BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Approval of Its Clean Energy Optimization Pilot.	Application 18-05-015

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) PETITION FOR MODIFICATION OF DECISION 19-04-010

ANNA VALDBERG
ELENA KILBERG

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (562) 491-2236
E-mail: Elena.Kilberg@sce.com

Dated: **November 27, 2023**

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) PETITION FOR MODIFICATION OF DECISION 19-04-010

Table Of Contents

Section | Page

Table Of Contents (Continued)

Table Of Authorities

Page

Statutes

Legislation

CPUC Decisions

CPUC Rules of Practice and Procedure

Other Authorities

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Approval of Its Clean Energy Optimization Pilot.	Application 18-05-015

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) PETITION FOR MODIFICATION OF DECISION 19-04-010

I.

INTRODUCTION AND SUMMARY OF REQUESTED MODIFICATIONS

Pursuant to California Public Utilities Commission (Commission or CPUC) Rule of Practice and Procedure 16.4 Southern California Edison Company (SCE) respectfully submits this Petition for Modification (Petition) of Decision (D.) 19-04-010, *Decision Approving the Clean Energy Optimization Pilot and Adopting the Parties' Joint Settlement Agreement* (referred to herein as the "2019 Decision").[1]

Through this Petition, SCE requests four modifications. *First*, that the Commission authorize a $6 million increase to the original funding cap for the Clean Energy Optimization Pilot (CEOP or Pilot) from funds available through the 15% set-aside in the Cap and Trade revenue allowance for clean energy and energy efficiency (EE) programs. The requested relief would mitigate the risk of a potential funding shortfall due to incentive funds being depleted months before the conclusion of year four of the Pilot. The Greenhouse Gas (GHG) emissions reductions achieved through the Pilot have exceeded expectations, resulting in higher than

[1] On November 24, 2020, the Commission issued D.20-11-030 to modify the D.19-04-010 by adopting the "Amended Settlement Agreement Terms Pursuant to Coronavirus 2019 (COVID-19)," which account for the impacts of the COVID-19 pandemic on the Clean Energy Optimization Pilot. SCE is not proposing any modifications to D.20-11-030 the 2020 Decision in this Petition.

anticipated performance payments to Pilot participants, and funding may run out as early as March 2024.

Second, SCE requests that the Pilot be extended by three years and three months, ending on December 31, 2027, and requests an additional $22.7 million in Pilot funding from Cap and Trade allowance revenue funding for this purpose. The requested Pilot extension, if approved, will provide time for additional data and learnings from the current participants to support a more robust evaluation of the concepts tested in the Pilot that will inform a future SCE application for, and design of, a permanent CEOP program to be filed in 2025. The extension will also provide sufficient time for the resolution of a pending California Air Resources Board (CARB) Cap and Trade rulemaking, which will inform the funding aspect of SCE's application for a permanent CEOP program, and for the Commission to consider SCE's future application.[2] In the event the Commission approves SCE's application before December 31, 2027, the Pilot phase would conclude when the approved CEOP program begins, and any remaining funds in the CEOP Balancing Account (CEOPBA) would be transferred back to the GHG Revenue Balancing Account (GHGRBA).

Third, this Petition requests to expand the CEOP participation and provide an additional $15.6 million in funding via annual Cap and Trade allowance revenue funding in order to include California State University (CSU) campuses in SCE's service area that are not yet part of the Pilot. The inclusion of additional campuses will further broaden the available data and learnings to inform the design of a permanent CEOP model.

Fourth, the Petition requests to increase the annual budget limit of $10 million to up to $15 million to account for the expansion to additional campuses as well as higher-than-expected performance from current Participants. In sum, SCE proposes the following modifications:

---

[2] Although CARB is considering longer-term modifications to the allocation of Cap and Trade allowance revenues, SCE does not anticipate the pending rulemaking to impact the availability of Cap and Trade allowance revenue needed to fund the requested extension of the Pilot from 2024 to 2027. As such, resolution of this Petition is not contingent on, and should not be deferred, pending the outcome of the CARB rulemaking.

(1) additional funding for Pilot Year 4 (2024) to cover anticipated funding shortfall;

(2) extension of Pilot through 2027 until a permanent program can be put in place;

(3) expansion to remaining CSU campuses; and

(4) increase of annual budget limit of up to $15 million.

The CEOP program design is an important step in SCE's approach in meeting the state's climate and clean energy goals. The core of the CEOP model is to incentivize on-site GHG emission reductions, which directly aligns with the objectives of Assembly Bill (AB) 32 to reduce the State's GHG emissions to 1990 levels by 2020 and at least 40 percent below 1990 levels by 2030 per Senate Bill (SB) 32. In addition, AB 1279, signed into law September 16, 2022, established a state policy to achieve net zero GHG emissions as soon as possible, but no later than 2045, and to ensure that by 2045, statewide anthropogenic GHG emissions are reduced to at least 85% below the 1990 levels. This policy reinforces the need to accelerate the decarbonization of the State's building stock, which is responsible for a significant portion of California's GHG. The CEOP complements and supports the UC and CSU systems in achieving AB 1279 goals by incentivizing the use of low carbon technologies to achieve on-site GHG reductions and support the transition to carbon free buildings. The CEOP is also enabling electrification measures at participating campuses including displacing gas use to reduce GHG emissions. Electrification measures are a key element in SCE's Pathway 2045 White Paper, which mapped out a feasible and low-cost path to meeting clean energy goals and found that "[a]pproximately one-third of building space and water heating will need to be electric by 2030 and almost three-quarters by 2045."[3]

There is Commission precedent that supports SCE's modification request. On December 13, 2018, the Commission approved a similar petition for modification in D.18-12-006, which authorized additional bridge funding to continue to implement SCE's Charge Ready and Market

---

[3] *See* Pathway 2045: Update to the Clean Power and Electrification Pathway, at p. 11, *available at* https://download.newsroom.edison.com/create_memory_file/?f_id=5dc0be0b2cfac24b300fe4ca&content_verified=True.

Education Programs ("Charge Ready Petition") during the application process for the next phase of the program.[4] In the Charge Ready Petition, SCE requested up to an additional $22 million based on the expectation it would fully commit previously authorized funds in mid-2018. While SCE intended to file a Phase 2 Charge Ready application when it filed the Charge Ready Petition, the application would not be considered until late 2019 and thereby presented an unanticipated gap in the Charge Ready Program which "would create uncertainty for customers and contractors."[5] Noting "the continued customer interest in the program," the Commission approved SCE's request for an additional $22 million in bridge funding, finding that SCE showed the need for the requested funds "in order to maintain momentum and participation in Phase 1."[6] As in the Charge Ready Petition, there is a potential funding shortfall before the four-year Pilot concludes on September 30, 2024 and requests that the Commission act promptly to increase the funding amounts and budget cap for CEOP to avoid disruption of the various GHG reduction projects at participating campuses. This Petition is also analogous to the Charge Ready Petition because the requested modifications would provide additional time for SCE to file, and for the Commission to consider and approve, an application for a permanent CEOP program, while ensuring continuity and predictability for Pilot participants and allowing SCE to gather additional data before expanding deployment of the CEOP beyond Pilot participants.[7]

Pursuant to Rule 16.4, SCE submits a declaration providing relevant or new facts to support the relief requested herein. SCE was not able to file this Petition within one year of the effective date of D.19-04-010 because of Pilot implementation delays occasioned by pandemic-related disruptions and because it took approximately five years after issuance of the D.19-04-010, and three years after the 2020 Decision, for SCE to obtain and evaluate preliminary results

---

4 *See* SCE's Petition for Modification of D.16-01-023 Regarding SCE's Application for Charge Ready and Market Education Programs, A.14-10-014, submitted March 2, 2018.

5 *Id,* pp.1-2.

