CALIFORNIA CLEAN FUEL REWARD℠

ANNUAL REPORT 2020

PREPARED BY SOUTHERN CALIFORNIA EDISON
04|30|2021

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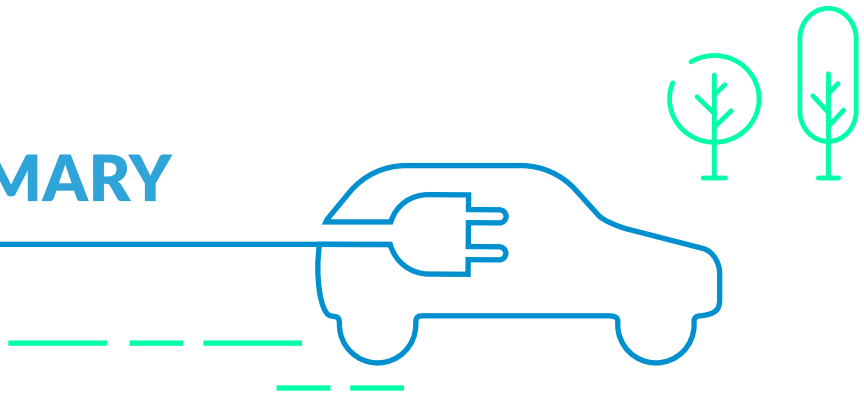
EXECUTIVE SUMMARY



On November 17, 2020, after two years of collaboration with the California Air Resources Board (CARB), the California Public Utilities Commission (CPUC) and electric utilities throughout the state—and despite a challenging 2020—the California Clean Fuel Reward program was launched to provide an instant reward of up to $1,500 at the point of sale for the purchase of an eligible new plug-in light-duty vehicle at a participating retailer.

The California Clean Fuel Reward (Reward), funded by the Low Carbon Fuel Standard (LCFS) program, makes electric vehicles (EVs) even more affordable to a broad group of customers due to few eligibility restrictions and its ability to stack with other federal, state, or local rewards.

Southern California Edison administers the program in collaboration with the electric utilities across the state. This approach gives all Californians the ability to receive the reward, regardless of their electric utility provider.

The program's implementation began on March 3, 2020, with the California Clean Fuel Reward (CCFR) Program Governance Agreement's execution by the five large electric distribution utilities (EDUs), which includes Pacific Gas & Electric, Southern California Edison, Los Angeles Department of Water and Power, San Diego Gas and Electric, and Sacramento Municipal Utility District. Soon after, the governing Steering Committee was formed with representatives of the large five EDUs as well as representatives of the Northern and Southern publicly owned utilities (POUs). In early March 2020, requests for proposals (RFPs) were distributed to secure third-party vendors. Even during the middle of a global pandemic, vendors were contracted in July 2020 with the goal of getting the program launched within 90 days.

Quick speed-to-market became even more crucial due to the COVID-19 pandemic to aid consumers in a time of increasing financial need. This consideration extended into the process for determining the dollar amount of the reward, as the reward amount was set higher than that of any individual utility offering.

At the end of 2020, only six weeks after launch, 741 retailers were approved to participate in the program; a number that already exceeded the program's year-one projections. These retailers represented up to 89% of the EV market based on historical sales.

With 22,323 customers receiving the California Clean Fuel Reward in 2020, the program is poised to be the largest program of its type nationally, with over ten times the reward volume as other EV rebate programs.

After a successful and rapid launch in 2020, the CCFR will focus its efforts in 2021 on solidifying its role as a key component toward achieving the state's zero-emissions vehicle (ZEV) goals by reaching a broader audience of retailers and customers to ensure consistent engagement and awareness of the program. There are many other incentives offered in California to help facilitate the ambitious ZEV targets outlined the Governor's Executive Order N-79-20[1], and while more work needs to be done to address broader and more equitable EV adoptions, the simplicity and ease-of-accessibility for customers provided by the CCFR represent positive progress.

