



NPD&L

New Product Development & Launch

Product Development Process

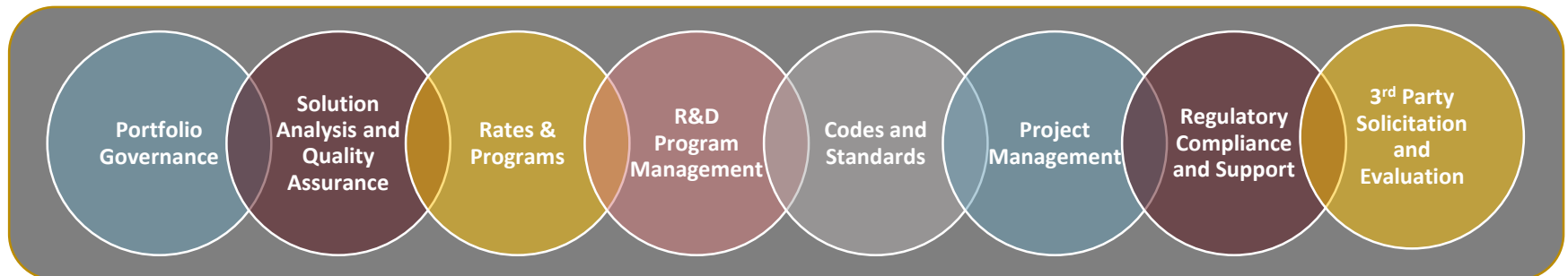
NPD&L Key Functions and Responsibilities

Effectively and efficiently deliver new customer products, programs and services, and assess existing solutions that achieve Demand Side Management (DSM) energy savings, improves customer satisfaction, and enhances SCE operational excellence.

Key Functions:



Key Responsibilities:



Scope of Products and Services We Review

SCE reviews and tests new and existing programs, products and services in the following areas:

Energy Efficiency and Demand Response

HVAC and Controls

Lighting and Controls

Plug Loads and Electronics

Agricultural and Process Loads

Whole Building Systems/ZNE

Energy Storage

Pricing and Rates

Enhancement to Existing Rates

New Rate or Rate Closure

Regulatory Compliance
Basic Rates (CARE, FERA)

Variable Pricing
(PTR, CPP, TOU, RTP)

“Clean” Rates
(NEM, Green, PEV)

Energy Services
(OOR, Non-Energy billing)

Customer Engagement and Energy Management Tools

Tools/Analytics

Billing & Payment

Bundles (includes pricing, DR, EE)

Business

Data Privacy

Programs & Services Lifecycle and Governance

Establishing a Standard Process

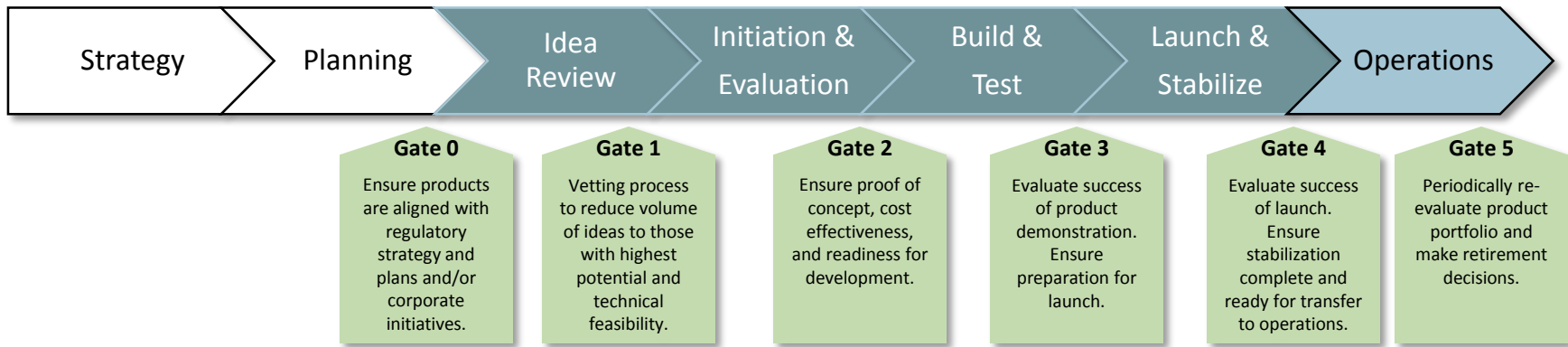


Portfolio Governance Benefits:

- Enables **alignment** to strategic goals and objectives
- Creates **uniform method** and transparency of intake and evaluation
- Informs **other departments** of upcoming launches and their impacts and **prepare** appropriately
- **Enables gate management** through the product development life-cycle
- Allows **tracking to goal** based launches

