Connor Flanigan
Managing Director, State Regulatory Operations

August 28, 2024

ADVICE 5366-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Southern California Edison Company's Proposal for the Wildfire and Natural Disaster Resiliency Rebuild Program's Initial Incentive Structure and Levels

In compliance with the California Public Utilities Commission (Commission or CPUC) Decision (D.)21-11-002[1] (Decision), Southern California Edison Company (SCE) hereby submits for approval this Tier 2 advice letter to establish initial structures and levels for the Wildfire and Natural Disaster Resiliency Rebuild (WNDRR) Program.

PURPOSE

Pursuant to the Appendix B-3 of the Decision, SCE submits this advice letter describing proposed incentive structure and levels by unit type, with higher incentive levels reserved for equity customers. Also pursuant to the Decision, SCE consulted with the program implementer, Energy Division, and solicited stakeholder feedback on the initial incentive structure and amounts. Upon disposition of this advice letter, ICF Resources, L.L.C. (ICF), the selected program implementer, will move forward with program launch to provide statewide incentives to help homeowners impacted by a natural disaster rebuild all-electric homes in alignment with the state's long-term climate and energy goals.

BACKGROUND

On November 9, 2021, the Commission issued the Decision, which adopted the statewide WNDRR program to provide incentives to help homeowners affected by natural disasters to rebuild all-electric homes in alignment with the state's long-term climate and energy goals.

[1] Decision, Ordering Paragraph 2(h); pp. 59, 61-62, 64; Appendix B, p. B-3.

The Decision states, “SCE, with input from the Scoring Committee, will, as the designated contracting agent, negotiate and sign the contract with the winning bidder. SCE will submit a Tier 2 Advice Letter (Tier 2 Implementation Advice Letter) requesting Commission approval of the contract.”[2] Following negotiations and the signing of the contract which established budgets and other terms, on August 17, 2023, SCE submitted Advice 5091-E selecting ICF as the program implementer. A disposition approving Advice 5091-E was issued with an effective date of September 16, 2023.

In addition, the Decision states “When the initial proposal is ready, the program administrator, on behalf of the program implementer, will submit a Tier 2 Advice Letter (with service on the Service List of this proceeding) to propose the initial structures and levels.”[3] Appendix B also states “SCE will submit advice letters on behalf of the program implementer and/or program evaluator for Commission approval,”[4] including a “Tier 2 Advice Letter for the initial incentive structure and amounts.”[5] The Decision also states that the Commission “give[s] the program implementer, working in consultation with Energy Division, the flexibility to propose initial incentive levels.”[6] SCE, ICF, and Energy Division collaborated on the development of the incentive structures and levels proposed herein. ICF also hosted three stakeholder meetings, which were held on May 3, May 23, and June 20 2024 to solicit input, as well as conduct initial targeted outreach to local government representatives from historically impacted communities, which is discussed further below.

While this advice letter refers to the program as WNDRR, for purposes of public-facing branding the program will be referred to as Rebuilding Incentives for Sustainable Electric Homes (RISE) Homes. The goal of the name change was to have a clear, customer-centric program name and provide a direct explanation of the program offering. The name also alludes to the personal triumph of watching one’s new home take shape from the ground up with connotations of rising from a disaster and includes references to sustainability. The new name was thoroughly researched for any potential naming conflicts and has an easier identification as a residential program. The new name is further consistent with the Decision, which states that “Details of program implementation are the responsibility of the program implementer, subject to oversight by the Commission and the program administrator, along with stakeholder collaborative input and advice.”[7]

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[2] Decision, p. 51.
[3] Decision, p. 61.
[4] Appendix B (Section III.D), p. B-2.
[5] Appendix B (Section III.D.4), p. B-3.
[6] Decision, p. 61.
[7] Appendix B (Section V.C.1), p. B-5.

