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|  | | **DRAFT** | **Gary A. Stern** Managing Director, State Regulatory Operations |
|  | | | |

September 4, 2018

ADVICE \_\_\_\_\_\_\_-E

(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

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| --- | --- |
| **SUBJECT:** | Southern California Edison Company’s 2019 Energy Efficiency Program and Portfolio Annual Budget |

In compliance with Decision (D.)18-05-041, Southern California Edison (SCE) hereby submits for filing its 2019 Energy Efficiency (EE) Program Budget (including budget for IDSM), forecast Total Resource Cost (TRC) and Program Administrator Cost (PAC) test results, and forecast energy savings for approval by the California Public Utilities Commission (“Commission” or “CPUC”). SCE also requests for the Commission’s approval to discontinue certain EE programs and sub-programs as detailed below.

**PURPOSE**

The purpose of this advice letter filing is to provide SCE’s 2019 EE annual budget and associated energy savings and cost-effectiveness results. This filing also provides explanations for EE programs that will be modified or are expected to be phased out in 2019.

In addition, SCE requests approval to discontinue the following programs and sub-programs for reasons described in detail in section \_\_\_\_\_below:

Program/Sub-program:

* Energy Upgrade California
* Sustainable Communities
* Cool Planet
* Cool Schools
* Commercial Utility Building Efficiency
* IDEEA365 Program
* School Energy Efficiency Program
* Non-Residential Direct Installation
* Commercial Continuous Energy Improvement
* Agricultural Continuous Energy Improvement
* Lighting Innovation
* Lighting Market Transformation
* American Reinvestment Recovery Act (ARRA)-Originated Financing. Also known “Empower Energy Efficiency Program.”
* WE&T Planning
* WE&T – Mobile Energy Unit
* WE&T – Community Language Efficiency Outreach

The supporting documents for this filing are as follows:

1. Attachment A: CEDARS Filing Confirmation
2. Attachment B: TBD
3. Attachment C: TBD
4. Attachment D: TBD
5. Attachment E: Sector Level Metrics: Progress to Date

**BACKGROUND**

D.15-10-028 requires each EE Program Administrator (PA) to file a Tier 2 advice letter with the PA’s annual EE budget for the coming year in September of each year[[1]](#footnote-2) and requires such advice letters to contain:

* Portfolio cost-effectiveness statement; and
* Application summary tables with forecast budgets and savings by sector and program/intervention.

Furthermore, D.18-05-041 provided further guidance to PAs in submitting Annual Budget Advice Letters (ABAL). D.18-05-041 requires that the IOU ABAL include the following:

* Forecasted TRC must meet or exceed 1.25, except during program years 2019-2022, when the forecasted TRC must meet or exceed 1.0;
* Forecasted energy savings goals must meet or exceed Commission established savings goals for each IOU; and
* Forecasted budget must not exceed the PA’s annual budget in the approved business plans, or (if applicable) the revised annual budget in this ABAL. [[2]](#footnote-3)

If a PA’s ABAL submitted for program year 2019 through program year 2022 fails to meet the criteria above, the PA is to hold a workshop to explain why it failed to meet the above criteria to provide transparency of the challenges in meeting the criteria and potentially aid the PA in revising its business plan pursuant to D.15-10-028 for commission approval.

**2019 EE PORTFOLIO**

SCE’s proposed portfolio and budget is designed to optimize each of the CPUC metrics, including but not limited to, cost-effectiveness, savings goals, budgets, and Commission mandated budget caps and targets. In addition, SCE’s portfolio reflects known CPUC measure and program savings modifications for 2019 and portfolio design elements recommended in D.18-05-041. To meet the Commission’s requirements, SCE proposes significant modifications to its energy efficiency portfolio for 2019, as described herein. These modifications focus on delivering a cost-effective portfolio while beginning the transition to the Commission’s new statewide and third party model for energy efficiency. SCE optimizes its portfolio using a three-step approach:

1. **Shift** – Increase the quantity of high cost-effective measures and decrease the quantity of low cost-effective measures
2. **Invest** – Add budget to support the transition to new third-party programs and to support high-TRC measures and programs
3. **Reduce** – Reduce overhead costs, non-resource related costs and the number of cost-ineffective programs.