In compliance with §95483(c)(1)(A)(5) Southern California Edison, acting as the CCFR Program Administrator, submits this annual report to the California Air Resources Board.

[1] https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-Climate.pdf

01 BACKGROUND

01 BACKGROUND

On September 27, 2018, the California Air Resources Board (CARB) adopted amendments to the Low Carbon Fuel Standard (LCFS) Regulation (17 CCR§ 95480) that mandated the creation of a statewide, electric utility-run, point-of-sale incentive program for the purchase or lease of new qualifying Plug-in Hybrid (PHEV) or Battery Electric (BEV) vehicles. The regulation defined a progressive incentive offered on any plug-in light-duty vehicle starting with a battery size greater than 5 kWh, with the full incentive amount available on vehicles with batteries larger than 16 kWh. Light-duty vehicles are defined as all on-road vehicles with a gross vehicle weight rating (GVWR) less than 8,500 pounds.

REWARD CALCULATOR

BATTERY CAPACITY (kWh)	**REWARD CALCULATION** (Based on $1,500)	**REWARD AMOUNT**
Capacity greater than or equal to 16 kWh	100% x $1,500.00	$1,500.00
Capacity greater than 5 kWh and less than 16 kWh	(Capacity - 5) 38.9 + 11 x 61.1 = Reward Percentage	
Example: Capacity of 8.8 kWh	38.9 + (8.8 - 5) 38.9 + 11 x 61.1 = 60% x $1,500.00	$900.11
Capacity exactly 5 kWh	38.9% x $1,500.00	$583.50*
Capacity less than 5 kWh	0% x $1,500.00	$ 0.00

Because transportation electrification is essential to achieving California's greenhouse gas (GHG) reduction targets, the program, known as the California Clean Fuel Reward (CCFR), was conceived with the stated goal of accelerating electric vehicle (EV) adoption by offering a simplified and consistent EV incentive on all new vehicle purchases or leases. As directed by CARB, the utilities, automakers, CARB staff, and CPUC Energy Division staff engaged in a collaborative process to develop a framework for implementing the program.

The CCFR would be funded exclusively by investor-owned and public-owned electric utility LCFS credit revenues upon the California Public Utilities Commission's approval of the three large investor-owned utilities' submissions seeking authorization to initiate the program. To that end, Southern California Edison (SCE) submitted Advice Letter 3982-E to the CPUC on April 2, 2019, requesting authorization to act as the interim CCFR administrator for three years and to work with the other utility sponsors to establish a CCFR Governance Agreement that would define the rules of operation for the program. This advice letter also laid out a set of 12 guiding principles for the CCFR that SCE and the other utilities would use to contextualize framing programmatic decisions.

*Updated as of 5/4/2021, previous version improperly stated amount as $538.50.

CCFR GUIDING PRINCIPLES

1. Accelerate the sale of PEVs with an instant reduction in price to all PEV purchasers in California at the point-of-sale or lease.
2. Mitigate the risk of a waitlist or program insolvency.
3. Maximize the CCFR, including by stacking the CCFR with other state, local, and federal incentives, while minimizing the amount of LCFS revenue expended on administration and marketing.
4. Implement the program consistent with an equity-based framework, consistent with CARB direction.
5. Maximize dealer [retailer] participation.
6. Promote transparency to all vested stakeholders by, among other things, publishing the CCFR amount at the time of sale.
7. Provide continuity, certainty, and simplicity in the CCFR program for California's PEV purchasers and minimize changes to the CCFR amount.
8. Launch the program as soon as possible by ensuring sufficient, fair, and timely contributions for startup costs using existing LCFS funds.
9. Facilitate the collection of data on PEV sales in the state for grid planning, rate enrollment, and other good utility practices.
10. Create a Steering Committee of utilities with appropriate decision-making authority and create a supporting advisory committee comprised of stakeholders.
11. Develop robust risk mitigation and fraud management policies.
12. Support utility cobranding and marketing of the statewide program, as well as complementary utility-specific programs.