6 D.18-12-006, p. 16.

7 *Id*., p. 3 (noting that "[a]t the time SCE filed the PFM, it had not yet submitted an application for Phase 2 of Charge Ready" and that the requested bridge funding would "cover the time between the exhaustion of [the] authorized Phase 1 budget and the potential approval of a Charge Ready Phase 2 program").

from the Pilot Mid-Term Progress Report prepared on March 31, 2023[8] and assess that GHG reductions achieved through the Pilot (and associated performance payments) substantially exceeded original projections. This assessment also revealed that additional Pilot data and learnings are needed for SCE to be able to design and apply for approval of a permanent CEOP program. Under similar circumstances where "the actual program costs that would be incurred and budget needs were unknown" within one year of the effective date of the Charge Ready decision[9], the Commission found that SCE's Charge Ready Petition complied with the procedural requirements of Rule 16.4 and provided adequate justification as to why the petition could not have been filed earlier.[10]

A. Background

On May 1, 2019, the Commission approved D.19-04-010, which authorized the CEOP. Pursuant to D.19-04-010, "[t]he purpose of the [CEOP] is to develop a streamlined, technology-neutral method to calculate [GHG] reductions from [EE] and clean energy measures using a pay for performance framework."[11] The program was intended "to create an opportunity to compare the relative costs and savings of multiple gas and electric demand-side energy resources using the common metric of GHG reductions."[12] The Commission authorized $20.4 million from the proceeds of the Cap and Trade allowance credits to cover the administration of the Pilot and potential performance payouts for the four-year term of the CEOP. SCE executed contracts with University of California (UC) and California State University (CSU) (collectively, the Pilot Participants) and began the Pilot in July 2019.

---

[8] *See* SCE Advice 4999-E, CEOP Year 2 Annual and Mid-Term Progress Report (Mid-Term Report), dated March 31, 2023, *available at* ELECTRIC_4999-E.pdf. The Report was also submitted on March 31, 2023 in Rulemaking A.22-03-006 pursuant to Administrative Law Judge Wang's Ruling dated March 1, 2023.

[9] D.16-01-023

[10] D.18-12-006, p. 7.

[11] D.19-04-010, p. 2.

[12] *Id*. at p. 7.

On March 19, 2020, the Governor issued a statewide Stay-at-Home Order in response to the Coronavirus Disease 2019 (COVID-19) pandemic, which resulted in the CSU and UC campuses' transition from in-person to virtual instruction. On August 17, 2020, SCE filed a Petition for Modification of D.19-04-010 (SCE's 2020 Petition) to seek approval of Amended Settlement Agreement Terms[13] to allow the program to be paused until the university campuses returned to a defined normal operation. In addition, the changes included a revised Pilot Year 1 from 12 months to 9 months to account for the first year of results and changes to the performance payment methodology and additional evaluation analyses. On November 24, 2020, the Commission issued D.20-11-030 approving SCE's 2020 Petition and the Amended Settlement Agreement Terms for the CEOP. Subsequently, SCE paid out the Year 1 performance payments following the approved revised method and paused the program effective April 1, 2020.

On June 15, 2021, the Governor terminated the Stay at Home Order and provided a pathway for campuses to begin in-person instruction in Fall 2021. SCE restarted the Pilot and continued Pilot Year 2 with the participating campuses from October 1, 2021 to September 30, 2022. On March 31, 2023, SCE published the Pilot Mid-Term Report that showed the Pilot results were 39% higher than forecast for GHG emissions reductions and 36% more performance payments paid than expected midway through the Pilot.[14] The Mid-Term Report revealed that the Pilot could run out of funds for performance payments before completion of the four-year term.[15] The Mid-Term Report also showed that further assessment is required to increase the confidence in the results, as the Pilot evaluator recommended "continued analysis to fine-tune the energy models and to fully understand both the differences in the underlying estimates and the uncertainty being introduced from various sources."[16]

---

[13] The Parties to the Joint Settlement Agreement in the CEOP Decision were SCE, the Public Advocates Office of the California Public Utilities Commission (Cal Advocates), Natural Resources Defense Council (NRDC), UC and CSU.

[14] Advice 4999-E, Mid-Term Report, p. 2, *available at:* ELECTRIC_4999-E.pdf

[15] *Id*., p. 5.

[16] *Id*., Appendix A, p. A-1.

SCE completed Pilot Year 3 on September 30, 2023 and will publish the Year 3 Annual Progress Report by March 31, 2024. Year 4 of the Pilot began on October 1, 2023 and is scheduled to end on September 30, 2024.

B. <u>Requested Modifications</u>

The preliminary results of two Pilot years are encouraging and demonstrate that the CEOP has been more successful than anticipated. Overall, Pilot Participants have saved over 145,000 metric tons of lifetime GHG emissions and received over $12.6 million in performance payments on account of those reductions. These GHG emissions reductions are 39% higher than forecast, and thus 36% more in performance payments was paid to the Participants than expected midway through the Pilot. To date, all $20.4 million approved for the Pilot has been transferred from the GHGRBA to the CEOPBA. Of that $20.4 million, SCE has spent $13.9 million through June 30, 2023 and roughly $6.5 million remains in the CEOPBA available for the Pilot (including performance payments for Year 3 and 4, evaluation, and program operations/administration).

While the Pilot's successes are a positive outcome and promising sign of the CEOP model, if GHG reductions continue at the current rate, the remaining funds will likely be depleted before the end of Pilot Year 4. This would delay or possibly halt the various behind-the-meter GHG reduction efforts at participating campuses and impact the learnings that could be gained from the Pilot. Therefore, D.19-04-010 should be modified to authorize $6 million in additional Cap and Trade allowance revenue funding for Year 4 to pay for additional performance payments to participants. With the CEOP program design, SCE only issues performance payments to participating campuses for GHG emissions reductions that are measured at the meter. Should the campuses not perform as forecast, any unused funds will be returned to the GHGRBA at the end of the Pilot. Of the requested relief, this request is the most important to ensure that campuses have certainty to continue pursuing GHG emissions reductions and that the Pilot can be evaluated through at least four years as originally envisioned.

SCE has also determined that it will need additional time and funding to further evaluate the durability of savings and gather additional Pilot learnings. Initially, CEOP was envisioned as a continuous four-year pilot because it was expected that a sufficient evaluation could occur in four years. Due to the Governor's stay at home order from COVID-19, the campuses were required to move to a virtual learning platform. This interruption required CEOP to be placed on pause and when the campuses re-opened, their move to on-campus learning was gradual, leading to encouraging, but inconclusive results. Additional time is necessary for further evaluation of the effectiveness of CEOP program design and durability of savings—i.e., to what extent the savings observed to-date are attributable to lingering COVID impacts.

Extension of the Pilot is also necessary for SCE to submit, and for the Commission to consider, a formal application for a permanent CEOP program. As explained further below, SCE expects to submit a formal application by the end of 2025 and anticipates an 18- to 24-month regulatory approval timeline. The application schedule would also allow SCE to consider and address the outcome of the pending rulemaking of the CARB on potential amendments to Cap and Trade Regulation.[17] Customer affordability continues to be a priority for SCE and Cap and Trade allowance revenues may prove to be a more appropriate funding source for a permanent CEOP program than customer rates. Changes to the Regulation pursuant to this CARB rulemaking process could impact the design and/or potential funding source of a permanent CEOP program. Accordingly, SCE respectfully requests that CEOP be extended by three years and three months (ending on December 30, 2027 instead of September 30, 2024) and seeks approval of an additional $22.7 million in funding from Cap and Trade allowance revenue funding to operate the Pilot during this extended period. Of the additional $22.7 million requested, 92% percent would be allocated for performance payments to Pilot participants.

---

[17] On July 27, 2023, the CARB hosted a public workshop on potential amendments to the Cap and Trade Regulation. Workshop information is *available at* https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/cap-and-trade-meetings-workshops?utm_medium=email&utm_source=govdelivery.

