

**Stakeholder Questions and SCE Responses
Heat Pump Water Heater (HPWH) program**

Q ID	Question	SCE Response
1	Will this be a Downstream or a Direct Install program, or something else?	This is proposed as a downstream program.
2	Will this PowerPoint be available to us?	The PowerPoint is currently posted on CAEECC in draft form. The final version will be reposted to CAEECC following the webinar.
3	The \$54.5 M budget - is that an annual budget? Or is that for a certain program term?	The \$54.5 million reflects the total proposed budget for the program term, anticipated to run through the end of 2029.
4	On the residential side, and with the changes in the Statewide Plug Load Appliance Program, what are you expecting to be the avenue for residential HPWH between now and 2028?	SCE currently has existing programs within its portfolio that offer support for residential HPWH.
5	What are the forecasted TSB and TRC preliminary numbers?	These values are still under development and will be finalized prior to program launch.
6	Is this program to be offered in parallel with existing 3rd party program offerings?	Yes. The program is intended to be offered in parallel with, and to complement, existing third party program offerings.
7	Since this program will be available to non-residential customers, does that include the public sector?	No. The program does not currently include public sector customers.
8	What would we need to do to become a "qualified" contractor?	Contractor eligibility requirements are still being developed and will be available closer to program launch.
9	Is this being implemented with internal labor, or is there an implementer that you've already selected?	SCE will administer the program. Installations will be performed by qualified contractors.
10	What proportion of the \$54.5 million budget will be allocated towards incentive dollars?	Incentive allocations are still under development and are not ready to be shared at this time.
11	How will the program complement (compete with?) TECH?	TECH is currently out of funding and is limited to residential customers. This proposed program focuses on non residential customers.

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12	<p>Help us understand how this program falls outside the bounds of the requirement in D.23-06-055 to use measured savings. Copied and pasted below:</p> <p>In keeping with legislative direction, some new energy efficiency programs will now be required to use NMEC, randomized control trials, strategic energy management, or another meter-based method, as appropriate, to measure and report energy savings, unless using these methods is not feasible and/or cost-effective. This requirement will apply to programs that meet all of the following characteristics:</p> <p>New programs approved by this decision launching on or after January 1, 2024, except for third-party programs for which the request for proposals or request for abstracts is issued prior to October 1, 2023;</p> <p>Uses a downstream delivery approach;</p> <p>Is a resource acquisition retrofit program;</p> <p>Is in the residential or commercial sector; and</p> <p>Is eligible to use the NMEC rules (according to the NMEC Rulebook).[1]</p> <p>[1] The adopted NMEC Rulebook is available at the following link: https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/n/6442463694-nmec-rulebook2-0.pdf</p>	<p>Because water heating typically accounts for less than 10% of total building energy consumption, HPWH installations fall below the NMEC design threshold, making deemed savings the more appropriate measurement approach.</p> <p>Heat pump water heaters, particularly when implemented as fuel substitution measures (gas-to-electric), are not well-suited for either site-level or population-level NMEC approaches. The associated savings signals are relatively small, highly variable, and difficult to detect in whole-building data—especially for gas consumption. Additionally, NMEC evaluates fuels separately, making it challenging to account for cross-fuel impacts (i.e., gas reduction paired with increased electricity use), which increases the risk of misattribution. Gas savings are also more difficult to normalize due to lower data granularity and strong weather and behavioral influences, further reducing confidence in the results. As a result, a deemed approach provides a more stable, accurate, and defensible method for estimating savings for these measures.</p>
13	Is this program included in the EE application for the next cycle?	While this specific program was not included in the application, SCE included placeholder budgets for new programs and anticipates leveraging those funds to support this program in the upcoming cycle.
14	Can you share any available customer eligibility criteria?	Eligibility criteria are still being finalized and are not yet available.
15	Are you able to provide the eligible NAICS codes?	At a high level, eligibility aligns with non residential customers allowed under the applicable workpaper. Final NAICS codes will be confirmed later.
16	Have equipment eligibility criteria been defined?	Not yet. These requirements are still under development.
17	Are you planning to use an online application, and what is system of record platform that you intend to use?	Yes. The program will use an online application, with iEnergy serving as SCE’s system of record for receiving, tracking, and processing program applications.
18	You described this as a downstream program, but contractors appear to play a key role. Are incentives directed at customers (downstream), contractors (midstream), or a combination of both?	Yes. Incentives are directed to customers. Contractors serve as qualified installers acting on behalf of the customer, which is consistent with a downstream model.
19	Do you have a certain amount of contractors you're going to be working with?	There is no set number of contractors. All contractors that apply and meet the program’s qualification criteria, which are currently being developed, will be eligible to participate.
20	Has double dipping and or coordination with other overlapping programs such as the SW midstream commercial water heating program been considered?	Yes. SCE will coordinate across programs and internal teams to define boundaries, align eligibility rules, and help prevent double dipping.