DISCUSSION

A. WNDRR Program Incentive Design

The WNDRR program proposes that incentives be stratified into three separate categories to provide incentives for appropriate activities to ensure the program can successfully provide incentives to assist impacted homeowners. The total incentive budget for the program is $21,904,025.[8] The majority of the incentive budget will be allocated to direct financial incentives that are offered to program participants. ICF anticipates direct incentives to account for approximately $21 million of the $21,904,025 total incentive budget. The Direct Incentive category includes funding for a sub-category of Bonus Incentives for qualified Green House Gas (GHG) reducing measures. A second category, Equity Focused Stakeholder Rewards, will provide incentives to market actors and stakeholders to assist equity customers in overcoming their unique barriers. Lastly, a portion of the incentive budget will be reserved for a third award category to identify and create Pre-Approved Building Plans to help accelerate the time frame for design and permitting for those rebuilding after losing their home to a disaster. The incentive recipient for this category includes municipal building departments, design/build firms, architects or designers. If the inventory of available plans is limited, a design competition may offer incentive awards within the design community. The goal of the competition will broaden the knowledge and increase the inventory of pre-approved plans that include all-electric construction details and contemplate battery and Passive House standards. Each incentive category is described in further detail below.

Table 1 below displays the estimated budget values by incentive category. The incentive category estimated budgets are approximations. Flexibility to respond to market conditions is an effective tool for ensuring the program continues to operate fairly, reliably, and meets its objectives.

Table 1 – Incentive Categories and Estimated Budgets

Incentive Category	Estimated Budget
Direct Incentives & Bonus Incentives	$21,000,000
Equity-Focused Stakeholder Rewards	$500,000
Pre-Approved Building Plans	$404,025
Total Incentive Budget	**$21,904,025**

The proposed incentive categories and budgets aim to strike a balance of preserving the majority of the authorized budget for Direct Incentives to serve as many qualified customers as possible, while establishing additional incentives to help customers overcome potential planning and permitting hurdles that are not as readily addressed

[8] Other budget categories not discussed in this advice letter include administrative ($5M), implementation ($6.6M), and marketing and outreach ($14.6M).

through Direct Incentives. Increasing the allocated budget for Bonus Incentives, Equity-Focused Stakeholder Rewards, or Pre-Approved Building Plans would help achieve the aims of those categories and sub-categories but would as a result reduce the foundational Direct Incentives, and thus reduce the number of homes the program can serve. The proposed incentive category estimated budgets put forth in this advice letter is an appropriate mix to achieve the important, related goals of the program.

B. Direct Incentives

The WNDRR program will offer a foundational Direct Incentive for each residential housing unit type. The program will set a standard for all-electric construction that applies to the applicable code or federal standard. A Market Incentive will be offered to market-rate building owners that have lost their structure due to a declared natural disaster and meet the program eligibility requirements. An Equity Incentive will be offered to building owners who meet the program requirements such as being in a Disadvantaged Community, an income qualified utility rate such as California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) or was a past participant in the Income Qualified programs offered by the investor-owned utilities (IOUs).[9] Table 2 describes the proposed incentives by unit type. As required by the Decision, Equity Incentives are 1.5 times the proposed Market Incentive level.[10] Also, as shown in Table 2, the program intends to make available an incentive range that can be offered to individual participants, with ranges varying by residential unit type. A range of incentives provides flexibility to adjust incentive levels as necessary to respond to changing market conditions. Flat rate incentives will be communicated to individual participants as the available per measure incentive to ensure a simple and clear program offering. However, the authorized range will enable the program to adjust the incentive level offered as needed.

Market condition changes that may warrant consideration of a change in incentive levels include an increased or decreased amount of qualified natural disasters than recent historical averages, or greater or less customer interest than forecasted. In addition, participants may want to leverage other programs to stack or layer incentives. Thus if, for example, the Self-Generation Incentive Program (SGIP) were to increase its incentive for batteries, it would be prudent for WNDRR to potentially adjust its battery Bonus Incentive such that total customer incentives do not exceed the cost of the battery. As a second example, if an evaluation finds that most or all Accessory Dwelling Units (ADUs) are being built all-electric not due to the program, but due to other reasons (e.g., cost or delays associated with extending gas lines) the ADU incentive may be reduced or eliminated at a future date. As such, the Decision also allows the program implementer, through the program administrator to seek modification of the incentive levels through a Tier 3 advice letter.[11]

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[9] Decision, pp. 65-66.
[10] *ID.*, p. 61.
[11] Decision, pp. 61-62.

