STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-27	3360	California Energy Commission

Hyperion Budget Request Name	Relevant Program or Subprogram
3360-113-BCP-2026-MR	2390019 – Research and Development

Budget Request Title
Electric Program Investment Charge Program Administrative Support

Budget Request Summary
The California Energy Commission (CEC) requests a net-zero shift of $1,947,000 from its local assistance item of appropriation to state operations item of appropriation in the Electric Program Investment Charge Fund to increase the Electric Program Investment Charge (EPIC) Program administrative budget to the 15 percent amount approved by the California Public Utilities Commission (CPUC) in Decision 21.11.028 to support administration of the EPIC Program.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	Click or tap here to enter text.

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date
	Click or tap here to enter text.	Click or tap to enter a date.

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. Click or tap here to enter text.

Approval Date: Click or tap to enter a date.

Project Approval Document: Click or tap here to enter text.

Total Project Cost: Click or tap here to enter text.

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Angela Gould	5/14/2026	Jonah Steinbuck	5/14/2026
Department Director	**Date**	**Agency Secretary**	**Date**
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Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Erin Carson	5/14/2026

A. Problem Statement

The current EPIC administrative budget is inadequate for the CEC to execute core functions of the EPIC Program. The CPUC, in Decision 21.11.028, approved an increase to the EPIC administrative budget cap from 10 percent to 15 percent. However, available administrative budget authority for the CEC's Energy Research and Development Division (ERDD) is well under this cap, at around 13.7 percent. A net-zero adjustment of $1,947,000 from local assistance to state operations is required to bring the EPIC administration budget to the level that the CEC is authorized by Ordering Paragraph 5 in Decision 21.11.028.

The CPUC established the EPIC Program in 2011 to fund research leading to technological advancement and scientific breakthroughs supporting California's clean energy goals. The program focuses on providing ratepayer benefits, including lower costs, reliability, and safety. EPIC investments advance precommercial clean energy technologies and approaches for the benefit of electricity ratepayers of California's three largest electric investor-owned utilities (: Pacific Gas and Electric Company , San Diego Gas & Electric Company , and Southern California Edison. The CPUC has approved the CEC to administer EPIC.

The administrative requirements of an effective research and development (R&D) program are much greater than a typical incentive deployment program for commercially available technologies. Specific activities include developing appropriate program scope; developing program and technology expertise in an expansive and quickly evolving field; developing and managing solicitations; developing and managing agreements; supporting technology and knowledge transfer activities; reviewing, revising, and publishing project final reports; and providing technical support both within the CEC and for other state agencies. The CEC's ERDD conducted an analysis of workload and resource needs to administer EPIC. The results show that the division is significantly under-resourced when compared to the resources that would be necessary to implement its groundbreaking programs most effectively. That translates to critical tasks that are not done optimally or are covered by staff doing excessive and unsustainable overtime.

Recognizing the CEC's additional resource needs to effectively administer EPIC, the CPUC approved an increase of the administrative cap from 10 to 15 percent of the annual EPIC budget in November 2021. In response to the approved cap increase, the CEC requested CPUC's approval of an increase in the administrative budget to $22.2 million per year to correspond with the 15 percent cap in November 2021. Authorized, baseline appropriations for administration of the EPIC Program, however, are around 13.7 percent.

Resource History

(Dollars in thousands)

Program Budget	**PY – 4**	**PY – 3**	**PY - 2**	**PY-1**	**PY**
Authorized Expenditures	15,790	14,800	21,150	22,898	20,406
Actual Expenditures	15,790	14,251	20,857	22,513	20,406
Revenues	NA	NA	NA	NA	NA
Authorized Positions	98.0	99.0	99.0	114.0	113.0
Filled Positions	87.6	87.6	105.2	106.0	103.1
Vacancies	10.4	11.4	-6.2	8.0	9.9

**Amounts are for 2390019 – Research and Development – Fund 3211: state operations from budget galleys and FTE counts are for the division from Salaries and Wages Supplements.*

Workload History

Note: *workload below is based on calendar year, as EPIC reports data on a calendar year basis.*