In coordination with CARB and CPUC, Pacific Gas and Electric and San Diego Gas and Electric submitted advice letters 5526-E on April 18, 2019, and 3363-E on April 19, 2019, respectively, to amend their LCFS implementation plans to allow for the creation of the CCFR as contemplated in the regulation and SCE's advice letter. CPUC issued Resolution E-5015 on August 15, 2019, authorizing SCE's request to implement the program for a period of three years in accordance with its advice letter and including revisions to SCE's proposed risk mitigation measures. The Resolution also ordered SCE to work with the other utilities to create the program's Governance Agreement and to submit the Agreement as a Tier 2 advice letter to the Commission for approval before signing and executing amongst the participating utilities.

In the fall of 2019, a group of more than 20 utilities from across the state met twice a week to negotiate the Governance Agreement for the CCFR. The document defines the roles and responsibilities of several committees, including the Steering Committee: a body made up of voting representatives from each of the five large utilities in the state and one representative each for the smaller and medium utilities in the northern and southern parts of the state, and non-voting representatives from CARB and the Program Administrator. The Steering Committee was given approval authority for all vendor selections, invoices, and setting the reward amount. The Governance Agreement further stipulated that the Administrator would use third-party implementers to facilitate the program, and that at least one of these implementers would be an audit firm, with no affiliation to any participating utility, to perform annual audits of the program. The Governance Agreement places additional requirements on the participating utilities, outside of the LCFS regulation, to set a regular and recurring schedule for the utilities to contribute LCFS credit proceeds to the program.

A final version of the CCFR Governance Agreement was filed with the CPUC by SCE in supplemental advice letter 4090-E-A on December 20, 2019.

The program was officially formed on March 3, 2020, when each of five large electric distribution utilities signed the final version of the Governance Agreement. This enabled the program to develop and issue requests for third-party implementer proposals and establish a program funds account to receive and hold utility deposits. By the end of 2020, a total of 19 utilities had signed on to the Governance Agreement; an additional 21 utilities may sign on to participate in the program in the future or may choose to be non-opt-in utilities. But, as these remaining utilities are classified as small public-owned utilities, they have until 2023 before they would be required to sign on to the Agreement.

The RFPs for third-party implementers were distributed on March 9, 2020. Soon after that, the standard course of business was drastically disrupted by the COVID-19 pandemic. It was immediately apparent that the program's implementation would need to be mindful of atypical working environments and business settings.

It was also clear that a quick speed-to-market was required to aid consumers in a time of increasing financial need. This consideration extended into the process for determining the dollar amount of the reward, with the Steering Committee intentionally setting a higher reward amount than any individual utility offering. This was done knowing that the reward was likely to be revised down at a subsequent time in the program, but that doing so would help to keep momentum in the growth of EV sales that had been building in previous years while the broader economy was hopefully returning to a more normal course of business.

The following sections of this report provide detail and insight regarding the implementation of the California Clean Fuel Reward, a presentation of program results, a discussion of lessons learned, and future direction.

02
IMPLEMENTATION

02 IMPLEMENTATION

TECHNICAL DELIVERABLES

From a programmatic standpoint, the CCFR has a deceptively straightforward flow. Retailers submit an enrollment to participate in the program and, once approved, the retailers are able to include the appropriate reward amount in all transactions of eligible EVs. The retailer then submits a claim to the CCFR program implementation team for reimbursement of the reward, which is validated and processed within 10 business days.

This approach, however, quickly becomes complex when implemented in the nation's largest EV market. The program's size and the directive to launch quickly required a purposeful strategy and thoughtful deliverables to support the scale of these activities in California.

The California Clean Fuel Reward program implementation was awarded to Maritz Automotive (Maritz) in July 2020. Maritz kicked off an ambitious software development timeline with a commitment to delivering a 90-day build that would include the critical front-end user features and back-end security elements retailers needed to enroll, create, and submit reward reimbursement claims and receive reimbursement payments from the program. The heart of the California Clean Fuel Reward program's technical infrastructure was built for scale and flexibility.