Product = an offering to customers that may include tools, technologies, programs & services

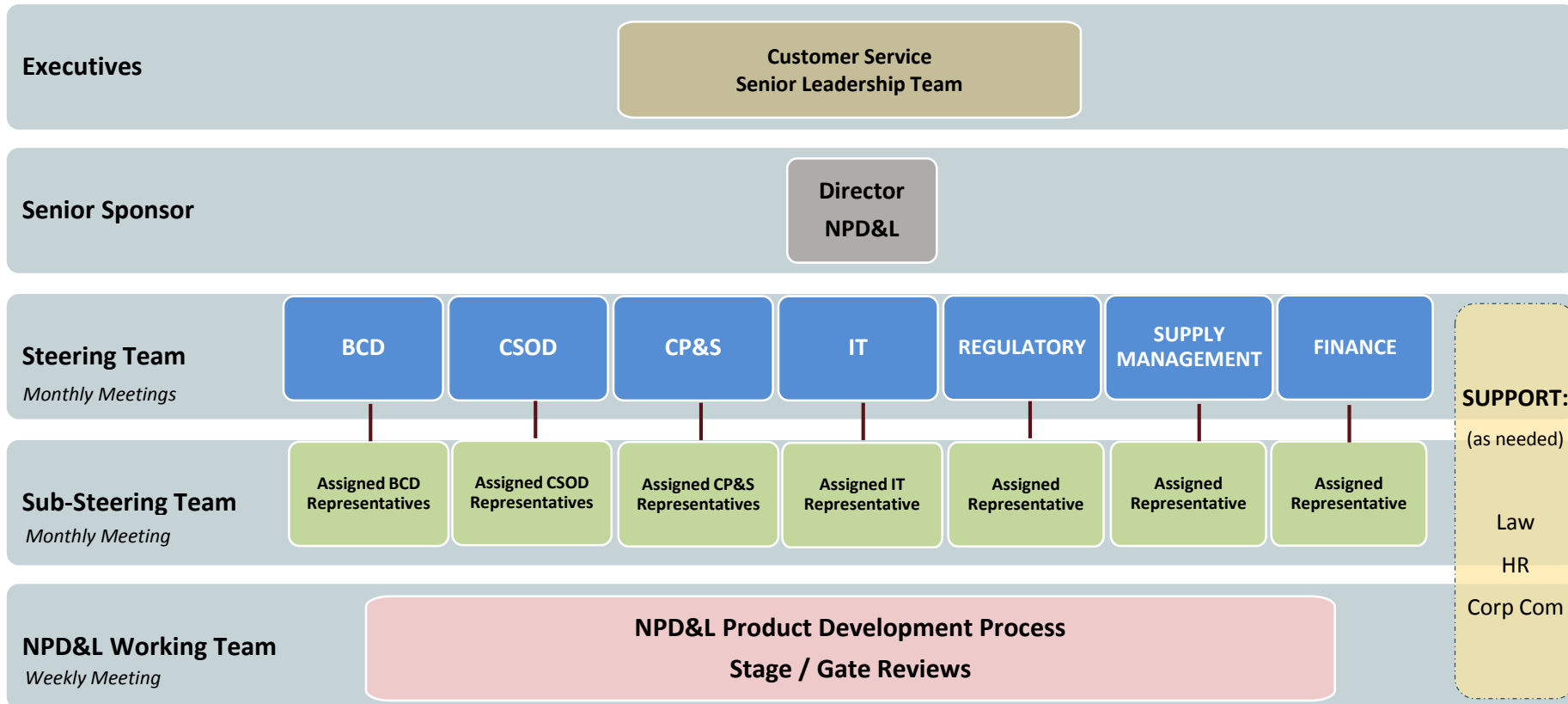
Standard Product Development Life-Cycle:



- The **standard product development life-cycle** provides classic stage gate process driven by statistical data and clear strategic value.
- Functional Integration - Strategically focused product development **lifecycle requires broad view and integration** with a large number of internal and

enterprise functions including Product Management, Technology Management, Policy Management, Project Management, Change Management, Marketing & Communications, etc. This **ensures alignment** moving away from silo'd initiatives.