Table 2 – Unit Type Proposed Incentives by Market and Equity Customers[12]

Unit Type	Rebuild Standard for Incentive	2024 Base	Program Allowable Range - Base	2024 Equity	Program Allowable Range - Equity
Single Family Unit	T24 all electric	$10,000	$8,000 - $12,000	$15,000	$12,000 - $18,000
Modular Housing Unit	T24 all electric	$8,000	$6,000 - $10,000	$12,000	$9,000 - $15,000
Manufactured Housing Unit	Energy Star 2.0 all electric	$7,000	$5,000 - $9,000	$10,500	$7,500 - $13,500
ADU unit	T24 all electric	$7,000	$5,000 - $9,000	$10,500	$7,500 - $13,500
Multifamily unit	T24 all electric	$5,000	$3,000 - $7,000	$7,500	$4,500 - $10,500

The single-family incentive level was developed by reviewing the CPUC Staff Proposal as well as incentive levels from past programs such as the Marshall Fire Rebuild Program offered by Xcel Energy. The modular home incentive level was scaled accordingly based on research that indicated that modular homes cost approximately 20 percent less due to efficiencies in the construction process and timeliness of assembly. The ADU and multifamily incentives levels were determined through the assessment of proportional incentives established in other programs such as California Energy Smart Homes. The Manufactured Housing incentive level was based on research and an informational interview with the California Manufactured Housing Institute. Below are the program definitions for each building type.

Single-Family: Homes which have just one dwelling unit. For this program, duplexes and townhomes are considered single family. A duplex is a house plan with two living units attached, either next to each other as townhouses, condominiums, or above each other like apartments. Duplex homes share a single wall with a dwelling unit on either side of the wall. A townhome is a single-family dwelling unit constructed in a group of three or more attached units in which each unit extends from the foundation to the roof with open space on at least two sides. They must be modeled as individual separate units.

Modular Homes – Housing built in a factory to the local building code, trucked to the site where sections are craned into place and installed on a permanent foundation. As a result, these factory-built homes are classified as real property and not titled and registered with the California Department of Housing and Community Development (HCD).

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[12] T24 refers to Title 24.

Accessory Dwelling Unit (ADU): A smaller, independent residential dwelling unit located on the same lot as a stand-alone single-family home. ADUs include conversion of existing attached space, a new attached building, or conversion of existing detached space.

Multi-Family: Housing with four or more separate units connected by shared walls located in one or more buildings.

Manufactured Homes- A structure that is transportable in one or more sections. In traveling mode, the home is 8 feet or more in width and 40 feet or more in length. A Manufactured Home is designed and constructed to the Federal Manufactured Construction and Safety Standards and is so labeled. When erected on site, the home is: at least 400 square feet, built and remains on a permanent chassis, and designed to be used as a dwelling with a permanent foundation built to Federal Housing Administration criteria. The structure must be designed for occupancy as a principal residence by a single family.

C. Bonus Incentives

Bonus Incentives are a sub-category of the Direct Incentive budget. The WNDRR program proposes to offer additional incentives for individual measures or certifications, also known as Bonus Incentives. To qualify for these additional incentives, the participant must qualify for and meet the requirements of the foundational Direct Incentive for their housing unit type. The Bonus Incentives in Table 3 below would be in addition to the foundational Direct Incentive. Participants can receive Bonus Incentives for more than one of the eligible technology measures if they meet the program eligibility criteria.

Table 3 – Proposed Technology Bonus Incentives by Market and Equity Customers[13]

Technology	Base Incentive Amount	Equity Incentive Amount
Whole-Home Battery	$5,000	$7,500
Ultra-Low GWP Refrigerant Heat Pump Water Heater	$3,000	$4,500
Passive House Standard	$20,000	$30,000

13 Ultra-low Global Warming Potential (GWP) is defined as GWP less than 10 per Health and Safety Code, Division 26, Section 39735 (a) (7).

D. Equity-Focused Stakeholder Rewards

Equity customers often face unique challenges in rebuilding their homes following a natural disaster. The WNDRR program intends to implement a rewards structure to address the unique barriers faced by equity customers. Following past natural disaster events, some home insurance companies have provided insurance policy cost discounts for safety and mitigation features that reduce the risk of future loss. The program will engage the major home insurance providers in the IOUs' service areas to discuss and agree to discount insurance rates for homeowners who rebuild all electric and incorporate other resilient features. The program will work with key brokers in areas affected by natural disasters and may offer an incentive bonus to insurance brokers and other key stakeholders to ensure that equity customers are aware of these discounts and can use them to reduce the cost of ownership.