Consideration: Ease of Participation

One of the most significant pain points for automotive retailers is the administrative burden they must carry to participate in various programs sponsored by their original equipment manufacturers (OEMs) or by other third parties. California Clean Fuel Reward aimed to be different. The program uses forms and data the retailers are already collecting. The only new form retailers need to implement was the California Clean Fuel Reward Customer Terms and Conditions Agreement. The program provides an easy-to-use, online claim submission process or simple integrations with retailer data feeds. Retailers have up to 45 days to claim sales in which the reward was included. This gives retailers the flexibility to process claims in a manner that works best for their staff.

Consideration: Reimbursement Timing

Due to the volume of potential reward reimbursements, the processing time of claim validation was a key consideration. Through the implementation efforts of both Maritz and supporting Southern California Edison processes, the program is able to reimburse retailers at an industry-leading pace of 10 business days from original claim submission. To process reimbursements quickly to retailers, the California Clean Fuel Reward Portal, a data-driven solution that can handle tens of thousands of reimbursement claims at a low per-unit cost.

Consideration: Validation and Controls

Using a robust set of automotive industry data, the CCFR claims validation process uses a first-of-its-kind, cross-brand validation approach. This technology helps to ensure rewards are benefiting EV purchasers through ensuring the validity of claims.

The program implementor organization and all of its development vendors must meet or exceed the highest professional standards for security, availability, processing integrity, confidentiality, and privacy. Toward this end, Maritz and its supplier partners are an American Institute of CPAs (AICPA) SOC 2-compliant organization that meets the AICPA Trust Services Criteria (TSC) standards for Security, Availability, and Confidentiality.

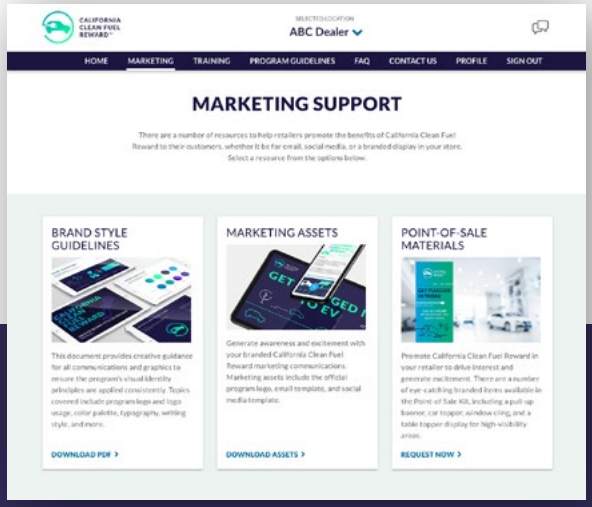
MARKETING, EDUCATION, AND OUTREACH

The technical elements behind the CCFR reflect only part of the customer journey to purchase an EV. The CCFR is intended to aid conversion at the lower end of the funnel, but awareness is required of the program to affect change in understanding that retailer participation is the foundation of the program spurred a go-to-market strategy with an upfront focus on retailer awareness, education, and enrollment. From there, focus shifted to engaging retailers and preparing them to offer a streamlined customer experience.

The business complexity caused by the COVID-19 pandemic required an agile, networked team that could collaborate effectively to create and deliver the marketing, education, and outreach activities required to engage all audiences, meeting them where they were—in the virtual sphere.

To establish the CCFR in the market, a new brand was created to both complement and differentiate when compared to other EV incentive programs. The California Clean Fuel Reward brand signals the optimism and sophisticated simplicity of the electric vehicle future with a uniquely California vibe. These brand values are reflected in the clean iconography, open space, bright colors, and modern look and feel of all graphic design elements.

Program partners were provided with a Master Brand Style Guide to extend the California Clean Fuel Reward message while maintaining a consistent brand presentation.