Governance Includes All Levels of SCE Management



Note: Alignment with CS Business Planning, Program Management & Planning, in progress

NPD&L 2014 Intake Process Summary

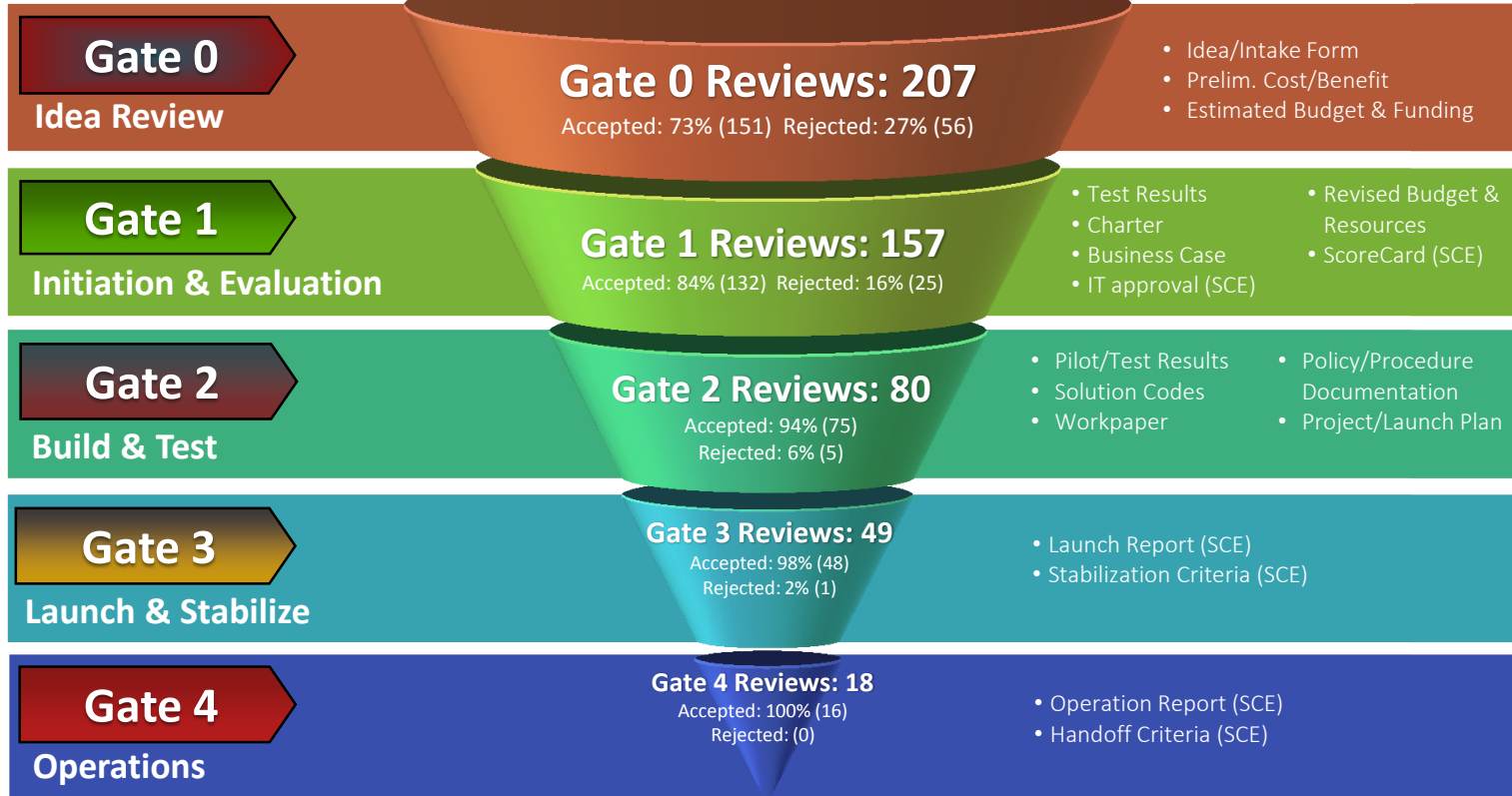
2014 Total Intake:
292

Existing Projects (2013 & Prior): 39
New Submissions (2014): 253

Pending Gate Assignment & Review: 50

Customer Engagement : 40
Demand Response : 39

Energy Efficiency: 198
Pricing: 15



Total Projects Approved: 52%

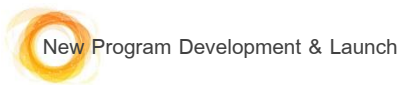
Total Projects Rejected: 30%

2014 Totals: 52% Approved, 30% Rejected 17% Pending, 1% Completed/Closed

01.2015

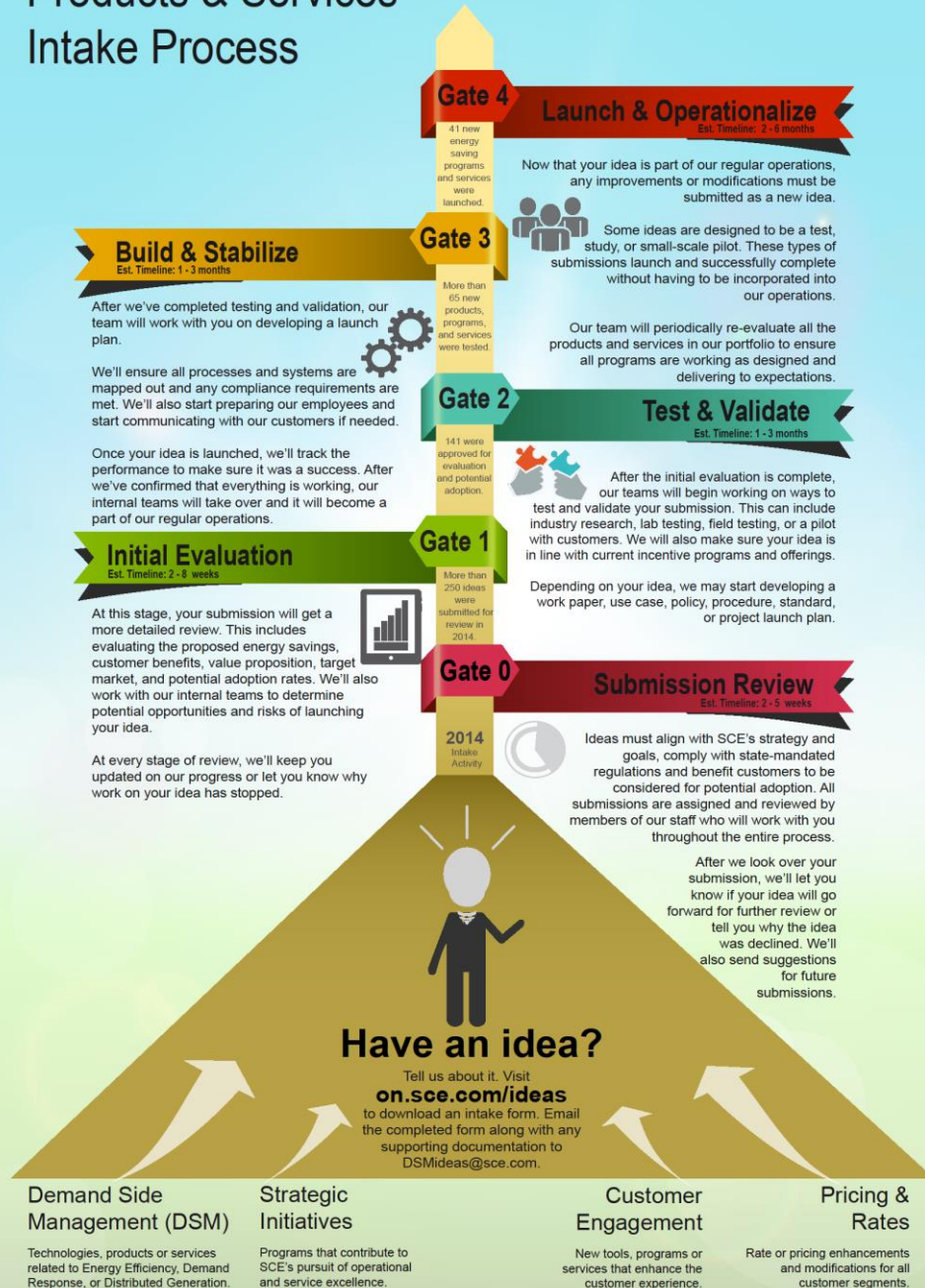
From Idea to Launch

Intake Process overview for new customer programs, products, and services.



SCE Int

SCE Customer Programs Products & Services Intake Process



Working with Industry Partners



Have an idea to help us save energy,
reduce demand, or improve operations?

New Program Development & Launch

Let us know!

visit
on.sce.com/ideas
to share your idea



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Share Your Ideas

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Help Us Energize the Future

Please share your ideas to help us save energy, reduce demand, and improve our operation!

Submissions - How This Works

If you have a great idea for a new product or service we want to hear about it. To submit your idea for consideration, please complete a proposal form. The form will provide guidance on what is needed for the review. Submit this form along with any supporting documentation to our New Products and Services team at DSMIdeas@sce.com.

After we receive your completed submission form, our team will review it and contact you with an assessment and next steps.