SCE optimized its portfolio to achieve a high TRC value by building upon programs and measures with high cost-effectiveness while reducing programs and measures with low cost-effectiveness. As a result of SCE’s program optimization efforts, SCE’s portfolio budget, savings and cost-effectiveness below.

SCE is proposing a portfolio cost-effectiveness and budget based upon currently-approved energy savings and cost-effectiveness inputs to its measure and program mix. While SCE’s target cost-effectiveness is above 1.0, this mix and resulting cost-effectiveness may change in 2018 or 2019 as the Commission releases measure dispositions, DEER updates, and other key inputs which could reduce or improve portfolio savings and cost-effectiveness. Significant negative changes to measures in high-volume programs such as Primary Lighting could have a significant impact on SCE’s ability to achieve its cost-effectiveness and goals targets. Early notifications of such dispositions would assist SCE in responding to such changes. SCE is committed to working closely with the Commission to ensure that its measure and program forecasts utilize the most recent information, while also ensuring that customers, vendors, and SCE have sufficient certainty in making energy efficiency investment decisions. As cost effectiveness inputs change, SCE will continue to evaluate the available mix of measures and make portfolio adjustments as necessary. This may include, but is not limited to fund shifting, measure and program elimination, and modifications to rebate levels.

**2019 EE PORTFOLIO BUDGET**

SCE is still in the process of optimizing its Portfolio, as such, the tables below do not reflect its final 2019 EE Portfolio Budget

Table X below provides SCE’s 2019 EE portfolio budget.

**Table X: 2019 EE Portfolio Budget**

|  |  |
| --- | --- |
| Sector | Program Year (PY) Budget |
| Residential | $88,042,480 |
| Commercial | $39,318,165 |
| Industrial | $21,231,859 |
| Agriculture | $3,110,168 |
| Emerging Tech | $10,653,522 |
| Public | $21,675,363 |
| Codes and Standards | $9,008,361 |
| WE&T | $5,618,019 |
| Finance | $1,893,049 |
| OBF Loan Pool | $0 |
| IOU Subtotal | $200,550,986 |

**2019 EE PORTFOLIO SAVINGS**

SCE is still in the process of optimizing its Portfolio, as such, the tables below do not reflect its final 2019 EE Portfolio Savings.

Table X below provides SCE’s forecast of energy savings and demand reduction for its 2019 EE portfolio. Note that Codes and Standards and Low Income Energy Savings Assistance Program are included in these figures.

**Table X: 2019 EE Portfolio Savings**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2018 Forecast** | | |
|  | **Total** | **CPUC Goal** | **% of 2018 Goal** |
| Energy Savings (Gross GWH) | 1072 | 1014 | 106% |
| Demand Reduction (Gross MW) | 208 | 216 | 96% |

**2019 EE PORTFOLIO COST EFFECTIVENESS**

SCE is still in the process of optimizing its Portfolio, as such, the tables below do not reflect its final 2019 Total Resource Cost (TRC) test and Program Administrator Cost (PAC) test.

Tables X below provide the Total Resource Cost (TRC) test and Program Administrator Cost (PAC) test for its 2019 EE portfolio.

**Table X: 2019 EE Portfolio TRC and PAC**

|  |  |
| --- | --- |
|  | **2019 Forecast** |
| TRC | 1.19 |
| PAC | 1.46 |

**PROPOSED PROGRAM AND PORTFOLIO CHANGES**

SCE’s primary focus in the development of its 2019 proposed portfolio and budget is cost-effectiveness. SCE’s proposed portfolio is designed to maximize cost-effectiveness while also managing towards other Commission metrics and preparing to meet a cost benefit ratio of 1.25 beginning in 2022. SCE’s proposed portfolio budget of **$X** is significantly lower than its previously approved 2017 budget of $333m. To help meet the Commission’s goals for energy efficiency, SCE is proposing to reduce its non-resource program portfolio, eliminate low-performing programs, and begin to transition to new programs that are proposed, designed, and implemented by third parties.

