



# California Public Utilities Commission

## Annual Report on Trusts and Entities Created by the CPUC

AB 1338 (P.U. Code § 910.4) 2015 Report to the Legislature



January 10, 2016



**TABLE OF CONTENTS**

**ASSEMBLY BILL 1338 (2008) .....1**

**I. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 910.4 (a)) ..... 2**

**A. THE PACIFIC FOREST WATERSHED LANDS STEWARDSHIP COUNCIL .....2**

**B. THE CALIFORNIA CLEAN ENERGY FUND ..... 9**

**C. THE CALIFORNIA EMERGING TECHNOLOGY FUND ..... 14**

**D. THE DIABLO CANYON INDEPENDENT SAFETY COMMITTEE ..... 19**

**E. NUCLEAR DECOMMISSIONING TRUSTS ..... 20**

**F. ELECTRIC PROGRAM INVESTMENT CHARGE (EPIC) ..... 23**

**G. THE CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING.....24**

**II. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 910.4 (b)) ..... 29**

**A. 21<sup>st</sup> CENTURY ENERGY SYSTEMS – COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT ..... 29**

**APPENDICES AND EXHIBITS ..... 30**

## **ASSEMBLY BILL 1338 (2008)**

This legislative report presents the 2015 annual information required by the California Legislature per the state budget bill AB 1338, passed in September 2008. The bill included a rider creating new Section 326.5 of the California Public Utilities Code. Among other things, the new law requires the California Public Utilities Commission (CPUC) to report to the Legislature certain information concerning entities or programs created by order of the CPUC. In 2015, Section 326.5 of the Public Utilities Code was amended and renumbered to read:

### **910.4.**

By January 10 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 of 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.

## **I. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 910.4 (a))**

### **A. 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 California Public Utilities Commission (CPUC) Decision 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”*. 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. The Stewardship Council does not receive any additional sources of funding at this time.

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 is comprised of appointees from state and federal agencies, including the CPUC, water districts, tribal and rural interests, forest and farm industry groups, conservation organizations, and PG&E. All decisions of the Board of Directors are made by consensus.

#### **PARTIAL LIST OF LAND CONSERVATION PROGRAM ACCOMPLISHMENTS**

- Following a comprehensive public outreach effort, the Stewardship Council Board of Directors adopted Volumes I and II of the Land Conservation Plan (LCP) on November 28, 2007. The LCP is a comprehensive framework to guide the Stewardship Council’s conservation work.
- As of November 1, 2015, the Stewardship Council Board of Directors has selected nearly 20 entities as prospective recipients of fee title donations of PG&E Watershed Lands. Fee title conveyance transactions are moving forward on approximately 35,000 acres. The future landowners are federal, state, and local public agencies, nonprofit conservation organizations, and Native American entities. To date, the Board of Directors has selected 12 qualified organizations to hold conservation easements that will protect the Beneficial Public Values (BPVs) of PG&E’s Watershed Lands.

- As of November 1, 2015, the Board has approved Land Conservation and Conveyance Plans (“LCCPs”) for 24 fee donations and/or 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 California Public Utilities Commission, and from the Federal Energy Regulatory Commission, as applicable.
- As of November 1, 2015, fee title of three properties has been conveyed following approval of the transaction by the California Public Utilities Commission. 240 acres of lands at Kennedy Meadows, located in Tuolumne County, were donated to the County of Tuolumne on November 20, 2013. Concurrently, a conservation easement being held by the Mother Lode Land Trust was recorded that will ensure the beneficial public values of those lands are protected in perpetuity. 151 acres of lands in the Deer Creek planning unit, located in Tehama County, were donated to the United States Forest Service on October 9, 2014, along with a conservation covenant that is being held by the Sierra Nevada Conservancy. Approximately 41 acres at the Narrows planning unit, located in Nevada County, were donated to the University of California for management by its Sierra Foothill Research and Extension Center. The conservation easement on that property is held by the Bear Yuba Land Trust. In addition, five conservation easements have been recorded on lands retained by PG&E.
- In 2012, the Stewardship Council launched its enhancement program, which will ultimately result in more than \$20 million in grants being awarded to projects that enhance the BPVs of the Watershed Lands and promote partnerships between the landowner, the conservation easement holder, local communities, youth, and other stakeholders. To date, several grants have been awarded for planning and feasibility studies, biological surveys, and resource protection projects. For example, the Stewardship Council has awarded approximately \$1.4 million to a project being implemented by Cal Trout and the Pit River Tribe to restore 1.5 miles of in-stream wild trout habitat and native vegetation along Hat Creek in Shasta County. Grant funds will be used to build new trails, a pedestrian bridge, and scenic picnic area; enhance fishing opportunities; and protect several historic sites with new fencing, landscaping, and signage. Pit River Tribe youth and tribal members are implementing this project. The Stewardship Council has awarded \$550,000 to the Spring Rivers Foundation to restore a meadow that will support the Shasta crayfish, an endangered species. The project is restoring and re-watering approximately 650 feet of channel in Rock Creek in Shasta County to create habitat for the crayfish, which will be relocated from nearby existing habitat. The project is providing fieldwork experience to youth and young adults as part of high school and university curriculum.
- The Stewardship Council’s Land Conservation Program activities have also resulted in:
  - a) The creation of a collaborative partnership among the Maidu Summit Consortium, the California Department of Fish and Wildlife, and the Feather River Land Trust to

preserve and enhance the beneficial public values at the Humbug Valley planning unit in the Upper Feather River Watershed.

- b) A plan to significantly expand the state's research and demonstration forest systems in the Sierra and Cascade ranges through the donation of 17,000 acres of forested watershed lands to the California Department of Forestry and Fire Protection (CAL FIRE) and the University of California Center for Forestry.
- c) The development of a model conservation easement for use on watershed lands being actively managed and operated for utility purposes.

## **YOUTH INVESTMENT PROGRAM ACCOMPLISHMENTS**

Between 2006 and 2011, the Stewardship Council directly administered a grant making program that awarded 268 grants resulting in over \$12.2 million in funding to connect over 260,000 underserved youth living in the PG&E service area with the outdoors. These grant awards included over \$1 million in Catalyst grants, which were designed to help support grassroots organizations using innovative methods to connect youth with the outdoors within or near their communities; and, \$4.8 million in Infrastructure grants, which provided much needed funds to develop and renovate urban parks.