As noted above, should the campuses underperform the forecast, any unused funds will be returned to the GHGRBA at the end of the Pilot.

SCE also requests D.19-04-010 be modified to expand the Pilot to include four CSU campuses in SCE's service area in the Pilot and provide an additional $15.6 million from Cap and Trade allowance revenues to fund the expansion. By increasing the number of participants and types of GHG reduction projects, this expansion would broaden learnings from the Pilot and allow for a more robust evaluation of GHG emissions reductions achieved and participant experiences. These new campuses have different climate zones, usage patterns, generation portfolios and other attributes that would provide valuable information and/or address data gaps in evaluating the CEOP model. Adding the remaining CSU campuses will also help inform the development of a permanent CEOP model in SCE's future application. Of the additional $15.6 million requested, 98% is for performance payments to the additional Pilot participants and the remainder is for performance payment verification.

Last, SCE requests that the annual budget limit of $10 million be increased to up to $15 million. This increase is necessary as staying within the current annual limit will become challenging if performance continues to exceed expectations in Year 4, if the Pilot is extended, and if additional CSU campuses participate in the extended Pilot.

The proposed changes to D.19-04-010 are provided in Appendix B.

II.

DISCUSSION

A. Justification for Additional Funding to Complete the Original Four-Year Pilot

1. CEOP Results Have Exceeded Expectations

At the time of the Pilot application in 2018, SCE forecast a budget based on the types of projects the Pilot Participants anticipated completing as well as anticipated administrative costs of administering and reporting on the Pilot.[18] While initial forecasts were best estimates at the time and a 20% contingency was included, this was the first time that a pilot or program of this type had been tried anywhere. The campuses have changed their practices, implemented deeper retrofits, and accelerated GHG emission reductions much greater than the higher end of the initial estimate. In the first COVID-shortened Pilot year, the campuses reduced their GHG emissions by 3.3%. This was followed by a 5.4% GHG reduction in Year 2, where five of the seven campuses had greater GHG reductions in Year 2 than in the first year.

CEOP resulted in EE and building optimization projects on six of the seven campuses in two Pilot years. Four campuses also expanded to electrification projects and three campuses employed clean energy generation projects. In all, the projects completed in the first two years resulted in a lifetime CO_2 reduction of 145,696 metric tons. Of the $20.4 million originally approved for the Pilot by D.19-04-010, SCE has spent $13.9 million through June 30, 2023. This results in roughly $6.5 million remaining in the CEOPBA for the remainder of the Pilot (including performance payments for Year 3 and 4, evaluation, and program operations/administration).

2. <u>CEOP Is at Risk of Depleting Funds Before the Pilot is Complete</u>

Due to the success of the Pilot in Years 1 and 2, campuses received over $12.6 million of performance payments. This result is 36% higher expenditures than expected midway through the Pilot. Assuming this trend continues, campuses are likely to exceed the $18.1 million of available performance payments by the end of Pilot Year 3 ending September 30, 2023.

SCE has established a process for determining how to issue payments to campuses in the event that they exceed the $18.1 million of available performance payments.[19] However,

[18] *See* A.18-05-015 Application of Southern California Edison Company (U 338-E) for Approval of its Clean Energy Optimization Pilot (CEOP Application), Exhibit SCE-01, p. 37.

[19] If the Pilot funding is insufficient to pay all earned performance payments then, as applicable, in the last Program Year, the year in which funding expires (either during the Pilot performance term or a year in which a persistence payment is due), any earned performance payments will be paid to the participating campuses, after the payment of any reserved and earned persistence payments from the prior Program Year, on a pro rata basis of the remaining Pilot funding.

depleting CEOP funds prior to the end of the Pilot risks campuses not receiving the full amount of performance payments earned for GHG reductions and risks stifling the implementation of clean energy projects. For several of the campuses, the performance payments act as a revolving fund. Year 1 performance payments were primarily used to fund projects implemented or scoped in Year 2. Campuses will continue to use their performance payments to initiate and/or accelerate new projects. As the Pilot progresses, these campuses are migrating from EE and optimization projects to more decarbonization projects. Providing certainty over future performance payments will allow campuses to plan out expected payments and use these projections to build the economic case for a project to receive internal approval. Additional funding will also ensure that campuses receive the full payment that they earned through the performance payment calculation.

3. <u>Additional Funding Is Needed to Complete the Pilot</u>

SCE is requesting an additional $6 million to cover additional performance payments to participants that are higher than expected for Year 4 of this Pilot (the current length of the Pilot). As stated above, CEOP has experienced better than expected GHG emissions savings resulting in higher performance payments. Assuming the current campuses continue to perform on the same trajectory as in Pilot Years 1 and 2, all available funding for performance payments would be exhausted by the end of Year 3. As explained further in Section D below, sufficient Cap and Trade allowance revenue funds are anticipated to be available for the supplemental Year 4 budget and are a suitable funding source for CEOP.

B. <u>Justification for Extending the Duration of the Pilot until Year-End 2027</u>

SCE requests that D.19-04-010 be modified to extend the Pilot to gather additional learnings to inform the development of a permanent CEOP model, provide time for resolution of the CARB rulemaking on Cap and Trade Regulations and for SCE to subsequently submit and litigate a formal application for a permanent CEOP program. Based on the results of the Pilot to-date and in light of the significant disruption due to COVID-related campus closures, SCE finds that more time is necessary for further evaluation of the extent GHG reductions achieved to-date are sustained over time (i.e., the persistence or durability of GHG reductions), to better understand how the program design impacts certain campus features such as cogeneration facilities (which have yielded inconclusive results to date), and to what extent the reductions observed to date are attributable to lingering COVID impacts (i.e., anomalous). The requested extension will also allow sufficient time for SCE to prepare and submit, and for the Commission to consider, an application for a permanent CEOP program. Absent the extension, the Pilot would end abruptly in less than a year, creating uncertainty for participating UC and CSU campuses and potentially jeopardizing the success of CEOP (and GHG emissions reductions) achieved to-date.

1. <u>Extending the Pilot Would Lead to a More Robust Evaluation and Help Inform Design of the Permanent CEOP Program</u>

Extending the Pilot will provide additional data and help address data gaps from the current participating campuses to produce more robust evaluation and testing of the CEOP model. SCE will utilize the current evaluation framework of conducting a quantitative analysis of GHG emissions reductions and qualitative process evaluation of this additional data, which will be reported in the annual, mid-term and final evaluations required in D.19-04-010.[20] The campuses currently participating in the CEOP include the following UC and CSU campuses: CSU State Dominguez Hills, CSU Pomona, UC Davis Veterinary School, UC Irvine, UC Irvine Medical Center, UCLA Medical Center, and UC Santa Barbara. These participants have implemented GHG emissions reduction measures including electrification, operational and control optimization, EE, renewables, and storage.

When SCE initially sought Commission approval of the CEOP, SCE anticipated a continuous four-year pilot phase. However, the COVID-19 pandemic was an anomalous, disruptive event that had (and continues to have) lingering impacts on the operations and

---

[20] D.19-04-010 , Ordering Paragraph (OP) 7 and 8.

activities of participating campuses. Thus, allowing these campuses to continue achieving GHG reductions in an extended Pilot will ensure continued momentum toward achieving carbon reduction goals, but also produce additional learnings and generate data based on a post-COVID environment.

SCE anticipates that the Pilot, if extended, will fill some of the existing data gaps and yield learnings regarding the persistence of GHG emissions reductions over time, further assessment of electric vehicles and cogeneration facilities, and the potential of naturally occurring GHG reductions (i.e., reductions that would have occurred in the absence of the Pilot), as explained in more detail below.

