



SCE Integrated DSM Application: Market Segmentation Strategy

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Today's Discussion

- About Southern California Edison
- CA Legislation and Policy
- Business Drivers for Change
- Market Segmentation

About Southern California Edison

➤ One of the Country's Largest Investor-Owned Utilities

- 50,000 square miles
- 13 million customers

➤ Environmental Leadership

- 2005 – 09 EE Results
 - More than 6.8 billion kWh— Enough to power nearly 965,000 homes for an entire year
 - Resultant greenhouse gas emission reduction = Equivalent of taking 650,000 cars off the road

➤ A National Leader in Energy Efficiency (EE)

- Highest electricity savings goals in the country for each of the last six years



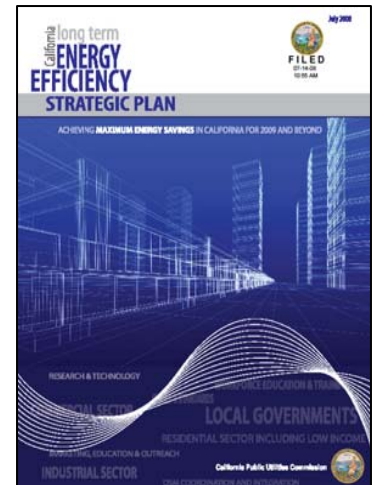
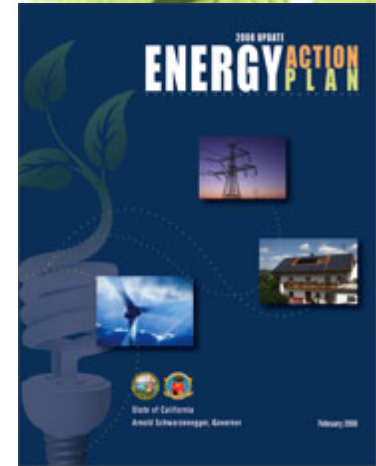
✓ **Leading U.S. purchaser of renewable energy**

✓ **Largest DR portfolio in California**

✓ **Edison SmartConnect™ installing 5 million smart meters**

✓ **Largest private EV fleet in the country**

CA Legislation and Policy



➤ California's Energy Policy Energy Action Plan

- EE and DR are first in the resource loading order
- Cost-effective EE and DR must be pursued before supply-side options

➤ California's Energy Policy Assembly Bill 32

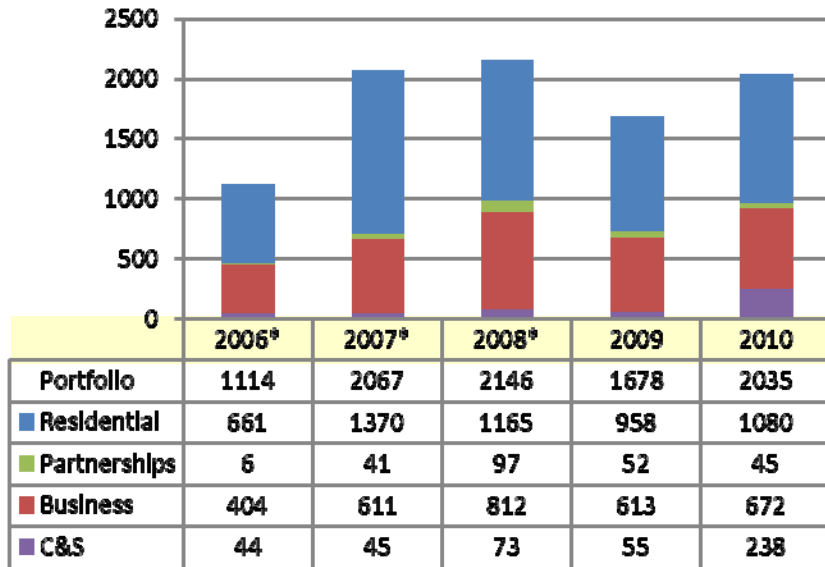
- California Global Warming Solutions Act (2006) reduces California's GHG levels to 1990 level by 2020 (25% below "business as usual")
- AB32 Implementation Plan utilizes regulations and market-based systems to lower GHG emissions in CA.
 - EE is the 2nd highest source of reductions behind vehicle efficiency

