



Memorandum

Date: October 10, 2017

To: Anuj Desai, SCE
Alok Singh, SCE

Cc:: Peter Lai, CPUC

From: Bryan Pena, CPUC

Subject: SCE's Street Lighting Proposal

In a meeting on August 4, 2017 and a follow-up telephone meeting on August 10, 2017, SCE discussed with CPUC staff its proposal for street lighting savings and requesting to "grandfather" a set of historical customers in the SCE acquisition pipeline who entered the purchase and asset transfer process prior to September 2015; and to establish CPUC support for an acceptable multi-year framework for savings claims in 2018 and beyond.

Specifically, SCE requests that a specific set of customers in its territory who entered the acquisition pipeline in 2015 remain eligible for LED street lighting incentives through 2020 using its submitted 2017 workpaper savings values. SCE's request is based on the understanding of the following customer types for SCE-owned street lights:

Acquisition Customers: Customers in the process of purchasing SCE-owned (LS-1) street lighting. This asset transfer process takes approximately three or four years to complete before any retrofits can begin.¹

LS-1 Option E (AB-719) Customers: Customers of SCE-owned street lights and pay the capital cost to retrofit to LED over a period of 20 years.² Customers typically face a one-year turnaround time from application submission to retrofit completion.

¹ Customers submitted deposits prior to Sept 2015 to enter the acquisition queue.

² SCE has submitted a capital request of \$30M per year in its 2018-2020 GRC filing to support retrofits for these customers.

Program Participation:

It has been identified that there is no currently approved workpaper under which savings resulting from this program activity can be claimed. In order to provide for any program participation in 2018 and beyond, SCE must first resolve the following issues in its workpaper SCE 17LG097 Revision 1, dated June 30, 2017, submitted for 2017 program year. The applicable workpaper defines all measures as Replace-on-Burnout (now referred to as Normal Replacement or “NR”), however, the baselines for all measures covered by that workpaper are comprised of older, HID technologies, which are representative of a pre-existing technology. Therefore, the measures defined in the workpaper are, in practice, Accelerated Replacement (AR) measures. This workpaper does not follow CPUC policy that has been in place long before 2015. AR measures are required to include a standard practice second baseline. The DEER 2016 updated directed that all AR exterior lighting measures have a second baseline of LED technologies. The projects proposed appear to be all Accelerated Replacement (AR). As a way to address these inconsistencies between the proposed projects and the proposed applicable workpaper, SCE shall revise the applicable workpaper for the 2018 program year as such:

- The measure application type must be corrected from Normal Replacement to Accelerated Replacement.
- SCE shall establish Preponderance of Evidence criteria that demonstrate that the customers, absent the incentive support, would more likely than not undertake the retrofits. This analysis must take into account the acquisition decision as well as the retrofit. All supporting data must be submitted via the normal workpaper submission process prior to any incentives being paid as with all deemed incentive offerings.
- Since the directed second baselines are LED technologies, the second period gross savings for the proposed projects shall be zero. Gross savings above the workpaper defined baselines shall be claimed for the RUL period only. The 2nd baseline is LED. Therefore the 2nd baseline savings is zero for the Accelerated Replacement.
- SCE shall apply the default net-to-gross value of 0.6 to the gross savings of these grandfather street lighting retrofits.

Acquisition Customers:

CPUC staff understands that there are 53 cities that entered the acquisition queue prior to September 2015 who remain in the process of purchasing and upgrading their street lighting, and that SCE is no longer entertaining new customers looking to purchase street lights.

CPUC staff does not object to maintaining program eligibility requirements, rules, and incentive for these 53 cities that entered the acquisition queue in 2015. Therefore, customers in this cohort shall be exempt from POE requirements in lieu of the eligibility requirements and other program rules in effect prior to September 2015. Incentives should also be maintained at the same levels as they were prior to September 2015.

LS-1 Option E (AB-719) Customers:

CPUC staff understands that these customers entered into agreements with SCE at varying times after AB-719 legislation was adopted and that program eligibility requirements, rules, and incentive levels tend to evolve. Therefore, customers in this cohort shall be exempt from POE requirements in lieu of the eligibility requirements and other program rules in effect at the time of customer application submittal. Incentives should also be maintained at the same levels as they were at the time of customer application submittal.

For future LS-1 Option E (AB-719) Customers and other potential program participants during 2018 and beyond, Commission staff sees no reason to allow the use of past program eligibility requirements, rules, and incentive levels. These customers shall follow all requirements imposed in the revised workpaper for the 2018 program year.

2019 Program Year:

Notwithstanding the above treatments for specific classes of customers, SCE shall conduct a standard practice study to examine the most current purchasing practices for LED street lighting retrofits, present its data and analysis, as well as propose findings to CPUC staff for review. CPUC considers that there is wide range of efficacy and performance in available LED products and that an ISP study would serve as a basis to establish deemed savings above the 2nd baseline. The results of any standard practice study, along with proposed workpaper revisions, should be submitted in a revised workpaper for the next Phase 1 workpaper review period for an effective date of January 1, 2019.

Commission staff appreciates SCE staff bringing this to our attention, and the opportunity for an open discussion of the issues.