- Potential Impacts of COVID-19 on Persistence of GHG Reductions: The pandemic caused operational challenges for all Pilot participants. CEOP had to be paused due to changes in operations at both the campuses and medical centers. The campuses transitioned to a virtual learning environment, while the medical centers struggled with space for the growing number of patients. As COVID-19 began to subside and CEOP resumed, the persistence of GHG emission reductions (i.e., how long the GHG emissions reductions continue) remains uncertain. Several factors to consider are changes in operations, project implementation, and occupancy. During the pandemic, UC and CSU continued to prioritize GHG reduction efforts that support their GHG reduction targets. The pandemic highlighted the need for resilient and sustainable systems, so UC and CSU continued their momentum towards reducing GHG by implementing energy saving projects like electrification, renewables, transportation electrification, etc. However, the pandemic has also had lingering impacts including supply chain issues, greater ventilation rates, and more telework and telemedicine. An extension of the Pilot is warranted to better understand the impact of COVID and the various factors that account for the campus' ability to deliver and/or sustain GHG reductions over a longer period of time.

- Co-Generation: The Pilot extension will enable further examination of co-generation systems, which simultaneously produce electricity and useful heat. Currently, UC Irvine is the only Pilot participant that has a co-generation unit, and the evaluation results of this Pilot on the co-generation have been inconclusive to-date. Extending the Pilot would produce more data to better understand the performance and potential benefits of a co-generation facility under a CEOP model.
- Different Levels of Transportation Electrification: An extended Pilot can further assess the impacts and challenges associated with transportation electrification in the CEOP model. To date, SCE has seen minimal uptake of transportation electrification in CEOP. Campuses have found that the increased performance payments through CEOP do not justify the additional costs of separately metering electric vehicle chargers. During the Pilot extension, SCE plans to evaluate whether this is a longer-term trend or just a unique circumstance of the first two Pilot years, which will help identify strategies for promoting electric vehicle adoption and optimizing charging infrastructure deployment and metering.
- Prioritization of Projects (Electrification vs. Efficiency): The extended Pilot can examine the relative effectiveness of the CEOP model on prioritizing electrification projects versus EE measures. To-date, campuses have leveraged the opportunity to electrify systems due to the change in currency (GHG), while coupling these large electrification projects with additional efficiency measures on campus. Electrification is not only allowing campuses to displace their gas use and reduce GHGs, but it is offering much more controllability and flexibility within the more efficient systems. Allowing campuses to continue GHG reduction measures during the extended Pilot will provide more data points to better evaluate the Pilot's relative impact of the various types of GHG emissions reductions that the campuses can pursue.

- Assessment of Naturally Occurring Emissions Reductions: Extending the Pilot will also facilitate a thorough assessment of emissions reductions that occur naturally and are not attributable to the Pilot.

The learnings described above will be incorporated into the annual, mid-term and final evaluation reports, which are currently submitted by SCE in the second quarter following the end of a given Pilot Year.[21] SCE proposes to retain the current evaluation reporting frequency for the extended Pilot and therefore, in the extended Pilot, SCE would submit: a mid-term evaluation report in the second quarter following Pilot year four, annual evaluation reports in the second quarter following Pilot years five and six, and a final evaluation report in the second quarterly following Pilot year seven. In approving SCE's Charge Ready Petition, the Commission recognized that "[t]he authorized bridge period funding and activity will provide the Commission and stakeholders with more information" which, in turn, "will inform programmatic and / or operational changes needed in Phase 2." Similarly, the additional data and evaluation from the extended Pilot will facilitate the development and implementation of a permanent CEOP program.[22]

2. <u>The Extended Pilot Will Provide Sufficient Time for SCE to File and Litigate an Application for a Permanent CEOP Program</u>

A full program will allow customers to plan toward their long term decarbonization goals in a comprehensive approach, changing the currency to GHG emissions reduction and allowing customers the flexibility to decide which types of projects are best suited and most beneficial to their facilities and operations. SCE would anticipate the ability to file a full application by the end of 2025. This would provide time for SCE to prepare an application including incorporating annual Pilot evaluations for the current pilot years 2021-2024 and any lessons learned until the time of the filing in 2025. Under the assumption of an 18- to 24-month regulatory timeline for

[21] *See* Amended Settlement Agreement Terms, Attachment A of D.19-04-010, p. 4.
[22] D.18-12-006, p. 15.

the Commission to consider the application, SCE estimates that a final decision would be issued by December 30, 2027 with program implementation beginning January 1, 2028. Providing additional time and funding to complete the Pilot would facilitate a smooth transition of the CEOP model from a pilot to a permanent program, similar to the Commission's findings in its approval of the Charge Ready Petition.[23] Therefore, SCE requests that the Pilot be extended to December 31, 2027 to allow for the submission of and consideration of SCE's future application for a permanent CEOP program. Should the Commission approve SCE's application before December 31, 2027, the Pilot would conclude when the approved CEOP program begins, and any remaining Pilot funds in the CEOPBA would be returned to the GHGRBA.

SCE is aware that CARB is currently evaluating the Cap and Trade regulations[24] to determine whether modifications to the design and implementation of the Cap and Trade Program (including allocation of allowances) are necessary. While SCE originally envisioned that a permanent CEOP would be funded through customer rates (as opposed to continuing to use Cap and Trade allowance revenue funding),[25] affordability issues remain front of mind and, therefore, Cap and Trade allowance revenues may prove to be a more appropriate funding source for a permanent CEOP program if sufficient funds are available. Considering the pending CARB rulemaking, it is prudent to hold off on filing an application for a permanent CEOP program until after the CARB regulations have been updated, which SCE anticipates will occur by the end of 2024.[26] This timeline will also allow SCE to incorporate lessons learned from the extended Pilot, assess the landscape of potential funding sources, and determine the most appropriate design and parameters for a permanent program.

---

[23] *Id.*, Findings of Fact 3.

[24] Title 14 of the California Code of Regulations, Sections 95801-96022.

[25] CEOP Application, p. 8.

[26] As explained in Section II-E below, the pendency of the CARB rulemaking need not delay the Commission's review and disposition of this Petition because sufficient funds should be available for the requested Pilot modifications. SCE does not anticipate the outcome of the CARB rulemaking to impact the availability of Cap and Trade allowance revenue during the timeframe (2024 to 2027) requested for the extension of this Pilot.

3. The Extended Pilot Would Ensure Continuity for Participants' Ongoing GHG Reduction Projects and Will Build on the Momentum Achieved To-Date

The extended Pilot will support a more seamless transition to a permanent program, if approved by the Commission, by allowing the existing Participants to continue momentum in decarbonizing their facilities and work towards state climate goals. The Commission has in the past recognized the need to continue pilot activities that support state climate goals, while considering a permanent program. In its approval of the Charge Ready Petition, the Commission found that "granting SCE's request continues the pilot's deployment of ***needed*** charging infrastructure in SCE's territory, as the state implements SB 350 and works towards achieving the state's goal of 5 million ZEVs on the road by 2030 and 250,000 charging stations installed by 2025."[27] As long as the CEOP Pilot continues, Participants have an incentive to incrementally reduce GHGs, while showing persistence with their prior year performance. Participating campuses strive to find more opportunities to reduce GHG emissions even as operations change and GHG emissions reductions become harder. This is accomplished by continuously implementing innovative technologies and solutions that focus on decarbonization. As in the Charge Ready decision (D.16-01-023), a gap in funding would create uncertainty for CEOP participants, as well as implementation and staffing challenges for SCE.

While both UC and CSU have aggressive policies for decarbonization,[28] [29] the policies are not funded and do not require on-site GHG emissions reductions. CEOP is unique and important in that it encourages on-site GHG emissions reductions that have the potential to be replicated across the state. Without an extension, the campuses are likely to focus on purchasing

---

[27] D.18-12-006, p. 15 (emphasis added).

[28] *See* California state University Sustainability Policy *available at* https://calstate.policystat.com/policy/11699668/latest/

[29] *See* UC's New Climate Action Goals, *available at* https://www.universityofcalifornia.edu/sites/default/files/2023-07/uc-new-climate-action-goals-faq-final.pdf

offsite Renewable Energy Credits (RECs), renewable gas, or carbon offsets instead of the more durable and scalable on-site emissions reductions.

