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JOINT PROPOSAL OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION FOR CHANGES TO CLIMATE CREDIT

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FOR CHANGES TO CLIMATE CREDIT**

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JOINT PROPOSAL OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) AND CALIFORNIA COMMUNITY CHOICE ASSOCIATION FOR CHANGES TO CLIMATE CREDIT

Pursuant to the *Assigned Commissioner's Ruling Providing Direction and Setting the Phase 1B Procedural Schedule* dated June 20, 2026 (Phase 1B Ruling), the *Administrative Law Judge's Email Ruling Adjusting the Procedural Schedule* dated July 9, 2026 (July 9 Email Ruling), and the *Administrative Law Judge's Ruling Providing Direction for Party Proposals* dated August 17, 2026 (August 17 Ruling), Southern California Edison Company (SCE) and the California Community Choice Association (CalCCA) respectfully submit their Joint Proposal for Changes to Climate Credit (Joint Proposal).[1]

I.
INTRODUCTION

SCE and CalCCA jointly propose that the Commission either retain the status quo or continue with a broadly available residential flat Climate Credit but with additional relief delivered to low-income customers. Retaining the existing equal, non-volumetric Climate Credit methodology remains the approach best supported by the record because it provides broad and predictable bill relief, minimizes implementation costs and customer confusion, and maximizes the value returned to customers. The Climate Credit is a finite pool of allowance revenues, and any redistribution necessarily involves tradeoffs: increasing the credit for one group of customers reduces the amount available to others. A departure from the status quo therefore should not be justified merely because it provides a larger credit to a particular group; it should demonstrate a net customer benefit after accounting for both the corresponding impacts on other customers and the costs of implementing the change. These considerations reinforce the benefits of the existing methodology and counsel against adopting a more complex alternative absent a demonstrated net benefit. As discussed in greater detail below, the Joint Proposal will preserve the Climate Credit as a direct and visible source of bill relief.

If, however, the Commission decides additional relief is needed for low-income customers, it could as an alternative ensure all customers continue to receive a Climate Credit distribution but also

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[1] Pursuant to Rule 1.8(d), SCE confirms that counsel for CalCCA has authorized SCE to file this *Joint Proposal* on its behalf.

target incremental affordability benefits for customers facing the greatest financial pressure than other proposed changes. The Joint Proposal which incorporates this alternative balances the benefits from any changes against the complexity and associated costs and hurdles of implementation.

Specifically, if the Commission does not maintain the status quo, SCE and CalCCA jointly propose that customers who are enrolled in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs receive a Climate Credit equal to up to two times the non-CARE/non-FERA residential credit amount. Beginning with the 2028 Climate Credit distribution cycle, the Commission should adopt the following residential electric Climate Credit methodology if it decides to adopt the alternative to the status quo:

- **Credit Amount:** All eligible residential electric customers would continue to receive a Climate Credit through the Investor-Owned Utilities (IOUs), as they do today, but CARE/FERA customers will receive up to twice the Climate Credit amount provided to non-CARE/non-FERA residential customers.
- **Total Distribution:** The total amount distributed would remain limited to the applicable residential Climate Credit revenue available for distribution after any Commission-authorized deductions, transfers, administrative costs, and other applicable statutory or regulatory requirements.
- **Distribution Method:** The IOUs would continue to distribute the credit as a flat per-account bill credit, differentiated only by CARE/FERA enrollment status, and with the customer messaging approved by the Commission.
- **Distribution Timing:** Consistent with Public Utilities Code section 748.5[2] and the Phase 1A decision issued earlier in this proceeding,[3] the IOUs will continue to distribute the credit in the highest-billed months of August and September.

If the Commission declines to maintain the status quo, it should adopt the Joint Proposal because it addresses affordability while offering a practical, administratively feasible, and customer-friendly middle ground between the current equal flat-credit structure and more complex proposals that may not offer benefits that outweigh the complexity and cost of implementation, such as those proposing to allocate Climate Credit proceeds through customer-specific usage, income, geography, or other more

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[2] Hereinafter, unless otherwise stated, all statutory section references are to the Public Utilities Code.
[3] D.26-04-036.

granular metrics. The Joint Proposal therefore should be viewed as a limited alternative to — not a reason to depart from — the status quo. The existing methodology remains the appropriate default, and the Commission should adopt the Joint Proposal only if it determines that additional targeting of affordability benefits warrants a change.

In compliance with the August 17 Ruling, which requires parties making proposals to describe the proposed change(s), explain how their proposal addresses Commission priorities, identify implementation and outreach considerations, and provide supporting data attachments, SCE and CalCCA respond to the Ruling requirements below.