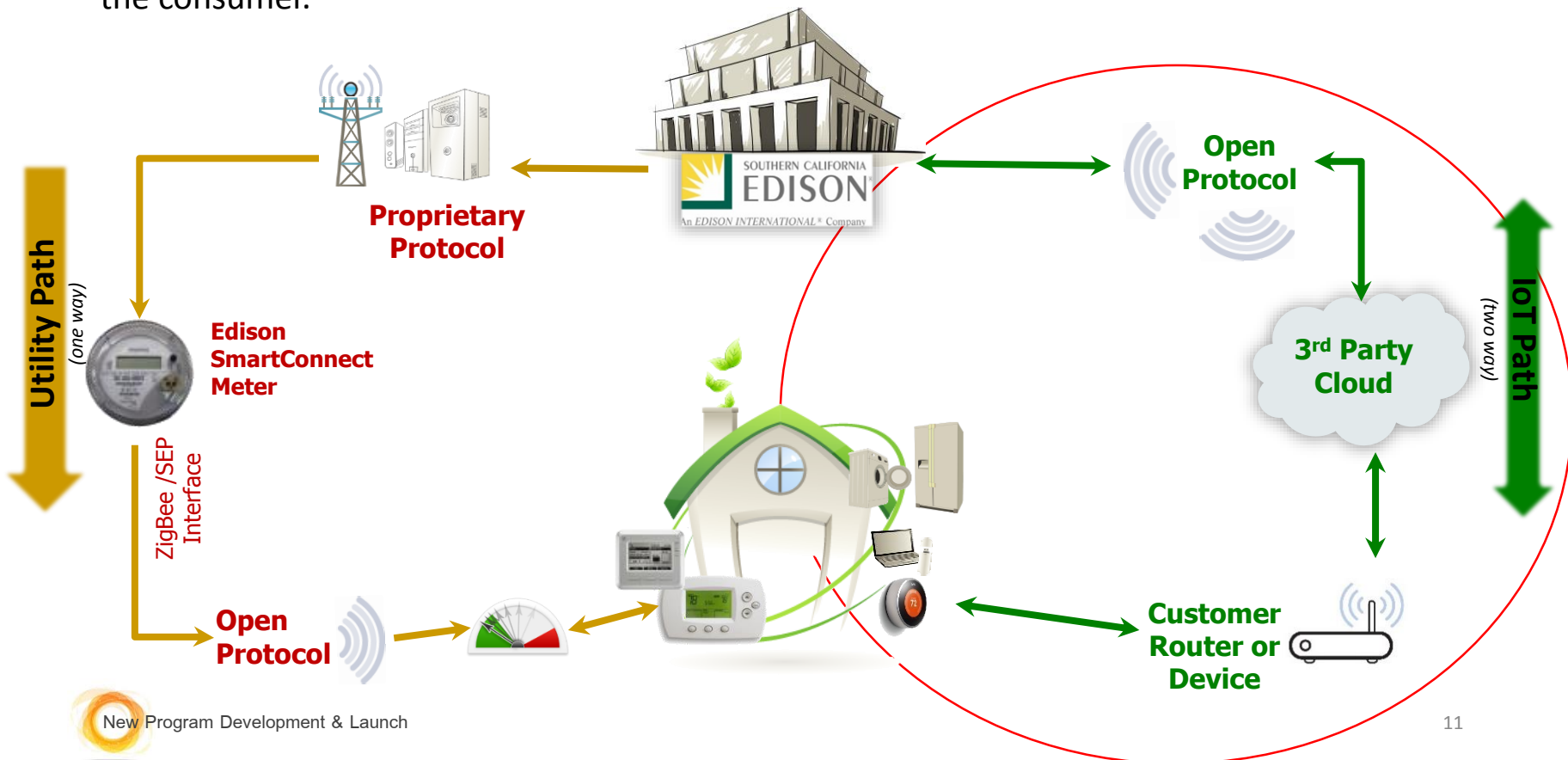
Get Started >



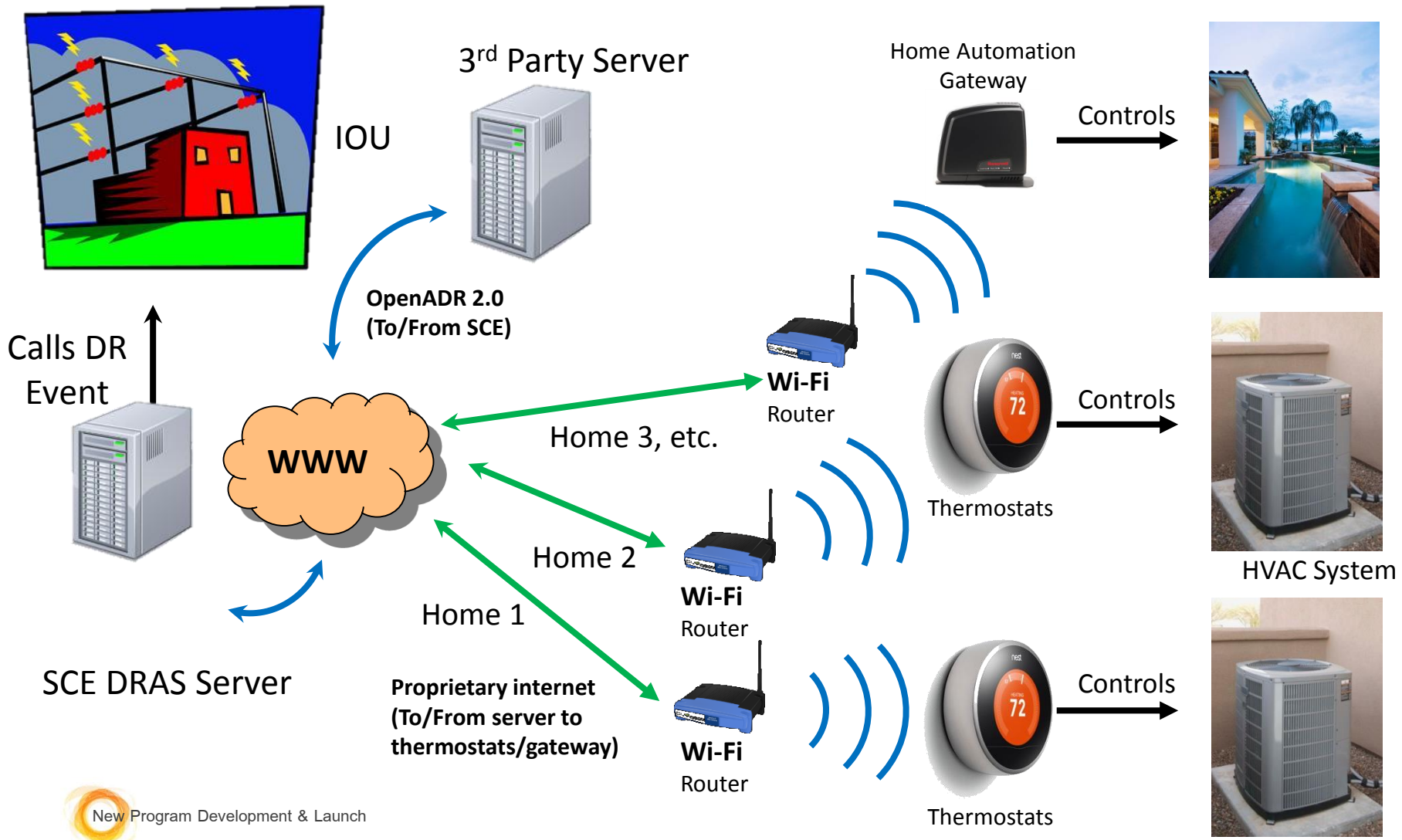
NPD&L Demand Response (DR) Activities

Reaching the Customer

- SCE must be able to create plans and programs utilizing both the “utility” and “3rd Party” pathways to reach customers. This will ensure **customers have the ability to choose** the tool or solution that meets their needs.
- Leveraging both pathways provides SCE with additional functionality that can **enhance energy reliability, reduce the time required for DR events, and can help improve power quality** for the consumer.



Architecture



Mass Market: Third Party Load Control

- **Objective**

- 2014: Evaluate residential load reduction, leveraging cloud service connection with Smart Thermostats
- Increase cost effectiveness of existing programs such as SCE's Save Power Day
- Reduce load per SONGS Demand Response (DR) mitigation (CPUC A.12-12-017)
- Enable 3rd parties to evaluate potential of residential DR aggregation market

- **Business Drivers**

- Utilize existing customer base to eliminate equipment & installation costs