These campuses serve as leaders for their communities, the state, and nationally for decarbonization efforts. These are the learning labs where GHG emissions reduction technologies can be tested and shown to be effective. Participants also continue to engage in regular communication and knowledge sharing with other program participants. Should this extension not be granted, the campuses may focus on other priorities and lose much of the momentum gained from this Pilot.

4. Additional Budget for the Requested Extension of Pilot

SCE is requesting an additional $22.7 million in Cap and Trade allowance revenues to cover the future performance payments for the existing CEOP participants, evaluation and performance payment verification costs, technical assistance, and SCE labor costs to extend the Pilot by three years and three months. The cost breakdown is as follows:

a) Additional Performance Payments

Using Pilot Year 1 and 2 performances as a reference, SCE is forecasting that the existing seven UC and CSU campuses will need approximately $20.8 million (~$6.3 million per year) for performance payments for the additional three years and three months.

b) Evaluation and Performance Payment Verification Costs

CEOP has a robust quantitative and qualitative evaluation plan throughout the current four-year Pilot period. SCE has leveraged the results of this evaluation to enhance CEOP and help inform future CEOP designs. SCE is requesting $0.92 million of additional funding to cover evaluation activities during the extension of the Pilot. The increased funding will allow for more comprehensive data collection and analysis as described in Section II.B.1 above, leading to valuable insights and learnings about the effectiveness of different clean energy measures.

This funding will also cover the third-party verification of performance payments for existing campuses each year prior to SCE issuing the payments to the participating campuses.

c) Technical Assistance

SCE has leveraged technical assistance funding to develop an incentive estimator tool, a dashboard for campuses to see their progress more regularly, and technical assistance to help evaluate GHG emissions reduction projects.[30] As CEOP is the first program that directly incentivized GHG emissions reductions, campuses are still learning how to evaluate projects under this paradigm. As such, SCE is requesting $0.4 million of additional funding to provide enhanced technical assistance to campuses to evaluate GHG emissions reductions. This includes an additional $0.075 million in Year 4 making it a total of $0.1 million for Year 4, consistent with Pilot Years 1 through 3, and would result in $0.1 million per year for the extension.
The additional $0.075 million for Year 4 is needed as SCE originally proposed $0.025 million because SCE envisioned the Pilot ramping down in Year 4. Technical assistance at one participating location can inform and be a model for future opportunities at other participating campuses. For example, the audit and analyses performed at UCI Medical Center can provide other similarly situated locations (such as other hospitals) with recommended GHG reduction measures and ideas.

d) SCE Labor

SCE is requesting an additional $0.57 million to cover SCE labor expenses to extend the Pilot by three years and three months. These funds will be used to cover the program operations, stakeholder engagement, performance payment calculations and payment, reporting, and other program management activities.

---

[30] For example, SCE contracted with kW Engineering to provide an evaluation of UC Irvine Medical Center's steam system to help determine optimal GHG emissions reduction strategies. This technical assistance project provided UCI Medical Center with actionable items to help reduce their GHG and optimize their steam system.

C. Justification for Expansion of the Pilot to Four Additional CSU Campuses

This Petition also requests modification of D.19-04-010 to expand the Pilot to allow the remaining CSU campuses in SCE's service area to participate in the CEOP. Inclusion of these new participants will further broaden the data and learnings and/or address certain gaps for the evaluation reports. While SCE originally planned the Pilot based on seven campuses, evaluation results to-date have been inconclusive in some areas (such as co-generation facilities). Therefore, additional campuses with different designs will help better evaluate the effectiveness of CEOP. Specifically, this Petition requests that the following CSU campuses be authorized to participate in CEOP during the extension phase of the Pilot: CSU Channel Islands, CSU Long Beach, CSU San Bernardino, and CSU Fullerton. Expansion of the Pilot will better inform key evaluation questions including "whether a pay-for-performance incentive framework was effective in accelerating GHG emission reductions through on-site (behind-the-meter) measures… and whether the method of using meter-based data to measure GHG emissions reductions warrants the Commission considering a customer-funded program that can be scaled up to include other customers and industry categories."[31] The learnings gained from the four additional campuses will also inform SCE's future application for a permanent CEOP program including program designs and policy considerations related to GHG reduction initiatives.

1. Description of the Additional CSU Campuses

As described below, the additional campuses have unique characteristics that would add value to the Pilot.

- CSU Channel Islands (CSUCI) is located in Camarillo, CA. CSUCI has an enrollment of 5,470 undergraduate students and 173 graduate students. CSUCI is located in a disadvantage community (DAC) and has over 60% of students who are first generation in their families to go to college and over 50% of students who

[31] D.19-04-010, at pp. 33-34.

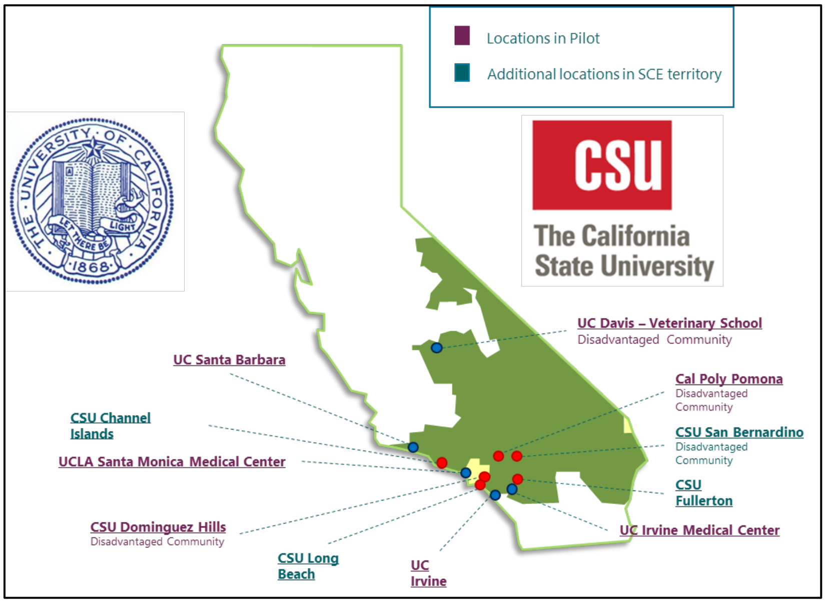
are Pell Grant eligible. The campus has over 45 buildings and sits on 153 acres. CSUCI added over 3 megawatts (MW) of solar which offsets about 68% of their campus electricity use. CSUCI has several distributed HVAC systems on campus and is also home to a large cogeneration facility.

- CSU Fullerton (CSUF) is located in Fullerton, CA. CSUF has an enrollment of 33,161 undergraduate students and 4,487 of graduate students. CSUF student demographics include about 32% who are first generation college students and 68% who receive Pell Grants and financial aid. CSUF sits on 236 of acres and has 42 buildings on campus, including academic, administrative, parking structures, and housing. New buildings on campus strive for Leadership in Energy and Environmental Design (LEED) certification and maximize the opportunities to include sustainable elements in their design and construction. Beginning in 2015, CSUF began adding solar to the campus infrastructure. Solar currently offsets about 17% of CSUF's electricity use on campus.
  In addition, in 2010, CSUF added a cogeneration facility to offset their campus electricity use while utilizing the waste heat for heating and cooling of campus buildings.
- CSU Long Beach (CSULB) is located in Long Beach, CA. CSULB has an enrollment of 32,711 students. CSULB student body includes students who are 56% first generation and 26% Pell Grant eligible. The campus occupies 322 acres and has over 80 buildings, including academic, housing, administrative, and parking structures. The campus has a goal of having all new buildings not only exceeding silver LEED, but also be Zero Net Energy (ZNE). CSULB also has four solar arrays which offset about 15% of their campus electricity use.
  In addition, CSULB has a battery storage system on site along with an ice thermal storage system.

