

# Residential Energy Efficiency Incentive Program

<b>1. Projected Program Budget</b>	<b>\$</b>	<b>66,886,222</b>
<b>2. Projected Program Impacts</b>		
MWh		805,072
MW (Summer Peak)		113.71
<b>3. Program Cost Effectiveness</b>		
TRC		4.38
PAC		6.75

## 4. Program Descriptors

Market Sector: Residential/Nonresidential  
 Program Classification: Statewide  
 Program Status: Revised Existing

## 5. Program Statement

California is the nation's most efficient state in terms of per capita electricity consumption. Yet, significant energy savings potential remains. Lighting, refrigerators and cooling equipment are the largest energy users in a typical California home. Most households are still using inefficient light bulbs and are hanging onto refrigerators and room air conditioners that are more than 10 years old.

Studies show that a very small percent of lighting products sold and used in California are compact fluorescent lamps (CFLs), and there is a huge potential to expand market share for energy efficient lighting<sup>1</sup>. In efforts so far, SCE has caused

### What's New for 2006-08?

#### Innovation

- Move HVAC measures to new Comprehensive HVAC Program
- Expand point-of-sale rebates to additional measures
- Add new lighting measures

#### Integration

- Link incentives for new appliance to appliance recycling opportunities
- Complement demand response programs

#### Other Program Improvements

- Offer new online rebate application to simplify participation
- Implement new approaches for lighting measures, such as methods to open new retail sales channels and to cross-promote non-rebated products, with sound ways to quantify savings for each.

<sup>1</sup> A 3.2% saturation of CFLs to total lamps sold is indicated in the California Lamp Report, July 15 2005. Figure 3 shows fluorescents at 10.1% of California total lamps sold, and Figure 5 shows 31.9% of fluorescents sold are CFLs, which equals 3.2% of total. Two studies that show significant potential for CFLs are: 1) Documentation of Energy Efficiency Potential Estimates Prepared for Southern California Edison Company July 12, 2004 Kema-Xenergy 2) California's Secret Energy Surplus, The Potential for Energy Efficiency September 23, 2002 Xenergy, Inc.

California CFL sales to start outpacing the rest of the nation<sup>2</sup>, which is an encouraging sign.

However, residential customers are still often reluctant to use energy efficient lights due to the comparatively high initial cost, a steeper learning curve, limited availability, and quality concerns. Hence, there is a huge potential to expand market share for energy efficient lighting. The demand by retailers and manufacturers for more lighting program involvement far exceeds the supply each year, indicating a healthy persistence long term.

The Statewide Residential Appliance Market Share Tracking Study

**Retailers are a key market actor in moving energy-efficient appliances and equipment, and most prefer the point-of-sale rebate or “instant rebate” to increase sales.**

shows a growing trend of appliance purchases throughout California. Over the past five years, appliances, such as refrigerators, have seen an average growth of 24%, while room air conditioner sales have risen by 85%<sup>3</sup>. This level of growth indicates an ever increasing potential to achieve energy savings through the installation of energy efficiency measures. Retailers are key market actors in moving energy-efficient appliances and equipment, and most prefer the point-of-sale rebate or “instant rebate” to increase sales.

Customers are also reluctant to purchase energy efficient appliances and equipment due to initial high cost and lack of information and awareness of the benefits of energy efficiency measures. Other barriers include a lack of retailer information and awareness and low stocking and promotion of energy efficient products in retail stores.

## 6. Program Rationale

SCE’s Residential Energy Efficiency Incentive Program (REEIP) takes advantage of statewide utility coordination and “best available practices” to optimize every opportunity in the residential and renovation

**Recognized in 2004 by the National Energy Efficiency Best Practices Study...**

retrofit market. provides a

The program consistent and

recognizable program presence throughout the state and offers similar measures, incentives and processes coordinated statewide with PG&E, SDG&E and SCG.

Recognized in 2004 by the National Energy Efficiency Best Practices Study, the program will continue to support the national DOE/EPA ENERGY STAR® program and Consortium for Energy Efficiency. Program design and implementation strategies successfully integrate energy efficiency with demand response programs such as the

<sup>2</sup> The Statewide Residential Market Share Tracking Studies have shown over the years while the share of CFL sales has been rising, in California compared to the rest of the nation, the numbers still hover around 14% - California Lamp Trend 2003.