II.
DETAILS OF THE PROPOSED CHANGES TO THE CLIMATE CREDIT, HOW THEY ADDRESS COMMISSION PRIORITIES, IMPLEMENTATION AND OUTREACH CONSIDERATIONS, AND DATA IN RESPONSE TO SECTION 1 OF RULING

A. The Commission Should Retain the Status Quo or, if a Change is Warranted, Adopt SCE's and CalCCA's Limited CARE/FERA Modification

The August 17 Ruling requires parties to detail their proposed changes to the Climate Credit by describing how the proposal will change the Climate Credit distribution timing, the number of distributions, methodology for calculating credit(s), and/or credit eligibility. SCE's and CalCCA's primary recommendation to retain the status quo would require no changes to any of these elements. Under the existing methodology, eligible residential customers receive an equal, flat per-account Climate Credit, with no differentiation based on usage, income, geography, or other customer characteristics, and the credit would continue to be distributed in August and September consistent with the Commission's Phase 1A decision.

Only if the Commission determines that a change to the existing methodology is warranted, SCE and CalCCA propose a limited modification that would retain the existing flat per-account structure but vary the credit amount based on whether the customer is enrolled in CARE or FERA at the time of the applicable Climate Credit distribution. The alternative would therefore preserve the principal features of the existing methodology, including its broad availability, flat per-account structure, and distribution timing, while modifying only the amount provided based on CARE or FERA enrollment.

CARE and FERA customers would receive a credit equal to up to twice the amount received by non-CARE/non-FERA residential customers. For example, if the available residential Climate Credit

revenue for a given year supports a $100 credit for a non-CARE/non-FERA residential customer under the proposed allocation methodology, a CARE or FERA customer would receive a $200 credit under a 2x adder. The actual credit amounts would be calculated annually based on the residential revenue available for distribution and the number of eligible residential accounts, including the number of CARE and FERA accounts. The Joint Proposal would apply to all IOUs.

1. Distribution Timing and Number of Distributions

SCE and CalCCA recommend maintaining the Phase 1A Decision's determination that the Climate Credit should be distributed in the two high-billed months of August and September.[4]

2. Methodology

SCE and CalCCA propose that the Commission calculate the residential Climate Credit using the available residential allowance revenue[5] approved through the applicable Energy Resource Recovery Account (ERRA) Forecast, Energy Cost Adjustment Clause (ECAC), or advice letter process, less any Commission-authorized deductions, administrative costs, statutory transfers, or other applicable requirements. The remaining residential Climate Credit revenue is allocated using the formula described above.

3. Credit Eligibility

The Ruling asks parties to describe how their proposals ensure that bundled and unbundled customers are treated equally and otherwise address implementation considerations for customers whose procurement is not provided by the utility. As a preliminary matter, SCE and CalCCA jointly propose that all eligible residential electric customers continue to receive a Climate Credit. Under the alternative proposal, CARE and FERA customers would receive an enhanced credit. The Commission should direct the IOUs to use the same type of eligibility determination process they currently use for Climate Credit implementation, modified as

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4 Decision (D.) 26-04-036, Ordering Paragraph (OP) 1.

5 The available residential allowance revenue is calculated as the proportionate share of total allowance revenues allocated to residential customers from the revenues available to both residential and eligible small business customers.

necessary to account for CARE/FERA status, if necessary. CARE or FERA eligibility should be determined at the time the credit is being issued by using existing CARE/FERA enrollment information in the IOUs' billing systems.[6]

SCE and CalCCA's Joint Proposal treats bundled and unbundled residential customers equally by applying to the credit to eligible residential customer accounts regardless of whether the customer receives generation procurement service from an IOU, a community choice aggregator (CCA), or another load-serving entity (LSE). This treatment is consistent with the existing Climate Credit framework, under which the residential electric Climate Credit is provided to bundled and unbundled residential electric customers.[7] Because the alternative proposed enhanced credit is based on CARE or FERA enrollment status rather than procurement status, it does not create a distinction between bundled and unbundled customers, which is an additional benefit of the Joint Proposal as compared to some of the other more complex proposals.

The Joint Proposal also ensures that master metered customers are treated equally to non-master metered customers with respect to the distribution of the Climate Credit. Landlords are required to pass the Climate Credit on to residential master metered customers, and the Joint Proposal does not disrupt that process, ensuring compliance with Public Utilities Code section 739.5(b).

B. The Joint Proposal Furthers the Commission's Priorities

The August 17 Ruling requires parties to address how their proposals address each of the four priorities in the June 29, 2026, Phase 1B.

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[6] Note that because customers receive letters about the Climate Credit that precede the delivery of the Climate Credit, those letters may suggest to customers then served on CARE/FERA that they will receive an enhanced credit that is larger than that which they will actually receive if they are no longer on CARE/FERA when SCE delivers the Climate Credit.

[7] OIR, p. 2 ("Per Commission decisions in Rulemaking (R.) 11-03-012 and R.20-05-002, the California Climate Credit (Climate Credit) is delivered as a twice-per-year lump-sum bill credit automatically provided to all bundled and unbundled residential electric customers and certain qualifying small business electric customers.")

1. The Joint Proposal Recommends the Affordability Benefit of the Status Quo But Provides a Limited Alternative for Additional Targeting

SCE and CalCCA contend that retaining the status quo best preserves the Climate Credit's existing affordability benefits by providing broad, predictable bill relief to all eligible residential customers without incurring additional implementation costs that would reduce the amount available for direct customer relief. If the Commission nevertheless determines that additional targeting is warranted, the alternative CARE/FERA modification would further the Commission's affordability priority by increasing the Climate Credit for customers most in need and who the IOUs can identify through their enrollment in the Commission's approved affordability programs.