SCE is also working towards the implementation of third party proposed, designed, and implemented programs as directed in D.18-01-004, including third party delivered statewide programs. Solicitations are scheduled to begin in late 2018 for program implementation as early as 2019. To prepare for the implementation of new third-party designed and delivered programs by year-end 2019, SCE’s 2019 budget accounts for ramp-up funding for new programs in 2019. In addition, SCE has budgeted funds for the continued implementation of third-party energy efficiency program and projects from previous years. SCE also increased its investment in its Emerging Technologies Program.

Finally, SCE reduced its administrative costs by 44% from its 2018 budgets. In order to maintain a cost-effective portfolio, SCE is committed to managing its administrative and other costs while making sure there is appropriate oversight of its portfolio during and after the transition to the new energy efficiency model.

In support of its 2018 and 2019 energy efficiency portfolios, SCE filed A-3831 to modify its Nonresidential HVAC program to eliminate high-cost elements, thereby, improving the cost-effectiveness of the portfolio. SCE will also file an Advice Letter to add a revolving loan element to its on-bill financing program which will reduce the overall budget necessary in the portfolio.

**Program and** **Sub-Program Cancellation**

SCE is requesting to discontinue programs that are not cost-effective as listed below and for reasons discussed in Attachment XX.

Program and Subprograms to be discontinued

* Energy Upgrade California
* Sustainable Communities
* Cool Planet
* Cool Schools
* Commercial Utility Building Efficiency
* IDEEA365 Program
* School Energy Efficiency Program
* Non-Residential Direct Installation
* Commercial Continuous Energy Improvement
* Agricultural Continuous Energy Improvement
* Lighting Innovation
* Lighting Market Transformation
* American Reinvestment Recovery Act (ARRA)-Originated Financing. Also known “Empower Energy Efficiency Program.”
* WE&T Planning
* WE&T – Mobile Energy Unit
* WE&T – Community Language Efficiency Outreach

**New Programs**

As discussed above, SCE is working towards the utilization of third party proposed, designed and delivered implemented programs as directed in D.18-01-004. As such SCE has created placeholders for programs that will be awarded from the third-party solicitation process and allocated $4.3 million for ramp up cost for these future programs.

In addition to new third party programs, SCE is also proposing the following new programs. Please see Attachment XX for a description of the programs.

* Facilities Assessment
* Midstream Point of Purchase
* Strategic Energy Management
* Medium Size Industrial Customer Energy Efficiency Program
* Water Infrastructure and System Efficiency Program

**Reduced and Expanded Programs**

As discussed above, to meet the Commission’s requirement to meet a cost benefit ratio of 1.25, SCE optimized its portfolio whereby SCE expanded programs with high cost effectiveness and reduced programs with low cost effectiveness in order to achieve a high TRC value. The following programs and sub-programs will be expanded (more than 40%).

Insert Table of Expanded Programs

The following programs’ and subprograms’ budget will be reduced by more than 40 percent.

Insert Table of Programs with Reduced Funding

**Continued Non Cost-Effective Programs**

SCE is proposing to continue multiple resource and non-resource programs in 2019 which are not cost-effective. Continuance of these programs is related to compliance activities and supporting customer programs through the transition period. SCE will continue to evaluate its portfolio of programs in response to competitive solicitations, cost-effectiveness, ability to achieve goals and metrics, as well as other factors.