➤ California Long-Term EE Strategic Plan

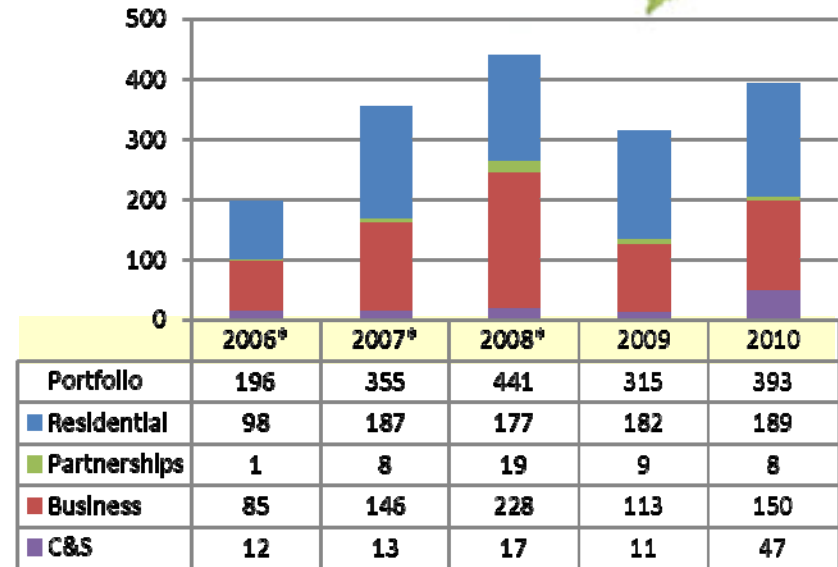
- Establishes far reaching aspirational goals for California's energy future
- Sets key DSM policy direction for the State
- Influences the IOUs' DSM portfolios
- Shapes the development of new program and technology research
- Influences the overall portfolio cost effectiveness

Results

Energy Savings (GWh)



Demand Reduction (MW)



- In 2010, SCE EE portfolio achieved 2,035 GWh and 393 MW – exceeding both the KPI and Stretch targets
- One of the “Best Years Ever,” achieving savings levels near those achieved in 2008
- Overcame slow program and contract ramp-up period by achieving over 861 GWh and 175 MW in the 4th quarter, over 50% of the annual (MW) savings

*2006-08 results originally recorded as Net savings. Estimated NTG ratios have been applied so that they reflect the estimated Gross savings



2010 Business Drivers For Change

- Delivery model change from “program” to “customer” centric
- Targeted delivery of more complex DSM offerings to achieve SCE’s aggressive goals