- 3rd party performs all marketing for a nominal \$20 acquisition fee per customer
- SCE leverages its existing commercial OpenADR event notification process
- Leverage SmartConnect meters to enable pay-for-performance incentive

- **Costs**

- Customer: \$100-\$249 for Smart Thermostat with connected cloud service
- Estimated SCE cost < \$80/kW and a Total Resource Cost ratio of over 1.5*

- **Benefits**

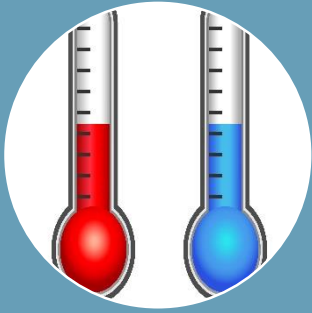
- Provide up to 0.75kW peak shaving per customer using current rate structure
- Each dollar invested could return 2-3 times kWh reduced vs. similar driven programs
- Over 10% take rate after a single touch point
- Supports SCE's stated goal to promote open standards (i.e. OpenADR)
- Additional cost effectiveness identified through modification of current tariff



* 0.9 TRC or greater is typically required – this anticipated rating is the highest of all SCE's residential DR programs

Opportunities: Large / Commercial Customers

Looking at New Ways to Provide Savings (C&I). Energy efficiency and savings potential is expanding beyond the traditional areas of opportunity.