Between 2010 and 2013, the Stewardship Council provided financial and in-kind support to establish the Foundation for Youth Investment (FYI), a nonprofit organization created by the Stewardship Council to continue as a funding source for youth programs focusing on outdoor education and experiences. In August 2013, the Stewardship Council awarded \$10.7 million to FYI, effectively transferring its remaining youth program net assets to FYI. FYI, now named "Youth Outside" is to use those grant funds to carry out the purpose of the Stewardship Council's youth investment program. FYI is led by an independent board of directors. Under the terms of a Major Grant Agreement with FYI, the Stewardship Council has the right to appoint one person to serve on FYI's board of directors until all the grant funding provided by the Stewardship Council has been expended. At the request of CPUC legal staff, CPUC was named as a third party beneficiary to the Major Grant Agreement. Upon the Stewardship Council's dissolution (currently anticipated to be in 2020), the CPUC shall have the right to succeed to the Stewardship Council's rights but not obligations under the Major Grant Agreement.

Between 2012 and 2015, using Stewardship Council funding, FYI directly awarded more than \$3.6 million in program grants to connect underserved youth in the PG&E service area to the outdoors. Through grants from the Stewardship Council, FYI took a leadership role in developing and funding the following strategic initiatives:

- The Outdoor Educators Institute, a program designed to recruit and train diverse young adults from urban areas to become outdoor instructors.

- The Outdoor Transportation Fund, which provides transportation assistance to school teachers and school-based programs to enable youth to attend field trips in the outdoors. Since its inception, the fund has allowed over 15,000 low-income students to participate in 269 field trips.
- A series of regional conventions of youth program providers to develop standards and practices for delivering culturally relevant programming to underserved youth.
- The Stewardship Council's environmental enhancement program has also provided funding to involve youth in the implementation, maintenance, and monitoring of enhancement projects on PG&E Watershed Lands.

## **ANNUAL REPORT**

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. This annual audit is available to the public via the Stewardship Council's website, as is the organization's IRS form 990: Return of Private Foundation. These reports can be found at: [http://www.stewardshipcouncil.org/public\\_information/financial\\_statements.htm](http://www.stewardshipcouncil.org/public_information/financial_statements.htm)

In addition to supplying the most recently available audit report and tax return, this report outlines the additional information required by the Public Utilities Code Section 910.4.

### **(1) Any governance structure established for an entity or program.**

a. Articles of Incorporation

[http://www.stewardshipcouncil.org/documents/background%20documents/Articles%20of%20Incorporation\\_Amended%204.30.14.pdf](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](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

Supplied as a separate document as Addendum 1a (available on CD by request).



**(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.**

a. Schedule of Employees and Compensation:

A summary of staff salaries and benefits are provided in **Table 1**, a more detailed breakdown of salaries and benefits for the top five highest paid employees is given in **Appendix 1.1**.

**Table 1** - General breakdown of staff costs for 7 years to Dec 31, 2014, and 10 months ended October 31, 2015:

Year	Gross Pay	Benefits	401k	Total
<b>2008</b>	\$1,104,093	\$197,132	\$28,382	\$1,329,607
<b>2009</b>	\$1,341,280	\$250,658	\$39,568	\$1,631,506
<b>2010</b>	\$1,657,798	\$314,535	\$48,442	\$2,020,775
<b>2011</b>	\$1,590,718	\$304,839	\$47,210	\$1,942,767
<b>2012</b>	\$1,535,781	\$310,901	\$46,193	\$1,892,875
<b>2013</b>	\$1,171,951	\$231,036	\$42,868	\$1,445,855
<b>2014</b>	\$1,114,727	\$220,195	\$41,682	\$1,376,604
<b>2015 (YTD)</b>	\$ 873,558	\$168,822	\$32,808	\$1,075,188

**(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.**

No State staff is currently or ever has been loaned to this organization.

**(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.**

a. Under the Settlement Agreement, Section 17(c), PG&E is obligated to fund the Stewardship Council annually over a ten 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 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.

b. Schedule of professional fees

See **Appendix 1.2**.

**(5) The public process and oversight governing the entity or program's activities.**

a. 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. The Stewardship Council's corporate bylaws provide 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. The board-adopted Policies and Procedures include the following:

**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.

### **Stewardship Council 2015 Public Outreach Activities, Targeted Media Outreach and Noticing**

1. The Stewardship Council sends e-mails to the stakeholders in its database regarding Land Conservation program updates and information, and announcements for public Stewardship Council board meetings. As of November 1, 2015, the Stewardship Council database included 13,166 individuals and 5,138 organizations (federal, state and local agencies, nonprofits, schools, tribal entities, foundations and for-profit businesses).
2. 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.
3. The Stewardship Council sends news releases announcing public board meetings to a media database, which includes approximately 1,000 media outlet representatives.
4. 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.
5. The Stewardship Council’s 2014 annual report was posted to the Council’s website, and its availability announced via an email to all stakeholders in our database.

## **B. 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, that was established via the bankruptcy settlement between Pacific Gas and Electric Company (PG&E) and the California Public Utilities Commission (CPUC) with CPUC Decision 03-12-035 in Investigation 02-04-026. The \$30 million granted to CalCEF was distributed by PG&E over five years and derived from shareholders per the terms of the settlement agreement.

CalCEF has a family of entrepreneurial nonprofit organizations focused on the rapid commercialization, deployment and scale up of low-carbon energy technologies. The CalCEF tripartite framework – Ventures, Innovations and 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 multiple gaps in the development cycle of clean energy technologies.

Since 2005 CalCEF has:

- Collaborated with industry leaders to bring new financing solutions to the energy efficiency marketplace;
- Founded the nation's first university center on energy efficiency, at UC Davis;
- Created the first venture capital impact fund;
- Helped form the industry's first multi-investor platform for tax equity investment;
- Launched the industry's first fund to focus on early-stage financing; and
- Collaborated with Lawrence Berkeley National Laboratory to launch CalCharge, aimed at developing and deploying new energy-storage technologies.

### **ANNUAL REPORT**

#### **(1) Any governance structure established for an entity or program.**

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 that are provided.

- Articles of Incorporation:* Articles of Incorporation, 2004 – separately provided as Addendum 1b (available on CD by request).
- Bylaws:* Restated Bylaws, 2013 – separately provided as Addendum 2 (available on CD by request).
- Settlement Agreement:* [http://docs.cpuc.ca.gov/Published/Final\\_decision/32687.htm](http://docs.cpuc.ca.gov/Published/Final_decision/32687.htm)
- Stipulation Agreement:* No stipulation agreement found
- Policies and Procedures:* Conflict of Interest Policy, 2009 – separately provide as Addendum 3 (available on CD by request).

**(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.**

CalCEF Ventures employees 2 staff members as of November 2015. A summary of staff salaries and benefits, by year, are provided in **Table 2**. 2014 year-end figures have been corrected and the costs for 2015 are partial and subject to change ending October 31, 2014:

**Table 2**

	<b>Gross Pay</b>	<b>Benefits</b>	<b>Total</b>
<b>2005</b>	\$175,000	\$1,848	\$176,848
<b>2006</b>	\$145,833	\$3,707	\$149,540
<b>2007</b>	\$210,000	\$5,234	\$215,234
<b>2008</b>	\$166,083	\$6,347	\$172,430
<b>2009</b>	\$175,481	\$11,324	\$186,805
<b>2010</b>	\$205,270	\$16,364	\$221,634
<b>2011</b>	\$225,167	\$17,115	\$242,302
<b>2012</b>	\$245,257	\$13,989	\$259,246
<b>2013</b>	\$376,505	\$16,985	\$393,490
<b>2014</b>	\$117,467	\$6,573	\$124,040
<b>2015 (YTD)</b>	\$93,751	\$6,636	\$100,387

**(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.**

No state staff is currently or has ever been loaned to this organization. No staff from other internal organizations is on loan.