<sup>3</sup> These numbers are derived from Table 1 of the California Appliance Trends, Residential Market Share Tracking Project, 2003.

20/20 Summer Savings program. Demand response and energy efficiency both affect customer end-use of energy.<sup>4</sup> Joint marketing messages will be designed to increase participation in energy efficiency and demand response programs.

Innovative program implementation strategies take advantage of the synergies with other SCE energy efficiency programs and community. SCE will strengthen the connection between incentives and the Home Energy Efficiency Survey (HEES) program and the Appliance Recycling Program. The integration with these programs and community partnerships will result in increased awareness and adoption of efficient measures throughout SCE’s service area and create permanent and verifiable long-term energy savings.

Past results from SCE’s incentive program has proven it to be highly successful and ever growing. Demand reduction is the most important aspect of energy efficiency in California, and the program has demonstrated the ability to produce annual growth rates exceeding 40%.

**REEIP Program Recorded Results (non lighting measures)**

	2002		2003		2004	
	kWh	kW	kWh	kW	kWh	kW
	17,184,071	10,213	24,138,083	16,440	27,720,439	23,469
<b>Percent of Goal Achieved</b>	90%	151%	99%	110%	97%	98%
<b>Growth Over Previous Year</b>			40.5%	61%	15%	43%

Sales data published by ENERGY STAR<sup>®</sup> reflect the high participation rate of this program. In the 2004 ENERGY STAR<sup>®</sup> Annual Sales Report, the market penetration for

**In a systematic approach, the program will achieve maximum energy savings through two program components—lighting and non-lighting measures—to effectively address market barriers specific to each end-use technology.**

ENERGY STAR<sup>®</sup> qualified room air conditioners at the national level is 35%, whereas in California, the report shows 40%. For refrigerators, ENERGY STAR<sup>®</sup> reports 32% nationally, and 41% in California. These increases over the national averages are significant and can be attributed to the effectiveness of the information and incentive aspects of the REEIP.

The program reduces customer initial cost, expands availability, and strongly influences manufacturers to improve product quality. A key portion of REEIP educates customers to use the products correctly while understanding their benefits. The Point-Of-Sale (POS) program element provides maximum ease for customers to participate. It features

<sup>4</sup> Exploring the Relationship Between Demand Response and Energy Efficiency: A Review of Experience and Discussion of Key Issues, American Council for an Energy-Efficient Economy, March 2005.

discounted ENERGY STAR® qualified products, and introduces new and advanced lighting technologies to the market.

The program's traditional framework incorporates innovative approaches to address opportunities in the upstream, midstream, and downstream markets. In a systematic approach, the program will achieve maximum energy savings through two program components—lighting and non-lighting measures—to effectively address market barriers specific to each end-use technology. SCE intends to offer other technologies as they become available in the 2006-08 program timeframe. In addition, the lighting component will target lighting products for residential and specific nonresidential market sectors that tend to purchase at retail outlets.

The lighting component offers incentives on the following measures:

- Screw-in CFLs (standard)
- Specialty and high performance CFLs
- Exterior and interior fixtures
- Table lamps, desk lamps, floor lamps and torchieres
- Night lights (including LED)
- Interior LEDs (non-night lights)
- Cold cathode
- Lighting controls
- Address signs
- Exterior HID
- Alternative inducement lighting measures

Residential lighting, a major portion of this program, is delivered upstream and midstream through manufacturer and retailer participants. The lighting measures are promoted and tracked separately from other POS rebate measures in an offering known to participants as the Residential Lighting Incentive Program. Lighting incentives and promotions influence

**Expand the point-of-sale (POS) rebate delivery method to include additional measures. This method offers instant rebates for selected energy efficient products. The customer participates without having to complete and mail a rebate application.**

customers to purchase energy-saving lighting products at retail outlets and install them in homes and small businesses.