- California State University, San Bernardino (CSUSB) is located in San Bernardino CA. CSUSB main campus has a total of 19,182 students and its Palm Desert campus has a total of 8,000 students. CSUSB main campus is located in a DAC with 80% of student population being first generation college students and 58% being Pell Grant eligible. CSUSB main campus sits on 400 acres with about 41 buildings, and Palm Desert campus sits on 40 acres with about seven buildings. The main campus has four solar arrays that offset about 10% of the campus electricity use, along with a thermal energy storage system to house chilled water. In addition, the campus has a goal to be ZNE on all future growth on both campuses.

The following graphic shows the general locations of the currently participating CSU and UC campuses (in purple text) and the CSU campuses that SCE requests to be added to the Pilot (in green text).

Figure II-1



2. Expanding the Pilot to Additional CSU Campuses Will Generate Additional Data to Enhance Pilot Evaluation

As CEOP was developed in 2018, a determination was made to limit the Pilot to seven participants with a supporting budget of $20 million. As the Pilot has progressed and we have now completed three years, SCE has determined that additional insights and data are warranted prior to submitting an application. The data gaps could be mitigated by expanding the Pilot to include the four remaining CSU campuses, which will provide additional data and/or address existing data gaps to produce a more robust evaluation. These campuses bring additional data points and campus dynamics that would support the Pilot because they are located in different regions, have diverse facility types and different demographics. These new results can then inform SCE's future application for a permanent CEOP program including program design and policy considerations related to GHG reduction initiatives. In particular, SCE anticipates additional learnings in the following areas:

- Impacts for Different Campus Make-ups: Including additional campuses will provide an opportunity to evaluate the impacts of clean energy measures across different campus configurations, sizes, and operational characteristics.

For example, CSULB has a sub-transmission system with no cogeneration but a central plant that is utilizing ice storage for the cooling plant. In addition, this would be the only campus with solar paired battery systems. CSUF has a large cogeneration system which makes up approximately 70% of the university's energy needs. CSUF is doing additional offsetting of its load with a large solar array and is currently exploring potential for battery storage in the future if it can find financial support. This assessment will allow for a better understanding of the feasibility and effectiveness of various energy-saving strategies in diverse campus settings.

- Co-Generation: UC Irvine is currently the only Pilot participant that has a co-generation unit, and Pilot evaluation results on the co-generation have been inconclusive to-date. Assessing the performance and benefits of co-generation across different campus contexts will help determine its potential as a clean energy solution and inform future investment decisions. CSUF and CSUCI have co-generation facilities, and the data from these two additional campuses may further refine this assessment and help inform future program design of facilities with this feature.
- Climate Zones: Including additional campuses from different climate zones in the expanded Pilot will allow for a comprehensive assessment of the effectiveness of clean energy measures under various environmental conditions. This evaluation will provide insights into the adaptability and suitability of different technologies and approaches for specific climate zones.
- Usage Patterns: By expanding the Pilot, it will be possible to analyze energy usage patterns across a more extensive range of campuses. This evaluation will help identify specific energy-saving opportunities and tailor clean energy solutions to match the unique demands and usage patterns of different campuses.
- Solar and Battery Storage: The expanded Pilot can evaluate the integration of solar power generation and battery storage systems. This assessment will provide

valuable insights into the effectiveness and economics of a GHG program for the viability of both renewable energy generation and/or energy storage technologies. The four additional CSU campuses proposed to be included have existing solar systems with plans to potentially expand, and one of those (CSULB) also has a paired battery storage system.

- Centralized Heating/Cooling systems vs. Distributed Heating/Cooling Systems: Including additional campuses with different heating and cooling system configurations will allow for an evaluation of differences in GHG reduction potential between centralized and distributed heating/cooling systems. This assessment will inform decision-making regarding the most effective and sustainable heating and cooling solutions for different campus contexts.
- Different Levels of Transportation Electrification: Including additional campuses in the Pilot would allow for a better assessment of the impacts and challenges associated with different levels of transportation electrification across diverse campuses. To date, SCE has seen minimal uptake of transportation electrification in CEOP. The expanded Pilot will help SCE evaluate whether this is a feature of the CEOP model or a unique circumstance limited to the original Pilot campuses. The expansion will also help identify strategies for promoting electric vehicle adoption and optimizing charging infrastructure deployment.
- Approval and Funding Processes: Expanding the Pilot to allow new campuses to participate will help evaluate the impact of the program on any additional internal campus funding approvals that support their GHG reduction efforts. Funding for these participants can be challenging due to fixed utility and maintenance budgets but by changing the currency to GHG under the Pilot, funding may become less of barrier than it has in the past. This element is important to evaluate to determine whether this expansion could help shed light on whether a CEOP model is the best option for campuses that do not have substantial up-front capital to pay for

equipment or help determine if the performance increases if funds are set aside in a revolving loan fund.

- Assessment of Naturally Occurring Emissions Reductions: Expanding the Pilot will also facilitate a thorough assessment of naturally occurring emissions reductions, providing valuable insights into the changes that may have occurred even without the Pilot. The additional campuses provide a natural experiment because they were non-participants for the current four-year Pilot but would be participants in the extended of the Pilot.

The additional data and information from these four new campuses will be incorporated into the annual, mid-term and final evaluation reports that SCE submits in the second quarter following a given Pilot year.

3. Additional Budget Needed to Add the Four Remaining CSU Campuses

SCE is requesting an additional $15.6 million of Cap and Trade allowance revenues to cover the future performance payments for the additional CEOP participants as well as the performance payment verification costs in 2024 through the end of 2027.[32] Using Year 1 and 2 Pilot performance as a reference, SCE forecasts that these four additional CSU campuses will require roughly $3.6 million per year starting in Pilot Year 4 through the end of 2027, for a total of $15.3 million. In addition, SCE is requesting $0.15 million for additional evaluation setup costs for these new campuses and $0.10 million to cover third-party verification of performance payments prior to SCE issuing the payments to the participating campuses.

D. Justification for Increasing Annual Cap from $10 Million to $15 Million

D.19-04-010 allows SCE to set aside an annual budget of up to $10 million from available Cap and Trade allowance funds for each year of the Pilot to fully fund CEOP, with a

[32] These costs are associated with the expansion of the Pilot to the four remaining CSU campuses. Evaluation, technical assistance, and labor costs are incorporated into the extension budget in Section II.B.4 above.

maximum total set-aside of $20.4 million over the program's four-year duration[33] However, staying within the $10 million cap could be challenging, as performance payments have exceeded original projections midway through the Pilot. Moreover, if the Commission approves the requested expansion of the Pilot to include four additional CSU campuses, then annual expenditures will likely exceed $10 million. Part of the Commission's rationale in D.19-04-010 for imposing the $10 million annual cap was to "limit the impact of the CEOP on funding for the DAC-GT and CSGT program."[34] That concern no longer applies. As discussed in the next section, there are adequate Cap and Trade allowance revenues currently available for other clean energy programs, and SCE does not anticipate the additional funding requested in this Petition to impact any such programs. Therefore, SCE requests that the annual cap of $10 million for CEOP be increased to $15 million annually if the Commission approves the proposed extension and expansion of the Pilot.

E. Adequate Cap and Trade Funds Are Available for Requested Pilot Modifications

D.19-04-010 recognized the Settlement Parties' agreement that Cap and Trade allowance funds are a suitable source of funding for CEOP.[35] On May 30, 2019, Advice 3997-E was approved and established the CEOPBA to record the transfer of funds from the GHGRBA, and to record CEOP performance payments and administrative costs, pursuant to OP 5 of D.19-04-010.

Cap and Trade allowance revenue funds continue to be the optimal funding source for the Pilot. This Petition does not change the CEOP program design and, therefore, CEOP will continue to incentivize on-site GHG reduction measures, which directly support the objectives of AB 32 and SB 32. In addition, continuing the use of Cap and Trade allowance funds for the proposed CEOP extension/expansion will not require additional amounts to be collected through customer rates.