**(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.**

CalCEF Ventures' initial funding of \$30 million comes from PG&E shareholders. 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. Minor donations from other entities were made and are detailed on Exhibit 2.1. 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. Authority for this funding was given in CPUC decision D03-12-035, upon settlement of PG&E's bankruptcy.

CalCEF Ventures invested in new technologies by entering into partnering contracts with three for profit venture capital partners: Nth Power; VantagePoint Venture Partners; Element Partners (a list of investments is provided in Exhibit 2.2). CalCEF Ventures maintains positions in four of those investments today.

In 2006 CalCEF Ventures made a grant of \$0.5 million to UC Davis for the development of the Energy Efficiency Center, and in 2007 made a second grant of \$0.5 million per the terms of the grant agreement. In 2008 the CalCEF Clean Energy Angel Fund was established and in 2008 the sister organization CalCEF Innovation was set-up with \$0.5 million to address important gaps in public policy regarding motivation of clean energy technology and business solutions, and to pursue needed policy making and public benefit goals. In 2011 and 2012 CalCEF Ventures established two new investment vehicles: in 2011 Clean Energy Advantage Partners; and, in 2012 Renewable Energy Trust. In 2012 CalCEF Ventures continued its support of the UC Davis Energy Efficiency Center and committed to \$0.5 million grant over the next five years. The investment distribution of funding among the partners and grantees is shown in **Table 3** on the next page.

**Table 3**

<b>Year of Investment</b>	<b>Investment Partner</b>	<b>Objective</b>	<b>Total Investment/Grant</b>
2005	DFJ Element Clean Energy Fund, LLP	Support companies solving resource constraint problems	\$8 million
2005	Nth Power Clean Energy Fund, LLP	Build relationships that speed the growth of new energy technologies	\$8.5 million
2006	Vantage Point Venture Partners	New Clean Energy Technology Investment	\$8 million
2006	UC Davis	Energy Efficiency Center	\$1 million
2007	CalCEF Clean Angel Fund	Start-up/seed stage investment fund in the clean energy and related technologies markets.	\$1 million
2008	CalCEF Innovations	Provide funding for public policy and market strategy development.	\$0.5 million
2009	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	\$0.05 million
2010	UC Davis	Energy Efficiency Center	\$0.05 million
2010	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	\$0.05 million
2011	CalCEF Innovations	Provide funding for public policy and market strategy development.	\$0.3 million
2011	Clean Energy Advantage Partners	Tax equity investment fund that deploys capital for renewable energy projects	\$0.4 million
2011	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	\$0.05 million
2011	UC Davis	Energy Efficiency Center	\$0.05 million
2012	CalCEF Innovations	Provide funding for public policy and market strategy development.	\$0.3 million
2012	UC Davis	Energy Efficiency Center	\$0.5 million
2012	Renewable Energy Trust	Solar PV investment fund that deploys capital for renewable energy projects.	\$0.65 million
2013	CalCEF Innovations	Provide funding for public policy and market strategy development.	\$0.3 million

**(5) The public process and oversight governing the entity or program's activities.**

CalCEF Ventures is a non-profit 501(c)(4) corporation not funded through either direct taxation or through utility ratepayers. It has a Board of Directors that provides oversight.



## C. THE CALIFORNIA EMERGING TECHNOLOGY FUND

### BACKGROUND

The California Emerging Technology Fund (CETF) was established as a non-profit corporation pursuant to orders from the California Public Utilities Commission (CPUC) in approving the mergers of SBC-AT&T and Verizon-MCI in 2005. As a condition of approval of the mergers, AT&T and Verizon were required to contribute to CETF a total of \$60 million over 5 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 funds have not yet been exhausted.

The CPUC stated that CETF should pursue the goals of expanding 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."

### ANNUAL REPORT

(1) Any governance structure established for an entity or program.

The CPUC orders 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 these eight were to appoint the remaining four. Initial appointments were made in April 2006 and the Board was fully constituted by the end of June 2006.

Board membership may be found here: <http://cetfund.org/aboutus/board>

a. Articles of Incorporation— <http://cetfund.org/governance/articles-incorporation>

b. Bylaws— <http://cetfund.org/governance/bylaws>

c. Settlement Agreement—The Decisions authorizing the mergers and the creation of CETF are D.05-11-028 and D.05-11-029.

The CPUC's website devoted to the SBC-AT&T merger is here:  
<http://www.cpuc.ca.gov/PUC/hottopics/2Telco/archive/A0502027.htm>

The Decision authorizing the acquisition of MCI by Verizon is here:  
<http://www.cpuc.ca.gov/PUC/hottopics/2Telco/archive/A0504020.htm>

e. Stipulation Agreement—No Stipulation agreement is given for this entity.

f. Policies and Procedures—See Attachment A (available on CD by request).

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses, reflected in **Table 4** on the next page.

**Table 4:** Schedule of employees with salaries and expenses.

Year	Gross Pay	Benefits	Total*
<b>July 2008-June 2009</b>	\$ 977,577	\$153,427	\$1,131,004
<b>July 2009-June 2010</b>	\$1,126,019	\$241,568	\$1,367,587
<b>July 2010-June 2011</b>	\$1,247,106	\$267,799	\$1,514,905
<b>July 2011-June 2012</b>	\$1,320,427	\$286,904	\$1,607,331
<b>July 2012-June 2013</b>	\$1,429,589	\$322,854	\$1,752,443
<b>July 2013-June 2014</b>	\$1,426,660	\$301,852	\$1,728,512
<b>July 2014-June 2015</b>	\$1,415,026	\$276,202	\$1,691,228

\*These numbers reflect audited financials. Benefits include employer retirement contribution.

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

None. There are no state employees at CETF, nor have there ever been any loaned or transferred state employees.

(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.

a. Schedule of contracts. There are professional contracts and agreements with grantees. The contracts are listed below. For the grantees Attachment B contains a list of the completed and current grants. CETF 1.0 and 2.0 are completed and CETF 3.0 is active. These numbers are for the contracts in fiscal year July 2014 – June 2015.