Other similar programs have experienced benefits in working directly with manufactured home retailers to provide incentives for qualified models at the time of purchase. In certain instances, this can reduce the total amount of financing an income-qualified customer needs to obtain at the time of purchase. The WNDRR program plans to offer an incentive bonus to manufactured home retailers to support equity customers through the program participation process to reduce the customer's burden in navigating this process.

The program may identify other key market actors in specific event declarations that may be modestly compensated with an incentive bonus to support equity customers. These funds are to be prudently managed, as in certain instances the incentive bonus may not be necessary or warranted. Any unused funds in the bonus category will be added to the Direct Incentive budget for disbursement.

E. Pre-Approved Building Plans

The design phase of developing a building plan and moving it through the permitting process has been a significant barrier to those that have lost their home and have an immediate need for housing. The program recognizes that having sets of pre-approved building plans available to program participants would allow participants to be able to expedite the design process. For certain building types, such as ADUs, there have been previous efforts to offer pre-approved plans in regions of the state. Initial research shows that cities such as San Diego, Los Angeles, San Jose, Fremont, Oakland, Santa Cruz and Sacramento have developed city-owned plans that are available to their constituents that are typically 85 percentcomplete for permitting, with the remaining approximate 15 percentof the plan specification details left to the builder and homeowner to develop. For these types of plans, the program envisions having clear completion specification paths for constituents that will lead to final plan sets that include all electric construction details that contemplate battery and Passive House Standards. Other cities, such as Anaheim, are in the process of developing plans that will be publicly available. Smaller cities and jurisdictions currently do not have city-owned plans available, but developing pre-approved plans appears to be a growing trend across the state as cities such as Cupertino have begun to offer plans.

The program will also work to solicit plan designs that can be pre-approved through the design community and builders who offer pre-approved plans in tract and custom homes. This may include supporting builders with pre-existing plans to offer options that incorporate resilient features into the building design. The pre-approved plans are envisioned to be all electric Title 24 compliant that provide ready paths to Passive House compliance and the adoption of whole home batteries.

The incentive award pathway includes the following touch points:

- The program issues a request for quote (RFQ) / grant solicitation to local jurisdictions detailing the building type and quantity of pre-approved building plans
- Grant application process requires local jurisdictions to apply for grants including a timeline of when pre-approved plans will be available if grants are awarded
- The program reviews applicants and issues award notices
- Local jurisdictions submit final pre-approved plans to the program
- Program initiates incentive processing for grant awards
- Local jurisdictions publish pre-approved plans on their websites

Depending on the inventory of available plans, the program may sponsor contests within the design community to have all electric, resilient plans submitted to provide publicly available building plans to participants. Depending on the geographic area of disaster events, the program will look to leverage existing plans and develop approaches to augment or develop plans that will reach the highest number of participants with a focus on disadvantaged communities. This may include working with tract builders to enhance their plans as well as efforts to make pre-approved ADU plans available to participants. Manufactured Home retailers and communities will also be engaged to offer all electric models that can readily incorporate whole home batteries. The program intends as necessary to work with local building permitting offices to expedite the review process for permitting for the plans as an additional benefit to participants.

F. Stakeholder Feedback

The Decision describes the stakeholder process, in part, as “To secure that input and advice, the program implementer (with the assistance of the program administrator) will be required to facilitate at least semi-annual stakeholder meetings, to be noticed on all parties to this proceeding and the expanded WNDRR service list.”[14] This semi-annual stakeholder meeting process will commence after program launch.

The Decision also requires stakeholder input prior to program launch. Appendix B states “The program implementer will develop the initial incentive structure and amounts, with

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[14] Decision, p. 52.

input from both ED and participating IOUs; and, via the stakeholder meetings, input from stakeholders."[15] ICF held three separate stakeholder meetings to solicit feedback on the initial incentive structure and levels.

After receiving initial feedback from Energy Division on ICF's approach to stakeholder engagement, as well as to the draft proposed incentive level and structure, ICF held its first stakeholder meeting with the IOUs on May 3, 2024. The IOUs asked clarifying questions but did not propose changes to the incentive levels or structure.