---

33 D.19-04-010, p. 19.
34 *Id*, p. 18.
35 *Id*, p. 24 and Conclusions of Law 2.

SCE is currently authorized for and will not record costs in excess of the $20.4 million cap. Upon completion of the CEOP, SCE will return any unspent funds to the GHGRBA. SCE requests to modify D.19-04-010 to increase this cap to $64.7 million for the following reasons: (1) to prevent a funding shortfall for Year 4 of the Pilot, (2) to extend the Pilot by three years and three months to address existing data gaps and provide bridge funding until the Commission can consider SCE's forthcoming application for a permanent CEOP program, and (3) to expand the Pilot to include participation of the remaining CSU campuses, which will inform the application and design of the permanent program.

The following table provides a breakdown of the current four-year Pilot budget and the budget for all the requested modifications in this Petition, discussed above.

Table II-1
Current Pilot Budget and Requested Budget
($000)

Category	**Current Pilot Budget**	**Budget to Complete Pilot Year 4**	**Budget for Extension with Current Campuses (through 2027)**	**Budget for Additional CSU Campuses (through 2027)**	**Total**
Performance Payments	$18,042	$6,014	$20,838	$15,344	**$60,238**
Evaluation Plan and Performance Payment Verification	$1,243	$0	$920	$250	**$2,413**
Customer GHG Program Support& Technical Assistance	$325	$0	$400	$0	**$725**
SCE Labor Costs	$747	$0	$571	$0	**$1,318**
Total	**$20,357 ($20,400 approved in 2019 Decision)**	**$6,014**	**$22,729**	**$15,594**	**$64,694**

The Commission issued D.12-12-033 (GHG Decision) adopting a methodology for allocating GHG allowance revenue received by California's investor-owned utilities (IOUs) as part of California's Cap and Trade program. Pursuant to the GHG Decision, the Commission may allocate up to 15% of GHG allowance revenue for clean energy and EE projects that are not funded by another source and already approved by the Commission. Accordingly, SCE requests approval to set aside GHG allowance revenue funding for approved clean energy projects annually in its ERRA Forecast proceedings filed each year in May, with an update in October for funding set-asides effective in the following year. As shown in Table II-2 below, the CEOP Pilot received GHG funding in years 2020 and 2022, with the remainder allocated in 2023.

SCE expects sufficient funding will be available in the future for the additional request of $44.3 million in this Petition. Prior to 2022, the amount of funding available for clean energy programs averaged about $60 million per year, with most of the set aside allocated to other programs.[36] However, since 2022 annual Cap and Trade allowance revenue has increased significantly.[37] Available funding in the last three years has averaged over $100 million, with the same programs using the funds. Moreover, SCE does not expect the outcome of the pending CARB Cap and Trade rulemaking to impact the availability of Cap and Trade allowance revenues that would be the source of funding during the requested extension and expansion of the Pilot (2024 – 2027).

Table II-2 below provides a breakdown of historic and 2024 expected allowance revenues and known clean energy programs using these funds. Currently, SCE projects that there will be $88.6 million available for additional clean energy programs in 2024. Of note, the SOMAH program is capped at approximately $45 million per year, which means there is potentially an even larger amount of unclaimed funding if GHG allowance revenue continue to increase. Additionally, SCE is not aware of any other programs not shown in the table that are currently seeking to file for a portion of available GHG funding.

---

36 Other SCE programs that receive Cap and Trade allowance revenues include the Solar on Multifamily Affordable Housing (SOMAH) program, Disadvantaged Communities (DAC) Single-Family Solar Homes (DAC-SASH), DAC-Green Tariff (DAC-GT), and Community Solar Green Tariff (CSGT).

37 *See* Figure 26 of the CPUC's 2022 Distributed Energy Resources Avoided Cost Calculator Documentation *available at* https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/demand-side-management/acc-models-latest-version/2022-acc-documentation-v1b.pdf

Table II-2
Annual GHG Revenue Funding:
Historical and Forecast Amounts Available for Clean Energy Programs
(in thousands)

($000s)	Recorded 2020	Recorded 2021	Recorded 2022	Recorded/ Forecasted 2023	Forecasted 2024	Totals All Years
Proxy GHG Price ($/MT)	$ 17.04	$ 21.91	$ 28.25	$ 36.64	$ 39.36	
Allocated Allowances (MT)	24,704,540	25,183,597	24,999,282	24,357,709	23,681,594	
Annual GHG Allowance Revenue	420,965	551,752	700,179	777,208	932,108	3,382,212
15% Clean Energy Annual Funding Limit	63,145	82,763	105,027	116,581	139,816	507,332
Claimed						
Multi Family Solar Rooftops (SOMAH) /1	(41,969)	(44,676)	(46,481)	(46,528)	(46,528)	
DAC-SASH Program	(4,600)	(4,600)	(4,600)	(4,600)	(4,600)	
SCE's DAC-GT and CSGT Programs	(4,485)	-	(929)	-	-	
CPA's DAC-GT and CSGT Programs	-	(2,531)	(1,696)	(313)	(27)	
Cal Choice's DAC-GT and CSGT Programs	-	-	(3)	(154)	(25)	
CEOP Pilot	(10,000)	-	(10,000)	(400)	-	
Subtotal	(61,055)	(51,807)	(63,710)	(51,995)	(51,180)	(279,745)
Remaining Annual Funding Unclaimed	**2,090**	**30,956**	**41,317**	**64,586**	**88,636**	**227,586**

1 2020 and 2022 amounts shown include subsequant trueups of over and underallocation, which was done prior to 2023 in coordination with the o

III.

CONCLUSION

For the foregoing reasons, SCE respectfully requests that the Commission consider and approve this Petition for Modification (i) to ensure sufficient funding is available to complete the initial four-year term of the Pilot, (ii) to extend the Pilot by three years and three months, (iii) to add four CSU campus participants, and (iv) to increase the annual budget limit from $10 million to $15 million. SCE requests that the Commission consider this Petition on an expedited basis in view of the risk that remaining Pilot funds will be depleted before the end of Pilot Year 4 on September 30, 2024.

Respectfully submitted,

ANNA VALDBERG
ELENA KILBERG

/s/ Elena Kilberg

By: Elena Kilberg

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (562) 491-2236
E-mail: Elena.Kilberg@sce.com

Dated: November 27, 2023

Appendix A

Declarations in Support of Southern California Edison Company’s Petition for Modification of Decision 19-04-010

DECLARATION OF MICHAEL K. BUSHEY
IN SUPPORT OF SOUTHERN CALIFORNIA EDISON COMPANY'S
PETITION FOR MODIFICATION OF DECISION 19-04-010

I, Michael K. Bushey, declare and state:

1. I am the Director of the Customer Engagement Division in the Customer Programs and Services Division at Southern California Edison Company (SCE).

2. I have worked for SCE for 31 years and in my current position, I am responsible for the program administration of SCE's Government, Institution, Agriculture and Water Programs, including the administration of the Clean Energy Optimization Pilot (CEOP) that was approved May 1, 2019, with the Commission's issuance of D.19-04-010, *Decision Approving the Clean Energy Optimization Pilot and Adopting the Parties' Joint Settlement Agreement*, in proceeding A.18-05-015.

3. I previously submitted testimony in support of SCE's Application seeking support of the CEOP in A.18-05-015 and I had responsibility for managing the preparation and review of SCE's current petition for modification (PFM).

4. On March 31, 2023, SCE published the CEOP Year 2 and Mid-Term Progress Report, which showed results that are 39% higher than forecasted for GHG emissions reductions in A.18-05-015 and thus 36% more in performance payments were paid to the Participants than expected midway through the Pilot. SCE has spent $13.9 million through June 30, 2023 and roughly $6.5 million remains available for the Pilot, which will be exhausted before the conclusion of the four-year Pilot on September 30, 2024 if the current rate of GHG reductions continue.