SCE has multiple programs with low cost-effectiveness tied to its compliance with Assembly Bill 793. SCE’s Plug Load and Appliance program includes funding for SCE’s Marketplace website, located at Marketplace.sce.com, as well as funding for Smart Thermostats. In addition, SCE has included funding for a Residential pay-for-performance program which complies with Assembly Bill 793. Resolution E-4820 provides additional details on these compliance obligations.

While many of SCE’s 2019 Local Government Partnerships are not cost-effective, pursuant to D.18-05-041 SCE must work with Local Government Partnership partners to improve cost-effectiveness and to meet the local government’s needs with respect to data sharing and contract terms that align with local government budgeting, legal, and other constraints; quantify co-benefits and local economic benefits of Local Government Partnerships in hard-to-reach and disadvantaged communities; and support local governments’ efforts to increase local capacity to conduct energy efficiency activities.[[3]](#footnote-4)

While many of SCE's third party programs are currently shown to be non-cost-effective, as noted above SCE is providing budget for ongoing operations of commitments from previous years. SCE’s upcoming third party solicitations are anticipated to improve the cost-effectiveness of these programs.

SCE’s nonresidential customized and deemed programs have experienced declines in cost-effectiveness due to reductions in available measures due to CPUC dispositions and code, shifts of measures to more cost-effective channels, and general reductions in participation from customers due to increased participation requirements. These programs will continue to be offered to allow for participation in energy efficiency in the nonresidential customer segment while new programs are being solicited and ramped up. In addition, as in previous years where nonresidential 3rd party programs were offered simultaneous with these programs, these programs provide a means to offer energy efficiency solutions to business customers not served by the third party markets.

As noted above, throughout 2019 and beyond, SCE will continue to evaluate its portfolio of programs in response to competitive solicitations, cost-effectiveness, and ability to achieve goals and metrics, as well as other factors

Insert Table of programs that SCE will continue even with a TRC below 1.0

**DISCUSSION OF SCE’s 2019 FORECASTED TRC RESULT**

**WHY SCE IS FORECASTING A TRC BELOW 1.25**

SCE strives to maintain and improve portfolio cost-effectiveness, while addressing long-term planning and near-term impacts. Several factors make this challenging:

* Updates to avoided costs since 2017 have reduced energy efficiency benefits by nearly 25%. SCE estimates that the portfolio proposed in this Advice Letter would achieve a TRC of 1.58 using the 2017 avoided costs. These updates include decreasing natural gas prices, market peak shifting from daytime to evening, a nearly carbon-free grid mid-day, and significant shifts in the last few years since EE rules were created 20-30 years ago.
* Successful market transformation of transitioning cost-effective savings from incentive programs to building and appliance codes (CEC Title 20 and Title 24).
* Goals are created in two year cycles based upon estimates of the cost-effective potential of measures, yet are not updated when significant measure dispositions or avoided cost updates occur within that cycle. 2018 has seen two significant Lighting measure dispositions[[4]](#footnote-5), and 2019 has new updated avoided costs that show a further X% reduction in portfolio TRC[[5]](#footnote-6). This results in portfolio administrators having to choose between meeting the savings goal from less cost-effective savings elsewhere in the portfolio or meeting the cost-effectiveness goal but not being able to achieve savings goals.

**ABILITY TO ACHIEVE AN EVALUATED TRC OF 1.0**

Although SCE is not proposing a portfolio that meets a cost benefit ratio of 1.25, SCE is confident it will meet an evaluated TRC of 1.0 for 2019 because SCE will continue to optimize its portfolio throughout the year to lower costs by improving, reducing, or eliminating non-resource programs and non-cost-effective programs and measures. SCE will follow the appropriate regulatory channels to accomplish this. In addition to increasing cost effectiveness going forward, SCE will maximize savings from cost-effective measures and programs, encourage statewide programs not lead by SCE to also maximize cost-effectiveness and require new programs to meet a high cost-effectiveness threshold and maximize pay-for-performance. SCE has included a budget for the ramp-up of third-party programs in 2019 but did not allocate any attributable energy savings to these programs; therefore, the cost burden has been estimated, but only positive savings and cost-effectiveness results are expected to occur. These programs are expected to contribute positively to overall cost-effectiveness of the portfolio once operational and may contribute to the energy savings delivered in 2019.