Providing up to twice the Climate Credit to CARE/FERA customers under this alternative would provide greater bill relief to customers with demonstrated affordability needs while continuing to also preserve meaningful bill assistance for all other eligible residential customers, including customers who may face genuine affordability challenges but fall outside CARE/FERA eligibility. This structure recognizes that all residential customers experience energy affordability pressures, while CARE/FERA enrollment provide an existing and readily administrable means of identifying customers for enhanced support if the Commission determines that redistribution of the Climate Credit is warranted.

2. The Joint Proposal Encourages Electrification

By lowering electric bills during high-billed periods, the Joint Proposal to retain the status quo, or in the alternative to provide an enhancement for CARE/FERA customers, not only advances electric affordability for customers but also eases customer concerns that switching from fossil fuel-based to electric appliances may result in higher bills. At least for the highest billed months, a customer considering fuel switching might be encouraged towards electrification from seeing lower-than-expected bill payments due to the application of the Climate Credit during those months. In addition, if the Commission adopts the alternative proposal, applying up to twice the amount of Climate Credit to customers enrolled in SCE's CARE/ FERA programs will help increase these customers' perception that electricity is more affordable during previously high-billed months.

3. The Status Quo Promotes Fairness and the Joint Proposal Provides a Limited Alternative for Additional Targeting

The status quo promotes fairness by providing an equal Climate Credit to all eligible residential customers, recognizing that all residential customers bear Cap-and-Invest costs and that affordability challenges are not limited to customers enrolled in income-qualified programs. Maintaining that universal and equal benefit avoids choosing among customers based on imperfect proxies for financial need. If the Commission nevertheless determines that additional targeting is warranted, the proposed CARE/FERA enhancement provides a limited means of doing so by balancing universal customer participation with targeted affordability support.

The CARE/FERA enhancement would not eliminate the credit for non-CARE/non-FERA customers, many of whom may also face affordability concerns but may not qualify for CARE or FERA. At the same time, it recognizes that customers enrolled in CARE/ FERA have greater demonstrated need and should receive enhanced support. This approach avoids the potential unfairness of a purely usage-based structure, which could shift larger benefits to higher-usage customers rather than to customers with the greatest affordability need. As SCE and CalCCA have previously commented, usage-based or volumetric designs give larger benefits to higher-usage customers, rather than necessarily to those having the most trouble affording their bills.[8] Thus, while the status quo remains the fairest approach absent a demonstrated net benefit from redistribution, the CARE/FERA enhancement provides a relatively simple and administrable alternative if the Commission determines that additional targeting is warranted.

4. The Joint Proposal is Simple

The Joint Proposal maintaining the status quo is the simplest, most efficient, and fairest result for all customers. The Joint Proposal's alternative proposal is also simple in that it relies on existing CARE/ FERA enrollment categories and preserves the flat-credit structure. As a result, the alternative proposal would be more efficient and likely less costly to implement than other proposals requiring new customer classifications, income verification systems, climate-

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[8] *See* SCE's Opening Comments on the Assigned Commissioner's Ruling Providing Direction and Setting the Phase 1B Procedural Schedule ("SCE Opening Comments on Phase 1B Ruling"), pp.14-15; Most recently, CalCCA Opening Comments on the Phase 1B Ruling, pp. 7, 10; CalCCA Reply Comments on the Phase 1B Ruling, p. 6.

zone targeting, census-tract targeting, household-level burden calculations, or usage-based allocation methods. SCE and CalCCA have consistently emphasized that refinements to the Climate Credit should be simple to implement and cost-effective so administrative and Information Technology (IT) costs do not erode the value of the credit.[9] This proposal is consistent with that approach.

5. The Joint Proposal to Maintain the Status Quo Advances All Priorities and the Alternative Proposal Provides Additional Targeting, if Warranted

The August 17 Ruling asks parties to address "whether the proposal satisfies additional priorities or principles; specifically address why it is necessary and incremental to the status quo and assigned Commissioner's concepts." The status quo already advances the Commission's priorities by providing broad, transparent, and administratively simple bill relief without differentiating among residential customers or incurring the additional costs and complexity associated with a redesign. As discussed above, SCE and CalCCA therefore recommend retaining that methodology.

The status quo does not, however, provide any enhancement to address the affordability needs of low-income customers. Thus, if the Commission declines to maintain the status quo, the Joint Proposal offers a targeted and meaningful affordability focused alternative enhancement for those customers in a practical way that does not require a complex redesign the Climate Credit because it maintains the core flat-credit structure while adding a straightforward CARE/FERA enhancement. In that regard, it is simpler and more supportive of affordability than the Commission's Concept 1 baseline usage tier approach and Concept 2 climate zone tier approach.

