The committees appoint trustees and investment managers. On November 25, 1987, Resolutions E-3060,[34] E-3048,[35] and E-3057[36] approved, respectively, SDG&E's, PG&E's, and SCE's Master Trust Agreements.

Investment Managers

The utilities employ a stable of investment managers and advisors for their decommissioning trusts:

SDG&E:

- Bank of New York – Mellon [Trustee]
- State Street Global Advisors [Qualified Trust/U.S. Equity]
- Acadian [Qualified Trust/U.S. Equity]
- Earnest Partners [Qualified Trust/International Equity]
- Lazard [Qualified Trust/International Equity]
- PIMCO [Qualified Trust/Intermediate Credit]
- Loomis Sayles [Qualified Trust/Intermediate Credit]

---

34 Resolution E-3060 for San Diego Gas and Electric Company is available at: ftp://ftp2.cpuc.ca.gov/LegacyCPUCDecisionsAndResolutions/Resolutions/E3060_19871125_AL718E.pdf

35 Resolution E-3048 for Pacific Gas and Electric Company is available at: ftp://ftp2.cpuc.ca.gov/LegacyCPUCDecisionsAndResolutions/Resolutions/E3048_19871125_AL1160E.pdf

36 Resolution E-3057 for Southern California Edison is available at: ftp://ftp2.cpuc.ca.gov/LegacyCPUCDecisionsAndResolutions/Resolutions/E3057_19871125_AL768E.pdf

- TCW MetWest [Qualified Trust/Intermediate Credit]
- Northern Trust [Qualified Trust/Municipal Bonds; Nonqualified Trust/Municipal Bonds]
- Western Asset [Qualified Trust/Municipal Bonds]
- BlackRock [Qualified Trust/Municipal Bonds]
- Payden Rygel [Qualified Trust/Short Duration]

PG&E:

- BlackRock Financial Management [Qualified Trust Fixed Income]
- NISA Investment Advisors [Qualified Trust Fixed Income]
- PanAgora Asset Management [Qualified Trust Non-US equities]
- RhumbLine Advisers [Qualified Trust U.S. equity]
- Earnest Partners [Qualified Trust Fixed Income]
- Bank of New York – Mellon [Trustee]

SCE:

- Schroders Investment Management [Qualified Trust Fixed Income]
- BlackRock Financial Management [Qualified Trust Fixed Income]
- AB (formerly Alliance Bernstein) [Qualified Trust Fixed Income]
- PanAgora Asset Management [Qualified Trust International Equity Assets]
- Rhumbline Advisors [Qualified Trust U.S. Equity Assets]
- State Street Global Advisors [Qualified Trust U.S. Equity Assets]
- Pacific Investment Management Company (PIMCO) [Qualified/Non-Qualified Trust Fixed Income]
- NISA Investment Advisors [Qualified Trust Fixed Income]
- Bank of New York – Mellon [Trustee]

Trustee

Mellon Bank, N.A. acts as the trustee for the PG&E, SDG&E, and SCE Decommissioning Trusts by providing custody, record keeping, accounting, taxation, and reporting services on behalf of the trusts.

Fund Balances

Table 13 shows the balances for the PG&E, SCE, and SDG&E trust funds.

Table 13. All Trust Fund Balances are through December 31, 2019		
Utility	**Nuclear Plant**	**Fund Balance**
PG&E	Humboldt Bay Power Plant (HBPP) 3	$172,000,000
PG&E	Diablo Canyon Power Plant (DCPP) 1	$1,540,000,000
PG&E	DCPP 2	$2,015,000,000
SCE	San Onofre Nuclear Generation Station (SONGS) 1	$317,000,000
SCE	SONGS 2	$1,139,000,000
SCE	SONGS 3	$1,354,000,000
SDG&E	SONGS 1	$155,000,000
SDG&E	SONGS 2	$386,000,000
SDG&E	SONGS 3	$446,000,000
SCE	Palo Verde 1	$423,000,000
SCE	Palo Verde 2	$433,000,000
SCE	Palo Verde 3	$447,000,000

Regulations

The Nuclear Regulatory Commission (NRC) has some basic regulations that must be followed regarding decommissioning. These are:

1. Licensees are required to have sufficient funds to decommission the plant [10 CFR 50.75]. Utilities that operate nuclear plants file a report every two years with the NRC showing estimated decommissioning costs according to the NRC methodology, and how much money has been set aside for that purpose. The NRC definition of decommissioning is related only to the "nuclear" portion of the plant. In California, decommissioning also includes restoring the site to its original condition, which includes additional activities and requires the accumulation of more funds.
2. After a permanent plant shutdown, certain activities may not be performed that would prevent the completion of decommissioning [10 CFR 50.82(6)].