Energy Management

- EMS & HVAC
- Retrofits
- Lighting
- Zero-net Energy
- Building Efficiency



Transportation Electrification

- Work Place Charging
- Vehicle to Grid – Demand Response & Energy Storage



Data & Analytics

- First Fuel
- Enhanced Energy Advisory and Audit Tools



Quality & Reliability

- Renewable Energy
- Energy Storage
- Power Quality

New technologies have created new opportunities

Small Commercial Study

Why Small Commercial?

- Historically underserved market
 - No assigned account managers
 - Programs focused on large C&I and Residential
- Defaulted to Time of Use (TOU) rates last year
- Moving to Critical Peak Pricing (CPP) in 2017
- More than 400,000 small business customers in SCE territory
- Large concentration in SONGS mitigation area
 - Over 16,000 Commercial GS-1 in Johanna/Santiago



Small Commercial Study

Objectives:

- Identify low cost, easy to understand solutions
- Demonstrate viability of cloud based solutions
- Determine existing technology that may be leveraged
- Test DR parameters (response time, event duration, locational dispatch, etc.) to define a future cost effective program that balances grid needs with customer impact
- Utilize OpenADR 2.0b





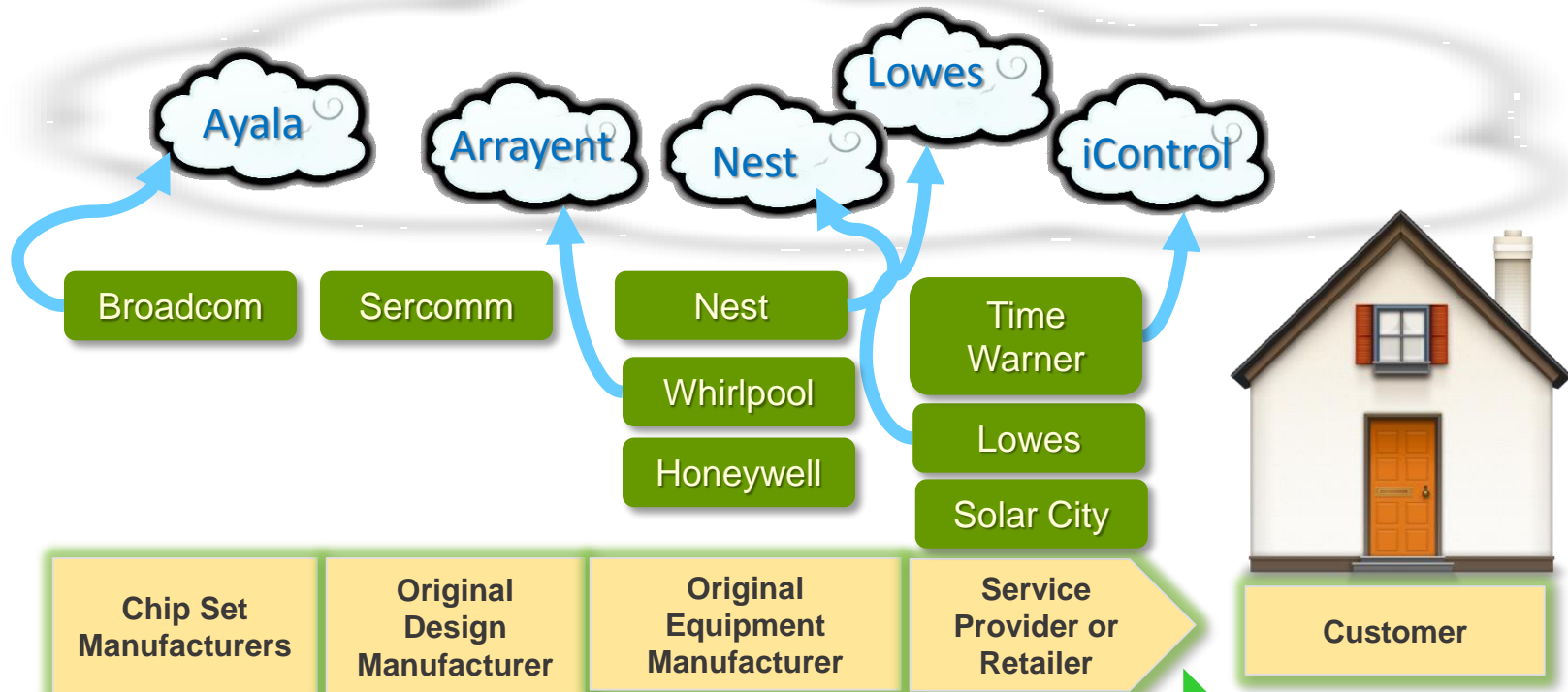
Questions?