Accounting	Total	\$68,810
Consortia for Adoption	Total	\$20,000
Consortia for Deployment	Total	\$25,000
IT Tech Support	Total	\$25,589
Legal Counsel	Total	\$3,150
Plan Administrators	Total	\$7,513
Printing	Total	\$17,717
Public Awareness and Education	Total	\$962,810
School2Home Consultants	Total	\$294,150
Website Support/Online Grant Services	Total	\$26,868

b. Schedule of contracts and source of funding for contracts. Under the 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 the ratepayers. Both companies have completed their payments. During the 2010 fiscal year CETF was awarded two federal grants from the National Telecommunications Information Agency (NTIA) for a total of \$14.2 million which were completed in FY 2012-2013.

(5) The public process and oversight governing the entity or program's activities.

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 that funded CETF.

CETF shares a progress report annually with CPUC Commissioners. Sunne Wright McPeak, CETF President and CEO, met individually with 3 Commissioners during FY14-15. A copy of the Annual Report for 2014-2015 can be found on our website at <http://www.cetfund.org/annualreports>.

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

CETF publishes an annual 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 signed up on the CETF website. It is also posted on the organization's website at: <http://www.cetfund.org/annualreports>.

The IRS 990s for the past three years are in Attachment C (available on CD by request).

CETF hosts a wide range of public forums during the year, including a meeting with its Expert Advisors, Rural and Urban Consortia, and grantees all designed to provide and solicit information about the grants and future directions.

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

- (6) 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.
- a. Sources and amounts of funding. Under the mergers of AT&T/SBC and Verizon/MCI approved by the CPUC, both companies were 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 the ratepayers and is paid in full.

During the 2010 fiscal year CETF was awarded two federal grants from the NTIA for a total of \$14.2 million, which were completed in FY 2012-2013.

- b. Actual and proposed expenditures. The audit financial statements are available at the <http://www.cetfund.org/aboutus/finances/audit> for the past 3 fiscal years. The operating budget for CETF has remained the same for the last 3 fiscal years and will not increase by Board policy. The budget (projected expenses) for the current fiscal year is Attachment D.
- c. Costs to ratepayers. None of the costs are charged to ratepayers.

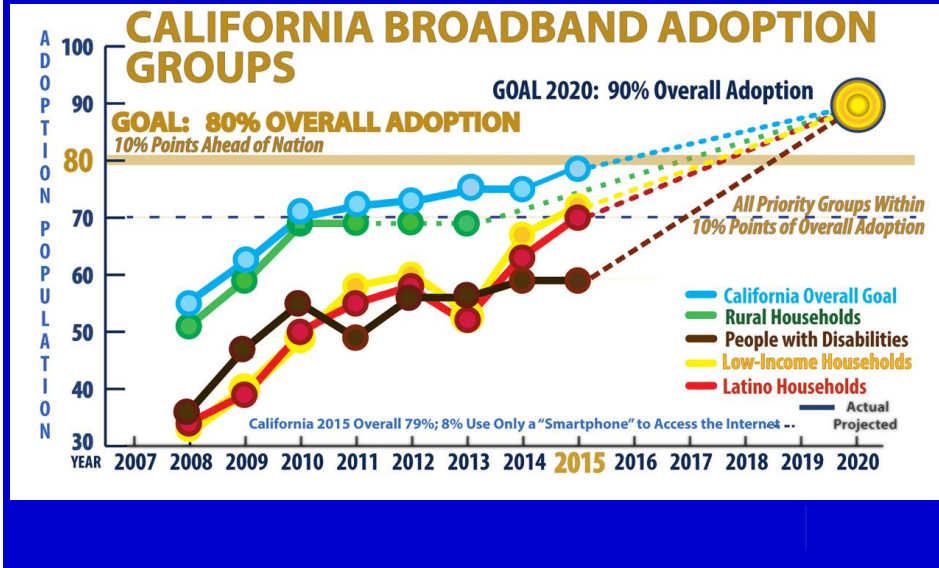
## Quick Facts

1. Contributions from AT&T and Verizon were completed as of December 2010, \$60,000,000.
2. Grants approved through June 2015, \$29,769,396

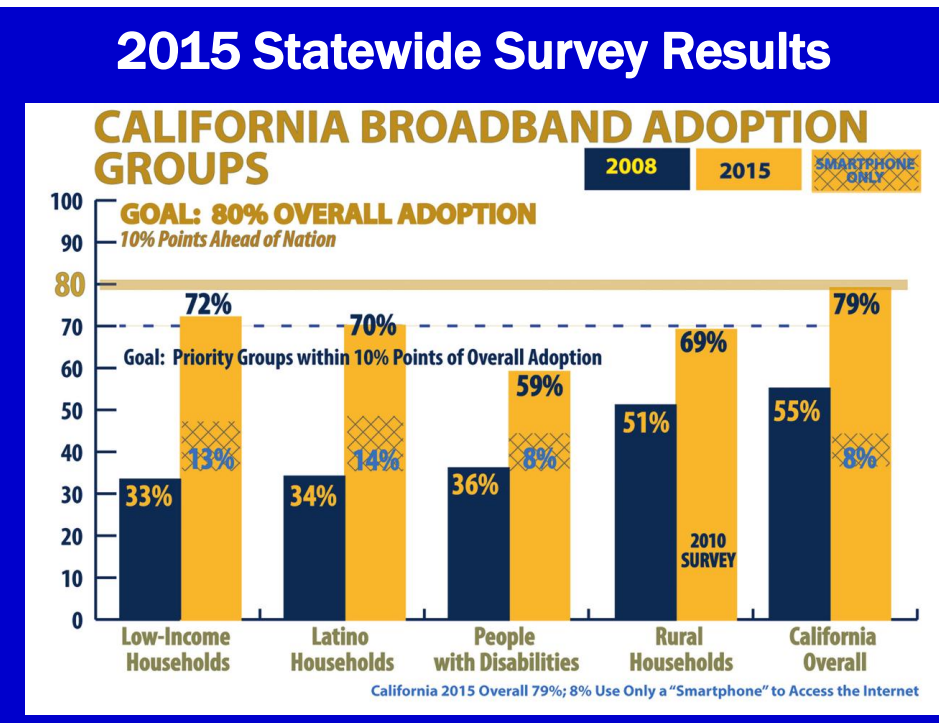
## Major Highlights and Accomplishments from 2014-2015