SCE’s portfolio excludes the cost-effectiveness of its codes and standards advocacy levels which also provides a significant buffer to maintain cost-effectiveness above 1.0. Such programs provide significant, cost-effective energy savings to California which are not captured in the cost-effectiveness metrics.

**PROGRESS TOWARDS ACHIEVE A TRC OF 1.25**

SCE is evaluating several measures for reinstatement in 2019. In January 2018 SCE suspended several lighting measures due to various guidance received from Commission dispositions, market studies, or industry standard practice (ISP) studies.[[6]](#footnote-7) As SCE receives clarifying direction, SCE will determine if and when the measures are reinstated and available for new project applications. The reinstatement of these measures could have a positive impact on the portfolio TRC and savings values.

SCE anticipates improved ex post results from its business programs offered in 2019, including third party projects completed, customized and deemed rebates. This is due to the significant efforts of SCE and its implementers in responding to the CPUC’s previous ex post and ex ante recommendations.

**DISCUSSION OF SCE’s 2019 FORECASTED SAVINGS**

If SCE’s final forecasted energy savings are lower than Commission established annual savings goals, SCE will include a discussion on how it plans to achieve the overall savings goals, within the overall budget, during the business plan period (i.e., through 2025).

**PROPOSED TARIFF CHANGES**

Effective January 1, 2019, SCE will include $XXX million of EE funding in its PPPC. In addition, SCE will include $XX million in its January 1, 2017 distribution rates associated with funding for iDSM activities. The following table shows the currently authorized funding reflected in rates and the revised funding effective January 1, 2019.

In SCE’s year-end consolidated revenue requirement and rate change advice filing, SCE will include all applicable preliminary statement changes.

No cost information is required for this advice filing.

This advice filing will not cause the withdrawal of service, or conflict with any other schedule or rule.

**TIER DESIGNATION**

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation.

**EFFECTIVE DATE**

This advice filing will become effective on October XX, 2018, the 30th calendar day after the date filed.

**NOTICE**

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be submitted to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, California 94102

E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Gary A. Stern

Managing Director, State Regulatory Operations

Southern California Edison Company

8631 Rush Street

Rosemead, California 91770  
 Telephone (626) 302-4177

Facsimile: (626) 302-6396

E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Laura Genao

Managing Director, State Regulatory Affairs

c/o Karyn Gansecki

Southern California Edison Company

601 Van Ness Avenue, Suite 2030

San Francisco, California 94102

Facsimile: (415) 929-5544

E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and XX service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302‑4039. For changes to all other service lists, please contact the Commission’s Process Office at (415) 703‑2021 or by electronic mail at [Process\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE’s corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE’s web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Lisa Mau at (626) 302-3684 or by electronic mail at lisa.mau@sce.com

**Southern California Edison Company**

Gary A Stern

RGW:analyst initial:jm

Enc

Attachment XX

**Description of Program Changes**

**Proposed Programs and Subprograms to be discontinued**

**Energy Upgrade California Program**

SCE has made multiple improvements since program inception to improve the Energy Upgrade California Home Upgrade (“Home Upgrade”) program; however, the Home Upgrade program continues to have a low cost-effectiveness ratio as shown in the table below. Currently, the TRC ratio is 0.18 and SCE does not anticipate the TRC improving. While there is no requirement for the Home Upgrade program or any individual program to be cost-effective, it is necessary to discontinue this programin order to improve the cost-effectiveness of the overall portfolio.



|  |
| --- |
| [1] TRC calculation for 2015-2017 includes 5% Market Effects and was run using the 2013 set of avoided costs. |
| [2] TRC calculation for 2018 uses 2017 actuals, rerun using 2018 avoided costs, with 5% market effects. |