The non-lighting component offers incentives on the following measures:

- Pool pump and motors (single speed)
- Pool pump and motors (two/variable speed)
- ENERGY STAR® qualified refrigerators
- ENERGY STAR® qualified room air conditioners
- Whole house fans

- Electric storage water heaters
- Attic insulation
- Wall insulation

Several significant enhancements to the 2006-08 non-lighting program component include:

- Move HVAC equipment, with the exception of room air conditioners and whole house fans, to SCE's new residential and nonresidential Comprehensive HVAC Program.
- Expand POS rebate delivery method to include additional measures. This method offers instant rebates for selected energy efficient products. The customer participates without having to complete and mail a rebate application.
- Link incentives for the purchase of new appliances to recycling opportunities. The program seeks to accelerate the increase in market share by facilitating consumer purchase of new units and the removal of old, inefficient units. The program simultaneously provides a convenient means of properly and permanently retiring the replaced units. Increased retailer interest is expected as a result.
- A new electronic rebate application to improve the rebate payment process for customers using the direct customer rebate payment method.

### **Program Advisory Group and Public Workshop Meetings**

During the program planning process, the following recommendations were made by the Program Advisory Group (PAG) and Public:

*Recommendation:* Increase the use of hardwired CFL fixtures in new construction.

*Action:* This recommendation will be addressed through aggressive promotions encouraging builders to surpass Title 24 lighting requirements by installing the following:

- Dimmable interior fluorescent fixtures
- Interior fluorescent fixtures operated with manual-on occupancy detectors
- Exterior fixtures on photo-sensor and motion detector controls
- Fluorescent kitchen lighting exceeding 50% of total kitchen wattage
- LED-lit address signs on photocell controls

These five equipment applications encompass over 99% of potential residential new-construction lighting measures claimable under this program<sup>5</sup>.

*Recommendation:* Drive manufacturers to develop and commercialize LED lighting for common use in homes.

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<sup>5</sup> Most other fixture installations are excluded because incentives and energy claims for installations already required by code are ineligible. Title 24 indirectly disqualifies most standard fluorescent fixtures from incentives and reportable energy savings by allowing market forces to discourage their installation.

*Action:* This program plans to address the objective through a two-pronged approach: 1) incentives for LED and other new technologies, and 2) technology procurement/certification efforts that reward manufacturers for bringing future generations of LED and other advanced performance products to market. This approach has more direct potential than the PAG recommendation to subsidize LED installations in showcase homes, but both could be applied. The showcase of LED area lighting could be added to SCE's other showcase projects.

*Recommendation:* Look into offering different rebate levels in different areas in response to different avoided costs.

*Action:* SCE will maintain consistent incentive levels on a statewide basis. However, SCE will explore different rebate levels and exercise flexibility with statewide program design if results are warranted or the need arises to promote new technology or implement new delivery mechanisms on a pilot basis.

*Recommendation:* Raise the diversity plan with program subcontractors.

*Action:* SCE's competitive bidding process will include a section entitled "WMDVBE Supplier Diversity Program" in all competitive. While subject to change, following is an example of the

accompanying Request for Proposals language: "The Bidder must explain how it encourages the recruitment of Women, Minority, and

**SCE's competitive bidding process will include a section entitled "WMDVBE Supplier Diversity Program" in all competitive.**

Disabled Veteran Business Enterprises for its organization or bidding team. The Bidder must attach a completed subcontracting plan that consists of either a list of WMDVBE subcontractors or a statement setting forth the Bidder's activities and goals for WMDVBE subcontracting. Bidders should also submit WMDVBE certification documentation if they claim WMDVBE status. Bidders who have WMDVBE status must still submit a WMDVBE subcontracting plan.

*Recommendation:* Address coordination with demand response, degeneration and energy efficiency.

*Action:* The program will support demand response programs, such as the 20/20 Summer Savings program, and encourage customers to adopt energy efficient measures to reduce energy usage. Examples of coordination include joint marketing messages and materials.

*Recommendation:* Fuel switching as an energy efficiency option.

*Action:* The program will not promote fuel switching as an energy efficiency option.

*Recommendation:* Take advantage of a service call to promote energy efficiency to customers.

*Action:* SCE will distribute "welcome packages" to customers requesting service turns. The package will promote all energy efficiency programs and encourage customers to adopt measures and practices.

*Recommendation:* Offer an energy efficiency charge card. Reminder—every time you touch a customer, think about the next sale. Repeat customer is easier than new.