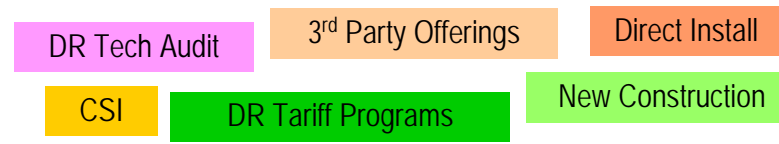
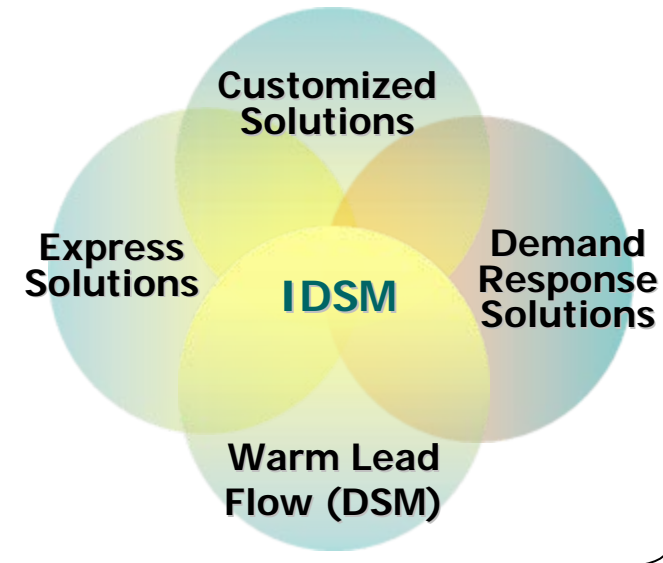
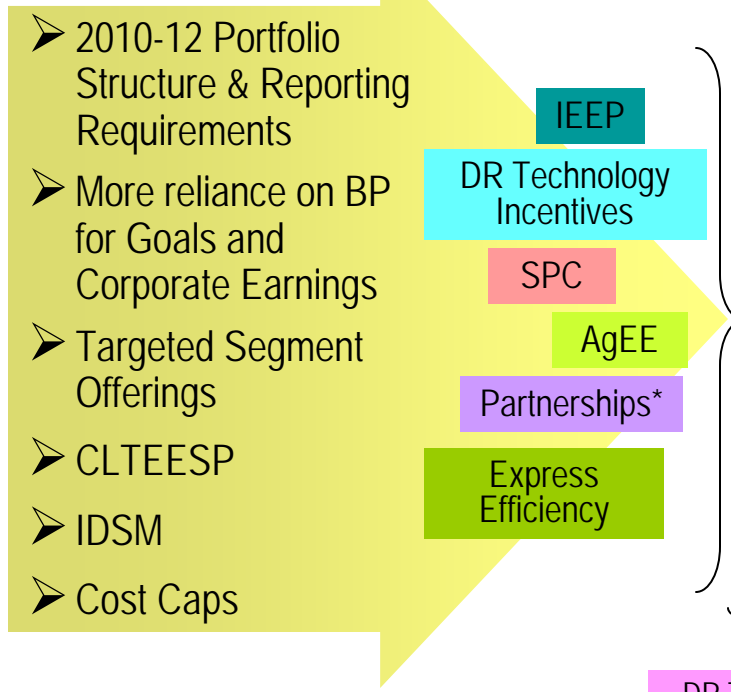
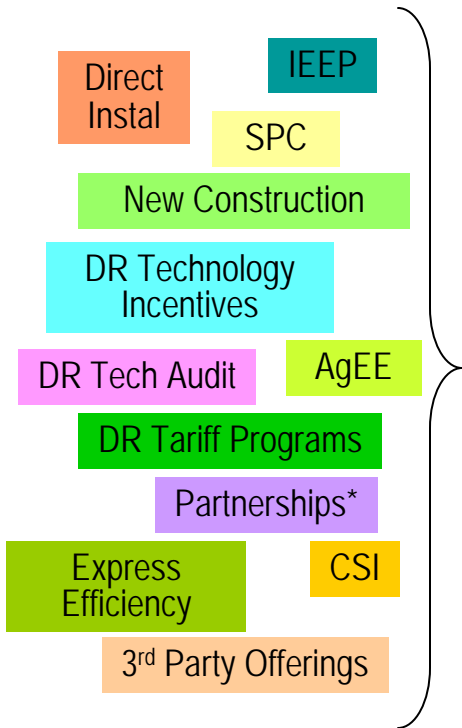
EE BP 2006-08

Business Drivers:

2009 - 2012

IDSM Infrastructure

Streamline & Targeted Delivery of DSM Retrofit Offerings



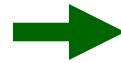
*Includes institutional and local partnerships.



Market Potential & Segmentation

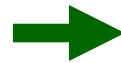
- Employ market segmentation to analyze market potential and past performance to develop new program offerings, identify preferred delivery channels and new tools and resources.