Concept 1 would substantially increase implementation complexity and administrative costs while providing limited additional affordability benefits. Unlike a flat-credit structure that can be readily administered using existing customer classifications, a baseline usage methodology would require utilities to calculate customer-specific credit levels based on historical electricity consumption, creating numerous operational challenges and exception cases. For example, customers who recently moved, opened new accounts, or otherwise lack a

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[9] SCE Opening Comments on Phase 1B Ruling, p. *Id*., pp. 15-16; CalCCA Opening Comments on the Phase 1B Ruling, pp. 7, 10; CalCCA Reply Comments on the Phase 1B Ruling, p. 6.

complete 12-month usage history would require special treatment and potentially separate calculation methodologies. In addition, tying Climate Credit allocations to baseline quantities could make the program more difficult for customers to understand, undermining the Climate Credit's role as a simple, transparent, and visible form of bill relief. SCE and CalCCA have consistently emphasized that simplicity is critical to maintaining customer awareness of and confidence in the benefits provided through the Climate Credit.[10] CalCCA noted that "[u]sage-based methodologies for distributing the Climate Credit risk conflicting with established rate design, conservation, affordability, and grid reliability policies."[11] Incentivizing customers to exceed their baseline usage would push customers into higher Tier-2 baseline usage rates, increasing costs to customers, not reducing them.

In contrast, if the Commission determines that a change is warranted, the Joint Proposal's flat Climate Credit with up to a 2x enhancement for CARE/FERA customers offers a more limited departure from the status quo that directly targets bill relief to households with demonstrated affordability needs while leveraging existing program eligibility structures, supporting the Commission's policy priorities, and preserving administrative efficiency, transparency, and implementation timing by 2028.

6. The Joint Proposal to Keep the Status Quo Preserves Simplicity and Broad Affordability, While the Alternative Proposal Provides Additional Affordability for Customers Most in Need and Simplicity for Customers and Implementation

The Joint Proposal's recommendation to keep the status quo best preserves the values of simplicity and broad affordability by maximizing the amount available for direct customer relief and avoiding the additional costs, complexity, and redistribution inherent in any change. If the Commission nevertheless determines that additional targeting is warranted, the Joint Proposal alternative would prioritize CARE/FERA customers above non-CARE and non-FERA customers, while still providing meaningful support for both. Recognizing that low-income customers are more likely to be energy-burdened and adversely impacted by higher electricity bills than moderate- or high-income customers, the Joint Proposal provides additional support to

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[10] *See* SCE Opening Comments on Phase 1B Ruling, p.2-3; CalCCA Opening Comments on the Phase 1B Ruling, pp. 6–7; CalCCA Reply Comments on the Phase 1B Ruling, pp. 2-3.

[11] *See* CalCCA Reply Comments on the Phase 1B Ruling, p. 7.

low-income customers in a manner that is feasible to implement, simple enough to communicate to customers, and fair to other non-CARE/FERA customers. The CARE designation reasonably captures customers up to 200% of the Federal Poverty Level (FPL) and may overlap with characteristics associated with living in affordable housing or having medical needs. The Commission may also want to consider including FERA customers (who in many cases are just above the CARE threshold, earning up to 250% of the FPL).

Because the GHG allowance revenue is a zero-sum exercise, restructuring the current flat Climate Credit to give a larger credit to CARE/FERA customers would necessarily reduce the amount non-CARE/FERA customers receive. This tradeoff reinforces why the status quo should remain the Commission's default and why any departure should demonstrate a net customer benefit after accounting for both redistribution and implementation costs. Even this relatively simple alternative would impose some incremental implementation and administrative costs that could otherwise be returned directly to customers. Currently, CARE/FERA is available to customers who self-attest that they qualify based on their income or participation in certain qualifying public assistance programs and is also available to master metered customers. Because enrollment does not perfectly identify every customer experiencing affordability challenges, CARE/FERA status is an administratively useful but imperfect proxy for financial need. The Joint Proposal alternative to provide up to 2x the credit for CARE/ FERA, as opposed to a greater multiplier, generally prioritizes low-income customers without significantly reducing the amount of Climate Credit available for non-CARE and non-FERA customers, some of whom may be CARE-eligible and not yet enrolled or may be earning just above the CARE and FERA income threshold.

7. The Joint Proposal to Maintain the Status Quo Promotes Equal Treatment, While the Limited Alternative Proposal Advances Equity, Equality, Environmental and Social Justice Issues by Supporting Lower Income Customers and Promoting Electrification

The August 17 Ruling asks parties to explain "how the proposal addresses equity, equality, and/or environmental and social justice issues; whether it supports the goals and/or objectives of the Commission's Environmental and Social Justice Action Plan 2.0." The Joint Proposal's recommendation to keep the status quo will advance equality by providing the same

Climate Credit to all eligible residential customers, including customers experiencing affordability challenges who may not qualify for or participate in income-qualified programs. If the Commission determines that additional targeting is warranted, the Joint Proposal alternative advances equity by providing additional benefits to customers enrolled in CARE/ FERA, while maintaining equal access to a Climate Credit for all eligible residential customers.