Workload Measure	Calendar Year 2021	Calendar Year 2022	Calendar Year 2023	Calendar Year 2024	Calendar Year 2025	Calendar Year 2026 (anticipated)
EPIC Projects	Solicitations released: 5; new awards: 50 Final reports: 38; projects ended: 43 Workshops: 21; EJ/tribal meetings: 0 Active projects: 230; site visits: data unavailable	Solicitations released: 8; new awards: 40 Final reports: 11; projects ended: 24 Workshops: 12; EJ/tribal meetings: 1 Active projects: 233; site visits: 41	Solicitations released: 9; new awards: 28 Final reports: 48; projects ended: 25 Workshops: 10; EJ/tribal meetings: 0 Active projects: 237; site visits: 60	Solicitations released: 15; new awards: 43 Final reports: 77; projects ended: 64 Workshops: 20; EJ/tribal meetings: 0 Active projects: 253; site visits: 61	Solicitations released: 9; new awards: 59 Final reports: 33; projects ended: 39 Workshops: 11; EJ/tribal meetings: 1 Active projects: 248; site visits: 62	Solicitations released: 7; new awards: 61 Final reports: 50; projects ended: 57 Workshops: 15; EJ/tribal meetings: 1 Active projects: 270; site visits: 65

B. Justification

Administering a high-quality public interest energy research program requires a diverse and substantial array of resources. A robust administrative infrastructure is essential to manage the program efficiently and ensure that public funds are being spent effectively. Collaboration with academic institutions, private sector partners, and other government agencies is also crucial, necessitating resources for coordination and communication. Conducting project site visits is critical to ensure that projects are progressing according to the agreement terms and schedule and that ratepayer funds are being spent appropriately. Publishing project final reports timely brings the results of EPIC investments to other researchers, end users, and the public early enough to maximally inform future research directions and private investment decisions. Additionally, continuous professional development and training for the CEC staff help keep staff up to date on the latest technological developments and maintain high standards of innovation and efficiency. Finally, public outreach and education efforts are vital to garnering support and disseminating research findings, requiring dedicated resources for communication and engagement activities. Together, these elements create a comprehensive framework that enables impactful and sustainable energy research.

For example, with the current levels of EPIC staffing and resource availability, the CEC can only conduct one to two dedicated environmental justice or tribal representative meetings for the EPIC Program each year; additionally, the CEC can currently only conduct one project showcase event per year to highlight a portfolio of EPIC projects. Increasing EPIC administrative funding would enable the CEC to provide more of these critical outreach and engagement opportunities, improving the value of EPIC-funded research and increasing its applicability to tribes and under-resourced communities. In addition, EPIC staff often have the capacity to conduct only one or two total site visits per demonstration project (rather than the

desired three to four for what are typically four-year projects), restricting their ability to provide robust grant oversight. The CEC has also experienced delays in publishing EPIC project final reports due to limitations in staffing and in available technical support funds for publication reviews, leading to more projects being completed each year than reports published.

Providing the appropriate amount of administrative resources for the EPIC Program will allow the CEC to conduct more outreach and engagement opportunities, particularly with tribes and under-resourced communities. It will also enable the CEC to conduct additional site visits, enabling more robust oversight of recipient's use of program funds, and to publish project final reports timely upon completion of the grant agreement. Further, it will allow the CEC to better meet additional administrative requirements adopted by the CPUC beginning in 2023 to follow with regard to its administration of the EPIC Program. These new requirements represent significant additional and ongoing administrative efforts to plan, inform, and implement, including:

- Developing and implementing a process to create a uniform impact analysis framework requiring the CEC to:
    - Change existing data collection, storage, and processing systems; databases; and procedures.
    - Develop and implement new data collection and data analysis methodologies across a wide range of research projects.
    - Implement a new template for the EPIC Annual Report, requiring changes to established workflows, data collection, and data reporting methodologies.
- Instituting a public planning and coordination process to develop and ensure alignment with strategic goals and strategic objectives:
    - Preparing for, participating in, and providing feedback on numerous workshops to inform development of strategic goals and strategic objectives.
    - Coordinating with investor-owned utility EPIC administrators to align draft initiatives.
    - Preparing for and participating in multiple workshops to present draft initiatives to CPUC subject matter experts.
    - Responding to CPUC feedback on draft initiatives.
- Aligning future EPIC Investment Plans with the California Public Utilities Commission's Environmental and Social Justice Action Plan and Distributed Energy Resources Action Plan.
    - Expanding engagement requirements with environmental justice organizations in planning and implementing EPIC investment plans.
    - Implementing new reporting requirements to the CPUC on these engagement efforts.
    - Increasing need to coordinate with CPUC Environmental and Social Justice Action Plan to ensure alignment.

As noted above, R&D programs have much higher administrative requirements than incentive programs for commercially available technologies. This proposal would decrease the burden on existing staff, who currently frequently work overtime to complete necessary work and experience burnout. Staff also currently must place most of their focus and time on the essential work of the program, like agreement management and solicitation development, and may not have adequate time or resources for other critical work like literature review, collaboration with other research institutions, increased grant oversight activities such as site visits, timely final report publication, stakeholder engagement, or knowledge dissemination.

