

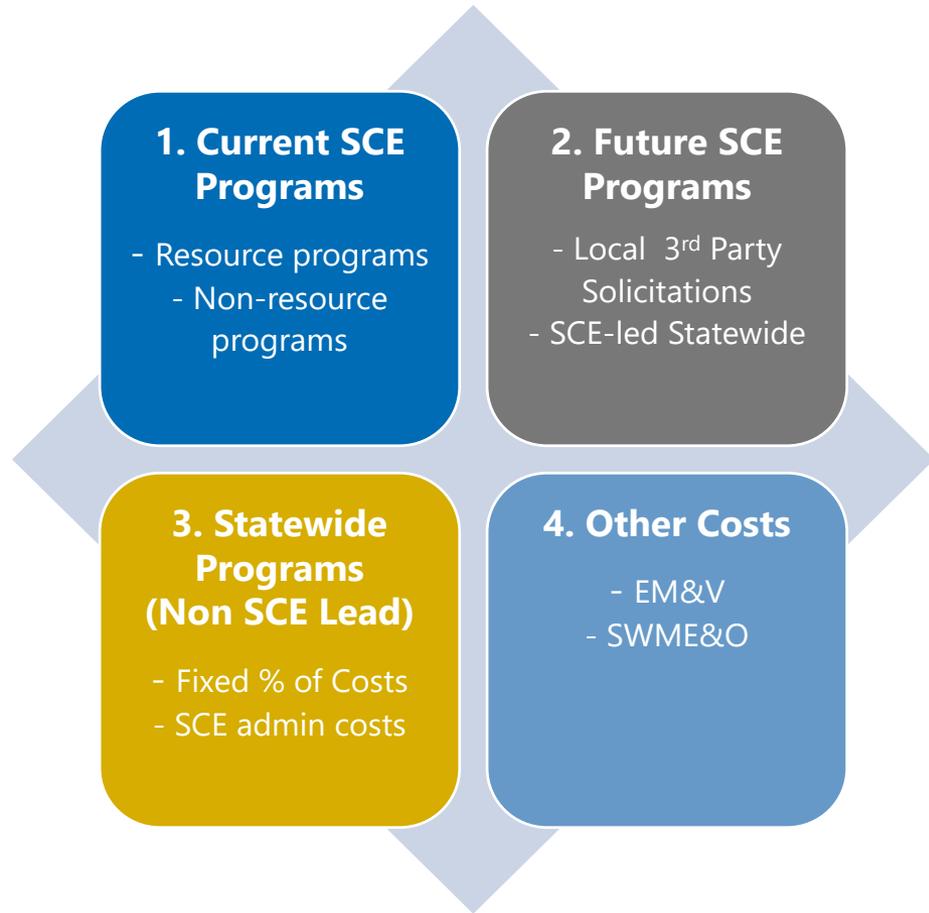
Overview of SCE's Annual Budget Advice Letter for Program Year 2020

August 7, 2019

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2020 ABAL Objectives

- **Meet ABAL approval requirements (D.18-05-041)**
 - Cost effectiveness
 - Energy savings and demand reduction goals
 - Authorized budget
- **Support transition requirements for statewide programs**
- **Reflect schedule for new programs from local and statewide solicitations**



2020 Budget & Cost-Effectiveness

DRAFT-SUBJECT TO CHANGE

PA PY FORECAST ENERGY SAVINGS (Net)

PA forecast kWh PA forecast kW PA forecast therms (MM)

