

# Application/Business Plan Summary

## Southern California Edison

CEDMC

March 17, 2022

Energy for What's Ahead®



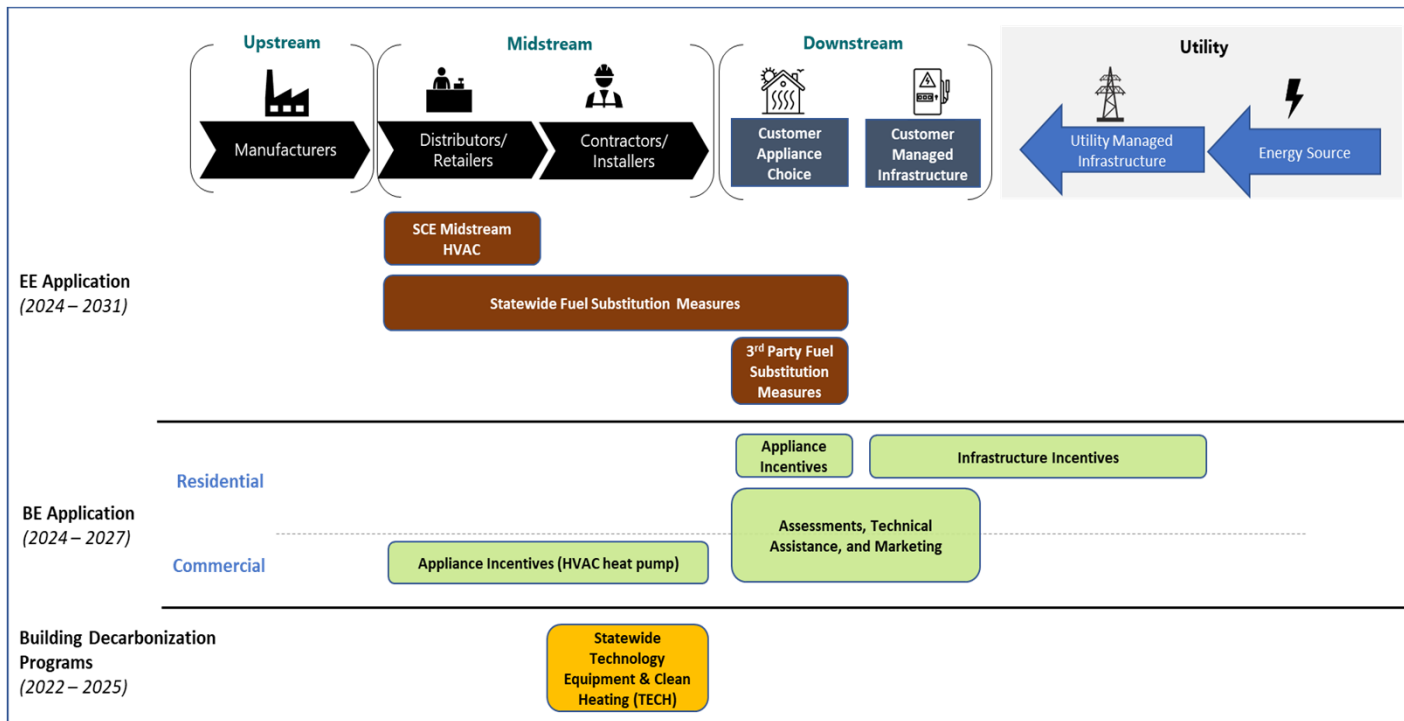
# SCE Business Plan Vision, Objectives, and Outcomes

<b>Vision</b>	Lead development of a robust energy efficiency portfolio to address key customer, technology, and policy needs to meet the State's energy and environmental goals		
	Reduce GHG by 40% by 2030	Double EE by 2030 (SB 350)	Achieve California Decarbonization by 2045
<b>Key Objectives</b>	Meet or Exceed Commission Established TSB Goals	Ensure EE Market Viability and Vitality	Provide Equitable Coverage to Under-Served
	Solicit for Third-Party Offerings		
	Utilize New Segmentation Criteria		
<b>How Objectives Will be Achieved</b>	Coordinate Across Portfolio		
	Accelerate Fuel Substitution Interventions		
	Leverage Traditional Delivery Approaches by Sector	Spur Innovation and encourage broad market participation	Align to Environment and Social Justice Action Plan
	Achievement of TSB Goals		
	Broader awareness and participation in EE market		
<b>Key Outcomes</b>	Increased penetration of measures in Hard-to-Reach and Disadvantaged Communities		

# Segment Goals and Outcomes



# Fuel Substitution Coordination



- Drive **inclusion of fuel substitution in the EE portfolio**, while also **coordinating** with SCE's recently filed Building Electrification Application
- EE Portfolio Plan **includes fuel substitution programs**
- The Building Electrification Application will complement that effort by **layering incentives** to achieve greater adoption as well as **removing barriers**, such as the need for panel upgrades