In the 2009 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP), the Commission undertook a comprehensive review of the management and administration of these externally managed nuclear decommissioning trust funds for each of the three major investor-owned electric utilities.

In January 2013, the CPUC issued D.13-01-039,[37] which allows for greater flexibility in trust fund management by allowing for increases in the amount of equity investments and lower-rated higher-yield domestic and foreign bonds to increase the overall yield of the decommissioning trust funds. In the course of the NDCTP, the CPUC reviews the trust fund levels and any potential adjustments to amounts paid by ratepayers into the trust funds. The 2012 NDCTP for all California nuclear power plants was approved by CPUC D.14-12-082 on December 18, 2014. The 2015 NDCTP for DCPP 1 and 2 and HBPP 3 was approved in D.17-05-020 on May 25, 2017. The 2015 NDCTP for SONGS 1, 2, and 3 and Palo Verde was separated into three phases: Phase 1 was decided in D.18-10-010[38] on October 11, 2018; Phases 2 and 3 were decided in D.18-11-034 on December 7, 2018.

2020 UPDATES & ACCOMPLISHMENTS

The 2018 NDCTP (A.18-03-009) for SONGS and Palo Verde was filed in March 2018 and separated into three phases: Phase 1 was decided in D.19-09-003 on September 12, 2019; Phases 2 and 3 will review the reasonableness of recorded costs and the reasonableness of the decommissioning cost estimates for SONGS units 1, 2, and 3. Phases 2 and 3 of the 2018 NDCTP are still in progress before the CPUC.

The 2018 NDCTP for DCPP and HBPP was filed as A.18-12-008 in December 2018 (and later consolidated with A.18-07-013) and is still in progress before the CPUC.

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is provided below. The sections on "Schedule of Employees and Compensation" and "Contracts, Funding Sources, and Legislative Authority" are not applicable to the Nuclear Decommissioning Trusts.

Expenditures

Tables 14, 15, and 16 below show the actual administrative costs for the utilities' nuclear decommissioning trusts for the last two available calendar years. Costs for 2020 will not become available until mid-2021.

Table 14. PG&E's Actual Administrative Costs, 2018-2020

Fiscal Year	2018	2019	2020
Actual expenditures	$2,217,000	$2,233,000	N/A

[37] D. 13-01-039 is available at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M047/K475/47475758.PDF

[38] D. 18-10-010 in response to a joint application filed by SCE and SDG&E; Applications 16-03-004.

Table 15. SCE's Actual Administrative Costs, 2018-2020			
Fiscal Year	**2018**	**2019**	**2020**
Actual expenditures	$4,343,255	$6,390,485	N/A

Table 16. SDG&E's Actual Administrative Costs, 2018-2020			
Fiscal Year	**2018**	**2019**	**2020**
Actual expenditures	$2,907,295	$2,589,147	N/A

Governance Structure

As described above, each utility has a committee made up of five members who are responsible for directing and managing their nuclear decommissioning trusts. Two of the committee members are utility affiliated. The three that are not affiliated with the utility are CPUC-approved members who serve five-year terms. The committees appoint trustees and investment managers.

Staff Transferred or Loaned

No State staff is currently or ever has been loaned internally or interdepartmentally to manage nuclear decommissioning trusts.

Public Process and Oversight

As required by their Master Trust Agreements, PG&E, SCE, and SDG&E filed Decommissioning Master Trust reports with the CPUC, which included:

- Findings as to whether current trustees and investment managers should be retained or replaced;
- If necessary, the justification for using more than one investment manager;
- Voting records of committee members and the minutes of committee meetings; and
- Itemized accounting of master trust administration expenses and their basis.

Electric Program Investment Charge

BACKGROUND

The Electric Program Investment Charge (EPIC) is an energy innovation funding program the CPUC established for the benefit of electricity ratepayers. Organized around three program areas— Applied Research and Development (R&D), Technology Demonstration and Deployment (TD&D), and Market Facilitation—EPIC seeks to drive efficient, coordinated investment in new and emerging energy solutions.

Applied R&D and TD&D projects are meant to bring clean energy technologies from earlier stages of development towards commercialization. These project areas are highly diverse, ranging from the development of new forms of biodigesters to the development, patenting, and demonstration of algorithms to help identify downed electricity wires. There is also a wide variety of market facilitation projects, which aim to remove non-technical barriers to the adoption of these new technologies. These projects have included programs to understand energy use patterns in multifamily homes before and after energy upgrades as well as projects to establish regional innovation clusters.