1. Managed \$32.3 million in more than 100 Grant Agreements, of which 89 are now complete. Final Reports are posted at: <http://www.cetfund.org/investments/portfolio> and can be accessed by clicking the group's names.
2. Maintained or exceeded goal of 4-fold leveraging (3:1 match) of seed capital.
3. Led and managed implementation of School2Home in 14 schools in 6 districts with 298 teachers for 6,400 students and their parents.
4. Developed model for working with energy utilities and implemented Partnership with the Sacramento Municipal Utility District for sustainable adoption and increasing Digital Literacy among low-income customer base.
5. Advanced Smart Housing Policy and funding for publically subsidized multi-family housing in California with the enactment of AB1299 and in the country by mentoring the National Housing Coalition to champion a national policy. At the direction of the U.S. Housing and Urban Development coordinating ConnectHome in California.
6. Secured \$1M from Kaiser Permanente for the California Telehealth Network.
7. Established CETF as substantive party having provided quantitative data to the Federal Communications Commission and California Public Utilities Commission regarding affordable broadband rate.
8. Led *Internet For All Now* and mobilized social media to send over 100,000 emails to the Federal Communications Commission and California Public Utilities Commission.
9. Convened Local Government Roundtable to increase knowledge of broadband as an economic driver and policies that support deployment.
10. Released 8<sup>th</sup> Annual Statewide Survey on broadband adoption in partnership with Field Research Corporation. The latest survey results from Field Research Corporation are from June 2015. The first chart below shows progress overtime and second show the progress from 2008 to 2015:

# 2015 Statewide Survey Results



# 2015 Statewide Survey Results



Please feel free to contact Sunne Wright McPeak or Susan E. Walters at 415-744-2383 if you have questions or need additional information.

## D. 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 of the California Public Utilities Commission (“CPUC”), the Attorney General for the State of California, and Pacific Gas and Electric Company (“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 Safety Committee in D.07-01-028. 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 conflict of interest, together with any public comments, and propose candidates to the appointing authority with knowledge, background, and experience in the field of nuclear power plants and nuclear safety issues. The CPUC Energy Division is required to prepare and circulate for public comment, and place on the CPUC public agenda a resolution ratifying the CPUC President’s selection of candidates.

### CURRENT STATUS

One position became vacant on the 3-member Diablo Canyon Independent Safety Committee on July 1, 2013. The California Attorney General’s office has not yet made its decision for selection for this appointment. The incumbent member continues to serve in the meantime. The 3-year term for this position would end on June 30, 2016.

The Governor has reappointed Dr. Per Peterson for the position beginning July 1, 2014. Dr. Peterson’s term will end June 30, 2017. The Chair of the California Energy Commission reappointed Dr. Peter Lam for the position which has a term of July 1, 2015 through June 30, 2018. In 2016, the CPUC will make a recommendation on candidates for appointment by the California Attorney General for the position which has a term of July 1, 2016 through June 30, 2019.

## E. NUCLEAR DECOMMISSIONING TRUSTS

### BACKGROUND

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

1. The *Qualified Trust* funds are contributions that qualify for an income tax deduction under Section 468A of the IRS Code.
2. The *Non-qualified Trust* funds are those contributions that do not qualify for an income tax deduction.

Each utility has a Committee made up of 5 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 the CPUC-approved members that serve a term of five years. The Committee appoints trustees and investment managers. On November 25, 1987, Resolutions E-3060, E-3048, and E-3057 approved, respectively, San Diego Gas & Electric's (SDG&E), PG&E's, and Edison's (SCE) Master Trust Agreements.

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

### Investment Managers

#### **SDG&E:**

- TCW [Qualified/Fixed income]
- Payden Rygel [Qualified/Fixed income]
- NISA [Qualified/Fixed income]
- Alliance Bernstein [Qualified/Fixed income] and [Nonqualified/Fixed income]
- Lazard [Qualified/Fixed income]
- Pimco [Qualified/Fixed income]
- Neuberger Berman [Qualified/Fixed income]
- JP Morgan [Qualified/Fixed income]
- State Street Global Advisors [Qualified/U.S. Equity and International] and [Nonqualified/U.S. Equity]
- UBS [Qualified/International]
- Deutsche [Qualified/ International]

#### **PG&E:**

- Black Rock Financial Management [Qualified trust fixed income]
- NISA Investment Advisors [Qualified trust fixed income]
- State Street Global Advisors [Qualified trust fixed income]
- PanAgora Asset Management [Qualified trust Non-US equities]
- Rhumblin Advisers [Qualified trust U.S. equity]
- Earnest Partners [Qualified trust fixed income]
- Mellon Capital [Qualified trust US equity]

**SCE:**

- Schrodgers [Qualified trust fixed income]
- Black Rock Financial Management [Qualified trust fixed income]
- Alliance Bernstein [Qualified trust fixed income]
- Pan Agora Asset Management [Qualified trust international equity assets]
- Rhumblin Advisers [Qualified trust US equity assets]
- RCM [Qualified/non-qualified trust US equity assets]
- State Street Global Advisors [Qualified/non-qualified US equity assets]
- PIMCO [Qualified/non-qualified fixed income assets]

**Table 5** – The Trust Fund balances as of June 30, 2014:

<b>Utility</b>	<b>Nuclear Plant</b>	<b>Fund Balance</b>
PG&E	HBPP 3	\$ 209.8 Million
PG&E	DCPP 1	\$1,147.5 Million
PG&E	DCPP 2	\$1,501.3 Million
SCE	SONGS 1	\$ 239.2 Million
SCE	SONGS 2	\$1,478.4 Million
SCE	SONGS 3	\$1,656.0 Million
SDG&E	SONGS 1	\$ 154. 2 Million
SDG&E	SONGS 2	\$ 463.4 Million
SDG&E	SONGS 3	\$ 527.7 Million
SCE	Palo Verde 1	\$ 336.2 Million
SCE	Palo Verde 2	\$ 344.3 Million
SCE	Palo Verde 3	\$ 354.9 Million

**Trustee**

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

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]. The utilities with 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 which requires accumulation of more funds.
2. After permanent plant shutdown, certain activities may not be performed that would prevent 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 Decision D.13-01-039, 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 was approved by the CPUC D.14-12-082 on December 18, 2014. Applications for the 2015 NDCTP are expected to be filed by the utilities on March 1, 2016.

## **F. ELECTRIC PROGRAM INVESTMENT CHARGE (EPIC)**

### **Background**

The Electric Program Investment Charge (EPIC) is an energy innovation funding program established under the authority of the CPUC 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.

EPIC investments are funded under the authorization of the Commission, as established in Decision (D.) 11-12-035 (the Phase 1 EPIC Decision). D.12-05-037 (the Phase 2 EPIC Decision) requires the Commission to conduct a public proceeding every three years to consider EPIC investment plans for coordinated public interest investment in clean energy technologies and approaches. D.12-05-037 directed the California Energy Commission (CEC), San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE), as Administrators of the program, to present their investment plans for the triennial program periods for joint consideration by the Commission.

### **2015-2017 EPIC Investment Plans**

Pursuant to D.12-05-037, the Administrators filed their investment plans for 2015-2017 EPIC funds. The CPUC approved these investment plans in April 2015 in D.15-04-020, in proceeding A.14-04-034 et al. The applications of the CEC, PG&E, SDG&E, and SCE were approved, with some additional modifications and implementation requirements. The four EPIC Administrators are currently implementing the wide range of research, development, demonstration, deployment, and market facilitation activities. New program requirements in 2015 created an Annual EPIC Symposium to cross-pollinate innovations, and permitted streamlined project proposals to encourage administrator responsiveness to changing market conditions and technology landscapes.