# Changes to the EE Landscape

- The new portfolio segmentation and a shift of goals from kWh, kW and Therms to Total System Benefit (TSB) enabled the portfolio to cost-effectively achieve goals throughout BP period
- **Impacts due to Goal Changes:**
  - TSB goal aligns more closely with Total Resource Costs
  - TSB goal allows optimization to single goal as opposed to dual kWh/kW goals
  - Allows for innovative program designs and measures focused on maximizing TSB savings, including emphasis on fuel substitution
  - Energy savings are closer aligned to the goal vs. TSB and is expected to normalize over time
- **Impacts due to Segmentation:**
  - Allows for greater focus on non-resource activities that support the long-term viability and vitality of EE
  - Allows for greater focus on customers traditionally underserved when focused primarily on cost-effectiveness
  - Aligns cost-effectiveness of resource portfolio and supports sustaining EE in the long-term

## Policy Recommendations from Business Plan (8 Year)

- Phase Down of Gas Appliance Incentives where there is a viable electric alternative
- Single Stage Solicitation when/where appropriate
- Statewide Program Policy Changes
  - The Commission should undertake an assessment process to determine adjustments to statewide Programs
  - Eliminate 25 Percent Budget Requirement for Statewide Programs
  - Discontinuance of Statewide Lighting Program Upon Contract Completion
  - Allow IOUs the ability to offer local programs with midstream or upstream measures if the lead PA, or its implementer, does not offer the measures in the corresponding statewide program
- Modification to Hard-to-Reach Definition to Include Public Sector
- Sunsetting and Modifying of Energy Efficiency Compliance Requirements
- **Application Page Number**: Exhibit 01, Pages 57-68

## Application Summary (in millions)

	2024	2025	2026	2027	2028	2029	2030	2031	Total
<b>Budget</b>	\$385	\$389	\$394	\$392	\$401	\$411	\$421	\$430	\$3,223
<b>TSB</b> (w/o C&S)	\$318	\$325	\$344	\$388	\$397	\$407	\$416	\$426	\$3,021

	2024-2027			2024-2031		
	Budget	%	TSB	Budget	%	TSB
<b>Resource Acquisition</b>	\$1,015	65%	\$1,235	\$2,092	65%	\$2,734
<b>Equity</b>	\$126	8%	\$13	\$267	8%	\$28
<b>Market Support</b>	\$271	17%	\$126	\$554	17%	\$259
<b>Other (C&amp;S, EM&amp;V)</b>	\$149	10%	\$2,249	\$310	10%	\$4,450
<b>TOTAL Portfolio</b>	<b>\$1,561</b>	<b>100%</b>	<b>\$3,623</b>	<b>\$3,223</b>	<b>100%</b>	<b>\$7,471</b>

2024-2027 Cost Effectiveness	
<b>Portfolio</b> (w/o C&S)	
<b>TRC</b>	<b>PAC</b>
<b>0.88</b>	<b>0.98</b>
<b>Resource Acquisition</b>	
<b>TRC</b>	<b>PAC</b>
<b>1.09</b>	<b>1.21</b>

# Programs in Application

Resource Acquisition	Market Support	Equity	Codes and Standards
Marketplace Residential Behavioral Program  Commercial Behavioral Program  Comprehensive Multifamily Program  Comprehensive Commercial Program  Comprehensive Industrial Program Commercial Strategic Energy Management Fuel Substitution Midstream Program Residential Direct Install Program Comprehensive Manufactured Homes Strategic Energy Management Program  SW Food Service POS  SW HVAC Upstream Commercial SW HVAC Upstream Residential SW Higher Education SW State of California Partnership  SW Midstream Comm Water Heating SW Plug Load and Appliance SW Lighting Program SW Water/wastewater Pumping	EE Contractor Demand Building Program Commercial Energy Advisor Program WE&T Integrated Energy Education and Training  CATALENA/Energy Atlas  EE New Program Design Pilots  Technology Development Support Technology Assessments Technology Introduction Support On-Bill Financing On-Bill Financing Loan Pool New Finance Offerings New Finance Offerings Credit Enhancements SW Emerging Technologies Program, Electric SW HVAC QI/QM Program SW New Construction NonRes - All Electric SW New Construction Res - All Electric SW New Construction NonRes – Mixed Fuel SW New Construction Res – Mixed Fuel SW WE&T Career Connections	Residential Equity Program Small/Medium Business Equity Program  Small/Medium Agricultural Equity Program  Small/Medium Industrial Equity Program  Public Equity Program SW WE&T Career and Workforce Readiness	Compliance Improvement Reach Codes  Planning and Coordination SW Codes & Standards Advocacy – State Appliance Standards Advocacy SW Codes & Standards Advocacy – State Building Codes Advocacy SW Codes & Standards Advocacy – National Codes & Standards Advocacy



