



Southern California Edison Company's 2021 Low Income Application

LIOB Application Presentation
September 16, 2019 San Diego, CA



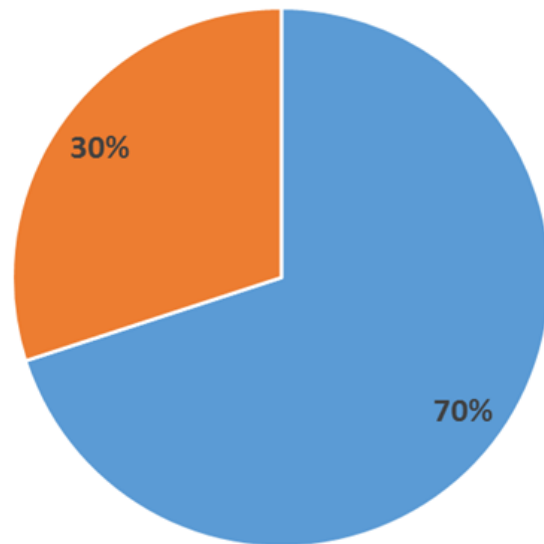
Southern California Edison Energy Savings Assistance Program (ESAP)

ESAP – Innovation For The Future Cycle

- **Modernize program design to keep ESAP relevant**
 - Develop program structure focusing on deeper energy savings for customers with greatest savings potential.
 - Implement innovative third-party solutions to reach new customer segments.
- **Introduce data driven marketing approach**
 - Customize marketing and outreach approach that prioritizes vulnerable and hard to reach customers.
 - Utilize disaggregation and past program participation data to better support customer's energy needs.
 - New behavior/reward programs to motivate customers to continue to reduce energy and increase smart technology usage.
- **Balance Program Objectives with New Emission Reduction Policy**
 - Launch a “Pilot offering” to build the Income Qualified Program Building Electrification channel/market and implement fuel switching and fuel substitution opportunities.
 - Introduce an affordable Housing New Construction Program that will emphasize the inclusion of GHG reduction measures in new affordable housing.
- **Strengthen and Consolidate Workforce Training to Meet Future Skillset Needs in DACs And Allow For Greater Career Development Opportunities**
 - Transition the WE&T budget (excluding K-12 funding) from the EE portfolio to the IQP portfolio by 2021 to target disadvantaged workers and deliver programs through channels already established in social justice/disadvantaged communities.

ESAP Market Analysis

**1.43M ESAP Eligible Customers
per Athens Research**



■ Single Family (1M) ■ Multifamily (430K)

Single Family – includes customers in mobile homes and complexes with 4 or less units

- Athens Research, 2019: 1.4M eligible customers
- 42% are in hotter CZ 10, 13, 14, 15, 16