1. Market Technical & Economic Potential



Market Coverage Model

2. Analyze past DSM participation & forecast near term opportunities



High Potential Markets, New Programs and Offerings

3. New Programs & Offerings, Tools and Information

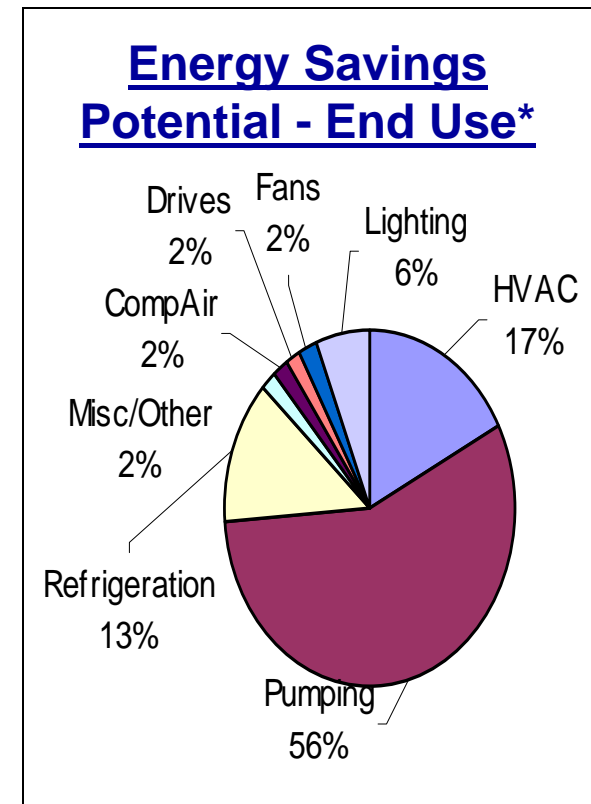
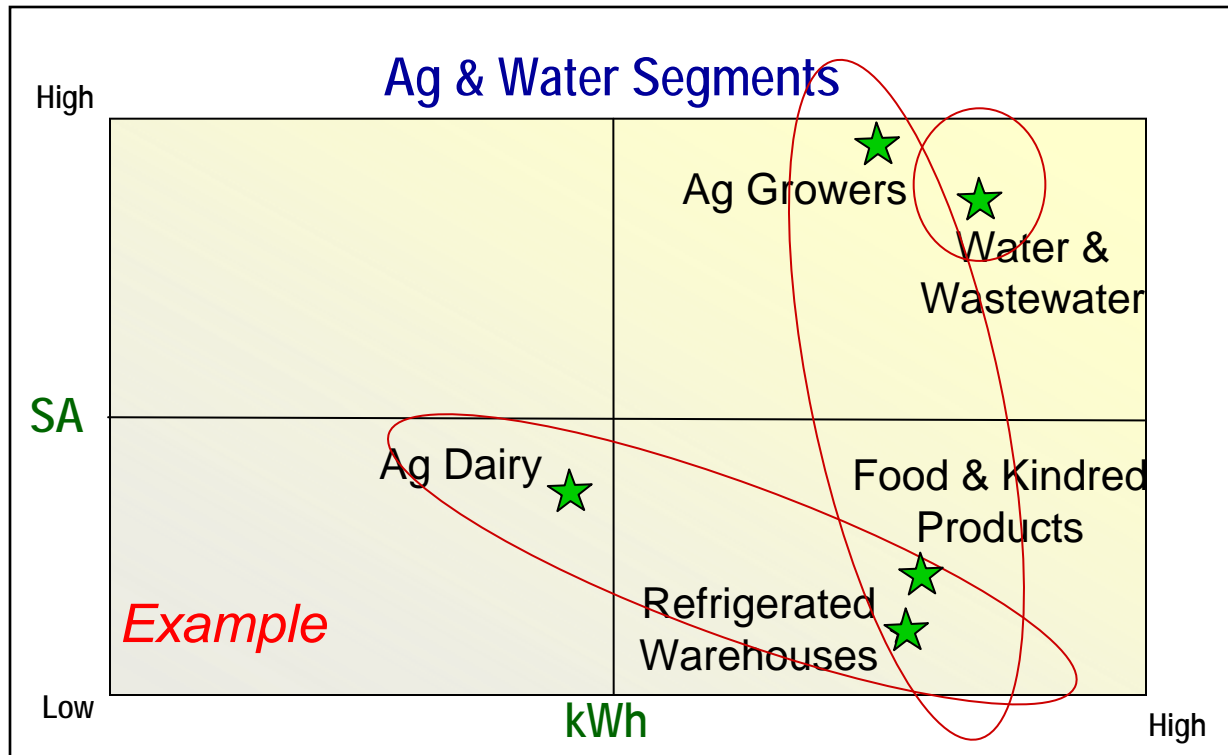


