

# ET Summit 2025

Presented by



# SCE's Flexible Pricing Rate Pilots

Eva Molnar

Senior Manager, Pricing Implementation

Southern California Edison

## Southern California Edison (SCE) Overview

One of the largest electric utilities in the U.S.



- **50,000 sq. mi.** service area with approximately **15 million** residents & more than **5 million** customer accounts



- **1.4M** power poles
- **125,000 miles** of SCE distribution and bulk transmission lines
- SCE is preparing the grid to be ready to support widespread electrification through significant growth and expansion of the electric system to meet customers' growing and changing needs



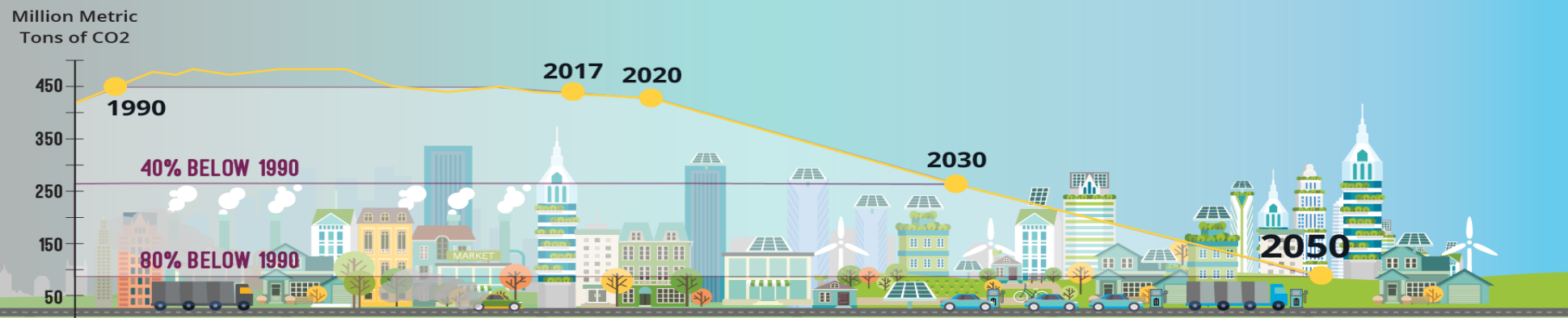
- Regulated by the CPUC; rates are determined through the general rate case
- Over **99%** of Non-Residential customers are on Time-of-Use (TOU) rates, with **58%** of Residential customers on TOU rates, and **83** commercial/ industrial customers on a Real-time Pricing rate, with the trigger being the day ahead temperature in downtown LA.



# Setting the Stage: SCE's Clean Power Pathway

If we want to get to **reduce emissions**, we have to move towards 100% renewables by 2045

**Flexible Rates Provide Accurate Signals To Encourage Use at the Right Times and minimize the impacts of this shift**



**The Challenge: How to Get Customers Thinking about When They Use Energy as well as How Much They Use**

# SCE's Flexible Pricing Rate Pilot and Expanded Flexible Pricing Rate Pilot Designs

	Initial Flex Rate Pilot	Expanded Flex Rate Pilot
<b>Pilot length</b>	Ended Dec 2024	2025-2027
<b>Eligibility</b>	Bundled customers with a controllable technology, such as a thermostat, that is managed by an Automation Service Provider (ASP).	Bundled or unbundled customers from select rate classes not currently enrolled in most DR programs. Participants can be self-enrolled or enrolled via an ASP. One CCA is currently participating, and one Direct Access customer is considering participation.
<b>Enrollment</b>	Via ASP	Via Online Portal, no ASP needed.
<b>Rate Design</b>	Customers start with a subscription kWh based on last year's usage and their otherwise applicable rate. Any deviations from that kWh are based on the day-ahead CAISO market price plus other adders (eg, dynamic distribution price, demand charges, baseline credits).	Similar
<b>Billing</b>	Customers remain and are billed on their current rate, and they are "shadow billed" monthly by a vendor. Customers are paid an incentive at the end of their 12 months through their ASP. If customers pay more on the Flexible Pricing Rate than their current rate, no further \$\$ are collected.	Same except the calculation vendor will be different and the incentive can also be paid directly for those not managed by an ASP.

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**SCE Flexible Pricing Rate Pilot**

**AN EXCITING OPPORTUNITY FOR SOUTHERN CALIFORNIA EDISON (SCE) CUSTOMERS**

Southern California Edison is currently piloting a special flexible pricing program for customers with select smart electric devices, such as smart thermostats, battery storage devices, or an electric vehicle. The goal is to allow hourly energy prices that reflect the capacity of customers' smart devices to automatically adjust electricity usage to times of day when energy is less expensive and can be generated with lower emissions. Shifting energy usage to optimal times has the potential to improve the reliability of the electric system while providing savings for customers.

The pilot program is being facilitated by third-party Automation Service Providers (ASPs) partnering with SCE, in conjunction with a vendor named Tablin Inc., to help customers and their smart devices optimize energy consumption.

**How will I be compensated under this pilot?**  
You will continue to receive electric service from SCE on your current rate, and you are expected to pay your regular bill as normal. At the same time, you will receive monthly updates from your ASP on any calculated savings you may have achieved by your devices as a result of the flexible pricing rate.