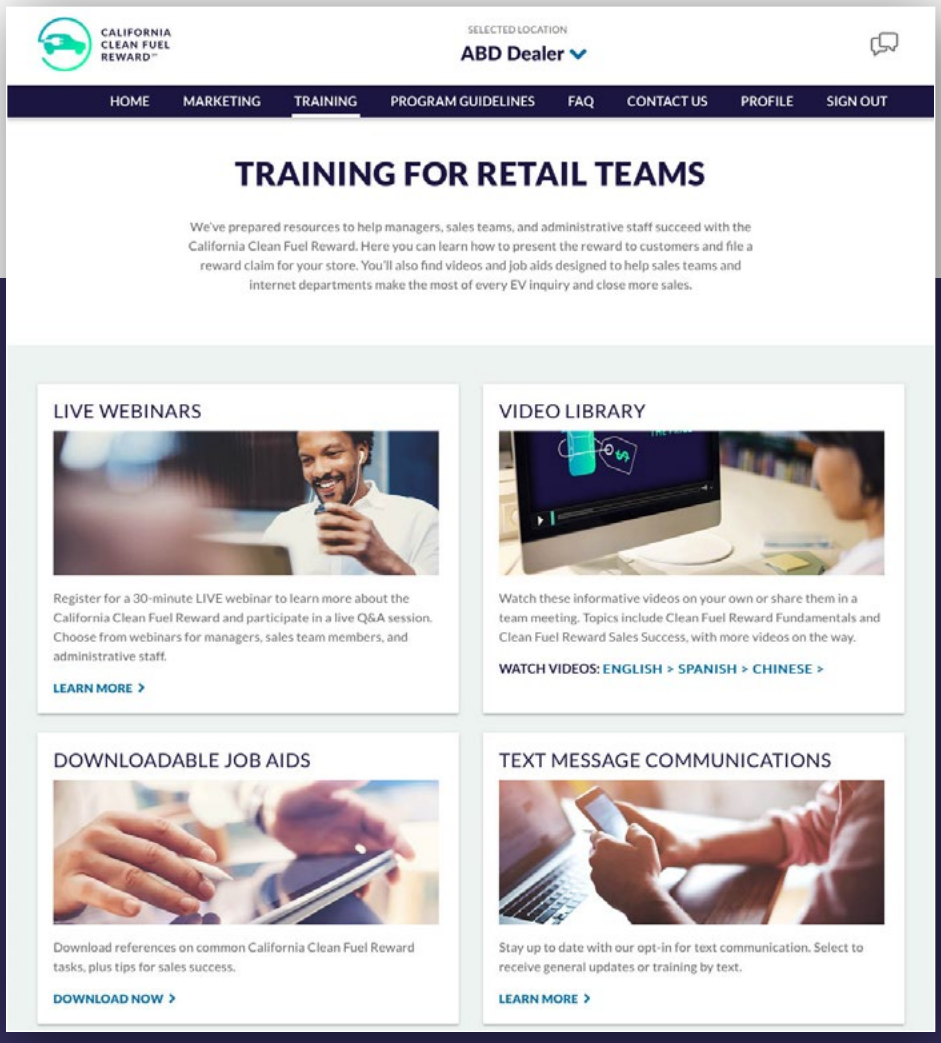
Program participants also have access to marketing assets such as logos, digital ads, email templates, and point-of-sale materials.