Integrated DSM Application, Solution Directory & Segment Guides



High Potential Market Segments

- Map segments technical and economic potential, past participation, number and size of accounts
- Group complimentary segments with similar end uses





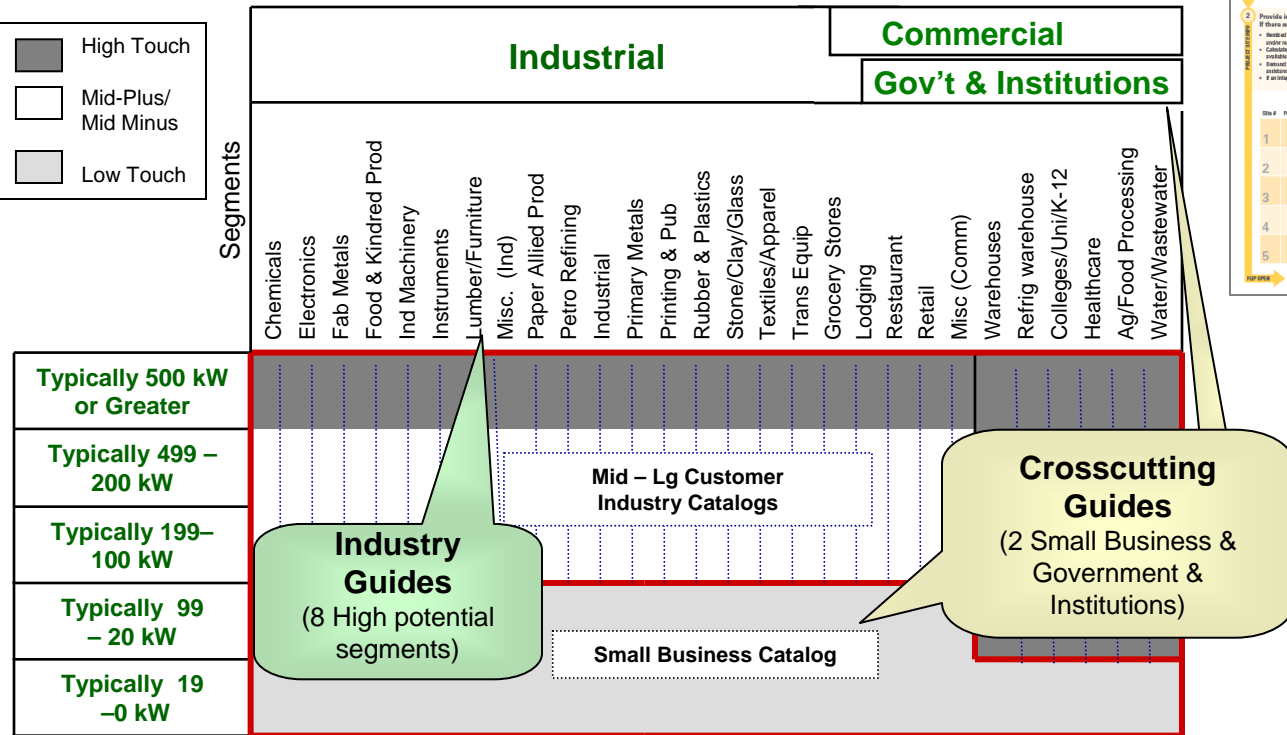
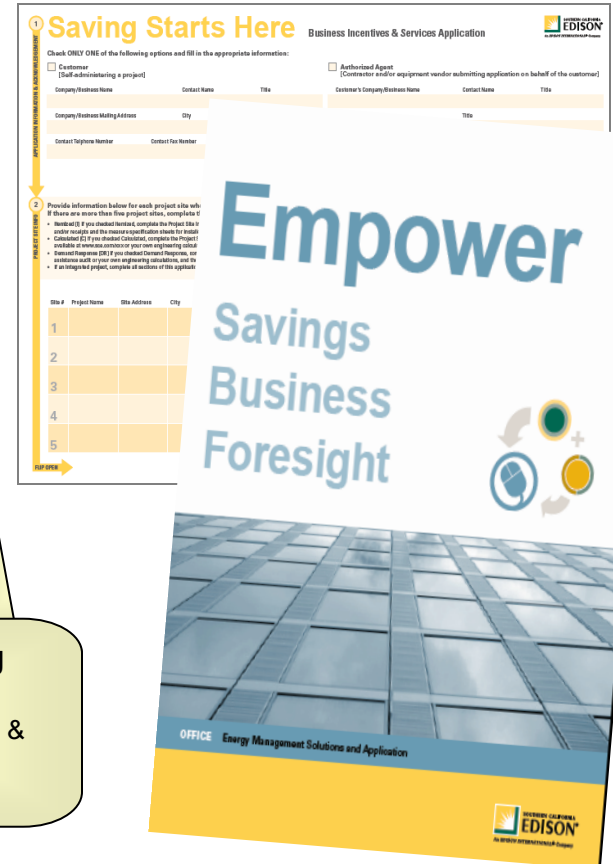
New Programs & Offerings