For the 2012-2020 program, CPUC allocates 80 percent of the EPIC program budget to the CEC to conduct Applied R&D, TD&D, and market facilitation. The IOU administrators (PG&E, SCE, and SDG&E) administer the remaining 20 percent of the EPIC program budget for TD&D projects.

2020 UPDATES & ACCOMPLISHMENTS

2012-2014 (EPIC 1), 2015-2017 (EPIC 2), and 2018-2020 (EPIC 3) Investment Plans

In 2020, all four administrators continued implementing the wide range of research, development, demonstration, deployment, and market facilitation activities from their 2012-2014, 2015-2017, and 2018-2020 portfolios.

Pursuant to D.12-05-037, the Administrators filed their investment plans for 2018-2020 EPIC funds in 2017. The CPUC approved these investment plans in D.18-01-008 and D.18-10-052. All EPIC applications were approved, with some additional modifications and implementation requirements, particularly to the IOUs' program management practices. A total program budget of $555 million was approved for the 2018-2020 investment cycle with the allocation shown in Table 17.[39]

[39] PG&E, SCE, and SDG&E were not allowed to encumber or otherwise commit to spend one-third of their 2018-2020 EPIC funding allocation until authorized to do so by a later decision addressing the joint Research Administration Plan application that they were directed to file in Ordering Paragraph 6 of D.18-10-052. Ordering Paragraph 2 of D.20-02-003 provided this authorization.

Table 17. Authorized Funding for EPIC 3 (2018-2020)

CEC	PG&E	SCE	SDG&E	Total
$444,000,000	$55,611,000	$45,621,000	$9,768,000	$555,000,000

The CEC's 2018-2020 EPIC Investment contains eight strategic objectives: (1) Advance technology solutions for continued energy savings in buildings and facilities; (2) Accelerate widespread customer adoption of distributed energy resources; (3) Increase grid system flexibility and stability from low-carbon resources; (4) Increase cost-competitiveness of renewable generation; (5) Create a statewide ecosystem for incubating new energy innovations; (6) Maximize synergies in the Water-Energy-Food nexus; (7) Develop tools and analysis to inform energy policy and planning decisions; and (8) Catalyze clean energy investment in California's disadvantaged communities. Across these areas, the CEC will continue to invest in a wide range of activities related to energy efficiency, demand response, renewable and advanced generation, electric vehicles, smart grid, and energy-related environmental research, development, demonstration, and non-technical market facilitation.

The IOUs also administer a range of projects in TD&D. These TD&D projects fall into the following four investment areas: (1) Renewables and distributed energy resource integration; (2) Grid modernization and optimization; (3) Customer service and enablement; and 4) Cross-cutting/foundational strategies and technologies.

As of December 31, 2020, 253 EPIC projects have been completed at a cost of $1.039 billion as provided in Tables 18 and 19.

Table 18. Projects by Administrator and Status

Administrator	Active Projects	On-hold Projects	Canceled Projects	Completed Projects
CEC	191	0	9	186
PG&E	8	35	28	36
SCE	22	7	4	20
SDG&E	4	0	3	11
Total	225	42	44	253

Table 19. Spending by Administrator and Program Area

Administrator	Applied R&D	Technology Demonstration and Deployment	Market Facilitation	Total
CEC	$393,000,000	$338,000,000	$117,000,000	$848,000,000
PG&E	$0	$92,000,000	$0	$92,000,000
SCE	$0	$79,000,000	$0	$79,000,000
SDG&E	$0	$20,000,000	$0	$20,000,000
Total	$393,000,000	$529,000,000	$117,000,000	$1,039,000,000

Spending for SCE and SDG&E is through October 2020, spending for PG&E is as of November 23, 2020, and spending for the CEC is through December 2020.

Program Coordination

The administrators coordinate closely with one another and other stakeholders, under the close oversight of the CPUC. Administrators have continued to participate in regular review meetings, conduct joint webinars and workshops, and regularly collaborate on EPIC-related matters through bi-weekly phone calls.