The CEC's 2015-2017 EPIC Investment contains 21 broad "Strategic Objectives," which are in turn made up of "Strategic Initiatives." Across these areas, the CEC will 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. A total of \$349.92 million for program investments was approved for the 2015-2017 period. The three utilities also each proposed a range of projects in their authorized funding category, Technology Demonstration and Deployment.

As implementation of the 2015-2017 plans continues, the administrators are concurrently moving forward with their previously-approved 2012-2014 EPIC plans, which invest in concurrent or parallel research areas. The administrators coordinate closely with each other and stakeholders, under the close oversight of the CPUC.

### **Oversight and Reporting**

Each EPIC administrator submits an annual report to the CPUC in February. The CEC also submits an annual report to the Legislature by March 31. Annual reports provide updates on the

status of the investment plans, projects, funding levels, results, intellectual property development, and technological breakthroughs.

## **G. THE CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING**

### **BACKGROUND**

The California Hub for Energy Efficiency Financing (CHEEF) was established through CPUC decision D. 13-09-044 (the Decision) dated September 20, 2013. The Decision authorizes energy efficiency (EE) financing pilots that leverage ratepayer funds in an effort to attract a greater amount of private capital to the energy efficiency retrofit market by reducing risk to lenders. The CHEEF was established to manage administrative tasks and create a standardized open market for EE financing.

The Decision authorized a total of \$65.9 million for the pilots for a two year period. Acknowledging that the CHEEF may need to be supported by a master servicer, a trustee bank, a contractor manager, a data manager, and a technical advisor, the decision allocated \$5 million of the budget to cover CHEEF administrative costs and \$2 million to cover CHEEF training and outreach for contractors and financial institutions.

The Decision also selected the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), a state agency associated with the state treasurer's office, to administer the functions of the CHEEF. Because CAEATFA is a state agency, the Decision recognizes that it would be necessary for CAEATFA to obtain legislative budget authority to perform this function. CAEATFA was given legislative budget authority to act as the CHEEF through December 2015 on July 1, 2014. That authority was extended on July 1, 2015, for CAEATFA to carry out the services of the CHEEF through June 30, 2017. CAEATFA entered into a Memorandum of Agreement (MOA) with the CPUC on July 18, 2014, to administer the CHEEF duties.

The Decision included a draft implementation plan for the CHEEF with the following tasks:<sup>1</sup>

1. Issue competitive solicitations for a Master Servicer, and other technical assistance as needed such as for information technology, data management etc. (The role of the Master Servicer is to manage the flow of ratepayer funds and data between the investor owned utilities (IOUs), CHEEF, and financial institutions).
2. Create an IT-driven platform to support the core processes and functions that make on (utility) bill repayment possible and facilitate data collection.

---

<sup>1</sup> A full length Program Implementation Plan for the financing pilots is available through the EEstats website at:  
[http://eestats.cpuc.ca.gov/EEGA2010Files/SCG/PIP/2013/Clean/8%20SCG%20SW%20Finance%20PIP\\_Clean%20Supplemental%20Filing%20Draft\\_4.23.pdf](http://eestats.cpuc.ca.gov/EEGA2010Files/SCG/PIP/2013/Clean/8%20SCG%20SW%20Finance%20PIP_Clean%20Supplemental%20Filing%20Draft_4.23.pdf)

3. Develop procedures for various CHEEF responsibilities such as: approval of forms and protocols for data, transfer between utilities and financial institutions (FIs), and development of lender service agreements.
4. Develop standards for evaluating FI qualifications and approving FIs for pilot participation.
5. Implement Commission-approved protocols for collection of energy and financial data, data sharing, and third party access to aggregated, anonymous data.
6. Develop framework for type and frequency of reporting to CHEEF by IOUs and FIs
7. Ensure quarterly information reports on pilots' progress by CHEEF to Commission as requested by Energy Division.
8. Coordinate with existing customer and contractor facing tools such as Energy Upgrade California.
9. 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.

## **STATUS AND ACCOMPLISHMENTS FROM SEPTEMBER 2015 QUARTERLY REPORT**

The infrastructure is still being built to support the pilots. The first pilot, Residential Energy Efficiency Loan Assistance, is scheduled to start in the first quarter of 2016. To date, CAEATFA has expended approximately \$743,906 toward CHEEF administrative and contracting costs and \$42,386 toward training and outreach. This funding covers CAEATFA's expenditures from September 12, 2014, through September 30, 2015.

### **ROLES**

#### Master Servicer

The master servicer plays a key role in the daily administration of the pilots, accepting lender and loan enrollment applications, and processing on-bill repayment transactions. CAEATFA selected Concord Servicing Corporation as the Master Servicer, through a competitive solicitation, and entered into a contract on April 23, 2015. CAEATFA Staff has worked with the master servicer on developing the infrastructure for the Residential Energy Efficiency Loan Assistance Program and on-bill repayment functionality.

#### Trustee Bank

The trustee holds the ratepayer funds provided by the IOUs to serve as credit enhancements under the various pilot programs. The Department of General Services approved a contract with US Bank on March 11, 2015 to act as the trustee bank. US Bank has worked with CAEATFA to establish holding accounts and reservation accounts for each IOUs. As of September 30, 2015 all of the IOUs have transferred credit enhancement funds into their Holding Accounts.

### Data Manager

The data manager will receive pilot data from the master servicer and other energy efficiency finance program administrators to prepare it for public presentation and use. The RFP for this service has not yet been released; CAEATFA staff is working to finalize the RFP and the data points being collected and transmitted under the program concurrently.

### Contractor Manager

The contractor manager will enroll and manage participating contractors, and will conduct quality control oversight of projects not participating in an IOU rebate/incentive program. The RFP for this service is under development, and is expected to be released in the January 2016.

### Technical Advisor

The technical advisor will provide necessary expertise, outside of the scope possessed by the CHEEF. The RFO for this service is currently under development and being further refined.

## **ACCOMPLISHMENTS**

### Residential Energy Efficiency Loan Assistance

Emergency program regulations were approved by the Office of Administrative Law (“OAL”) and considered effective as of March 9, 2015. CAEATFA is in the process of completing its regular rule making process to finalize the regulations for this pilot.

Loan enrollments in the program cannot occur until the master servicer establishes its functionality, processes and procedures to enable the enrollment of lenders and loans. In conjunction with CAEATFA, the master servicer is working on program development, data collection, data transfer, and data storage functionality.