The Joint Proposal alternative distinguishes between equality and equity: equal treatment is preserved through universal eligibility for residential customers, while equitable treatment is advanced by increasing the benefit for customers with greater affordability needs. This structure also supports environmental and social justice objectives because low-income households are more likely to experience energy burden and bill affordability challenges. By increasing the credit for CARE and FERA customers, the proposal helps direct incremental benefits to customers most likely to need additional bill relief. Moreover, as explained above, both the status quo and the Joint Proposal alternative further electrification, which supports the state's energy and environmental policy goals.

C. Implementation Considerations

The August 17 Ruling asks parties to "provide as much detail as possible about known implementation time, cost, and complexity, including the extent to which they will be ongoing versus initial costs." If the Commission maintains the status quo, it will introduce little to no additional implementation time, costs, or complexity. SCE is considering optional minor enhancements to the bill presentation of the credit – the cost of the changes would be less than $500,000. If, however, the Commission declines to maintain the status quo, the Joint Proposal's alternative to give a CARE/FERA enhancement will require billing system modifications, testing, tariff updates, customer communication updates, compliance reporting, training, and internal process changes. However, because the proposal retains a flat-credit design and relies on existing CARE/FERA indicators in utility billing systems, SCE and CalCCA expect it will be significantly less complex than proposals requiring new eligibility criteria, customer-specific income verification, geographic targeting, or volumetric calculations. SCE previously explained that IT, vendor, and operational constraints limit the speed with which utilities can implement Climate Credit changes, and that adequate lead time is necessary to build, test, and implement billing system changes. For that reason, SCE and CalCCA recommend that the Commission provide final direction well in advance of the 2028 ERRA Forecast Application and implementation cycle.

The table below reflects SCE's high-level estimates for implementing the Joint Proposal alternative. SDG&E and PG&E will have their own cost and feasibility estimates. The estimates are based on assumptions that may change and a myriad of variables. As such, a more precise estimate will be possible when SCE knows what proposal it is implementing.

ESTIMATED COST (System, ME&O, Training)	**IMPLEMENTATION TIME*** (Minimum)	**DIFFICULTY TO IMPLEMENT**** (Easy/Medium/Hard)
$3.16M	12 Months	Medium
**Estimated duration begins when the system requirements are finalized and baselined, which traditionally adds approximately two months.* ***The difficulty level determined herein considers several changes/updates that SCE will undergo to implement the Joint Proposal, including pricing changes across customer classifications, customer bill messaging based on specific climate credit amounts and customer segments.*		

Cost estimates are largely comprised of system implementation costs, as well as costs for marketing/communications and training. System implementation cost estimates are based on SCE's experience with implementing similar projects and include costs to update billing system logic and reporting. Marketing/communication cost estimates (at approx. $608K) are based on a two-part communications strategy that pairs education and notification communication to maximize awareness and customer understanding. Training cost estimates (approx. $47K) are based on call center and billing agents training solutions for changes to the Climate Credit calculation and residential customer eligibility.

In addition to the initial implementation costs of $3.16M, SCE anticipates ongoing cost for communication and education totaling approximately $608K per year based on the current climate distributions in August and September. This is less than SCE estimated for any of the additional proposals that have been suggested to this point but is still an increased cost over maintaining the status quo and each additional dollar of implementation and ongoing costs are dollars that could go to customers.

1. SCE Can Implement the Joint Proposal Alternative by 2028

SCE expects that it can implement the Joint Proposal's CARE/FERA enhancement by 2028 if the Commission issues a final decision with sufficient time for SCE to incorporate the methodology into its forecasting, billing, customer communications, tariff, and compliance processes. SCE has previously explained that Phase 1B changes would likely need to be

addressed in the 2028 ERRA Forecast application, expected to be filed in 2027.[12] Accordingly, a final Commission decision early enough to support the 2028 forecast and implementation process is important.

2. The Joint Proposal Alternative Presents Less Areas of Implementation Uncertainty

Although, as discussed below, there are areas of implementation uncertainty for the Joint Proposal alternative, SCE maintains the Joint Proposal alternative presents less uncertainty than more complex proposals requiring new eligibility criteria, customer-specific income verification, geographic targeting, or volumetric calculations.

The first area of uncertainty is if the GHG Cap-and-Invest proceeds will continue to fund administrative costs, such as implementation, education and outreach. Regardless of the source of funding, SCE cannot reasonably estimate the implementation costs that may be incurred in 2027 for the 2028 Climate Credit distribution. As a result, such costs cannot be reflected in SCE's 2027 ERRA Forecast proceeding (A.26-05-006) for purposes of forecasting 2027 California Climate Credit returns. Once the final framework is approved, SCE will record actual implementation costs in the Greenhouse Gas Revenue Balancing Account (GHGRBA) when implementation activities commence in 2027. Those recorded costs will subsequently be included in SCE's 2028 ERRA Forecast filing and be subject to Commission review and reconciliation through the annual ERRA Forecast process.

3. The IOUs Meet Weekly to Collaborate on Proposal Development

SCE meets weekly with PG&E and SDG&E on its proposal. During these meetings, SCE connects with these utilities to review and refine the current proposal. The current proposal reflects the result of these discussions. PG&E and SDG&E still maintain a preference for the status quo and have not yet endorsed the alternative proposal.