## Resource Acquisition

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
<b>Budget</b> (in millions)	\$254	\$251	\$256	\$254	\$1,015
<b>TSB</b> (in millions)	\$318 (311% of goal)	\$325 (277% of goal)	\$344 (258% of goal)	\$388 (262% of goal)	\$1,318 (274% of goal)

- **Segment Strategy:** Principal strategy is market-based solicitations to acquire third-party designed and implemented programs that will support customers installing/pursuing EE measures and to deliver cost-effective savings and TSB
- **Segment Objectives:** Cost-effectively meet or exceed Commission established TSB goals
- **Segment Metrics/Indicators:** TSB Goal (all other metrics/indicators found in Exhibit 03)
- **Top Improvement Mechanisms:**
  - Primarily Third-Party Implemented Programs
  - Focus on Innovation, especially fuel substitution
  - Targeted solicitations for identified gaps
  - Tight coordination across DSM portfolios/interventions
- **Application Page Number:** Exhibit 02, pages 90-99
  - Program Cards Exhibit 02 – Attachment 1

## Equity Segment

	2024	2025	2026	2027	Total
<b>Budget</b> (in millions)	\$30	\$31	\$32	\$33	\$126

- **Segment Strategy:** Delivery of equity programs targeting Hard-to-Reach (HTR), Disadvantaged Communities (DAC), and underserved residential and small/medium business customers in each of the 5 sectors (Res, Com, Ag, Ind, Pub)
- **Segment Objectives:** Provide equitable coverage to customers traditionally underserved
- **Segment Metrics/Indicators:** Increased penetration of EE measures in HTR, DAC and underserved geographics (specific metrics/indicators found in Exhibit 03)
- **Top Improvement Mechanisms:**
  - Third-party implementer(s) to provide:
    - Extensive community engagement
    - Target low-education households
    - Employ contractors within communities that will be served by these programs
  - Segment likely to be best served through direct installation/turnkey delivery approach
- **Application Page Number:** Exhibit 02, pages 114-122
  - Program Cards Exhibit 02 – Attachment 1

# Market Support

	2024	2025	2026	2027	Total
<b>Budget</b> (in millions)	\$65	\$70	\$68	\$67	\$270

- **Segment Strategy:** Support the broader awareness of and participation in EE marketplace through programs designed to meet 5 sub-objectives of: Building Demand, Building Supply, Partnerships, Innovation, and Accessibility, and Access to Capital
- **Segment Objectives:** Ensure EE market viability and vitality
- **Segment Metrics/Indicators:** Metrics for each sub-objective can be found in Exhibit 03
- **Top Improvement Mechanisms:**
  - Statewide market support programs
  - Local market support programs
  - Innovation with a focus on fuel substitution
- **Application Page Number:** Exhibit 02, pages 99-114
  - Program Cards Exhibit 02 – Attachment 1

## New Programs

- SCE's new programs are designed to promote fuel substitution efforts, build robust pool of EE contractors, test out new program designs, and provide a robust portfolio of programs targeting equity-eligible customers

Segment	Program	Forecast (Millions)				
		2024	2025	2026	2027	Total
New Resource Acquisition	HVAC Fuel Substitution Midstream Program	\$15.5	\$16.0	\$16.5	\$17.0	\$65
New Market Support	EE Contractor Demand Building Program	\$2.3	\$2.3	\$2.4	\$2.5	\$10
	EE New Program Design Pilots	\$5.1	\$5.2	\$5.4	\$5.6	\$21
New Equity	Residential	\$14.1	\$14.5	\$15.0	\$15.4	\$59
	Small/Med Commercial	\$8.1	\$8.4	\$8.6	\$8.9	\$34
	Small/Med Industrial	\$1.3	\$1.4	\$1.4	\$1.4	\$6
	Small/Med Agricultural	\$2.6	\$2.7	\$2.8	\$2.9	\$11
	Public	\$2.3	\$2.4	\$2.5	\$2.5	\$10



# 3<sup>rd</sup> Party Solicitation Future Schedule

SCE's Active and Planned Third-Party Solicitation Schedule

Year		2022												2023												2024												2025											
Quarter		Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4														
Month		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Local Customer Programs	Commercial																																																
Local Customer Programs	Industrial																																																
Local Customer Programs	Residential																																																
Local Customer Programs	Agricultural																																																
Local Customer Programs	Public																																																
Statewide Programs	Higher Education																																																
Statewide Programs	Water/Wastewater Pumping																																																
Cross-cutting	Electric Emerging Technologies																																																
Equity Program	All	RFA Prep	RFA	RFP Prep	RFP																																												
Market Support Program	Multiple																																																
Market Gaps Program(s)*	Multiple																																					RFP Identification (on-going)											

<b>LEGEND:</b>
RFA Prep
RFA
RFP Prep
RFP
Contract Negotiation
AL + Approval + IP