In 2020, the administrators held 17 EPIC-related public workshops with input and coordination from the CPUC's Energy Division staff. These workshops covered a variety of topics, ranging from methodologies and tools related to assessing the benefits of research and development investments to public input on specific projects. Workshops from March 2020 onward were held remotely, consistent with Executive Orders N-25-20 and N-29-20 and recommendations from the California Department of Public Health to encourage physical distancing to slow the spread of COVID-19. In September 2020, the CEC organized a virtual EPIC Forum highlighting innovative new clean energy technologies that can help reimagine new and existing building development to achieve carbon neutrality in the electricity sector by 2045. Additionally, in October 2020 the administrators organized a virtual annual EPIC Symposium that spotlighted progress in the EPIC Program and connected with key stakeholders, including the CPUC. The Energy Division's staff continues to work with the CEC and IOUs to identify areas for knowledge transfer between EPIC research projects and current energy policy proceedings. This coordination work is being formalized and improved in part through the Policy + Innovation Coordination Group, described in more detail below.

EPIC Evaluation and Program Improvements

In 2016, the CPUC initiated a public competitive Request for Proposals (RFP) for an independent evaluation of the EPIC Program and awarded a contract to Evergreen Economics to evaluate the EPIC

Program, its results, and its processes in order to provide recommended improvements for future implementation.

The Final Evaluation Report, published September 8, 2017, found that the program was generally on track, but made recommendations in several areas. The key findings and recommendations from the report were:

1. The guiding principles for the EPIC portfolio should be prioritized to allow for portfolio optimization.
2. The EPIC administrators should share project information in a more topical and coordinated manner to engage stakeholders more effectively.
3. The existing administrative structure should be supplemented with an independent coordinating body to help compile and disseminate program information.
4. The IOU administrators are technically in compliance with program requirements but are not meeting the intent of all requirements.

To address recommendations two and three, the CPUC ordered the establishment of a Policy + Innovation Coordination Group (PICG) in D.18-01-008. In D.18-10-052,[40] which addressed the 2018-2020 EPIC Investment Plans for the IOUs, the CPUC (with input from stakeholders) determined that the CPUC will be responsible for the selection process for the PICG Project Coordinator. Additionally, PG&E was chosen to serve as fiscal manager of the contract with the PICG Project Coordinator, without exercising control over the design or scope of the Coordinator's activities. In 2019, the CPUC's Energy Division staff developed the public competitive RFP for the PICG Project Coordinator, scored bid submittals, and oversaw the execution of the Project Coordinator contract. This contract was finalized in December 2019, with the Accelerate Group chosen as the Project Coordinator.

The PICG consists of representatives at the program management/leadership level from each of the program administrators and the CPUC. The goals of the PICG are to:

1. Identify Policy + Innovation Partnership Areas - areas around which the PICG will engage in targeted coordination to accelerate RD&D, and to gather input and lessons learned from projects related to timely and critical policy challenges.
2. Create transparency of EPIC program results and find ways to track or identify substantive developments and discoveries in EPIC projects that may inform energy policy.
3. Ensure alignment between policy and programs and increase the CPUC's understanding of energy innovations in key policy areas to inform decision making.
4. Center equity in process and programs by ensuring input from disadvantaged communities, low-income communities, and tribal communities is prioritized during the PICG process.

After hosting public workshops in March and April, the PICG identified four Policy + Innovation Partnership Areas to focus on in 2020: wildfire mitigation, transportation electrification, ensuring equity, and

[40] D.18-10-052 is available at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M237/K682/237682608.PDF

public safety power shutoffs. Eleven public workshops on these topics were held from September-December 2020. Each workshop included presentations from EPIC projects to share key project highlights and lessons learned, and robust stakeholder discussion to foster coordination and collaboration.

Open Proceedings

On April 23, 2019, and pursuant to the CPUC's direction, the utilities jointly filed their Research Administration Plan in Application (A.) 19-04-026, addressing recommendations from the Evergreen Economics Program Evaluation that said that the IOU administrators, while technically compliant, were not meeting the intent of all program requirements. On February 10, 2020, the Commission issued D.20-02-003 approving the Research Administration Plan.

On October 10, 2019, the CPUC opened R.19-10-005 to consider renewal of the EPIC Program. On August 27, 2020, the CPUC issued D.20-08-042 approving reauthorization of EPIC and funding for the CEC to continue EPIC administration through 2030. Phase 2 of the Proceeding will determine the role of IOUs going forward and will consider any programmatic or administrative improvements to EPIC.

For more information contact Amy Mesrobian (amy.mesrobian@cpuc.ca.gov or 415-703-3175), or Fredric Beck (fredric.beck@cpuc.ca.gov or 415-703-5432).

ANNUAL REPORTING UPDATES

The annual audit reporting information required by statute is below.