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21	What does covering or significantly offsetting HPWH costs mean in terms of incentive levels? What are the target incentive levels?	Incentive levels are still under development and may partially offset or, in some cases, fully cover installation costs, subject to CPUC approval.
22	Are there specific building types or locations that will be prioritized in the new program? (for example, past HPWH installs have been heavily concentrated in hotel and grocery building types)	All eligible non residential building types are targeted. The program will seek to avoid overlap with building types heavily served by incumbent programs.
23	When will applications be available to contractors to become part of the pool?	Contractor enrollment is expected to open at program launch, though SCE may begin enrollment earlier if feasible.
24	Expanding from Chris' question above -- Are you planning to work with a <i>fixed</i> pool of pre-qualified contractors throughout the duration of the program, or do you anticipate a continuous enrollment process for eligible participating contractors?	SCE anticipates a continuous enrollment process for eligible contractors.
25	What are the verification requirements for proof of installation?	The specific details are still being finalized, but the approach is expected to be similar to the inspection and verification processes used for existing third party programs. Verification requirements will be aligned with the workpaper and communicated during contractor training to ensure accuracy and consistency.
26	Is site inspection required?	The specific details are still being finalized, but the approach is expected to be similar to the inspection and verification processes used for existing third party programs. Verification requirements will be aligned with the workpaper and communicated during contractor training to ensure accuracy and consistency.
27	Will there be demand response requirements to receive incentives?	No. There are no demand response requirements associated with this program.
28	If the target incentive levels would completely offset the full cost of install, would this program be categorized as a direct install program?	No. The program would still be considered downstream.
29	Will there be Time-of-Use, or other similar customer requirements beyond the initial fuel substitution?	No additional requirements such as TOU enrollment are proposed.
30	Will this program be working with CalMTA per the MTI that is currently out for review?	The MTI Evaluation is focusing on residential heat pump water heaters at this moment. The plan would be for SCE to collaborate with Cal MTA when the residential program scope is fully developed.

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31	As a follow-up, 10% design guidance is for metered savings. By nature of the program, pop NMEC analysis might be more feasible. There's no 10% design guidance for Pop NMEC	Agree that 10% threshold applies to metered NMEC, not Population NMEC. However, HPWH still represents a very small share of whole building load, so even at the population level the savings signal would be difficult to isolate from weather and operational noise. Given that HPWH savings are well understood and equipment driven, a deemed approach remains the most technically sound and cost effective option. In addition, for the commercial sector, so many different use cases (e.g. business types, process requirements) exist that creating a meaningful prototype may not be feasible, and creating many prototypes for the multitude of use cases for a simple deemed measure would be cost prohibitive as well as not being aligned with the desire to be affordable.
32	If paying full cost of a deemed measure, you would need CPUC approval to pay that amount, otherwise you're limited to IMC.	It is understood that SCE would need CPUC approval to pay the full deemed measure cost; otherwise, payments would be limited to the IMC.
33	What is the next step? Will SCE file an advice letter with this program information, so its available publicly?	Yes. SCE plans to file an Advice Letter by the end of May to formally request approval.
34	Since you already have a program administered by Willdan, and you might be targeting the same audience, how will you coordinate getting proposals from two different sources?	SCE's intent is to coordinate in a complementary way by using available data to identify gaps in customer coverage by geography and building type, helping steer participation to minimize overlap while remaining flexible as the market evolves. For context, SCE serves over 600,000 commercial service accounts across 8 climate zones and 57 building types, providing ample opportunity for multiple parties to administer programs concurrently, with the SCE program focused on broadening participation beyond currently concentrated areas.
35	Have training requirements or other contractor eligibility criteria been defined? Has an implementer been selected for this program? If so, which organization is prime?	Not yet. These requirements are under development and will be communicated once finalized. SCE will serve as the program implementer.
36	Jack can you provide your email address?	Jack.Solis@sce.com