*Action:* The concept of retaining customers is part of the day-to-day operations of the program. Program strategies address barriers to the adoption of energy efficiency measures. SCE has found that retailers do not support third-party consumer cards because of their technology limitations and, more importantly, competition with their own consumer cards including retailer credit cards. SCE will not offer energy efficiency charge cards but will explore other strategies, such as on-bill financing starting with the small commercial segment, to keep customers engaged in saving energy.

*Recommendation:* Include a follow-up with customers to ensure customer satisfaction with program design. Explain how you will identify ideas for future program design and continuous improvements.

*Action:* SCE will conduct customer satisfaction surveys for continuous improvement to program design, and the surveys will capture new ideas for future program design. In addition, SCE will collaborate with energy efficiency partners, such as manufacturers, retailers, DOE, EPA and CEE to stay abreast of new technologies and processes to continuously make program improvements.

*Recommendation:* Look into expanding the third-party water heater program.

*Action:* SCE will explore opportunities available with third-party water heater programs for all-electric customers. The IOUs are currently involved with a statewide water heater PAG subcommittee to look at energy efficiency potential for this measure.

*Recommendation:* Consistent rebate levels for non-weather sensitive measures across the IOUs.

*Action:* The program provides a consistent and recognizable program presence throughout the state and offers similar measures, incentives and processes coordinated statewide with PG&E, SDG&E and SCG. The program offers consistent incentive levels for non-weather sensitive measures on a statewide level. For example, the IOUs propose to offer \$1-\$2 incentives for screw-in CFLs and a \$50 incentive for refrigerators.

*Recommendation:* Offer simplified simulation modeling for customers that are doing retrofits in the residential market at big box retailers through a kiosk. This would steer people to more energy efficiency options at the time of remodels.

*Action:* Utility experience with placing kiosks in stores has not been successful. Retailers are not receptive to using floor space dedicated for merchandise for other activities. However, SCE's HEES program will explore placing information kiosks in financial institutions to promote energy efficiency when customers are considering financing or refinancing mortgages. REEIP's marketing message is designed to increase awareness about the many energy efficiency opportunities, including customers in the market to purchase new products for remodeling projects.

*Recommendation:* Use community-based organizations (CBOs) to outreach to local communities, especially to the residential market.

*Action:* The program supports energy efficiency community outreach efforts and provides program materials to CBOs and community partnerships to increase awareness of available incentives in the community. CBOs are used to target local communities through the HEES program as well.

*Recommendation:* Avoid incentivizing whole house fans because of the indoor air pollution issue. Suggest investigating economizers in a residential application.

*Action:* SCE intends to continue offering incentives for whole house fans because of their energy savings benefits. Whole house fans are among the measures identified in the California's Secret Energy Surplus report, which identifies technologies and measures used as a foundation for the Commission in estimating the range of savings potential that could be achieved in the next few years. SCE will offer incentives for economizers under the new Comprehensive HVAC Program.

*Recommendation:* Link rebates (online) to an in-store information energy efficiency kiosk.

*Action:* Utility experience with placing kiosks in stores has not been successful. Retailers are not receptive to using floor space dedicated for merchandise for other activities. However, SCE's HEES program will explore placing information kiosks in financial institutions to promote energy efficiency when customers are considering financing or refinancing mortgages. REEIP's marketing message is designed to increase awareness about the many energy efficiency opportunities, including customers in the market to purchase new products for remodeling projects.

*Recommendation:* Rebates should include insulation and windows during the in-store transaction.

*Action:* SCE provides insulation rebates to all-electric customers. The volume of in-store transactions by do-it-yourselfers for insulation should be reasonable to make the delivery of POS rebates cost-effective. In addition, the all-electric customer cannot be identified for the POS rebates at the time of purchase. Based on EM&V studies, the net-to-gross ratio for high efficiency windows is extremely high. SCE believes the market for high efficiency windows has been transformed both in retrofit and new construction.

*Recommendation:* Embed a chip in a consumer card with customer account information which could be provided to retailer to capture necessary participation information.

*Action:* SCE has developed a mechanism to capture necessary participation information, which is an acceptable approach for the market. The process involves offering a \$5 gift card to customers participating in POS rebates to collect customer level data for EM&V studies. SCE has found that retailers do not support third-party consumer cards because of their technology limitations and, more importantly, competition with their own consumer cards including retailer credit cards.