- EE BP developed and implements over 100 programs and sub-programs
- Most effective delivery channels utilized to reach our customers
 - Direct contact, on-line services, 3rd party vendors, community partners, and upstream relationships with manufacturers.

Core	<ul style="list-style-type: none"> • Commercial EE • Small Business Direct Installation • Agricultural EE • Industrial EE 	<ul style="list-style-type: none"> • Comprehensive HVAC • New Construction • Data Center EE • Healthcare EE 	<ul style="list-style-type: none"> • Financial Solutions • Education & Training
Third Party Targeted	<ul style="list-style-type: none"> • Lodging EE • Industrial Gases • Comprehensive Petroleum Refining • Cool Schools 	<ul style="list-style-type: none"> • Efficient Affordable Housing • Food & Kindred Products • Primary & Fabricated Metals • 25+ others 	
Partnership	<u>Energy Leader Partnership Program</u> <ul style="list-style-type: none"> • Palm Desert • City of Beaumont • South Bay 		<u>Institutional & Government Partnerships</u> <ul style="list-style-type: none"> • UC/CSU • CA Community Colleges • CA Department of Corrections & Rehabilitation
Emerging Technology	<ul style="list-style-type: none"> • Technology Assessments • Scaled Field Placements • Demonstration Showcases • Market and Behavioral Studies 		<ul style="list-style-type: none"> • Technology Development Support • Business Incubation Support • Technology Test Centers • Codes & Standards

New Tools and Resources

- New Segment Guides targeted to high potential segments and untapped potential <499kW >50kW
- Various delivery channels utilized to reach our customers
 - Direct contact, on-line services, 3rd party vendors, community partners, and upstream relationships with manufacturers.





Stakeholder Benefits & Impacts

Customers

- Targeted Energy Management Solutions Guides
- Integrated DSM Application – multiple project types and payments facilitated by “gateway” application
- Increased Self-Service Options
- Standardized/Statewide EE Solutions & Incentives
- Minimized Disruptions - Integrated Audits, Installation Validations & Inspections

- Solutions Codes from Energy Management Guides Required to Complete Application

Sales & Delivery Channels

- Segment Specific Sales tools
- Self-service access to project and payment status information (UPN & PEN)
- Warm lead generation for BCD and 3rd Party PO Contractors
- Eliminates Manual “work-arounds” to ensure timely incentive payments