New Program Development & Launch

Appendix

Connecting with customers in an evolving energy landscape

Leveraging cloud services for the home, health and security will be key for utilities to better engage customers, enable DR and energy efficiency programs and services, and help keep costs low.

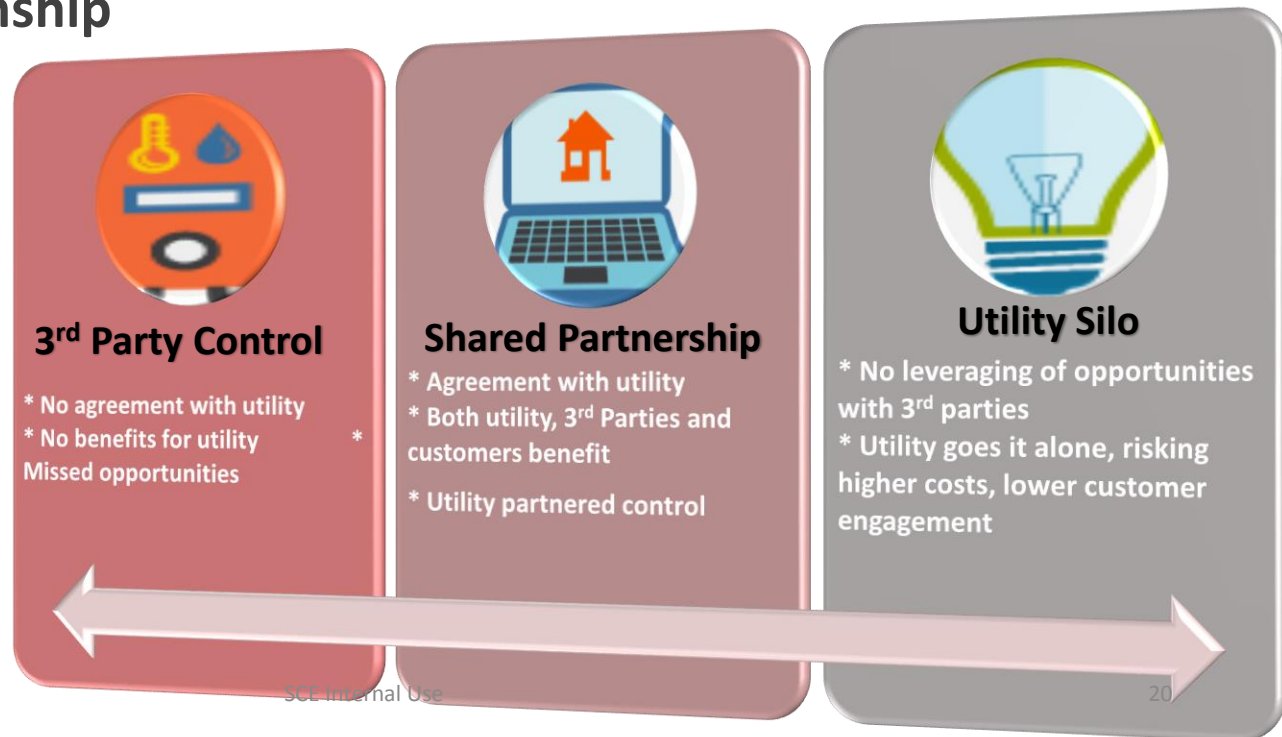


Consumer Electronics Food Chain

New products and technologies are capitalizing on cloud-based services & capabilities at variety of levels (from design to aftermarket).

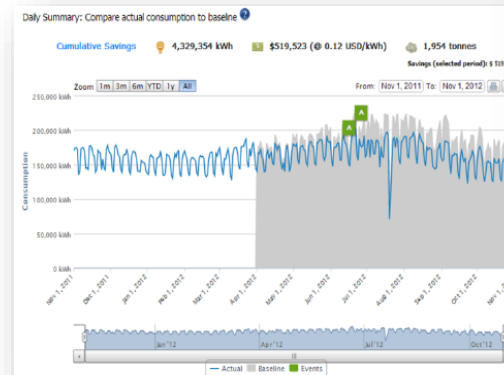
Utilities have options...

- **Partnership** will allow utilities to achieve efficiency and grid reliability goals
- Attain utility **goals** while preserving affordability
- Enables **innovative** customer **solutions**
- Enhances **customer engagement** and preserves the **customer relationship**



Executing the partnership – important considerations

- Balancing information sharing and customer privacy
 - Data governance, strategy, ownership
 - Compliance
- Open communication standards enables the marketplace
 - OpenADR
 - ESPI / Green Button Connect My Data
- Embrace partnership
 - Co-branding and co-marketing
 - Improve business development
 - Measured risk taking



SCE "Customer"
First Fuel Audit