*Recommendation:* Take up the solar water heating issue at the SW subcommittee.

*Action:* The statewide PAG is currently investigating opportunities for EE water heating. Within SCE's service area, SCG will address the solar water heating measure.

*Recommendation:* Program placeholder for water heating for SCE and SCG.

*Action:* SCE plans to offer incentives for energy efficient electric storage water heaters. SCG plans to offer incentives for energy efficient gas storage water heaters.

## **7. Program Outcomes**

The program substantially reduces energy use per capita in California while helping to achieve both the objectives of the State's Energy Action Plan and Commission. The program expands the proportion of installed energy efficient equipment in homes and small businesses wider and faster than would take place otherwise. The installation of energy efficient end-uses in the home saves money for customers, improves the economy, and reduces greenhouse gas emissions to the environment. It also defrays the cost of power plants, electricity purchases, and utility infrastructure in accordance with the Commission's effort to meet 55% to 59% of the incremental electric energy needs between 2004 and 2013 through energy efficiency.

The program contributes toward annual and cumulative savings goals, both over the short- and long-term. It does this in a way that optimizes opportunities in the market, regulates "cream-skimming" and improves capacity utilization by lowering peak loads through a measure mix that balances high energy savings measures with low load factor/high critical peak saving measures.

## **8. Program Strategy**

The program will be delivered through three major program strategies to achieve maximum energy savings:

1. Upstream strategy to stimulate sales of energy efficient lighting
2. Midstream strategy aimed at retail stores and home improvement centers to increase stocking and sales of energy efficient lighting, appliances and equipment
3. Downstream strategy based on customer education to create demand for higher efficiency and cooperative promotions to take advantage of joint marketing opportunities and seasonal selling and service cycles

### Lighting Strategy

The strategy for the lighting measures is to use tactical mass market penetration activities to achieve a significant increase in the acceptance of energy efficient lighting in lieu of less efficient sources.

*Market-based Approach*—Flexibility for trying new approaches and penetrating new markets will help expand the base for customer participation. The multi-pronged strategy incorporates methods such as: (1) customer incentives tiered by product type and lumen range in the form of instant price discounts; (2) a manufacturer wholesale buy-down and reimbursement component; (3) a retailer price markdown and reimbursement component; (4) bill inserts; (5) in-store promotional materials; (6) direct mailings, promotional sales events; (7) product competitions; (8) up-selling; and (9) programmatic efforts to open new sales channels. The customer benefits from the ease of participation in the program. There is no application for the customer to complete and mail in order to reap the program benefits.

*Innovation*—To capture otherwise missed opportunities, innovative new approaches and improvements will be incorporated as they become viable for lighting -- such as internet promotions, targeted small nonresidential customer mailings, and customized new construction offers. We also propose to add new and advanced products to the program as they become commercially available to tap the cost-effective potential of ways we cannot predict today. Alternative inducements will be used, such as customized spiffs or dealer incentives for retailers to: (1) increase in-store promotional messaging; (2) up-sell non-discounted products; (3) conduct sales events; and (4) provide extra sales or customer-level data. Efforts will also be made to apply higher (or in some cases lower) customer discount levels in combination with special promotional activities. One example involves incentive adders for specialty CFL bulbs. We have also had multiple retailer requests for enhanced promotional and educational involvement combined with split or redirected incentives, which could increase cost-effectiveness. Lighting exchange/turn-in outreaches for plug-in fluorescent products will feature subsidized full replacement of incandescent products. These new approaches both utilize accepted best practices and pioneer new ones. More detail about them and other aspects of the program can be found in the program work papers.

*Lighting Exchange/Turn-In Events*—SCE has experienced success with torchiere floor lamp exchange/turn-in events and outreaches. In 2006-08, new products would augment torchieres, such as pin-based plug-in CFL table lamps, desk lamps, and non-torchiere floor lamps. These added products are in the early stages of market acceptance. The outreaches are proposed to leverage SCE’s local government partnership activities and programs to increase product exposure and hasten market penetration. The outreaches are also designed to renew market acceptance of CFL torchieres, provide recycling opportunities for lighting products, and remove the safety hazard and energy waste of halogen torchieres.