Expenditures

EPIC has been funded through triennial (three-year) investment cycles, with years demarcated by calendar year. Due to the variability in spending across the years in the investment period, fiscal year expenditures may not be indicative of actual expenditures. Listed below are the allowed funding amounts over the last three investment cycles.

Table 20. EPIC Funding

Investment Cycle (calendar year)	2012-2014	2015-2017	2018-2020
Allowed Funding	$467,000,000	$510,000,000	$555,000,000

Governance Structure

EPIC investments are funded under the authorization of the CPUC as established in Phase 1 pursuant to D.11-12-035. Phase 2, pursuant to D. 12-05-037, requires the CPUC to conduct a public proceeding every three years for the period 2012-2020 to consider EPIC investment plans for coordinated public interest investment in clean energy technologies and approaches. Furthermore, D.12-05-037 directed the CEC, SDG&E, PG&E, and SCE, as administrators of the program, to present their investment plans for the triennial program periods for consideration by the Commission.

Schedule of Employees and Compensation

Table 21 shows EPIC Administrator dollars spent on labor for the prior two and current calendar years.

Table 21. Schedule of Employees and Compensation

Year	Gross Compensation	Total
2018	$13,410,097	$13,410,097
2019	$13,821,997	$13,821,997
2020 Year to Date	$9,514,434	$9,514,434

The reporting year for EPIC is from January 1-December 31. 2020 data is as of October 2020. Gross compensation includes benefits.

Staff Transferred or Loaned

No CPUC staff have been transferred or loaned internally or interdepartmentally for this program.

Contracts, Funding Sources, and Legislative Authority

Contracts entered into by the EPIC program administrators are authorized by D.12-05-037 and are funded by EPIC program funds. Per D.18-10-052, PG&E holds the contract with the Accelerate Group, the Project Coordinator for the EPIC Policy + Innovation Coordination Group, which continues through 2021. EPIC is funded by the ratepayers of PG&E, SCE, and SDG&E on a proportional basis.

Public Process and Oversight

The EPIC program is overseen by the CPUC's Energy Division staff. Additionally, each EPIC administrator submits an annual report to the CPUC in February. The CEC also submits its annual EPIC report directly to the Legislature by March 31 of each year. Annual reports provide updates on the status of the investment plans, projects, funding levels, results, intellectual property development, and technological breakthroughs. In the 2020 Annual Reports, each EPIC administrator provided updates on project status, administrator coordination, public engagement, and budget. The EPIC program administrators also hold public workshops to gain stakeholder input throughout the EPIC funding process. Additional information on public process and oversight is provided in the section on "Program Coordination," above. One of the tasks for the Policy + Innovation Coordination Group consultant is to develop a web-based database for all EPIC projects, furthering program transparency.

The Building Initiative for Low-Emissions Development and Technology and Equipment for Clean Heating Programs

BACKGROUND

SB 1477 (Stern, 2018) requires the CPUC to develop two pilot programs to promote building decarbonization using $200 million collected in $50 million installments over four years. The Building Initiative for Low-Emissions Development (BUILD) Program provides incentives for the deployment of near-zero-emission building technologies in residential housing to reduce building-sector GHG emissions. The Technology and Equipment for Clean Heating (TECH) Initiative provides incentives to advance the state's market for low-emission space and water heating equipment for new and existing residential buildings. Both pilot programs are funded by GHG allowance proceeds from the four gas corporations that participate in California's Cap-and-Trade program (i.e., PG&E, SDG&E, SoCalGas, and Southwest Gas). SB 1477 further directs the CPUC to provide annual updates regarding both BUILD and TECH to the Legislature as part of the AB 1338 Annual Report.

2020 UPDATES & ACCOMPLISHMENTS

On March 26, 2020, the CPUC adopted a Phase I decision in the proceeding on Building Decarbonization (D.20-03-027). D.20-03-027 establishes a framework for both BUILD and TECH and makes the funding available for the programs as directed in SB 1477. D.20-03-027 appropriates 40 percent of the $200 million budget for the BUILD Program and 60 percent for the TECH Initiative.

To comply with CARB rules governing the use of Cap-and-Trade funds, spending for these programs shall be proportionally directed to the gas corporation service territories where the funds are derived. However, any spending for the BUILD Program and the TECH Initiative with statewide or cross-territory benefits, including but not limited to administrative and evaluation spending, shall be attributed to the gas corporation service territories in proportion to their original funding contribution.[41]

<u>BUILD Program</u>

The BUILD program will be focused on new construction, and at least $60 million of BUILD's $80 million dollar budget will be dedicated to low-income housing. The CEC will administer BUILD with oversight from the CPUC. The CEC will ensure program outreach and that technical assistance is available to all prospective applicants prior to the start of implementation. The CEC has the discretion to solicit a third-party contractor to provide technical assistance or to implement any part of the program.