D. The Commission Should Preserve the Existing Outreach Framework

The August 17 Ruling instructs parties to describe "how the proposed Climate Credit should be explained to customers, and what changes from the communications status quo should be made." If the

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[12] SCE Phase 1A Opening Comments, p. 7.

status quo is maintained as proposed by SCE and CalCCA, the existing outreach framework should also continue to be maintained. If, however, the Commission chooses the Joint Proposal alternative to preserve the existing flat residential Climate Credit framework with a CARE/FERA enhancement, SCE and CalCCA recommend preserving the existing Climate Credit communications framework to the extent possible, with targeted updates to explain the differentiated credit amounts. SCE and CalCCA therefore recommend for both the status quo and the alternative that customer communications continue to describe the Climate Credit in clear, concise, and accurate terms, including attributing it to the state's Cap-and-Invest Program, which will ensure compliance with Public Utilities Code section 748.5(b)(2) and Title 17 California Code of Regulations section 95982(d)(6).

For the Joint Proposal alternative, a two-part communications approach would support customer awareness and understanding by pairing customer education with customer notification. The education component would provide customers with information about the Joint Proposal alternative and the revised Climate Credit structure and help address common questions before the applicable distribution period. The notification component would inform customers when the credit is applied, consistent with the current approach. Targeted customer communications would explain (1) the standard residential Climate Credit amount and that it is automatically applied to the bill as a credit to residential customers; (2) the enhanced Climate Credit amount for CARE/FERA customers without those customers having to take any action to receive their credit or enhancement; (3) that the credit comes from the state's Cap-and-Invest program; (5) how to learn more about the Climate Credit and CARE/FERA eligibility and enrollment.

These targeted updates may be delivered, as appropriate, through existing or planned Climate Credit communication channels, including bill messaging, email or letter communications, updates to SCE's and the other IOUs' Climate Credit webpages and frequently asked questions, customer service representative scripts, internal support materials, and coordination with Commission-approved statewide messaging. SCE can also coordinate with Energy Division, as appropriate, to support message consistency. CalCCA and the CCAs will also be involved with Climate Credit messaging as directed by the Commission to maintain neutral messaging.

SCE has previously emphasized that education and outreach costs are deducted from the same pool of proceeds that fund the Climate Credit, reducing the size of the credit customers receive. For that reason, communications should remain simple, coordinated, and cost-effective, and should avoid

unnecessary new communications requirements unless the record demonstrates that such requirements are necessary and cost-effective.

1. The Joint Proposal to Maintain the Status Quo or Adopt the Alternative May Encourage Electrification Without Requiring Customer Action

As discussed above, the Joint Proposal – both to maintain the status quo or adopt the alternative -- may benefit electrification by influencing customer behavior. By lowering electric bills during high-billed periods, the status quo and the Joint Proposal not only advance electric affordability for customers but also ease customer concerns that switching from fossil fuel-based to electric appliances may result in higher bills. At least for the highest billed months, a customer considering fuel switching might be encouraged towards electrification from seeing lower-than-expected bill payments due to the application of the Climate Credit during those months. In addition, applying twice the amount of Climate Credit to customers enrolled in SCE's CARE and FERA programs will help increase these customers' perception that electricity is more affordable during previously high-billed months.

At the same time, the Joint Proposal would not encourage additional usage in response to an improper price signal. Because the Climate Credit is provided as a flat, below-the-line bill credit that does not vary with consumption, customers do not receive a larger credit by using more electricity. Instead, the flat credit preserves the underlying price signal associated with incremental usage while potentially encouraging customers to use electricity more efficiently to maximize the bill-relief value of the credit.

Other than potentially driving electrification behavior in a manner that promotes the state's energy and environmental policy goals, the Joint Proposal will not be an imposition on customers that requires them to modify their behavior. The Climate Credit will continue to be applied automatically to eligible residential customer accounts, and if the Commission adopts the alternative, customers already enrolled in CARE or FERA will automatically receive the enhanced credit based on existing program enrollment information. Accordingly, outreach should focus on customer awareness and understanding, not behavior modification. Communications should make clear that:

- Eligible residential customers do not need to take action to receive the Climate Credit;

- CARE/FERA enrollment may affect the amount of the Climate Credit a customer receives under the proposed alternative structure.
- If the alternative is adopted, customers already enrolled in CARE or FERA do not need to take additional action to receive the enhanced credit; and
- If the alternative is adopted, customers who may be eligible for CARE or FERA but are not currently enrolled may review eligibility and enrollment resources.