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Non-Lighting Strategy

The strategy for non-lighting measures is to expand the POS rebate delivery method, streamline the rebate application payment process and integrate appliance incentives with appliance recycling opportunities.

*Market-based approach*—This delivery method will be expanded to as many retailers in SCE’s service area and “instant rebates” at the cash register for pool pumps and motors, refrigerators, room air conditioners and whole house fans. Retailers are a key market actor in moving the energy-efficient appliance and equipment market. They historically dispensed the rebate applications to nearly three of four program participants. When asked about the relative merits of POS rebates vs. mail-in rebates, most retailers preferred POS rebates, but offered the following pros and cons for each approach:

- The most significant benefits of the POS approach are: customers receive their rebates instantly, and they avoid the hassle of completing and mailing in a rebate form.
- The greatest drawbacks of the POS approach are: retailers must rely on the IOUs for payment, smaller retail establishments are not equipped to handle POS rebates, and it is difficult to track participants.

Two-thirds of the retailers interviewed supported expanding POS rebates to additional measures, such whole house fans, room air conditioners, and pool pumps.

*Innovation*—SCE will pilot an electronic rebate application available on SCE’s website during the 2005 program year which will be fully implemented by 2006. In 2003, 24% of participants downloaded an application (compared with 20% in 2002). It is our intention to take this a step further to include the ability to apply online. Customer input would go directly into the IOU processing database, reducing the need for manual processing. The online rebate

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application will provide step-by-step instructions and the ability for customers to check the status of their rebate request. These online designs will greatly reduce rebate payment processing time.

*Integration*—SCE will integrate marketing and implementation efforts to link program rebates for ENERGY STAR<sup>®</sup> qualified refrigerators and room air conditioners with rebates from SCE’s Appliance Recycling Program. The program seeks to accelerate the increase in the market share by facilitating consumer purchase and use of energy efficient units, while simultaneously providing a convenient means of properly and permanently retiring the replaced units. Together, the two programs offer customers:

- A combined \$85 incentive to purchase a new ENERGY STAR<sup>®</sup> qualified refrigerator and turn in of the old, inefficient working refrigerator (\$50 for the purchase of a new unit and \$35 for turn in of an old unit)
- A combined \$75 incentive to purchase a new ENERGY STAR<sup>®</sup> qualified room air conditioner and turn in the old, inefficient working room air conditioner (\$50 for purchase of new unit and \$25 for turn in of an old unit)

## **9. Program Objectives**

The primary objective is to meet Commission’s criteria for delivering cost-effective energy efficiency while incorporating recognized “best available practices” and capturing otherwise lost opportunities in the process. The utilities will also coordinate with energy efficiency and demand response programs and entities at the community level to leverage program exposure, as well as support state and federal efforts.

The REEIP targets the major end-uses of electricity in and outside the home:

- Lighting is the easiest and least expensive energy efficiency measure to adopt and install in the home.
- For homes with pools, the pool pump and motor assembly is the largest user of electricity outside the home, consuming as much as 33% of energy annually. According to the Residential Appliance Saturation Study, more than 400,000 swimming pools exist in SCE's service territory. The program will allow us to eliminate up to .43 kW of peak-period demand per retrofit.
- For homes without pools, one of the major end-uses is refrigerators. ENERGY STAR<sup>®</sup> qualified refrigerators use 15% less energy than standard models. This measure helps introduce other program measures to customers participating in the program.
- ENERGY STAR<sup>®</sup> qualified room air conditioners use 10% less energy than standard units.
- Whole house fans eliminate the need for air conditioning where interior temperatures remain high, though outside temperatures have dropped.
- For all-electric homes, electricity for heating water can constitute a significant cost. The program provides incentives for customers to purchase the highest efficiency systems (EF > .93).

In addition to the measures listed, SCE intends to aggressively seek new measures for incorporation into the program as technologies currently on the horizon become available.

## **10. Program Implementation**

### Lighting Measures

For lighting measures, the program provides POS incentive discounts to SCE customers for purchasing energy efficient lighting products, primarily compact fluorescent light-bulbs (CFLs) and fixtures. The products are displayed with labeling and signage indicating discounts are provided through SCE. The manufacturer and retailer participate to promote the discounted products through advertising, circulars, and in-store materials.

