

Opening of SCE's Heat Pump Water Heater Program Public Webinar – May 6, 2026

Energy for What's Ahead®



Program Status & Expectations

- Program details presented today reflect **current draft design**
- Some elements are still under development and subject to finalization, including but not limited to:
 - Incentive levels
 - Eligible equipment
 - Residential sector launch date
 - Contractor eligibility and training requirements
- Questions are welcome; items not yet final will be addressed through follow-up

Agenda

1. Safety Moment
2. Program Overview
3. Program Description
4. Program Delivery
5. Program Design and Best Practices
6. Contact Information
7. Question & Answer Session

Safety Moment

Energy for What's Ahead[®]



Safety Moment: Skin Cancer Awareness Month (May)



Risks

- **UV exposure is a workplace safety risk** – most skin cancers are caused by too much ultraviolet (UV) exposure
- UV rays can damage skin **even on cloudy days** and during routine outdoor activities
- Skin cancer is **largely preventable** with simple protective actions

Protect Yourself

- Use sunscreen (**SPF 30+**), wear protective clothing, and seek shade
- Check your skin for anything **new, changing, or unusual**

Safety Takeaway

- Protecting your skin today helps prevent serious health risks tomorrow



Program Overview

Energy for What's Ahead®



Program Overview

- SCE is launching a **utility-administered, fuel-substitution Heat Pump Water Heater (HPWH) program, to create a durable, scalable pathway for building electrification** and long-term decarbonization across its service area
- The program is designed to **reduce the cost and infrastructure barriers to electrification—covering or significantly offsetting HPWH costs for non-residential customers**, while targeting installations that deliver strong Total System Benefits (TSB) alongside decarbonization outcomes
- While the program is utility-administered, it is designed to **complement—not displace—existing third-party programs**

Program Overview

Attribute	Information
Program Name	Heat Pump Water Heater Program
Program Implementer	SCE
Portfolio Administrator	SCE
Program Implementer Type	IOU Core
Portfolio Segment	Resource Acquisition
Total Program Budget	\$54,500,000
Program Launch (Tentative)	July 2026
Market Sector(s)	Non-Residential (Currently in scope) Residential (~2028)
Program Type	Resource
Delivery Type	Downstream
Intervention Strategy	Incentive
M&V Method	Deemed

Program Description

Energy for What's Ahead®



Program Description

Program Purpose

- The program aims to deliver energy savings and TSB through the installation of high-efficiency HPWHs

Rationale

- Strengthen HPWH delivery by diversifying pathways and improving coverage across the market
- Ensure continuity, cost control, and reinvest administrative savings into customer value through an SCE-administered model

Program Objectives

- Reduce key customer barriers to accelerate adoption of high-efficiency HPWHs
- Ensure high-quality, code-compliant installations through trained contractors and SCE oversight
- Maximize portfolio value and TSB by prioritizing cost-effective, high-impact, non-residential installations
- Maintain a stable, continuous HPWH delivery as market offerings and third-party programs evolve

Program Delivery

Energy for What's Ahead®



Program Delivery

Program Strategies and Tactics

- Utility-administered by SCE, with direct oversight of program design, incentives, and quality assurance
- Contractor-led delivery model that reduces administrative overhead
- Required training and oversight to ensure installations meet manufacturer specifications, program standards, and measure package requirements

Delivery Type

- Delivery Channel: Trained and qualified third-party contractors
- Installation Model: Contractor acts as the customer's authorized agent to perform field work
- Quality Control: Installations are subject to SCE review and/or inspection prior to payment

Program Delivery

Customer Reach and Acquisition Strategy

- Build and support a qualified pool of HPWH contractors through targeted outreach and engagement
- Contractors serve as the primary customer interface, delivering program offerings

Targeted Market and Customer Group

- Initial Phase: Targeting non-residential customers within SCE's service area
- Future Phase: Residential customers, informed by insights gained through non-residential implementation – planned for no earlier than 2028 (next business cycle)

Program Delivery

Measures

- SWWH027 – Heat Pump Water Heater, Commercial, Fuel Substitution
- SWWH028 – Large Heat Pump Water Heater, Commercial and Multifamily, Fuel Substitution

Incentives

- Incentive designed to cover or significantly offset the total cost of the HPWH measure, including required electrical upgrades and ventilation modifications

Program Design and Best Practices

Energy for What's Ahead®



Program Design and Best Practices

Market Barriers	Mitigation Strategies
High upfront installation costs, including electrical upgrades and ventilation requirements	Mitigate upfront cost barriers by offering partial-to-full installation-cost coverage for non-residential customers
Perceived operational risk from installation complexity and performance uncertainty	Reduce perceived risk via a utility-administered model with consistent standards and oversight
Delivery and continuity risk due to reliance on limited delivery pathways	Maintain delivery continuity by establishing a stable, SCE-administered delivery pathway
Installation quality risks that can reduce performance and long-term system benefits	Ensure installation quality through required contractor training and SCE inspections

Program Design and Best Practices

Best Practices

- Reinvest administrative savings into customer value by eliminating traditional implementer overhead and maximizing cost-effectiveness
- Prioritize under served market segments first, focusing initially on non-residential installations with higher system benefits
- Emphasize installation quality and persistence through training, manufacturer-aligned standards, and inspection prior to payment

Contact Information

Energy for What's Ahead®



Contact Information

Contact

Jack Solis, Senior Advisor

Jack.Solis@sce.com

Question & Answer Session

Energy for What's Ahead®



Q&A Session