SCE and CalCCA recommend that the Commission avoid imposing extensive new outreach requirements unless the record demonstrates that those requirements are cost-effective and necessary. This approach is consistent with SCE's and CalCCA's prior positions that Climate Credit outreach should remain simple, affordable, and coordinated across agencies and IOUs, particularly because education and outreach costs are deducted from the same allowance proceeds used to fund customer bill credits.[13]

E. Data Attachments

Below is data estimating the amount of the credit customers may receive under the alternative proposal, as compared to other potential proposals, such as a volumetric return. SCE will provide customer impact estimates in an accompanying workbook, consistent with the ALJ Ruling's direction. Compared to the purely volumetric proposal, the Joint Proposal alternative proposal provides greater and more predictable relief to lower and moderate usage CARE customers, which is consistent with the Commission's affordability priorities. The following comparison uses the volumetric credit (5.35 c/kWh) from SCE's July 17, 2026 data filing, using average low, medium, and high CARE/FERA and Non-CARE/FERA usage based on August and September usage in the data filing, and credit amounts based on the 2026 annual climate credit. Under a volumetric credit, CARE/FERA customers would have to consume at least 1,000 kWh in August and September to receive the same annual credit as the Joint Proposal. And, based on the IOUs' Data Reports filed in response to the Commission's June 29 Ruling, CARE customers would have to consume significantly more electricity than their average to receive the same credit as the Joint Proposal, which may push CARE customers beyond their baseline

[13] SCE 9/26/25 Opening Comments on OIR, p. 6; Most recently, CalCCA Opening Comments on the Phase 1B Ruling, pp. 6–8; CalCCA Reply Comments on the Phase 1B Ruling, pp. 13–15.

Tier 1 usage allowance, increasing their rates and counteracting the Climate Credit's affordability purpose.

Table 1
Impact Estimate of Purely Volumetric Return

Volumetric Credit (Aug/Sep)	Joint Proposal
Low: 300 kWh/month = $35/year	Non-CARE = $55/Year CARE = $110/year
Medium: 600 kWh/Month = $65/year	Non-CARE = $55/Year CARE = $110/year
High 1,000 kWh/month = $110/Year	Non-CARE = $55/Year CARE = $110/year

SCE also provides the estimated Climate Credit payments for Concept 1 – Baseline Usage Tier Approach based on the hypothetical examples provided in the ruling and the 2026 annual climate credit.

Table 2
Impact Estimate of Concept 1: Baseline Usage Tier

Concept 1: Baseline Usage Tier	Climate Credit
Below baseline – 1x	$43
Above baseline (non-CARE) – 2x	$87
Above baseline CARE – 3x	$128

Finally, SCE also provides the estimated Climate Credit payments for Concept 2 – Climate Zone Tier Approach – based on the hypothetical examples provided in the Ruling and the 2026 annual Climate Credit.

Table 3
Impact Estimate of Concept 2: Climate Zone Tier

Concept 2: Climate Zone (CZ) Tier	Climate Credit
Non-CARE in cool CZ and customers below baseline in any CZ – 1x	$44
Non-CARE in moderate CZ and CARE in cool CZ – 2x	$88
Non-CARE in hot CZ and CARE in moderate CZ – 3x	$133
CARE in hot CZ – 4x	$175

The primary concerns with Concepts 1 and 2 are the complexity and conflicting policy signals. First, it will be difficult explain to customers the reasoning behind the multiple factors that went into deciding how much Climate Credit they will receive, such as why the customer's historical usage determines credit level but not their usages today, or how the Climate Credit can vary simply by living

on one side or another of an arbitrary border. This complexity also means more expensive and time-consuming billing implementation to accomplish either Concept 1 or 2, which means implementation of these concepts may not be feasible in 2028.

Second, Concepts 1 and 2 conflict with existing rate design, conservation, affordability, and grid reliability policies, incentivizing customers to increase electricity usage in order to receive a greater Climate Credit – especially when such increased usage pushes a customer beyond their Tier 1 baseline usage allowance, which increases the customers electricity rate and exacerbates affordability concerns.

Further, Concepts 1 and 2 identify CARE as the driver for an additional multiplier. If the Commission determines that additional targeting of the Climate Credit is warranted, the Joint Proposal's alternative uses this concept and provides elevated relief to CARE/FERA customers, without the complexity and implementation concerns, and without drastically reducing the credit for non-CARE customers who may be on the edge of eligibility and vulnerable. To illustrate the comparison of the Status Quo v. the Joint Proposal, Table 4 below shows what the 2026 annual climate credit.

Table 4
Comparison of 2026 Annual Climate Credit: Status Quo v. Joint Proposal

Customer Segment	Status Quo	Joint Proposal (CC 2x Multiplier)
Non-CARE/Non-FERA	$72	$55
CARE/FERA	$72	$110

III.
CONCLUSION

For the foregoing reasons, SCE and CalCCA respectfully request that the Commission retain the status quo for Climate Credit distribution. If, however, the Commission determines that additional targeting is warranted and that the benefits of a change outweigh the associated costs, redistribution, and implementation considerations, SCE and CalCCA recommend a single, limited modification: an enhanced Climate Credit for CARE/FERA customers. In sum, these proposals maintain the Climate Credit as a direct and visible source of bill relief, provides greater support to CARE/FERA customers (in the alternative proposal), avoids the complexity and potential unintended consequences of usage-based or highly granular allocation methodologies, treats bundled and unbundled customers equally, can be communicated clearly to customers, and is more likely to be implementable by 2028 than more complex alternatives.