The second stakeholder meeting was announced on May 13, 2024, and included numerous community-based organizations and other relevant stakeholders. The webinar was held on May 23, 2024. ICF received a limited number of stakeholder feedback comments during the meeting, as well as via email to the ICF team. ICF received questions on the timing of when funding will be available, to which ICF shared that the timing is dependent on several factors including the timely approval of this advice letter. ICF also received input from a county government seeking information on available technical support to homeowners to be able to meet the requirements of the program. ICF was also asked by a community-based organization (CBO) about the process and timing of applying for and receiving incentives for victims of disasters declared in 2017 and up to program launch. ICF followed up with all individuals who provided questions or comments during the webinar or via emailed comment to better understand their needs and to determine how ICF can best support local government and other stakeholders.

The third stakeholder meeting was held on June 20, 2024. Some of the key themes discussed during the third webinar included the need for engagement with agencies and permitting offices for initial collaboration to proactively discuss the opportunity of pre-approved building plans, while acknowledging that there will be nuances at each jurisdictional level. ICF requested that individuals continue to engage and share their knowledge about pre-approved plans. Individuals also offered thoughts on the need for working with and supporting building departments and permit offices to identify opportunities for efficiencies that can streamline processes while maintain the intent and integrity of the compliance process. Participants also provided input via the survey; ICF will be following up with those individuals who indicated they are interested in engaging further with the program.

Broadly, the stakeholder process was beneficial to the WNDRR pre-launch process both in terms of receiving specific clarify questions and shared knowledge on potential successful approaches for local engagement, and for developing an initial yet robust group of engaged stakeholders willing to share their expertise and time going forward. This engagement will be essential for the continued success of the program.

[15] Appendix B (Section V.C.4), p. B-5.

TIER DESIGNATION

Pursuant to page 61 of D.21-11-002, SCE submits this advice letter with a Tier 2 designation.

EFFECTIVE DATE

This advice letter will become effective on September 27, 2024, the 30th calendar day after the date submitted.

NOTICE

Anyone wishing to protest this advice letter may do so only electronically. Protests must be received no later than 20 days after the date of this advice letter. Protests should be submitted to the CPUC Energy Division at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this advice letter should also be sent electronically to the attention of:

Connor Flanigan
Managing Director, State Regulatory Operations
E-mail: AdviceTariffManager@sce.com

and

Adam Smith
Director, Regulatory Relations
c/o Karyn Gansecki
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may submit a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is furnishing copies of this advice letter to the interested parties shown on R.19-01-011 and SCE's GO 96-B service lists. Change requests to the GO 96-B service list should be directed to AdviceTariffManager@sce.com or at (626) 302-6838. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov.

To view other SCE advice letters submitted with the Commission, log on to SCE's website at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

All questions concerning this advice letter should be directed to Eric Yamashita at (626) 302-7306 or by electronic mail at eric.yamashita@sce.com.

Southern California Edison Company

/s/ Connor Flanigan
Connor Flanigan

CF:ey:lp
Enclosure

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:
- ☑ ELC
- ☐ GAS
- ☐ WATER
- ☐ PLC
- ☐ HEAT

Contact Person: Darrah Morgan
Phone #: (626) 302-2086
E-mail: AdviceTariffManager@sce.com
E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5366-E

Tier Designation: 2

Subject of AL: Southern California Edison Company's Proposal for the Wildfire and Natural Disaster Resiliency Rebuild Program's Initial Incentive Structure and Levels

Keywords (choose from CPUC listing): Compliance,

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
ecision 21-11-002

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☑ No

Requested effective date: 9/27/24

No. of tariff sheets: -0-

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets: None

[1]Discuss in AL if more space is needed.

Clear Form

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission Energy Division Tariff Unit Email: EDTariffUnit@cpuc.ca.gov	Contact Name: Connor Flanigan Title: Managing Director, State Regulatory Operations Utility/Entity Name: Southern California Edison Company Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email: AdviceTariffManager@sce.com
	Contact Name: Adam Smith c/o Karyn Gansecki Title: Director, Regulatory Relations Utility/Entity Name: Southern California Edison Company Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email: karyn.gansecki@sce.com

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

Clear Form