---

41 See Title 17 of the California Code of Regulations Section 95893(d)(3): "Allowance value, including any allocated allowance auction proceeds, obtained by a natural gas supplier must be used for the primary benefit of retail natural gas ratepayers of each natural gas supplier, consistent with the goals of Assembly Bill 32, and may not be used for the benefit of entities or persons other than such ratepayers."

The CEC has been working in conjunction with the CPUC on an implementation plan for BUILD. On June 15, 2020, the CEC held a workshop to discuss the BUILD implementation plan with stakeholders, and a first draft of the implementation plan was released on July 24, 2020, with a revised version becoming available on September 29, 2020. The CEC is currently working on finalizing the program guidelines.[42] The CPUC will adopt the BUILD implementation plan and the program guidelines through a public process before commencement of the program. The program is expected to launch in 2021.

<u>TECH Initiative</u>

Per SB 1477, TECH will focus primarily on the upstream market (i.e., manufacturers) and midstream market (i.e., distributors and contractors) as catalysts for market development for clean heating equipment. TECH will also focus on consumer education, contractor training, vendor training, as well as strategies to reduce the barriers to participation by low-income, disadvantaged, and hard-to-reach customers.

According to D.20-03-027, the TECH Initiative is to be effectuated by a third-party implementer under a contract held by SCE with oversight by the CPUC. The decision outlines a process by which the implementer is selected by the CPUC's Energy Division after a competitive solicitation. Per the Decision's direction, bids received through the solicitation were reviewed and scored by a committee of nine financially disinterested market transformation experts. This solicitation concluded in September of 2020 with the committee selecting a team led by Energy Solutions to implement the program. The contract between SCE and Energy Solutions is currently being negotiated, and it is expected that the TECH Initiative will launch in the first quarter of 2021.

<u>Evaluation</u>

D.20-03-027 outlines a series of evaluation criteria based on metrics such as GHG emissions reductions and market penetration of clean heating technologies. The Decision also directs SCE, with CPUC oversight, to run a solicitation for a single evaluator for both BUILD and TECH. D.20-03-027 sets the budget for the evaluator at 2.5 percent of the overall programs' budget, or $5 million. Program implementers are directed to embed evaluation needs into program design. Per this direction, SCE issued a solicitation for bids for the evaluation contract on September 25, 2020. The evaluator is expected to come on contract in the first quarter of 2021.

ANNUAL REPORTING UPDATES

Pursuant to D.20-03-027, program funding is to be held and distributed by SCE. First year funding was deposited by all relevant gas corporations with SCE on June 1 in one lump sum of $50 million. Funding for the second, third, and fourth years is to be collected in quarterly installments of $12.5 million occurring March 1, June 1, September 1, and December 1 of each year. The first quarterly installment was deposited with SCE on September 1, 2020, and the second quarterly installment was deposited with SCE on

---

[42] Further information is available at: https://www.energy.ca.gov/programs-and-topics/programs/building-initiative-low-emissions-development-program.

December 1, 2020.[43]

In line with the budget established for the BUILD Program by the CPUC Phase I Decision, the Legislature approved the CEC's request for $80 million in total expenditure authority and seven permanent positions to implement the program through the fiscal year 2020-2021 May Revision Budget Change Proposal (BCP) process.[44] Fund 3373, the Building Initiative for Low-Emissions Development Program Fund, was established to support the CEC's administration of the BUILD Program.

No funding has yet been distributed for the implementation of either BUILD or TECH, as program details are not yet finalized.

---

43 This process is outlined in CPUC D.20-03-027, Section 3.1.3.

44 The BUILD BCP is available at: https://esd.dof.ca.gov/Documents/bcp/2021/FY2021_ORG3360_BCP3984.pdf.

Appendices

Appendix A. Pacific Forest and Watershed Lands Stewardship Council

Appendix A.1 Employee Compensation

Table 22. 2020 Year to Date (YTD) Schedule of Employee Compensation through October 31, 2020

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	$107,947	$9,629	$3,998	$121,574
Deputy Director of Land Conservation	$78,200	$22,150	$3,129	$103,479
Director of Programs & Administration	$98,079	$18,307	$3,923	$120,309
Finance & Compliance Administrator	$67,310	$19,759	$1,224	$88,292
Other Staff (3)	$118,152	$19,528	$3,876	$141,556
Grand Total (7 positions)	$469,688	$89,373	$16,150	$575,211