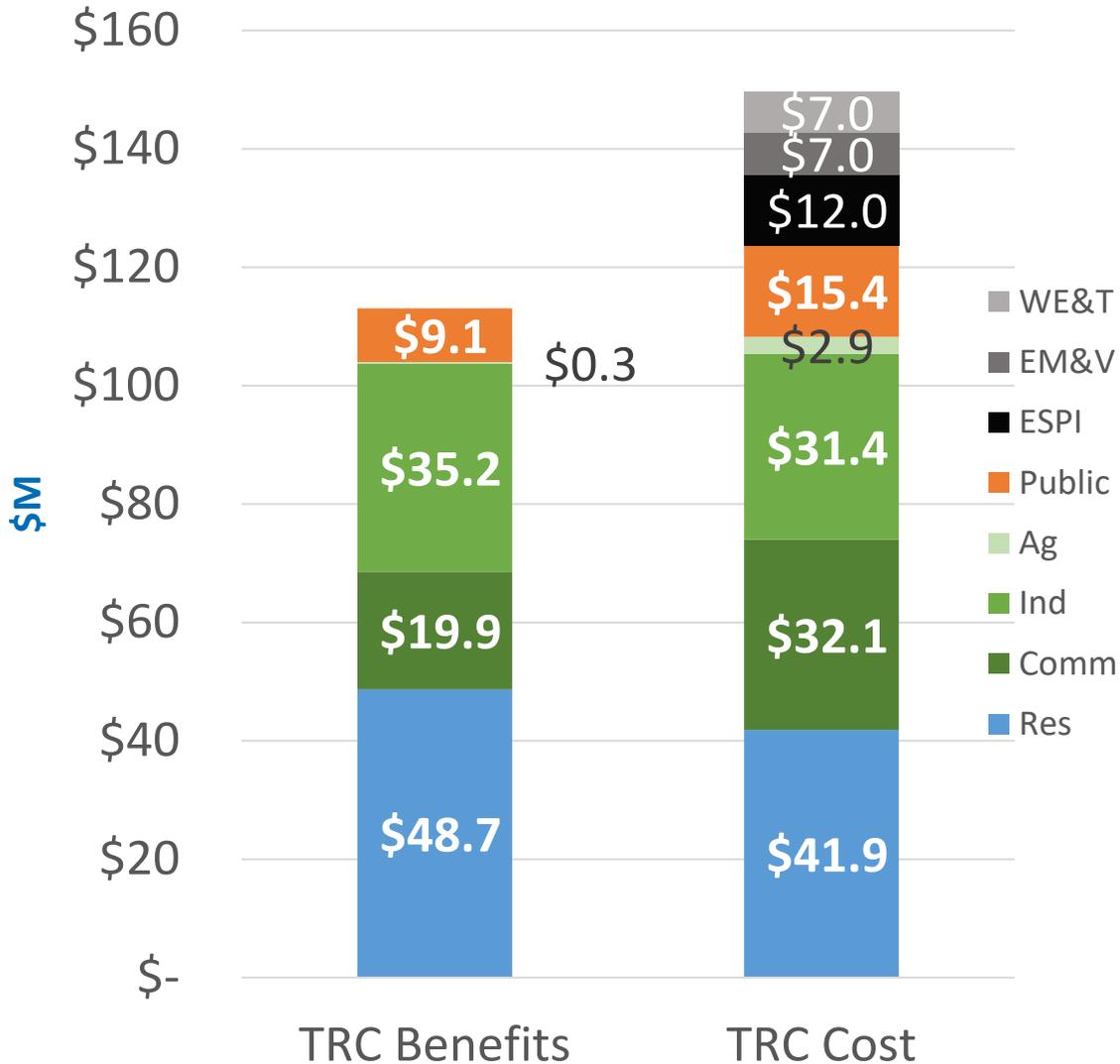
Sector	Program Year (PY) Budget	PA forecast kWh	PA forecast kW	PA forecast therms (MM)
Residential	\$ 39,840,537	227,898,962	50,487	-
Commercial	\$ 24,724,350	33,107,220	7,787	-
Industrial	\$ 24,028,046	62,833,962	10,911	-
Agriculture	\$ 2,212,762	727,847	121	-
Emerging Technologies	\$ 7,105,103	na	na	na
Public	\$ 10,723,174	17,735,957	3,019	-
WE&T	\$ 5,889,739	na	na	na
Finance	\$ 147,687			-
OBF Loan Pool	\$ 17,000,000	na	na	na
IOU Subtotal	\$ 131,671,398	342,303,948	72,325	-
IOU Total Program Savings (w/out C&S)		342,303,948	72,325	-
	CPUC Program Savings Goal	310,000,000	62,000	-
	Forecast savings as % of CPUC Program Savings Goal	110%	116%	0%
Codes and Standards	\$ 14,987,041	587,000,000	117,000	-
IOU EM&V	\$ 7,016,417			
IOU PY Spending Budget Request	\$ 153,674,856			
IOU Authorized PY Budget Cap (Approved 2019 ABAL AL 3859-E-A)	\$ 275,649,883			
Lancaster CCA PY Budget Recovery Request (excl. CCA Uncommitted/Unspent Carryover)	\$ 401,318			
3CREN PY Budget Recovery Request (excl. REN Uncommitted/Unspent Carryover)	\$ 2,154,342			
SoCalREN PY Budget Recovery Request (excl. REN Uncommitted/Unspent Carryover)	Pending			
IOU Forecast PY TRC		0.76		
IOU Forecast PY PAC		0.86		

- CPUC Savings goals from July 15 Proposed Decision Adopting Energy Efficiency Goals for 2020-2030
 - Excludes ESA savings
- Projected savings and cost effectiveness from CEDARS; includes Market Effects
- Cost effectiveness excludes codes and standards

Cost-Effectiveness Challenges

- **Transition year challenges to a cost-effective portfolio**
 - Limited cost-effective opportunities exist in existing programs
 - Start-up costs associated with the statewide and third-party programs are included, but limited TRC benefits in 2020
 - Non-resource costs deliver value, but no TRC benefits
 - SCE's proposed portfolio reflects the composition of the draft goals Decision, but with limited TRC benefits above costs
- **SCE's 2020 forecasted TRC is below 1.0, which triggers Commission requirement for a revised Business Plan**
 - SCE will work with the Commission, its staff, and other stakeholders in the development of its revised Business Plan

