

When State Policy-Makers and Utilities Work Together for Efficiency:

SCE's Perspective on the California Model

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Overview: Welcome to California!

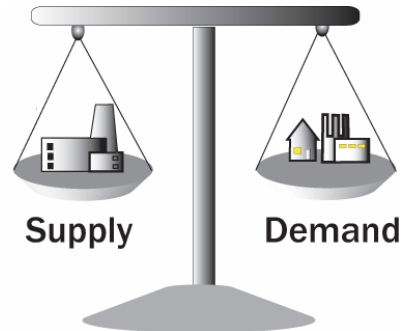
- ❑ *SCE welcomes members of the Consortium for Energy Efficiency!*
- ❑ *SCE is proud to be a part of CEE and its international success*
 - ❑ *CEE members receive nearly \$2b in energy efficiency funding annually*
 - ❑ *CEE member programs reach 50% of the U.S. population*
- ❑ *Background on SCE*
 - ❑ *SCE's 15,000 employees serve a population of over 13 million people*
 - ❑ *50,000 square-mile service territory in central and southern California*
 - ❑ *System peak over 20,000 MW; annual sales over 100,000 GWh*
- ❑ *SCE's investment in energy efficiency*
 - ❑ *2006-8 budget of over \$800 million*
 - ❑ *Expected annual impacts of over 3.1 billion kWh in energy savings*

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Overview: Why SCE Invests in Energy Efficiency?

□ Three SCE Perspectives on EE

- EE as a Resource
 - ✓ Balancing supply and demand
 - ✓ Utility role = Resource portfolio manager
- EE helps customers save energy & money
 - ✓ Customer service
 - ✓ Customer satisfaction
- EE fosters a cleaner & greener environment
 - ✓ Environmental stewardship
 - ✓ Most cost-effective and greenest approach to climate change & regulation

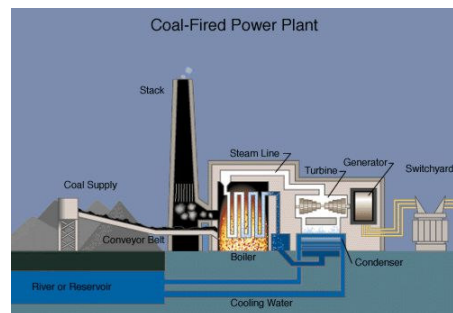


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Energy Efficiency as a Resource: California's Loading Order

□ Resource Acquisition Benefits of California Investor-Owner Utilities' 2006-08 EE Programs

- "The utilities project that ratepayer investment in energy efficiency will be capable of avoiding three giant (500 MW) power plants over the next three years."



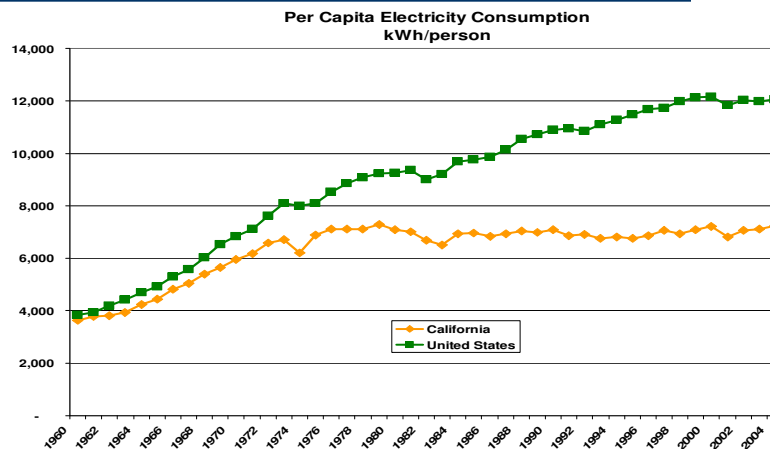
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Energy Efficiency as a Resource: 2006-8 Funding and Impacts

- ❑ Over \$800 million in funding, including:
 - ❑ Energy Efficiency
 - ❑ Low Income Energy Efficiency
 - ❑ EE Measurement and Evaluation
- ❑ Over 3 billion kWh; 800 MW in impacts
 - ❑ EE levels included in SCE's 2004 long-term procurement plan will satisfy approximately 10 percent of SCE's future energy needs in 2014
 - ❑ EE will meet SCE's energy needs at a cost lower than generation resources

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Energy Efficiency as a Resource: California vs. US Energy Efficiency



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Source: California Energy Commission

Customers Want to Save Energy, Money, and the Environment

- *Ratepayer Benefits of Investor-Owned Utilities' EE Programs*
 - "Projected total resource savings to ratepayers (avoided utility generation and electric power and natural gas purchases, transmission and distribution costs) are over \$5.4 billion over the life of the measures. With total costs estimated at \$2.7 billion (including customers' out-of-pocket expenditures for energy efficiency measures/equipment), the total investment in energy efficiency during 2006-08 is projected to produce **\$2.8 billion in net resource benefits** (resource benefits minus costs)."

20% less energy use
+ 20% more savings
= Big Savings

SCE's 20/20 Summer Savings Program
The numbers all add up in your favor.

With SCE's **20/20 Summer Savings Program**, use energy between June and September this year and receive a 20% discount.

Just lower your average electricity use this summer to **20% below** last summer. You'll save by using less, plus, SCE will reward you with **20% off** your total summer charges.

For more information, call 1-800-736-4231 or visit www.sce.com.

SCE's 20/20 Summer Savings Program
Smart. Simple. Everybody wins.

FOR OVER 100 YEARS... LIFE. POWERED BY EDISON.

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Customers Want to Save Energy, Money, and the Environment

- *How we Communicate with customers*

Another byproduct of saving energy.
Money.

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By offset 10 grams, you save

Programs Available: 1 year and

Walk back to work

Save with LED lights

Save with LED lights

Save with LED lights

Ahorre
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EE Fosters a Cleaner and Greener Environment

- ❑ ***AB 32: Global Warming Solutions Act of 2006***
 - ❑ Codifies the state's emission reduction targets - - 1990 levels by 2020
 - ❑ Does not affect the authority of the CPUC
 - ❑ Directs the State Air Resources Board to consult with the CPUC in the development of emissions reduction measures in order to avoid duplicative and inconsistent regulatory requirements
 - ❑ Silent regarding the use of cap and trade mechanism: The state board may include in the regulations the use of market-based compliance mechanisms

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EE Fosters a Cleaner and Greener Environment

- ❑ ***Environmental Benefits of California Investor-Owner Utilities' 2006-08 EE Programs***
 - "[T]he lifetime electricity savings that result from measures installed during that period will reduce global warming pollution by an estimated 3.4 million tons of carbon dioxide in 2008, equivalent to taking about 650,000 cars off the road."



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Conclusion: **Where We're Heading – Smart Metering**

- ❑ Through Smart Metering (Advanced Metering Infrastructure) SCE seeks to leverage a 2-way communications infrastructure with 5 million homes on our distribution network to create lasting value for our customers and our operations.

Smart meters will:

- ❑ Empower Customers
- ❑ Increase Operational Efficiencies
- ❑ Expand Opportunities in the Future