CAEATFA has begun to recruit, enroll and train Participating Financial Institutions (“PFIs”) and Participating Finance Lenders (“PFLs”). As PFIs and PFLs enroll and establish functionality under the program, CAEATFA will train contractors to participate in the program. To date, CAEATFA has approved one PFL, Viewtech Financial Services (“Viewtech”) and one PFI, Valley Oak Credit Union. CAEATFA Staff is in the process of reviewing additional lender applications and continuing to engage prospective program participants.

### On Bill Repayment

Several of the Pilot Programs will include On-Bill Repayment (OBR) as a key feature. CAEATFA staff is working with the IOUs and the master servicer to develop OBR infrastructure. The IOUs must develop or modify their IT infrastructure to support OBR, and specific launch dates for the OBR pilots are not yet available. More information on the CHEEF and the pilots is available at <http://www.treasurer.ca.gov/caeatfa/cheef>.

### **Any governance structure established for an entity or program**

A specific governance structure was not created for the CHEEF, however, the Decision 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 the ability to utilize ratepayer funds to cover administrative costs. CAEATFA received budget authority most recently on July 1, 2015, for CAEATFA to carry out the services of the CHEEF through June 30, 2017. Additionally, CAEATFA and the CPUC entered into a Memorandum of Agreement on July 18, 2014.

Request from CAEATFA to enter into an MOA with the CPUC:  
<http://www.treasurer.ca.gov/caeatfa/staff/2013/20131119/4c.pdf>

**Any staff or employees hired by or for the entity or program and their salaries and expenses**

<b>State Personnel Classification -- Limited Term Positions</b>	<b>State Salary + Benefit Range (monthly; includes average benefit)</b>
Staff Services Manager I	\$7210-8497
Associate Governmental Program Associate (AGPA)	\$6499-7657
Associate Governmental Program Associate (AGPA)	\$6499-7657
Associate Governmental Program Associate (AGPA)	\$6499-7657
Associate Governmental Program Associate (AGPA) (vacant –recruiting)	\$6499-7657
Office Technician	\$4708-5414
Office Technician (vacant-recruiting)	\$4708-5414

<b>CHEEF Administrative Expenses</b>		
	<b>FY 2014-2015</b>	<b>FY2015-2016 (through 11/30/2015)</b>
Salary & Benefits	\$334,435	\$218,857
OE&E	\$306,401	\$69,947

**Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses**

Other CAEATFA staff may assist with intermittent workload. This assistance is not significant and is not quantifiable at this time.

**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**

Contract	Amount	Amount Paid (for services through 11/30/2015)	Current Contract Term	Funding Source
Memorandum of Agreement between the CPUC & CAEATFA	\$0	NA	Through 6/30/2017	None
Receivables Contract between the four Investor-Owned Utilities and CAEATFA	\$7,000,000 (reimbursement only)	NA	9/01/2014 – 6/30/2017	Ratepayer Funds
CAEATFA Contract with Master Servicer (Concord Servicing Corporation)	\$1,500,000	\$72,333	1/24/2015 – 12/31/2016	Ratepayer Funds
CAEATFA Contract with Trustee Bank (US Bank)	\$180,000	\$35,000	1/24/2015 – 12/31/2016	Ratepayer Funds

**The public process and oversight governing the entity or program's activities**

CAEATFA is developing the 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 publically noticed and competitively bid under the oversight of the Department of General Services.

CAEATFA's budget and position authority is overseen by the Department of Financing 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 (Public Resources Code Section 26017)
- Legislatively mandated one-time report due November 1, 2016

## **II. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 910.4 (b))**

### **A. 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 (Decision). The Decision authorized development of a five-year “Cooperative Research and Development Agreement” (CRADA), between Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) (collectively known as the Joint Utilities) and the Lawrence Livermore National Laboratories (LLNL). The program was subsequently modified by 2013’s Budget Trailer Bill (Senate Bill 96). In 2014, the CPUC approved D.14-03-029, which modifies 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 the 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, convening a consensus-building session among the parties to discuss the issues raised, and approved Resolution E-4677 at a CPUC meeting on October 2, 2014. Resolution E-4677 approved, with modifications and additional oversight requirements, the Joint Utilities’ proposed cybersecurity and grid integration projects.

#### **CES-21 Progress in 2015**

The Joint Utilities began implementation in 2015, securing multiple sub-contractors to conduct the work in addition to LLNL. Both projects are underway and making progress towards their goals.

The cybersecurity project, titled Machine-to-Machine Automated Threat Response (MMATR), has \$33 million in funding and seeks to develop automated response capabilities to protect critical California infrastructure against cyber-attacks. Potential breakthroughs are expected in standards for threats, responses, infrastructure, and processes; a secure approach to management, command, and control of the defenses; a standard, open architecture for distributed threat detection and automatic, localized response that provides a basis for commercially viable prototypes; modeling and simulation tools for cyber defense; and recommended responses to threats and threat categories.

The grid integration project, titled Flexibility Metrics and Standards, has \$2 million in funding and seeks to improve flexibility metrics and thereby improve long term resource planning for California’s grid. In particular, this research project is targeting 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 cost to integrate additional renewable generation.



## APPENDICES and EXHIBITS

### Appendix 1.1 Pacific Forest and Watershed Lands Stewardship Council

Schedule of Employee Compensation for Active Employees  
Active Employees for the period 1/1/2015 through 10/31/2015

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	148,266	24,184	5,921	178,371
Director of Land Conservation	147,417	15,007	5,897	168,321
Director of Finance	108,616	19,383	4,345	132,344
Director of Operations	98,250	27,094	3,930	129,274
Senior Project Manager	76,185	25,862	3,047	105,094
Other Staff (7 positions)	294,824	57,292	9,668	361,784
<b>Grand Total (12 positions)</b>	<b>873,558</b>	<b>168,822</b>	<b>32,808</b>	<b>1,075,188</b>

2014 Schedule of Employee Compensation for Active Employees  
Active Employees as of 12/31/2014

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	177,820	27,627	7,105	212,592
Director of Land Conservation	178,000	17,349	7,100	202,449
Director of Finance	124,200	22,291	4,731	151,222
Operations and HR Manager	119,325	28,550	4,773	155,737
Senior Project Manager	88,476	29,881	3,539	121,896
Other Staff (9 positions)	426,906	94,497	14,434	532,708
<b>Grand Total (14 positions)</b>	<b>1,114,727</b>	<b>220,195</b>	<b>41,682</b>	<b>1,376,604</b>

2013 Schedule of Employee Compensation for Active Employees  
Active Employees as of 12/31/2013

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	177,820	26,756	7,104	211,680
Director of Land Conservation	175,662	17,219	6,945	199,826
Director of Finance	119,280	21,783	3,205	144,268
Director of Special Projects	118,118	26,123	4,634	148,875
Operations and HR Manager	112,986	28,550	4,519	146,055
Other Staff (9 positions)	468,085	110,605	16,461	595,151
<b>Grand Total (14 positions)</b>	<b>1,171,951</b>	<b>231,036</b>	<b>42,868</b>	<b>1,445,855</b>