2020 Cost Effectiveness Details



- \$37m gap between TRC benefits and TRC costs
- Limited cost-effective opportunities exist in existing programs
- Largest current, cost-effective opportunity is in Residential Behavior measures

Proposed Portfolio Changes

- Fund new third-party programs (statewide and local) resulting from EE solicitations
- Optimize current programs to maximize savings and cost-effectiveness
- Add a new, cost-effective pilot (upon Commission approval)
- Close three non-cost-effective third-party programs (See Slide 6)
- Reduce non-resource elements of local government partnerships, while maintaining other value elements (See Slide 7)
- Reduce SCE administrative costs by 14% (49% since 2018)

Transition Plan for Third-Party Programs in 2020

- Continue programs with a TRC above 0.85
 - Comports with direction from Energy Division in the disposition of SCE's 2019 Annual Budget Advice Letter
- Continue to serve non-residential customers through its Core programs during this transition period
- Close programs below 0.85 TRC to new enrollments, but fund to complete any committed projects by 12/31/19
 - School Energy Efficiency Program
 - Commercial Direct Install
 - Enhanced Retrocommissioning
- Forecasts include \$4.7 million for new 3rd Party programs from current EE solicitations (local residential, commercial, and industrial)

Third Party Solicitation Update

- SCE has solicited the market for new programs to replace the majority of its portfolio (Residential, Commercial, Industrial markets)
- SCE does not anticipate new third-party programs starting 2021 due to the required time for regulatory approval, if applicable, and Implementation Plan completion, after final contract negotiations.

Year		2019										2020											
Quarter		Q2			Q3			Q4				Q1			Q2			Q3			Q4		
Month		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	RFP Prep					RFP			Contract Negotiation													
	Industrial	RFP Prep					RFP			Contract Negotiation													
	Residential	RFP Prep					RFP			Contract Negotiation													
Statewide Programs	SW - Lighting Program	RFA Prep		RFA		RFP Prep		RFP		Contract Negotiation													
Local Customer Programs	Local Public Sector				RFA Prep		RFA		RFP Prep		RFP		Contract Negotiation										
	Agricultural				RFA Prep		RFA		RFP Prep		RFP		Contract Negotiation										
Public	SW - UC/CSU/CCC Higher Education Program & Water/Wastewater Pumping				RFA Prep		RFA		RFP Prep		RFP		Contract Negotiation										
Cross-cutting	Electric Emerging Technologies				RFA Prep		RFA		RFP Prep		RFP		Contract Negotiation										

Note: EE solicitation schedule is subject to change.

SCE-led Statewide Programs

Statewide Program*	2020 Program Budget (Total for all contributing IOUs)**	2021 Program Budget (Total for all contributing IOUs)**	Expected or Actual Launch Date (MM/YYYY)***	Percent Electric	Combined (Electric & Gas) Proportional Contribution per Load-Share (Target share. Actual funding may be within +/-20%)			
					PG&E	SDG&E	SCE	SCG
Water/wastewater pumping	\$ -	\$ 3,975,000	Apr-2021	80%	45.60%	13.96%	32.08%	8.36%
Lighting (Upstream)	\$ -	\$ 12,000,000	Jan-2021	100%	44.40%	15.50%	40.10%	0.00%
ETP, electric	\$ -	\$ 13,422,750	Apr-2021	100%	44.40%	15.50%	40.10%	0.00%
Institutional Partnerships, UC/CSU/CCC	\$ -	\$ 3,000,000	Apr-2021	80%	45.60%	13.96%	32.08%	8.36%

Transition Plan for Local Gov't Partnerships

- **Discontinue:**
 - Budgets for **non-resource** related work
- **Maintain:**
 - **Enhanced rebate levels** for local government partnerships proposing energy efficiency equipment projects in 2020
 - **SCE engineering resources** to help Cities and Counties develop energy savings projects
 - **Statewide Energy Efficiency Collaborative (SEEC)** budget support
- SCE anticipates that innovative and cost effective third party implemented programs will launch as a result of SCE's solicitation for new Public Sector programs

Anticipated Changes from 8/7 to 9/3 Filing

- Adjustments to measures and programs upon issuance of final CPUC decisions (Potential & Goals and Fuel Substitution)
- Minor adjustments to measures and programs within the portfolio from further optimization
- May revise program closure list
- All budget and savings inputs may be changed during the final quality control and review process before final filing
- Edits to draft Advice letter language to reflect aforementioned changes and other reviews
- EM&V budgets may change based on final inputs

QUESTIONS?