**Sustainable Communities Pilot Program**

SCE’s Sustainable Communities Program (SCP) is a non-resource program that provides design and technical assistance, training, and other professional resources to new construction projects. The purpose of SCP is to advance the new construction projects beyond Title 24 requirements to achieve Zero Net Energy (ZNE). As part of the 2018 –2025 EE Business Plan, SCEs Codes and Standards program already plans to enhance its Planning and Coordination sub-program to include ZNE-preparedness activities to support the building industry in reaching ZNE. Specifically, ZNE-preparedness activities emphasis on residential new construction through design and technical assistance, pilots, and other industry-supporting activities. Additionally, the Codes and Standards and Emerging Technologies Programs will continue to coordinate activities to leverage the successes of the past SCP and ZNE projects. SCE is eliminating the SCP to avoid overlapping efforts and, thereby, optimizing the cost-effectiveness of the EE portfolio.

**Cool Planet Program**

The 2013-2016 Cool Planet Program is a non-resource program that provides utility business customers with education and technical training to measure and manage their energy use and greenhouse gas (GHG) emissions. Customers earn public recognition and awards of 1-, 2-, or 3-year memberships with The Climate Registry based on meeting kWh energy savings or demand response program participation thresholds. Cool Planet Program also includes a water-energy GHG education pilot program that offers a clear means to quantify, compare, and analyze the GHG emissions embedded in delivered water using a consistent and transparent methodology.

Therefore, to improve the cost-effectiveness of the overall portfolio, SCE will discontinue the Cool Planet Program. As an added benefit, this effort will also allow for alignment to SCE’s Public Sector design and open up new opportunities for both water-energy initiatives and education.

**Cool Schools Program**

The Cool Schools program assists public and private schools with energy efficiency and conservation. Cool Schools utilizes the knowledge and communication channels of trusted institutions and provides financial assistance to accelerate the replacement of existing equipment near the end of its useful life with new, more energy-efficient equipment.

Cool Schools has been unable to compete with turnkey programs that retrofit many lighting measures because the Cool Schools payback on HVAC or ancillary measures is much less attractive to customers. Furthermore, reduction in Proposition 39 funding has caused many school customers to only bring their buildings up to code instead of achieving savings above code. In order to simplify and maintain the cost-effectiveness of the overall portfolio, SCE has been gradually ramping down the Cool Schools program. Please see the table below for the Cool Schools Program historical TRC ratio.



|  |
| --- |
| [1] TRC calculation for 2015-2017 includes 5% Market Effects and was run using the 2013 set of avoided costs. |
| [2] TRC calculation for 2018 uses 2017 actuals, rerun using 2018 avoided costs, with 5% market effects. |

**Commercial Utility Building Efficiency (CUBE)**

CUBE provides audits, technical assistance, and incentives to support installation of recommended EE equipment at privately owned commercial office buildings. Given changes in claimable energy savings due to Title 24 updates and changes in Industry Standard Practice (ISP) assumptions, the number of eligible measures for CUBE has been drastically reduced. In order to simplify and improve the cost-effectiveness of the overall portfolio, SCE has ramped down the program. Please see the table below for the CUBE Program historical TRC ratio.

The existing commercial building customer base can be served by other programs in SCE’s portfolio.



|  |
| --- |
| [1] TRC calculation for 2015-2017 includes 5% Market Effects and was run using the 2013 set of avoided costs. |
| [2] TRC calculation for 2018 uses 2017 actuals, rerun using 2018 avoided costs, with 5% market effects. |

**School Energy Efficiency Program**

School Energy Efficiency Program (SEEP) performs energy audits to identify EE and Demand Response (DR) opportunities and provides lighting retrofit measures to public school districts, private schools and universities. Since the program mainly offers lighting retrofit measures, and most lighting measures will not be eligible for incentives in 2019, SCE will be discontinuing the program in 2019. In addition, the cost effectiveness for this program has historically been below 1.0. Please see the table below for SEEP’s historical TRC ratio. Customers have been notified that this program has been suspended beginning in April 2018 because funds were fully committed. In May 2018, SCE notified customers of the program’s closing.