At the end of 12 months of participation, the monthly regular bill you paid will be compared against the bills based on the SCE flexible pricing rate under the pilot. If you saved money on the SCE flexible pricing rate, your ASP will provide you with an incentive payment for the difference. If you did not save money on the SCE flexible pricing rate, you will incur no cost. Customers who are on Net Energy Billing plans will receive their compensation (if any) at the end of their relevant period, even if it occurs before the 12 months. Customers are free to leave the pilot at any time. If you realized any savings based on flexible pricing, you will be compensated within 12 weeks of your departure from the pilot.

**What devices are eligible?**  
To participate in this study, you must have an SCE smart utility meter and one or more smart devices. Smart devices include, but are not limited to:  

- Devices that control when and how much energy is consumed or produced, such as thermostats, heat pump water heaters, pool pumps, etc.
- Behind the meter batteries
- Electric vehicles
- An energy management system

**IMPORTANT INFORMATION ABOUT YOUR SCE FLEXIBLE PRICING RATE PILOT PARTICIPATION**  
(this is not a bill)

Service Account Number: <Service Account Number>  
Service Address: <Service Address>

Dear Valued Customer,

We are sending you this Flexible Rate Comparison Report as part of your voluntary participation in SCE's Flexible Pricing Rate Pilot. This is not an actual SCE bill - it is a tool to show your activity during your pilot participation. We will continue to send you this monthly statement to keep you updated on how flexible rates would impact your bill. As you know, this pilot is intended to produce lessons about how flexible rates can support affordability and clean energy goals.

Statement Date: Month XX, 202X

Billing Period	Start Date	End Date	kWh Usage (estimated hour)	SCE Bill Subtotal (before taxes)	Flexible Pricing Rate Subscription	Flexible Pricing Rate Transactions	Flexible Pricing Rate Incentive
1	XX/XX/XX	XX/XX/XX	XXX	\$XXX.XX	\$XXX.XX	\$XXX.XX	\$XXX.XX
2	XX/XX/XX	XX/XX/XX	XXX	\$XXX.XX	\$XXX.XX	\$XXX.XX	\$XXX.XX
3							
4							
...							
<b>Total</b>							<b>\$XXX.XX</b>

The amounts shown on this Flexible Rate Comparison Report are before taxes - state and/or utility taxes shown on the actual SCE bill will not change as part of your participation in this pilot.

At the end of 12 months of participation, the monthly regular bill you paid will be compared against the bills based on flexible pricing rate under the pilot. If you saved money on the flexible pricing rate, you will be provided with an incentive payment through your ASP for the difference. If you did not save money on the flexible pricing rate, you will not pay any additional amount.

## SCE's Initial Flexible Pricing Rate Pilot Results

- 40 bundled customers participated in the pilot
  - 24 were Residential - 4 had Solar, and 4 were low income for some or all of the pilot
  - 16 were Non-Residential - 11 of those are NEM, majority on TOU-GS-2 rate, 1 had Paired Storage
- A load evaluation was conducted and did not find evidence of consistent and/or large changes in hourly energy usage due to customer price response. One potential reason could be the lack of significant price differentiations with the dynamic prices to induce significant price response.
- The monthly bill impacts of the Pilot dynamic rate (shadow bill) in comparison to a customer's current rate showed 41% (9 of the 22) of the customers evaluated saved money on the Pilot. Subscription savings were the most important factor in determining whether a customer was due a shadow bill credit (as opposed to transactions above or below the subscription amount).
  - 4 of 13 residential customers were on track to receive a credit averaging 2.1% of their OAT bill.
  - 5 of 9 commercial customers were on track to receive a credit averaging 4.7% of their OAT bill.



## SCE's Initial Flexible Pricing Rate Pilot Key Learnings

- **Customer Experience:** SCE surveyed customers on their experience. Results were anecdotal due to small sample size, but there were two key findings:
  - Satisfaction from respondents varied. Those receiving the fact sheet were more likely to be satisfied on the pilot and more likely to accurately explain the pilot details compared to those who did not receive the fact sheet, which indicates that education may provide benefits for future dynamic rate offerings.
  - Half of the customers who responded had to upgrade their existing devices in order to participate in the Pilot. This could present a potential barrier to adoption and should be taken into consideration, especially with lower income customers.
- **Pilot Administration:** Partnering with a vendor who does not have our interval data was challenging and led to delays
- **Rate Design:** Subscription development became challenging when customers have a major change in the 12 months prior to starting on the dynamic rate (be it from a change to NEM, or just a large change in usage)

## SCE's Expanded Flexible Pricing Rate Pilot Current Status

- Hourly day-ahead pricing began delivery to a limited set of customers via API in July 2025
- ~150 commercial and industrial customers currently on the pilot
  - Majority of customers are either Commercial EV chargers or Water Districts
- Pilot portal is scheduled to launch in the next few months. This will allow customers to instantly determine eligibility and enroll onto the pilot, as well as access billing results.
- Learnings to-date:
  - Substation specific pricing has been difficult to implement at some substations due to challenges in filtering out merchant generator export loads from models.
  - Customer Feedback: Concern that subscription pricing requires them to shift loads from prior year and may limit benefits. Concern that subscription may not account for customers significantly increasing or decreasing loads from prior year.
- A mid-term evaluation report on the expanded pilot will be published by August 1, 2026.
- More Information: <https://www.sce.com/sce-expanded-flexible-pricing-rate-pilot>



## Thank you!

For more information, contact **Eva Molnar** at [eva.molnar@sce.com](mailto:eva.molnar@sce.com).