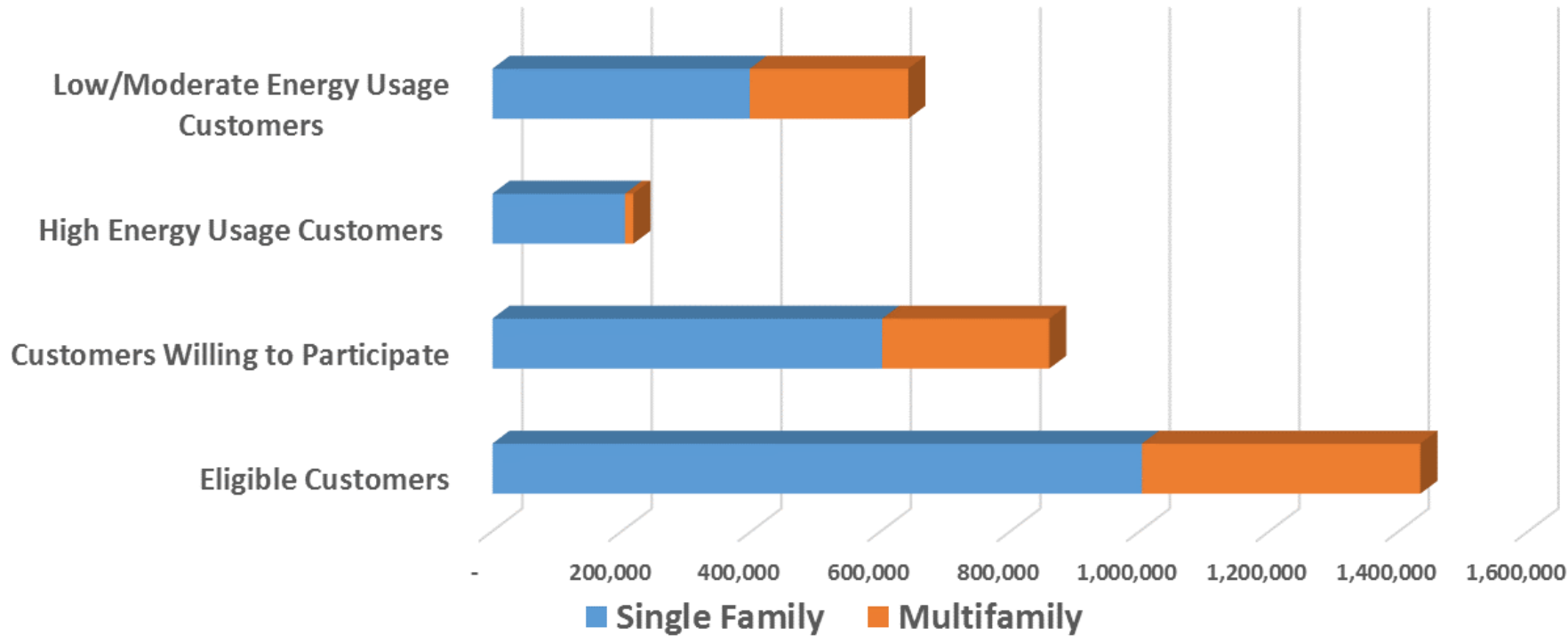
Further analysis shows that:

- 70% are Single Family and Mobile Homes; 34% of which are High Energy Usage (300% of baseline)
- 30% are Multifamily; where only 5% are High Energy Usage
- SCE's mid-cycle application adopted 40% unwillingness factor