**Non-Residential Direct Installation**

The Non-Residential Direct Installation Program delivers no-cost and low cost EE hardware retrofits through installation contractors to reduce peak demand and energy consumption for small- and medium-sized commercial customers. SCE does not anticipate the program’s cost effectiveness to improve over time because there is a lack of cost effective measures to offer in the program. As a result of fewer cost effective measures, SCE has seen the cost effectiveness of this program decrease in the past few years. Please see the table below for the Non-Residential Direct Installation Program’s historical TRC ratio. In addition, energy savings opportunity have decreased since the existing baseline has increased. SCE began notifying program implementers in July 2018 that the program may be closing due to program obstacles described above.



**IDEEA 365**

The intent of the statewide IDEEA365 Program is to find, fund, and foster the best energy efficiency (EE) or integrated demand side management (IDSM) delivery approaches available in the marketplace and discovered through outreach events. This program is no longer needed because SCE will be conducting open solicitations for innovative and cost-effective third party proposed, designed, and implemented programs as directed in D.18-01-004.

**Lighting Innovation**

Lighting Innovation (LI) is a non-resource subprogram that evaluates products or program approaches that are new to the market and could potentially enter the Primary Lighting Program or the Commercial, Industrial, and Agricultural EE Programs. While the program provides valuable information on lighting challenges and barriers that exist, activities conducted in the LI subprogram can be administered in the Emerging Technologies Program.

**Lighting Market Transformation Program**

Lighting Market Transformation (LMT) is a non-resource program that promotes efficient lighting technologies and best practices in California. This includes developing innovative data-driven program strategies to use in utility lighting programs. However, due to the adoption of LED technology in the market, LMT's success in supporting efficient progression of lighting solutions into customer EE programs, and the adoption of code requirements for efficient lighting technologies, LMT is no longer needed as a program.

**ARRA- Originated Financing - EmPower**

The EmPower Energy Efficiency Program is a continuation of financing programs originally supported by American Recovery and Reinvestment Act (ARRA) stimulus funding in 2011 and 2012 and implemented by local governments. The Program was created to streamline the process of attaining low-cost unsecured loans, qualifying Third-Party Contractors, and providing utility rebates to help homeowners overcome the high upfront cost and confusion associated with making home energy upgrades. EmPower was also meant to coordinate with and enhance the participating utilities Energy Upgrade California program (“EUC Program”) by driving customer participation. However, the EmPower program has a very low conversion rate from turning interested customers into actual EUC projects with few to no closed loans and very limited evidence of direct correlation between its activities and EUC or other program participation.

**WE&T Connections & Planning**

SCE requests authority to streamline all three Workforce Education and Training (WE&T) subprograms (Connections, Planning, and Centergies) into one overarching WE&T program to enhance efficiencies, establish a clearer participant pathway with a single point of contact, and enhance alignment to both portfolio and market needs. In addition, SCE will eliminate the K-8 and 9-12 WE&T program activities in order to maximize WE&T program funds for the benefit of end-use customers and high-potential market actors, improving the overall cost effectiveness of SCE’s energy efficiency portfolio.

**WE&T – Mobile Energy Unit**

The Mobile Education Unit (MEU) Program is a non-resource customer outreach program designed to increase awareness and participation in SCE’s Energy Efficiency, Demand Response, Self-Generation, and Income Qualified programs. MEU attends various community based events throughout SCE’s service territory. While the program does provide some value to end user residential customers, the program is not cost-effective as it does not deliver energy savings. Internal and external stakeholders, including the Customer Call Center, will be notified of the program’s closure through website updates, email blasts, and formal communication.