2012 Schedule of Employee Compensation for Active Employees  
Active Employees as of 12/31/2012

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	177,498	25,797	7,044	210,339
Director of Land Conservation	164,619	16,973	6,581	188,173
Director of Youth Investment	128,500	26,739	5,120	160,359
Director of Finance (partial year)	9,792	2,436	0	12,227
Director of Special Projects	113,850	22,032	4,554	140,706
Other Staff (17 positions)	941,822	216,654	22,895	1,315,137
Grand Total (22 positions)	1,535,781	310,901	46,193	1,892,875

2011 Schedule of Employee Compensation for Active Employees  
Active Employees as of 12/31/2011

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	175,000	25,032	6,996	207,028
Director of Land Conservation	158,964	16,866	6,355	182,185
General Counsel	153,600	22,556	3,072	179,228
Director of Youth Investment	127,946	24,723	5,093	157,762
Deputy Director of Land Conservation	108,754	18,111	4,348	131,213
Other Staff (16 positions)	866,454	197,552	21,345	1,085,351
Grand Total (21 positions)	1,590,718	304,839	47,210	1,942,767

2010  
Schedule of Employee Compensation for Active Employees  
Active Employees as of 12/31/2010

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	175,000	22,671	7,000	204,671
Director of Land Conservation	153,513	21,727	3,070	178,310
General Counsel	153,801	17,560	6,152	177,512
Director of Youth Investment	125,033	23,093	5,001	153,127
Director of Finance	100,000	17,557	3,667	121,224
Other Staff (16 positions)	950,451	211,928	23,552	1,185,931
Grand Total (21 positions)	1,657,798	314,535	48,442	2,020,775

2009 Schedule of Employee Compensation for Active Employees as of 12/31/2009

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	153,125	20,795	3,500	177,420
Director of Land Conservation	146,000	20,834	7,790	174,624
General Counsel	147,700	21,180	2,708	171,588
Director of Youth Investment	120,492	20,066	5,373	145,931
Director of Finance	89,216	18,593	3,569	111,377
Other Staff (15 positions)	684,747	149,190	16,629	850,566
Grand Total (20 positions)	1,341,280	250,658	39,568	1,631,506

2008 Schedule of Employee Compensation for Active Employees as of 12/31/2008

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	181,111	23,302	7,244	211,657
Director of Land Conservation	139,833	18,923	3,553	162,310
General Counsel	139,941	21,410	0	161,351
Director of Youth Investment	113,328	19,055	4,533	136,916
Finance Manager	84,276	16,231	3,208	103,715
Other Staff (10 positions)	446,494	98,211	9,843	554,548
Grand Total (15 positions)	1,104,983	197,132	28,382	1,330,496

2007 Schedule of Employee Compensation for Active Employees as of 12/31/2007

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	172,323	22,242	6,893	201,457
Director of Youth Investment	96,688	17,378	3,868	117,933
Finance Manager	80,732	15,632	3,229	99,593
Other Staff (8 positions)	266,674	60,585	3,961	331,218
Grand Total (11 positions)	616,416	115,837	17,951	750,202

**Appendix 1.2**  
**Pacific Forest and Watershed Lands Stewardship Council**

**SCHEDULE OF PROFESSIONAL FEES**  
**AS OF 10/31/2015**  
**PRESENTED BY G/L CATEGORY**

<b>G/L CATEGORY</b>	<b>TOTAL PAID</b>
Legal Fees	14,564
Accounting Fees	37,761
Graphics & Media Fees	7,297
Investment Management Fees	44,498
Professional Services Fees	230
Boundary Surveys	291,095
Land Planning Fees	64,461
Land Transfer Costs	24,660
<hr/> Total Consultant Expense	<hr/> 484,566

**Exhibit 2.1**  
**California Clean Energy Fund (CalCEF Ventures)**

**Donors**

2004	PG&E	\$2,000,000
2005	Dewey Ballantine LLP	\$20,000
2005	Cooley Goward	\$10,000
2005	PG&E	\$4,050,000
2006	Dewey Ballantine LLP	\$20,000
2006	PG&E	\$6,000,000
2007	Dewey Ballantine LLP	\$20,000
2007	Nth Power Clean Energy Fund LP	\$20,000
2007	DFJ Alta Terra Clean Energy Fund	\$20,000
2007	PG&E	\$8,000,000
2008	PG&E	\$10,000,000

**Exhibit 2.2****California Clean Energy Fund (CalCEF Ventures)**

CalCEF Ventures investment positions through four venture capital partners.

<b>Status</b>	<b>Investment</b>	<b>Entity</b>
No longer hold position	2005	CoalTek Inc.
No longer hold position	2005	Imperium Renewables
No longer hold position	2005	SpectraSensors Inc.
No longer hold position	2005	SuperProtonic Inc.
No longer hold position	2006	Angstrom Power
No longer hold position	2006	Arxx Corporation
No longer hold position	2006	Blue Egg Inc.
No longer hold position	2006	Bright Source Energy Inc.
No longer hold position	2006	Chemrec AB
No longer hold position	2006	Cobalt Technologies Inc.
No longer hold position	2006	Deeya Energy Inc.
No longer hold position	2006	Fat Spaniel Tech. Inc.
No longer hold position	2006	Imara Corporation
No longer hold position	2006	Mascoma Corp.
No longer hold position	2006	Miartech Inc.
No longer hold position	2006	Microposite Inc.
No longer hold position	2006	Microposite Inc.
No longer hold position	2006	PPT Research Inc.
No longer hold position	2006	Solar Century
No longer hold position	2006	Soliant Energy Inc.
No longer hold position	2006	Synapsense Corp.
No longer hold position	2006	Tesla Motors Inc.
Maintain position	2006	Thetus Corp.
No longer hold position	2007	BioFuelBox Corporation
No longer hold position	2007	BridgeLux
No longer hold position	2007	DynaPump Inc.
No longer hold position	2007	Earthanol Inc.
No longer hold position	2007	Energex
No longer hold position	2007	LumaSense LLC.
No longer hold position	2007	Petra Solar Inc.
No longer hold position	2007	Premium Power Corp.
No longer hold position	2007	TerraPass Inc.
No longer hold position	2007	Think Global AS
No longer hold position	2007	Tioga Energy Inc.
No longer hold position	2007	Wasatch Wind Inc.
No longer hold position	2007	Xerocoat
No longer hold position	2007	Ze-gen
No longer hold position	2008	EdenIQ
No longer hold position	2008	Senergen
No longer hold position	2009	Allopartis Biotechnologies
Maintain position	2009	Lumetric Lighting, Inc.
No longer hold position	2010	REEL Solar
Maintain position	2011	Alphabet Energy
No longer hold position	2012	Boulder Ionics
Maintain position	2012	Novatorque, Inc.