Program implementation starts with promotional announcements to manufacturers and retailers. Then these participants take part by reserving fund allocations for planned sales promotions. The retailers display the discounted products that bear stickers showing the discount comes through SCE. Near the products is promotional messaging on signs and displays. In most cases, the lighting manufacturer reduces the wholesale price to the retailer who passes it on to the customer in the form of a POS discount. Sometimes retailers apply POS discounts directly to products purchased at the normal wholesale price. The participants discount the prices at their own initial expense and SCE later reimburses them.

The proposed tiered incentive structure for qualified lighting products includes the following:

Product Type (ENERGY STAR® Labeled and Qualified)	Incentive Per Unit	Product Type	Incentive Per Unit
CFL Screw-in – 1 to 799 Lumens	\$1	Table, Desk, or Floor Lamp	\$5
CFL Screw-in – 800 to 1,099 Lumens	\$1.25	LED Night Light	\$1.25
CFL Screw-in – 1,100 to 2,599 Lumens	\$1.75	LED Address Sign	\$5
CFL Screw-in – 1,600 Lumens and Greater	\$2.00	LED Holiday Lights Per LED	2¢
Specialty or High Performance CFLs – Incentive Above plus:	\$1.50	LED Task or Accent Light	\$1
Interior Hardwired Fluorescent Fixture - < 1,100 Lumens	\$5	Metal Halide Fixture	\$10
Interior Hardwired Fluorescent Fixture - 1,100 Lumens or >	\$10	Exterior Motion Controlled - Incandescent Fixture Fluorescent Fixture	\$5 \$10
Exterior Hardwired CFL Fixture - < 1,100 Lumens	\$5		
Exterior Hardwired CFL Fixture - 1,100 Lumens or >	\$10		
Torchiere Floor Lamp	\$10	Lighting Occupancy Switch	\$3

Less common product types and incentives will be considered for allocations at the Utility's discretion, many of which are listed in the program cost-effectiveness workbook.

Specialized promotions will occur at various times and can be customized to locales and market channels. They can be mass customer promotions or could be targeted to manufacturers and retailers of specific kinds of products. Examples include outreaches and events featuring exchange/turn-in of torchiere, table, desk, and floor lamps, as well as specialty bulb promotions, targeted bill inserts, direct mailings, up-selling promotions, internet campaigns, and efforts to open new long term sales channels. All program results will be tracked on an ongoing basis and reported according to the protocols reflected in both the program workbook and supporting work papers. We plan to track and report exchange/turn-in outreaches separately from other lighting activities.

#### Non-Lighting Measures

Traditionally, customers become aware of non-lighting measures through SCE promotions, energy surveys, participating retailers, and contractors, then apply for rebates through a mailed-in application. Rebate checks are mailed within 6–8 weeks of submittal.

Several new approaches are planned for implementation in 2006. The program will expand POS measures and activities. SCE has piloted POS rebates since November of 2002. In this approach, SCE encourages retailers to offer the rebate to the customer at the time of purchase. To do this, a formal business agreement is signed covering invoicing and reimbursement processes. Joint marketing provisions are made, and program evaluation methods are developed. Over the last several years, SCE has developed POS practices which work well with most retailers. Starting in 2006, we intend to expand the POS method to include pool pumps and motors, whole house fans, refrigerators, and room air conditioners.

To make the program easier for customers to participate, SCE will implement an online rebate application to expedite the rebate payment process for direct customer rebates. Customer can apply and check the status of their applications online. Some customers may still elect to mail in a conventional rebate application.

The program will have a dispute resolution process that involves the relaying of complaints to the program manager, who will fully investigate the situation. Disputes have historically been rare, and the vast majority have been resolved at the program manager level through immediate and appropriate correction of inequities. In the event that the dissatisfied party does not experience resolution due to program manager intervention, the matter will be elevated to management, and if management does not resolve it, appropriate company departments, such as Consumer Affairs and Claims will do so.

The proposed incentives for non-lighting measures are:

Measure	Rebate
Pool1	\$ 30
Pool 2	\$ 300
Pool Var	\$ 300
EnergyStar Room AC	\$ 50
Water Heater	\$ 30
Window Film/Glazing	\$ 0.50
ES Refrigerators Tier I	\$ 50
ES Refrigerators Tier II	\$ 75
Attic	\$ 0.15
Wall	\$ 0.15
Whole House Fan	\$ 100

It is expected that the Tier II refrigerator rebate will not go into effect until 2008.