- Training to Access New Program Management System and Use New IDSM Application and Guides

SCE Operations

- More Efficient Operating Platform - Improved Risk Mgmt Protocols, Audit Readiness, & Operating Metrics
- Centralized Application Processing (Customized, Express and Technical Incentives) and Technology Platforms

- Coordinated Installation Validations & Inspections
- Increased Application Volume Into PSO
 - Potential Staffing Increases & Modified Skill Level Requirements
 - Define, Develop and Train on New Work Flow System and/or Modified & New Processes
- CCO, RSO, and EE Training

External Stakeholders

- Supports the principles outlined in the 2010-2012 filing and EE Long Term Strategic Plan
 - Targeted, Integrated and Comp. Segment Offerings
 - IDSM
 - Statewide Consistency & Leadership
- Program and Segment Specific Reporting requirements
- Improved Accuracy and Consistency of Savings Calculations

- No Impacts



Appendix

New Tools and Information

Transition from Program Centric to Customer Centric



- Agricultural, Industrial & Commercial
- Statewide, Local and Cross-cutting offerings replace programs

Adapt now for the future.
In 10 years the whole world will be different. Flexibility is the key. There are ways to stay ahead. Quick and easy ways, ways that will pay off immediately. And in the long term, the call from Energy Management Solutions. Invest in itself. Or hire. Or both.

Solutions
Customer: California Edison is offering Energy Management Solutions that combine advanced metering and control systems that are 200% more efficient and that provide a complete set of services, including 24/7 monitoring and control, and real-time energy data. This means you can see your energy usage in real time, and you can act on it immediately. This means you can see your energy usage in real time, and you can act on it immediately. This means you can see your energy usage in real time, and you can act on it immediately.

Opportunity
In today's economy, reducing operating expenses without negatively affecting company output or reliability, Southern California Edison can help you increase your energy efficiency while saving on operational costs that translate directly into greater net operating income.

30%
30%
60%
2x
9,000 MEGAWATTS DEMAND

Comprehensive Solutions



- Integrated Audit that address customers business needs and help reduce their electric bills
- Energy Action Plan
- Continuous Energy Improvement
- Customer Satisfaction

Action Anticipation
There are four stages for developing a smart and cost-effective Energy Management program. The first requires smart action. You start by making the commitment. Your goal will help address your company's need and make you focused on getting a return for your investment. The second looks at what you're already doing. You anticipate what's next. By planning ahead, you won't only adjust to changing conditions, you can stay ahead of the curve.

Savings
\$9.7M
88.6%
\$7.3M
66.5%

Apply
Energy Efficiency Rebates and Incentives

Education & Awareness



- Increase availability of HVAC solutions via upstream channels
- Quality maintenance
- Zero Net Energy

Energy Efficiency Rebates and Incentives

Demand Response Options

Learn about Other SCE Programs and Incentives

Financial Incentives

Regulatory and Compliance Program

Responsible Sourcing

New Strategies Supported by Market Segmentation

➤ Building Benchmarking

- Aggregation of energy use data from business, government, and institutional customers to inventory energy use in our community, provide leads for account representatives, and set up an easy comparison among buildings.

➤ On-Bill Financing

- Provides businesses and local governments with a revolving loan pool to help reduce the upfront capital costs required of efficiency projects.

➤ New Construction Programs

- Advances Strategic Plan's big, bold strategies of all new residential construction to be zero net energy by 2020 and all new commercial construction to be zero net energy by 2030.

➤ 25+ Targeted Third-Party Programs

- Contracted programs designed to overcome barriers to entry in hard-to-reach markets and target customers in this class with tailored energy solutions.



Market Potential & Segmentation

- Value of EE is assessed in terms of avoided costs.
- Value of EE is used to derive both economic (or cost-effective) and technical market potential.
 - EE market potential studies analyze market saturation by identifying appliance saturation, building stock, economic growth conditions, customer demographics, and technology assessments
- Programs and budgets set in consideration of the technical and economic market potential

Energy Savings Potential - End Use