Table 23. 2019 Schedule of Employee Compensation through December 31, 2019

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	$126,099	$15,758	$5,038	$146,895
Director of Land Conservation	$111,925	$21,596	$4,094	$137,615
Director of Finance	$118,372	$41,163	$0	$159,535
Senior Project Manager	$87,299	$30,302	$3,474	$121,075
Other Staff (4)	$199,131	$49,638	$2,201	$250,970
Grand Total (8 positions)	$642,827	$158,458	$14,806	$816,092

Table 24. 2018 Schedule of Employee Compensation through December 31, 2018

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	$122,100	$15,326	$4,884	$142,310
Director of Land Conservation	$119,343	$29,797	$4,504	$153,644
Deputy Director of Land Conservation	$92,275	$19,209	$3,691	$115,175
Director of Finance	$114,663	$38,598	$0	$153,268
Senior Project Manager	$92,031	$21,258	$3,681	$116,970
Other Staff (5)	$281,515	$80,483	$7,650	$369,648
Grand Total (10 positions)	$821,928	$204,672	$24,410	$1,051,010

Table 25. 2017 Schedule of Employee Compensation through December 31, 2017

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	$177,625	$29,484	$6,678	$214,087
Director of Land Conservation	$114,051	$28,448	$4,346	146,845
Deputy Director of Land Conservation	$51,865	$11,107	$600	$63,572
Director of Finance	$97,757	$ 34,521	-	$132,277
Senior Project Manager	$92,374	$28,010	$3,695	$124,079
Other Staff (5)	$172,942	$50,122	$3,735	$226,799
Grand Total (10 positions)	$706,614	$181,692	$19,354	$907,660

Appendix A.2 Professional Fees

Table 26. Schedule of Professional Fees YTD as of October 31, 2020 by General Ledger Category

General Ledger Category	Total Paid
Legal Fees	$22,240
Accounting Fees	$21,983
Graphics & Media Fees	$22,297
Investment Management Fees	$17,500
Professional Services Fees	$39,370
Boundary Surveys	$334,841
Baseline Documentation	$42,480
Land Planning Fees	$20,472
Land Transfer Costs	$169,554
Total Consultant Expense	$690,737

Appendix B. California Emerging Technology Fund

Appendix B.1 List of Grantees

Table 27: California Emerging Technology Fund Grantees as of June 30, 2020

Name of Grant	Grant Agreement Amount
Adoption Legacy Fund	
California State University, Fresno SJV Consortium	$20,000
Chicana Latina Foundation	$10,000
El Concilio of San Mateo County	$90,000
OCCUR	$5,000
Pivotal	$5,000
Silicon Valley Education Foundation	$50,000
Tech Exchange	$425,000
Valley Vision	$25,000
WiConduit	$25,000
In Support of Santa Clara County Office of Education Outreach to Students:	
Catholic Charities of Santa Clara County	$10,000
Goodwill of Silicon Valley	$10,000
Sacred Heart Community Service	$10,000
Adoption Legacy Fund Total	*$685,000*

Access Broadband Connect (ABC) Grants	
American GI Forum Education Foundation of Santa Maria	$48,000
Asian Youth Center	$48,000
California Foundation for Independent Living Centers	$120,000
California State University, Fresno Foundation	$102,000
Delhi Center	$81,000
EveryoneOn	$50,000
human I-T	$288,000
Independent Living Center of Kern County	$5,000
Mothers Helping Others	$18,000
mRelief	$50,000
National Council of Negro Women Inland Empire	$96,000
Priscilla's Helping Hands	$72,000
Sigma Beta Xi	$300,000
Southeast Community Development Corporation	$170,000
United Ways of California	$360,000
World Institute on Disability	$535,000
Access Broadband Connect (ABC) Grants Total	*$2,343,000*
Neighborhood Transformation	
CFEE Smart Housing Forum	$5,000
City of Long Beach Digital Inclusion Initiative	$10,000
Families in Schools	$25,000
Southeast Community Development Center	$25,000
UCLA Center for Transformation of Schools	$10,000