### **11. Customer Description**

The program will target homeowners and renters for the non-lighting measures, and for lighting, we will also target residential new construction and small commercial customers. Nonresidential customers are expected to account for at least 10% of screw-in CFLs and wall-mounted CFL fixtures due to existing market forces and increased targeted promotion.

### **12. Customer Interface**

The program is designed to provide maximum ease for customers to participate. Through the program's education component, awareness and knowledge of energy efficiency opportunities will help customers with the purchase of energy efficient technologies.

The POS rebate approach provides customers with an "instant" rebate at the cash register and does not require the completion of a rebate application. The program will offer a new electronic rebate application for customers desiring to participate over the Internet and will streamline the hard-copy rebate application.

For lighting measures participating is as easy as putting a program product in the shopping cart and taking it to the register for check out. In locales where customers cannot find program-discounted product in stores, internet sales will be available as will centralized toll-free phone ordering directly from retailers and manufacturers.

### **13. Energy Measures and Program Activities**

#### **13.1. Measures Information**

Measure information is provided in the corresponding cost-effectiveness calculator and portfolio workbook.

#### **13.2. Energy Savings and Demand Reduction Level Data**

Energy savings and demand reduction information is provided in the corresponding cost-effectiveness calculator and portfolio workbook.

#### **13.3. Non-energy Activities**

Direct non-energy activities involve education on residential energy efficiency measures, practices, and incentives to customers. SCE's field personnel place program information in the aisles of the stores and educate sales personnel about the program. Administrative functions not contributing to energy savings are non-energy activities as well.

Indirect non-energy activities involve joint cooperation with the Home Energy Efficiency Survey program to promote REEIP. The program is also designed to interface with SCE's Energy Centers to incorporate enhanced training and design assistance, which could be presented at classes, in literature, or on the internet.

#### **13.4. Subcontractor Activities**

Subcontracted activities will consist of field services needed to post point-of-purchase materials in participating retail stores, elements of appliance and lighting exchange/turn-in outreaches, and community events.

#### **13.5. Quality Assurance and Evaluation Activities**

SCE will be implementing two independent practices to ensure that the participating retailers are both offering the instant rebate and submitting accurate invoices. SCE will send its inspectors at random to participating retail stores to confirm that promotional materials are prominently posted in the aisles where the product is sold, stickers are attached where required, prices are reduced, and displayed products coincide with participant allocations in all aspects.

In addition, SCE will provide a small incentive (e.g., \$5 gift card) for customers to let us know who they are. The process will work like this: in randomly selected retail stores, SCE will post tear-off coupons that invite participating customers to let us know who they are. The coupon will instruct the participant to fax a copy of his receipt to SCE's processing center, along with his name, address, and phone number. SCE will send each customer a \$5 gift card in return, and will build a database which will be provided to the EM&V group for more detailed customer inquiry and targeting. The information which comes from customer feedback will go into program design changes as needed.

##### **13.5.1. Expected Number/Percent of Inspections**

For the lighting measures, 100 to 150 on-site inspections per year are planned as well as additional phone verifications. SCE will inspect 2% to 10% of the rebate applications for

non-lighting measures. SCE's quarterly, random in-store inspections ensure retailers are following program rules.

### **13.6. Marketing Activities**

The program will coordinate marketing efforts with market actors (manufacturers, distributors, retailers, distributors, retailers and contractors) , other programs (energy efficiency and demand response) and national and regional marketing and outreach campaigns (ENERGY STAR® appliance, lighting and cooling campaigns and Flex Your Power). Marketing activities may include, but are not limited to:

- POS materials (e.g., refrigerator static clings, room air conditioner hang tags, lighting shelf talkers, pool pump and motor counter stands, etc.) at participating retail locations
- Advertisements in retail circulars
- Utility bill inserts
- Community outreach (home shows, appliance and lighting turn-in events, etc.)
- Direct mail
- E-mail
- Shared mail (e.g., ValPak, ADVO, etc.)

### **14. Program Changes**

SCE has added a Tier II refrigerator measure starting in 2008. SCE has also selected a program implementer for a lighting exchange program strategy.