Respectfully submitted on behalf of the Parties,

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Date: **September 14, 2026**

Attachment A

TABLE WORKBOOKS

Table 1 Purely Volumetric

		2026	Aug & Sept Only
TOU-Default-4-9pm	Current Rate	ECPK	Discounted Total Rate
Energy Charge - $/kWh			
Summer Season - On-Peak	0.59096	(0.05355)	0.53741
Mid-Peak	0.47101	(0.05355)	0.41746
Off-Peak	0.35285	(0.05355)	0.29930

kWh	Credit	Rounded
300	($32)	($35)
600	($64)	($65)
1000	($107)	($110)

The baseline concept shown reflects annual electricity usage relative to the baseline allowance and NOT based on August and September usage.

Table 2 - Concept 1: Baseline Usage Tier

				300,000,000		
Concept 1: Illustrative Climate Credit						
Baseline Level	**Climate Credit**	**Number of Accounts***	**Avg Monthly Bills****	**Annual CC**	**Multiplier**	**$**
Below baseline	**1x**	**2,247,523**	**$76**	$43	1.0	$96,083,802
Above baseline Non-CARE	**2x**	**1,365,962**	**$260**	$87	2.0	$118,838,694
Above baseline CARE	**3x**	**664,668**	**$177**	$128	3.0	$85,077,504
Total						**$300,000,000**
	% Below Baseline	**53%**				

Table 3 - Concept 2: Climate Zone Tier

Concept 2: Illustrative Climate Credit													
Climate Zone	**Customers with very low bills (i.e. lower than customers with usage at the baseline allowance level)**	**All other non-CARE residential customers**	**CARE customers**										
Cool zone	**1x**	**1x**	**2x**										
Moderate zone	**1x**	**2x**	**3x**										
Hot zone	**1x**	**3x**	**4x**										
				300,000,000									
Number of Accounts*													
Cool zone	1,028,301	664,341	225,823	$44	$44	$88	1.0	1.0	2.0	45,232,820	29,222,977	19,872,424	**94,328,221**
Moderate zone	457,475	285,908	123,973	$44	$88	$133	1.0	2.0	3.0	20,123,373	25,159,904	16,488,409	**61,771,686**
Hot zone	761,747	415,713	314,872	$44	$133	$175	1.0	3.0	4.0	33,507,664	55,289,829	55,102,600	**143,900,093**
										98,863,857	**109,672,710**	**91,463,433**	**300,000,000**
Avg Monthly Bills**													
Cool zone	$67	$234	$147										
Moderate zone	$78	$271	$171										
Hot zone	$84	$290	$196										
Estimated Climated Credit													
Cool zone	$44	$44	$88										
Moderate zone	$44	$88	$133										
Hot zone	$44	$133	$175										

***Retail Customers (Bundled and Unbundled) excluding TOUDPRIME**
****Note: Bills are for bundled customers only. The 2025 Climate Credit is excluded (an additional $56 has been applied to the April and October bills).**

Table 4: Status Quo v Joint Proposal

Default Climate Credit / year **2026 CC**

Climate Zone Type	Climate Zone	Non-CARE residential customers	FERA customers	CARE customers	Zone
Non-Hot Climate Zone	Cooler Zone	$72.00	$72.00	$72.00	6, 8, 16
Non-Hot Climate Zone	Median Zone	$72.00	$72.00	$72.00	5, 9
Hot Climate Zone	Hotter Zone	$72.00	$72.00	$72.00	10, 13, 14, 15

Joint Proposal 1x non-CARE/non-FERA; 2x CARE/FERA

Climate Zone Type	Climate Zone	Non-CARE residential customers	FERA customers	CARE customers
Non-Hot Climate Zone	Cooler Zone	1	2	2
Non-Hot Climate Zone	Median Zone	1	2	2
Hot Climate Zone	Hotter Zone	1	2	2

Customer Count

Climate Zone Type	Climate Zone	Non-CARE residential customers	FERA customers	CARE customers	Non-CARE/ FERA residential customers	FERA %
Non-Hot Climate Zone	Cooler Zone	1,602,756	15,241	475,232	1,617,998	1%
Non-Hot Climate Zone	Median Zone	688,161	6,544	258,479	694,705	
Hot Climate Zone	Hotter Zone	1,059,186	10,072	578,327	1,069,259	

CC Rev $ 337,967,928

Concept 2, Variance 1

Climate Zone Type	Climate Zone	Non-CARE residential customers	FERA customers	CARE customers
Non-Hot Climate Zone	Cooler Zone	$56	$112	$112
Non-Hot Climate Zone	Median Zone	$56	$112	$112
Hot Climate Zone	Hotter Zone	$56	$112	$112

CC Concept 2, Variant 1	$	55.97
CC Rev		337967928

Annual Bill Impact

Climate Zone Type	Climate Zone	Non-CARE residential customers	FERA customers	CARE customers
Non-Hot Climate Zone	Cooler Zone	($16.03)	$39.95	$39.95
Non-Hot Climate Zone	Median Zone	($16.03)	$39.95	$39.95
Hot Climate Zone	Hotter Zone	($16.03)	$39.95	$39.95