YMCA of Greater Long Beach	$80,000
Youth Policy Institute	$5,000
Neighborhood Transformation Total	*$160,000*
Institutionalization of Digital Inclusion	
California Association of Councils of Governments	$25,000
California Forward	$50,000
California Foundation for Independent Living Centers	$50,000
California State PTA	$90,000
California State University, Fresno SJV Consortium	$30,000
East Los Angeles College Foundation	$10,000
Families in Schools	$25,000
Foundation for Los Angeles Community Colleges	$70,000
Inland Empire Economic Partnership	$10,000
Inland Empire Regional Consortium (SmartRiverside)	$50,000
Los Angeles City College Foundation	$10,000
Los Angeles Community Foundation (Mayor's College Fund)	$50,000
SCAG Caltrans Sustainable Communities Project	$30,000
Southeast Community Development Center	$10,000
Southern Border Regional Consortia (IVEDC)	$50,000
The Maddy Institute	$10,000
United Way of Greater Los Angeles	$200,000
United Ways of California	$50,000
Valley Vision	$55,000
WiConduit	$25,000

YMCA of Greater Long Beach	$10,000
Institutionalization of Digital Inclusion Total	*$910,000*
Total Consolidated Grants	**$4,098,000**
Frontier Partnership Grants	
AGIF Education Foundation (Santa Maria)	$210,480
California Community Action Partnership Association	$240
California Foundation for Independent Living Centers	$136,200
California State University, Fresno	$150,000
Great Harvest Community Center	$39,000
Happy Village	$4,080
human-I-T	$1,800,000
McFarland School District	$54,000
Mothers Helping Others	$36,000
National Asian American Coalition	$9,000
National Council of Negro Women Inland Empire	$3,000
Partners in Education	$18,000
Priscilla's Helping Hands	$30,000
Sigma Beta Xi	$60,000
Southeast Community Development Corporation	$300,000
United Ways of California	$150,000
Frontier Partnership Grants Total	*$3,000,000*

Appendix C. The California Hub for Energy Efficiency Financing

Appendix C.1 Finance Pilots' Budget

Table 28: Finance Pilots Budget with CAEATFA Expenditures, September 2014-June 2020

Item	Allocated	Expended	Balance
CAEATFA Hub Administration[45]			
Initial allocation per D.13.09.044 for implementation including outreach and training to finance companies and contractors and reserve fund allocation to CAEATFA in November 2016[46]	$15,360,000	$11,405,252	$3,954,748
Subtotal Hub Administration Costs[47]	$15,360,000	$11,405,252	$3,954,748
Marketing, Education, and Outreach (MEO)			
Statewide MEO plan[48]	$8,000,000	$7,745,780	$254,220
Subtotal Marketing, Education, and Outreach[49]	$8,000,000	$7,745,780	$254,220

45 Includes start-up costs, Hub administration, direct implementation, outreach, and training.

46 Funds were authorized per Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing Education and Outreach in November 2016.

47 Quarterly expenditures are based on good faith estimates due to a lag in invoice submittals.

48 The contract for the statewide marketing implementer is administered by SoCalGas. The numbers reflect data reported to CAEATFA.

49 The initial allocation for ME&O also included $2 million to CAEATFA for outreach to finance companies and contractors.

Credit Enhancement			
Initial Allocation per D.13.09.044	$42,900,000		
Earmarked by IOUs for Administration and Direct Implementation per PIPs[50]	($9,863,976)		
Subtotal Credit Enhancement Funds Allocated after IOU Administrative Costs[51]	$33,036,024	$192,818	$32,843,206
Funds currently encumbered[52]	$1,689,741		
IOU Administration[53]			
Administration, General Overhead, and Direct Implementation per PIPs.	$9,863,976		
IT Costs	$8,000,000	TBD	TBD
Subtotal IOU Administration[54]	$17,863,976		
Hub Pilot Reserve			
Subtotal Remaining Reserve[55]	$984,931		
Grand Total	**$75,244,931**	**$19,343,850**	**$37,052,174**

---

50 The IOUs and CHEEF filed Program Implementation Plans (PIPs) in 2014 and 2015.

51 Credit enhancement expenses consist of $192,818 paid out in claims to REEL lenders.

52 Includes contributions to Finance Company loss reserve accounts net of claims paid and net of funds recaptured through annual rebalances.

53 Includes start-up costs, On Bill Repayment build-out, and direct implementation.

54 IOU Administration costs reflects initial funding. D.17.03.026 approved additional expenditures of up to $500,000 per year per IOU (and $800,000 for SoCalGas) from 2017 through 2020 with funding from energy efficiency funding already approved or for incremental funding, subject to the Advice Letter process.

55 This amount reflects the remaining balance after the release of reserve funds to CAEATFA.