ESAP Market Analysis

**ESAP Eligible Customers
Applied Willingness Factor and High Energy Usage**

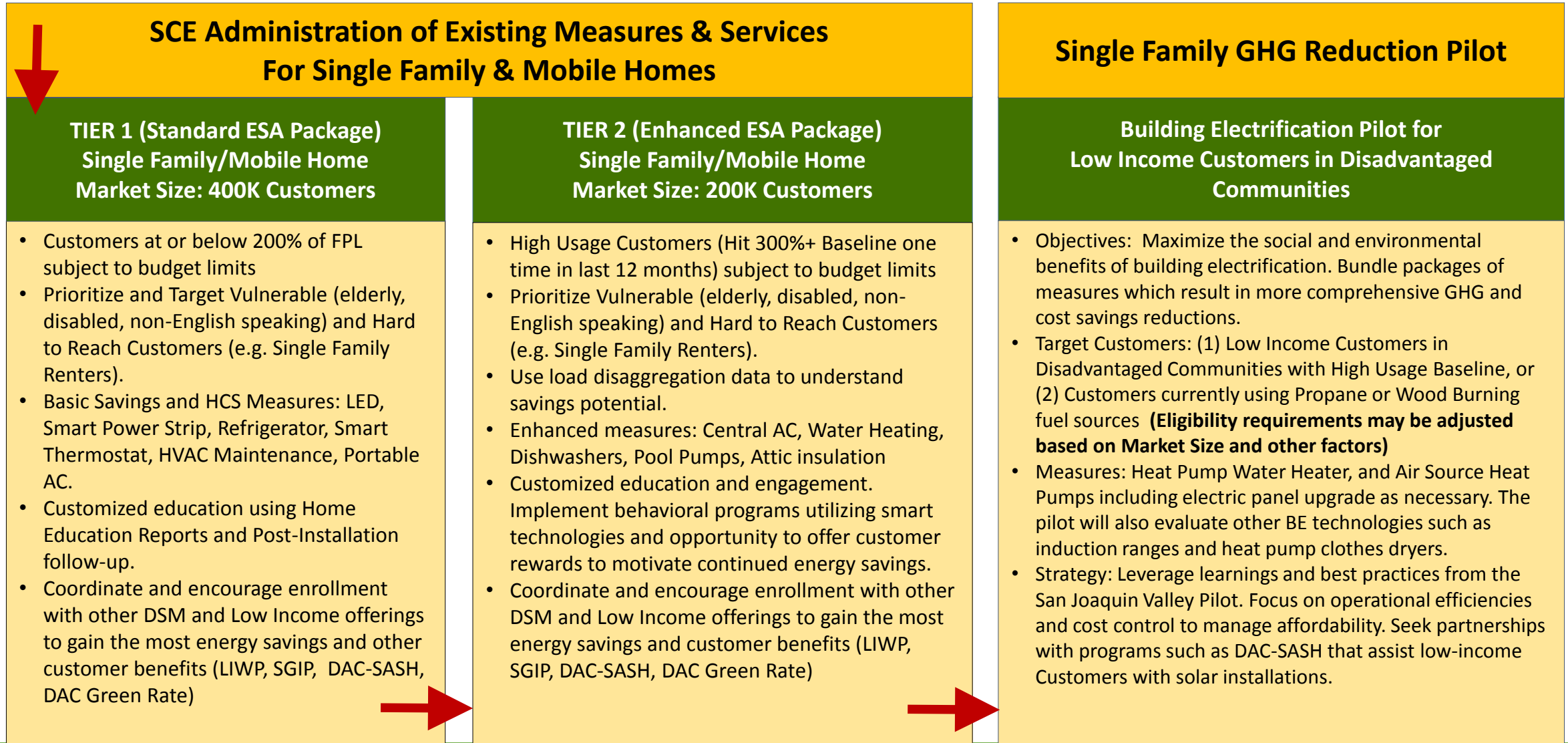


High Energy Usage – customer’s energy use reached 300% above baseline at least once in the past 12 months

Single Family – includes customers in mobile homes and complexes with 4 or less units

	Eligible Customers	Customers Willing to Participate	High Energy Usage Customers	Low/Moderate Energy Usage Customers
Single Family	1,003,079	601,847	204,628	397,219
Multifamily	429,891	257,935	12,897	245,038
Total	1,432,970	859,782	217,525	642,257

Rebalancing Existing and Emerging Customer & Policy Needs (2021-2026) Single Family Segment



ESAP – Multifamily Whole Building Approach

- Transition multifamily segment to a third-party designed and implemented program.
- The Multifamily Whole Building Energy Efficiency program will include:
 - In-dwelling units for Deed and Non-Deed Restricted Properties
 - Common Area Measures Limited to Deed Restricted Properties
- Our application will include a comprehensive solicitation proposal which will describe the following:
 - Solicitation Format and Process – 1-step RFP Process
 - Adoption of PRG specific to Low Income Sector
 - Scoring Criteria
 - Bid Selection process
 - Transition plan from IOU Implementation to Third-Party Implementation
- Outsource all activities with the exception of Single Point of Contact (SPOC). The SPOC will continue to streamline multifamily program offerings and reduce obstacles to participation for building owners/managers particularly for Affordable Multifamily properties. Will work closely with new third-party administrator.
- Encourage third-party to ensure multifamily program leverages to extent possible LIWP, LIHEAP, SOMAH, SJV, SGIP, EE.