**WE&T – Community Language Efficiency Outreach**

The Community Language Efficiency Outreach (CLEO) Program is a non-resource, language-based customer outreach program designed to increase awareness and participation in SCE’s Energy Efficiency, Demand Response, Self-Generation, and Income Qualified programs. CLEO attends various community based events throughout SCE’s service territory and educates customers on the programs and services available to them, in their primary language. While the program does provide some value to end user residential customers, the program is not cost-effective as it does not deliver energy savings. Internal and external stakeholders, including the Customer Call Center, will be notified of the Program’s closure through website updates, email blasts, and formal communication.

**New or Expanded Programs and Subprograms**

1. **Facilities Assessment**

[Text to be developed]

1. **Midstream Point of Purchase**

[Text to be developed]

**Strategic Energy Management**

SCE will consolidate the Agriculture Continuous Energy Improvement Program, Commercial Continuous Energy Improvement Program, and the Industrial Continuous Energy Improvement Program into a single program named the Strategic Energy Management program. The Strategic Energy Management (SEM) program is a resource program that provides a concierge approach in identifying, assisting, and implementing EE projects with a whole facility focus. SEM is a milestone-based program with eight workshops that span 26 months. The purpose of the workshops is to educate and deliver savings to the customer. The concierge service will have one implementer and one point of contact to assist the contractor through the sunrise and sunset of EE projects with a whole building approach.

**Medium Size Industrial Customer Energy Efficiency Program**

The Medium Size Industrial Energy Efficiency Program (MICE) is the result of a successful IDEEA365 offering from 2014. Many customers, due to their smaller size, are not adequately served by the Energy Services Company market and lack the time and expertise to identify potential measures and projects. If and when projects and measures are identified by the customer, the customer must then develop a plan that would convince the customer’s management to allocate the necessary capital expenditures. This is often a challenge due to uncertainty or low confidence in the estimated costs and savings. MICE will close this gap in the mid-market segment of SCE’s Industrial portfolio by providing customers with detailed, in-depth energy assessments which identify energy efficiency opportunities, accurately estimate potential savings and costs, and provide a roadmap to implementation.

**Water Infrastructure and System Efficiency Program**

The Water Infrastructure and System Efficiency Program (WISE) program is the result of a successful IDEEA365 offering from 2014. The WISE program will leverage data from the Pump Efficiency Services Program (a successful SCE water-energy program that produces significant water and energy savings) as a baseline for the new pump measures. WISE will target water-energy solutions at all major areas of water in SCE’s service territory (e.g., source water pumping, water treatment, water distribution, and waste water treatment). WISE will also look at benchmarking opportunities and audit functions as well as installations with an emphasis on measures such as pump efficiency and pump repair for customers, including those from SCE’s Government and Institutional Partnership programs.

**Attachment XX**

1. *See* D.15-10-028, ordering paragraph 4. [↑](#footnote-ref-2)
2. See.D.18-05-041, p. 133 [↑](#footnote-ref-3)
3. D.18-05-041, Ordering Paragraph 30. [↑](#footnote-ref-4)
4. [Reference Disposition A and B] [↑](#footnote-ref-5)
5. Based on analyzing 2018 Business Plan filing from 2018 Avoided Costs to 2019 Avoided Costs [TBD] [↑](#footnote-ref-6)
6. Key elements of the following dispositions and guidance memos are the drivers for SCE suspending high risk measures:

   2017\_Workpaper\_Guidance\_Memo\_OUT

   2017ExteriorLEDFixturesDisposition-Revised2June2017-FINAL

   PGECOLTG178r3\_DetailedReview\_29Sep2017-final1

   SCE\_FinalVersion\_2016ESPI\_2017-08-21

   2017ExteriorLEDFixturesDisposition-BaselineClarifications-12Apr2017-Draft

   SCE-16-C-C-0073\_0500804246\_Ext. LED Lighting

   2018 Screw-In LED Methods Disposition

   Commission Staff email clarification of the 2018 Screw-in LED Methods Disposition, January 31, 2018 [↑](#footnote-ref-7)