Increasing administration funding would enable the CEC to conduct more of this critical work that makes EPIC such a robust and impactful program.

C. Departmentwide and Statewide Considerations

The EPIC Program plays a critical role in California's clean energy policy landscape. The overwhelming majority of California energy policies and programs are aimed at increasing adoption of commercially available technologies. EPIC plays an important complementary role by supporting the development and advancement of new, breakthrough technologies that can speed up and lower the cost of achieving the state's clean energy goals.

The EPIC Program contributes to significant economic growth and workforce development. EPIC investment helps stimulate investments in emerging sectors such as offshore wind, energy storage, and advanced electrification. These investments help position California as a global leader in clean technology while ensuring equitable benefits.

EPIC provides measurable returns for ratepayers. EPIC-funded technologies contribute to reduced electricity use and significant on-bill savings. Every public dollar invested attracts significant private-sector match funding, amplifying fiscal impact and reducing reliance on ratepayer funds. By improving energy efficiency and integrating renewables, EPIC helps stabilize utility bills and strengthens grid reliability. Continued support for EPIC ensures California remains at the forefront of clean-energy innovation, delivering climate resilience, economic competitiveness, and equity for all stakeholders.

D. Outcomes and Accountability

The CEC expects the following benefits:

- More knowledge and technology transfer activities to increase uptake of EPIC-funded technologies and research results. These activities would include events like the EPIC Project Showcase the CEC staff hosted in February 2025 to showcase five EPIC research projects demonstrating the use of solar microgrids to support charging infrastructure for medium- and heavy-duty electric trucks and buses.
- Timelier publication of EPIC project final reports, targeted by the project end date, to maximize effectiveness of research results.
- More frequent and deeper engagement with California Native American tribes and communities, including under-resourced communities. This would include more opportunities like the recent February 2026 roundtable meeting the CEC staff held with tribal representatives to discuss proposed EPIC initiatives for the upcoming 2026-2030 EPIC investment plan.
- Increased coordination with the U.S. Department of Energy and other R&D program administrators such as the New York State Energy Research and Development Authority to identify breakthrough technologies with the greatest potential impact in achieving the state's statutory energy policy goals.
- Increased oversight of EPIC-funded projects, including more project site visits, to ensure effective use of public funds and that grant recipients are meeting their technical goals and milestones.
- Improved retention of EPIC personnel.

Projected Outcomes

Workload Measure	Calendar Year 2026	Calendar Year 2027	Calendar Year 2028	Calendar Year 2029	Calendar Year 2030	Calendar Year 2031
EPIC Projects	Solicitations released: 7; new awards: 50 Final reports: 50; projects ended: 57 Workshops: 15; EJ/tribal meetings: 1 Active projects: 270; site visits: 65	Solicitations released: 10; new awards: 45 Final reports: 80; projects ended: 72 Workshops: 20; EJ/tribal meetings: 2 Active projects: 260; site visits: 130	Solicitations released: 10; new awards: 45 Final reports: 58; projects ended: 49 Workshops: 20; EJ/tribal meetings: 3 Active projects: 250; site visits: 130	Solicitations released: 10; new awards: 45 Final reports: 45; projects ended: 45 Workshops: 20; EJ/tribal meetings: 4 Active projects: 250; site visits: 130	Solicitations released: 10; new awards: 45 Final reports: 45; projects ended: 45 Workshops: 20; EJ/tribal meetings: 3 Active projects: 250; site visits: 130	Solicitations released: 10; new awards: 45 Final reports: 45; projects ended: 45 Workshops: 20; EJ/tribal meetings: 3 Active projects: 250; site visits: 130

E. Implementation Plan

The increase of the EPIC administrative cap from 13.7 to 15 percent will allow the CEC to backfill the vacant EPIC positions and fund additional technical support needs. Upon approval of this net-zero adjustment, the CEC will prepare the necessary paperwork for the backfill of the vacant EPIC positions.

F. Supplemental Information (If Applicable)

N/A

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Electric Program Investment Charge Program Administrative Support

BR Name: 3360-113-BCP-2026-GB

Budget Request Summary

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 3211 - Electric Program Investment Charge Fund	0	1,947	1,947	1,947	1,947	1,947
Total State Operations Expenditures	**$0**	**$1,947**	**$1,947**	**$1,947**	**$1,947**	**$1,947**
Local Assistance - 3211 - Electric Program Investment Charge Fund	0	-1,947	-1,947	-1,947	-1,947	-1,947
Total Local Assistance Expenditures	**$0**	**$-1,947**	**$-1,947**	**$-1,947**	**$-1,947**	**$-1,947**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total All Programs	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**