ESAP – New Construction

- Provide financial incentives/design support to affordable housing builders for improving beneficial electrification through design assistance, and installation of highly efficient appliances or electrification measures.
- Coordinate/complement the SB 1477 new construction low income programs.
- Opportunity for the ESA program to expand beyond just retrofits and support a significant need for new affordable housing.

Workforce Education & Training

- Focus training on residents located in disadvantaged communities including disadvantaged workers.
- Competitive WE&T solicitation for third-party vendor.
- Curriculum development and training in conjunction with community colleges, trade schools, universities and other learning institutions.

2021-2026 ESAP Proposed Budgets

- Maintain current cycle authorized annual budget level of approximately \$80M.
- Average budget underruns of \$10M annually on current cycle can fund future innovative solutions without requiring increased funding levels. New initiatives include:
 - Building Electrification Pilot
 - New Construction
- WE&T budget not included in the \$80M Scenario.
- Number of treated homes for the new cycle only represent a % of Total ESA Population. New program estimates will be based on:
 - Historical spend rates
 - Average cost of homes treated
 - Measure mix analysis and trends from current cycle
 - Climate Zone Distribution
- Multifamily estimates is baseline of how many customers would have been allocated if SCE administered the program. This segment is about 30% of ESA activity.

ESAP Transition Strategy

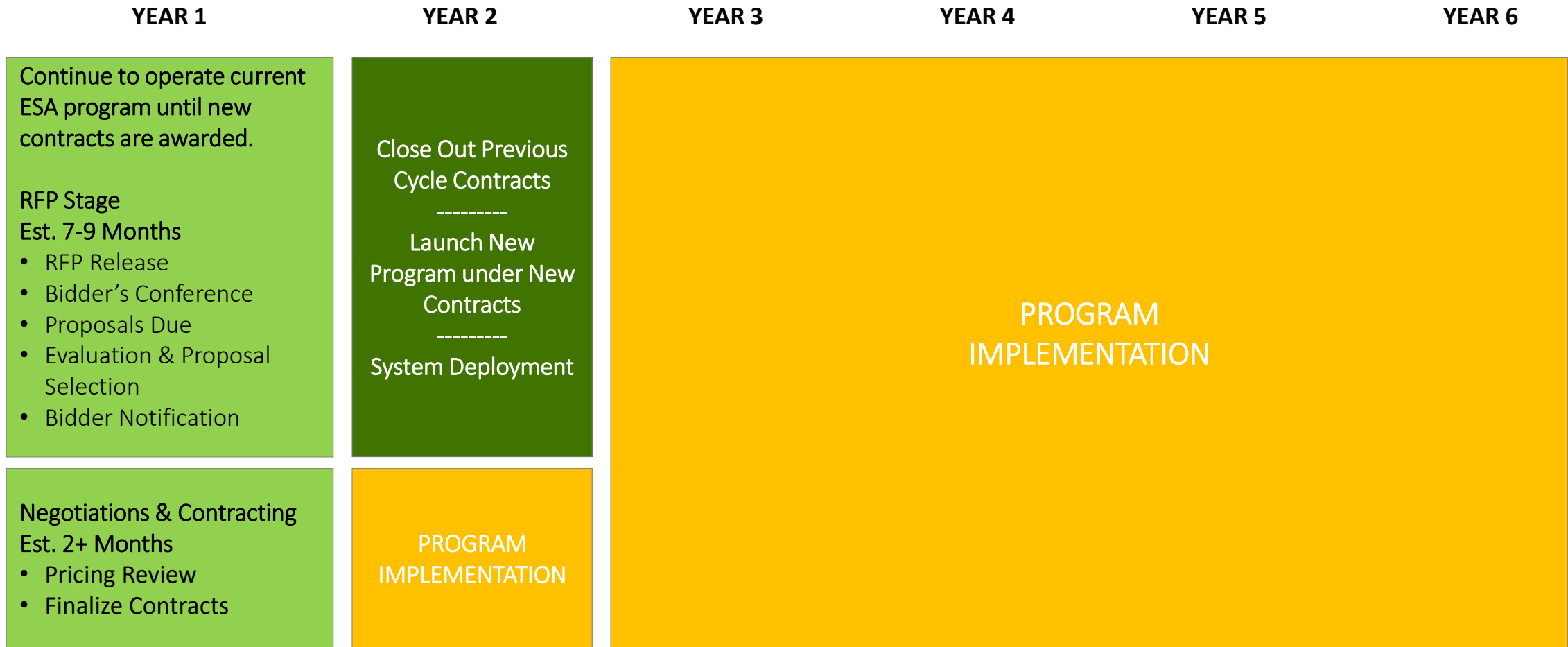
Transition Existing Cycle 2017-2020

- Extend existing contracts until solicitation process for new program cycle is completed and contracts are executed.
 - Helps prevent gap in customer delivery
 - During this transition period, contractors will be able to complete retreatments
 - Contractors will be given ample time to bill for outstanding completed work
- Manage inventory process as installations decrease.
 - SCE will coordinate with vendors to decrease minimum delivery amounts and prevent overstock
 - SCE will work with contractors to ensure inventory is at a minimum to decrease charge backs

Launch New Programs Post 2021-2026

- Competitive Solicitation
 - Standard Solicitation (SCE Designed and Administered Program) - Single Family Segment, Building Electrification Pilot and IT System Refresh
 - Third-Party Designed Program Solicitation – Multifamily Whole Building Approach and Workforce Education & Training
- Typical solicitations takes 12-18 months on average from RFP Development to Program deployment.