5. The CEOP Year 2 and Mid-Term Progress Report also showed the need for additional Pilot data to inform the design of a permanent program. The unanticipated COVID-19 related campus closures from March 2020 to October 2021 interrupted the Pilot program, leading to partially inconclusive results. Extending the Pilot by an additional three years and three months would allow the campuses currently participating in the Pilot to continue GHG reduction measures to provide additional data and learnings to inform the design of a permanent CEOP program.

6. The California State University (CSU) campuses of CSU Channel Islands, CSU Long Beach, CSU San Bernardino, and CSU Fullerton have communicated interest in

participating in SCE's CEOP. Allowing these CSU campuses will further broaden the data and learnings to inform the design of a permanent CEOP program.

7. SCE anticipates submitting an application in 2025 for a permanent CEOP program. Extending the Pilot by three years and three months would allow for the Commission to consider and issue a decision on the application under an 18- to 24-month timeline.

8. Consistent with Rule 1.8(b) and 16.4(b) of the Commission's Rules of Practice and Procedure, I have personal knowledge of the facts and representations within the PFM, if called upon to testify, could and would do so. To the best of my knowledge, information, and belief, formed after reasonable inquiry, I believe the facts as stated in the PFM, and herein, are true as stated and that the proposed modifications to D.19-04-010 are warranted.

I declare under penalty of perjury under the laws of the State of California that the foregoing statements are true to the best of my knowledge, information, and belief.

Executed on November 17, 2023 at Rosemead, California.

/s/ Michael K. Bushey
Michael K. Bushey

**DECLARATION OF ERIC EBERHARDT
IN SUPPORT OF SOUTHERN CALIFORNIA EDISON COMPANY'S
PETITION FOR MODIFICATION OF DECISION 19-04-010**

I, Eric Eberhardt, declare and state:

1. I am the Director of Energy Services for the University of California (UC) Office of the President. In this position, I provide strategic leadership for energy and sustainability initiatives across the UC system, which includes ten campuses, five medical centers, and three national labs. My team and I help connect researchers, students and operations staff to integrate sustainable energy practices in support of UC's mission of teaching, research and public service.

2. In my current position, I am responsible for the oversight of UC's participation in the Clean Energy Optimization Pilot (CEOP or Pilot) that was approved by the California Public Utilities Commission (CPUC or Commission) on May 1, 2019 when the Commission issued Decision (D.) 19-04-010, Decision Approving the Clean Energy Optimization Pilot and Adopting the Parties' Joint Settlement Agreement, in proceeding A.18-05-015

3. The UC Office of the President strongly supports Southern California Edison's (SCE) request in the Petition for Modification (Petition) to extend the Pilot until a permanent CEOP program can be approved. The extension and additional funding would provide much-needed certainty to the UC campuses and medical centers participating in the Pilot to continue the progress made to date with on-site, behind the campus meter greenhouse gas (GHG) reduction measures such as Distributed Energy Resources (DERs), electrification, and energy efficiency that promote campus resiliency. Ending the Pilot without a permanent CEOP program in place could disrupt and jeopardize the GHG emissions reduction efforts currently underway at the UC facilities and result in additional cost burdens.

4. Consistent with Rule 1.8(b) and 16.4(b) of the Commission's Rules of Practice and Procedure, I have personal knowledge of the facts and representations herein and, if called upon to testify, could and would do so. To the best of my knowledge, information, and belief, formed after reasonable inquiry, I believe the facts as stated herein, are true and that the proposed modifications to D.19-04-010 in SCE's Petition are warranted.

I declare under penalty of perjury under the laws of the State of California that the foregoing statements are true to the best of my knowledge, information, and belief.

Executed on November 16, 2023 at Oakland, California.

/s/ Eric Eberhardt
Eric Eberhardt

DECLARATION OF LINDSEY ROWELL
IN SUPPORT OF SOUTHERN CALIFORNIA EDISON COMPANY'S
PETITION FOR MODIFICATION OF DECISION 19-04-010

I, Lindsey Rowell, declare and state:

1. I am the Chief of Energy, Sustainability and Transportation for the Office of the Chancellor for the California State University (CSU). In this position, I provide oversight and guidance related to campus energy supply, energy demand management, distributed energy resources, energy efficiency projects, greenhouse gas (GHG) emissions reductions and sustainability efforts in alignment with the CSU Board of Trustees' 2022 Sustainability Policy and related guidelines.

2. In my current position, I am responsible for the oversight of CSU's participation the Clean Energy Optimization Pilot (CEOP or Pilot) that was approved by the California Public Utilities Commission (CPUC or Commission) on May 1, 2019 when the Commission issued Decision (D.) 19-04-010, *Decision Approving the Clean Energy Optimization Pilot and Adopting the Parties' Joint Settlement Agreement*, in proceeding A.18-05-015.

3. The CSU Chancellor's Office fully supports Southern California Edison's (SCE) request in the Petition for Modification (Petition) to allow four additional CSU campuses (CSU Channel Islands, CSU Long Beach, CSU San Bernardino, and CSU Fullerton) to participate in CEOP. If approved by the Commission, the addition of these four CSU campuses to the Pilot will help achieve the climate goals of the CSU system. The CSU Chancellor's Office is therefore firmly committed to participation in the CEOP by all CSU campuses if the Commission approves the modification to expand the Pilot requested in the Petition.

4. The CSU Chancellor's Office also strongly supports SCE's request in the Petition to extend the Pilot until a permanent CEOP program can be approved. The extension and additional funding would provide much needed certainty to current CSU Pilot participants to continue the progress made to date with on-site, behind the campus meter GHG reduction measures such as Distributed Energy Resources (DERs), electrification, and energy efficiency that promote campus resiliency. Ending the Pilot in 2024 without a permanent CEOP program in place could disrupt and jeopardize the GHG emissions reduction efforts currently underway at the CSU facilities, which may impact the CSU's ability to fulfill contractual obligations with existing project implementers and result in additional cost burdens.

5. Consistent with Rule 1.8(b) and 16.4(b) of the Commission's Rules of Practice and Procedure, I have personal knowledge of the facts and representations herein and, if called upon to testify, could and would do so. To the best of my knowledge, information, and belief, formed after reasonable inquiry, I believe the facts as stated herein, are true and that the proposed modifications to D.19-04-010 in SCE's Petition are warranted.

I declare under penalty of perjury under the laws of the State of California that the foregoing statements are true to the best of my knowledge, information, and belief.

Executed on November 16, 2023 at Sacramento, California.

/s/ Lindsey Rowell
Lindsey Rowell

Appendix B

Proposed Modifications to Decision 19-04-010

Proposed text deletions are in bold and strikethrough ~~**(abcd)**~~ Proposed text additions are in bold and underlined **(abcd)**	
Findings of Fact (FOF) 10	The CEOP will be implemented in ~~**two**~~ **six** CSU campuses (Cal Poly Pomona**,** ~~**and**~~ CSU Dominguez Hills**, CSU Fullerton, CSU Long Beach, CSU Channel Islands, and CSU San Bernardino**) and five UC campuses (UC Davis Veterinary Lab, UC Irvine Medical Center, UC Irvine, UCLA Santa Monica Medical Center and UC Santa Barbara) located in SCE's service territory.
FOF 11	Cal Poly Pomona, CSU Dominguez Hills, ~~**and**~~ UC Davis Veterinary Lab**, CSU Channel Islands and CSU San Bernardino** are located in areas that have disadvantaged communities.
Ordering Paragraph 3	The budget for the Clean Energy Optimization Pilot is capped at ~~**$20.4**~~ **$64.7** million, with an annual budget of up to ~~**$10**~~ **$15** million each year for the pilot's ~~**four-year**~~ **seven-year and three months** duration.