- Request the CPUC to provide early decision on solicitation plans to expedite transition process.

ESAP Transition Strategy



Assumes CPUC decision by November 2020



Southern California Edison California Alternate Rates for Energy (CARE) & Family Electric Rate Assistance (FERA)

CARE/FERA Program Challenges and Opportunities Post-2020

Challenges

- Given that the CARE penetration is near 90% and SCE continually outreaches to our customers, the remaining 10% are harder to reach and will require additional focus and funding to acquire.
- Current CARE High Usage Verification (HU PEV) thresholds are set at levels that require households with minor, seasonal spikes in usage to comply with HU PEV requirements.
 - 96% De-enrollment rate for HU PEV
 - Typically triggered excessive weather (heating/cooling)
 - High attrition from HU PEV reduces overall CARE penetration

Opportunities

- Opportunity to better serve our CARE customers through dedicated call center advisors.
- Expand partnerships with community based organizations and local government units to improve community engagement
- Streamline enrollment, recertification and verification processes.
- Opportunity to cross-promote other low income program offerings such as Medical Baseline and leverage program to help disconnected customers.
- Participate in disaster/emergency relief initiatives (earthquakes & wildfire).
- Continue data driven marketing approach to increase penetration rates in hard to reach communities.

2021-2026 CARE/FERA Program Targets

- **CARE**
 - Currently at 89% Penetration
 - Goal of 92% Penetration by 2026
- **FERA**
 - Currently at 10% Penetration
 - 2023 Aspirational Goal of 50% Penetration
- **Funding**
 - Increase of about 25% in Administrative Cost vs 2019 Authorized
 - Vast majority of increase is in the Outreach Expense Category
 - SCE seeks to increase overall enrollment as well as target hard to reach customers

CARE Enrollment Estimates	Annual Averages 2021-2026
Recertifications	380,000
New Enrollments	310,000
Attrition	300,000
YE Enrollment	1,220,000
YE Penetration Rate	91%
Electric Discount	\$413M

2021-2026 CARE/FERA Program Initiatives

- Update CARE High Usage Verification Thresholds
 - Propose to modify CARE high usage income verification requirement from 1 time to 3 times in a rolling 12 months
 - Continue existing process for customers with monthly usage above 600% BL
- Refresh Capitation Agency Structure and expand current activities to focus on cross-promoting other program offerings for low income customers
- Build a dedicated CARE/FERA Call Center Operations

SCE IQP CONTACT LIST

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Questions?