SUPPORTING THE EV SALE WITH TRAINING

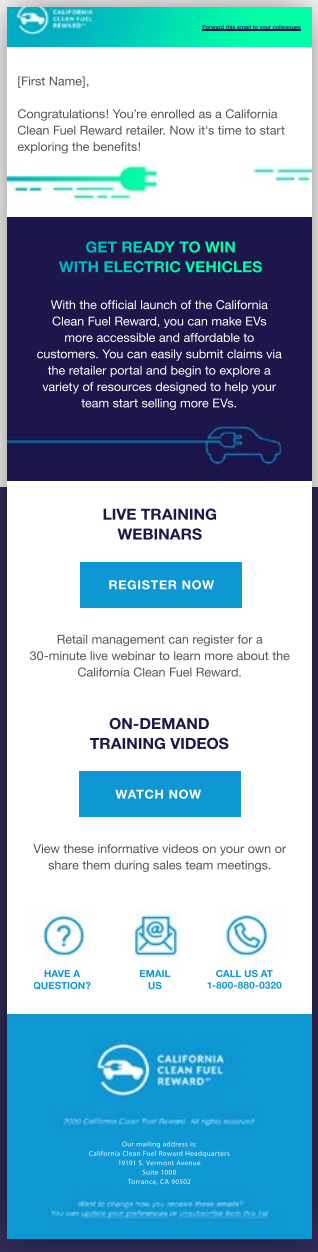
Since the program is executed at the retail level, the program team needed to build a network of enrolled, engaged, and trained retailers who would present and deliver the California Clean Fuel Reward to the EV customer.

In addition to the materials that all program participants receive, particular focus was given to supporting retailers through the EV sales process. After enrollment, CCFR offers retailers a wide range of tools to help them navigate the program and sell EVs. Through the CCFR Portal, retailers have access to on-demand videos covering topics such as “California Clean Fuel Reward Fundamentals” and “Advising the EV Buyer.” Job aids are available for sales team coaching and to demonstrate how to present the California Clean Fuel Reward. Retailers also have access to consolidated information to all participating EDU programs as well as details on how the California Clean Fuel Reward may be combined with other state, local, and federal incentives. The retail education is also delivered through webinars on how the program works and how to include the reward in a customer transaction.

To increase awareness and encourage engagement, additional communications are sent out to enrolled retailers promoting the available tools. Since program launch, opt-in text message communications have also been made available to enrolled retailers, enabling them to receive program updates and EV sales tips.



Retailer Portal Training Page

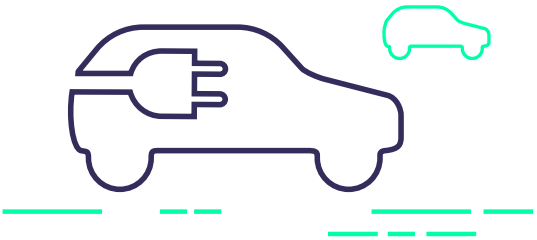


Enrolled Retailer Welcome Email

LAUNCH COMMUNICATION STRATEGY

The California Clean Fuel Reward needed to be introduced to four key audiences strategically before being launched to customers.

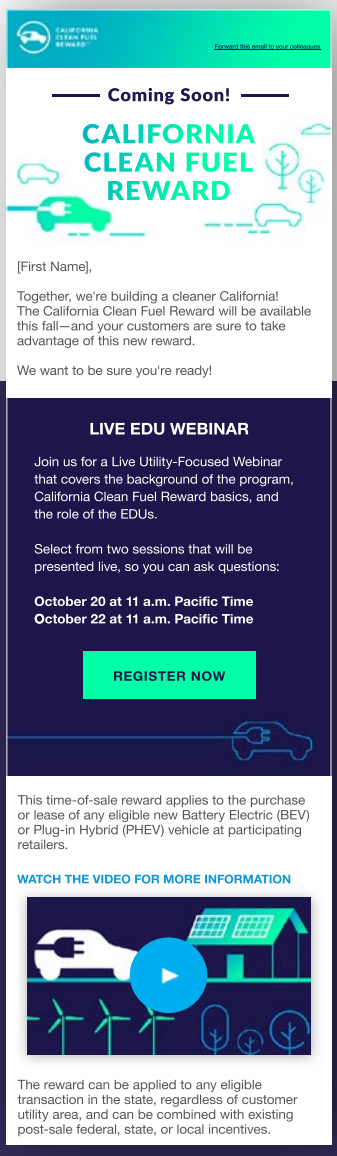
- Automotive retailers
- OEMs and OEM field teams
- EDUs
- Industry stakeholders such as California New Car Dealer Association (CNCDA), Alliance for Automotive Innovation (AAI), and the California Electric Transportation Coalition (CalETC)



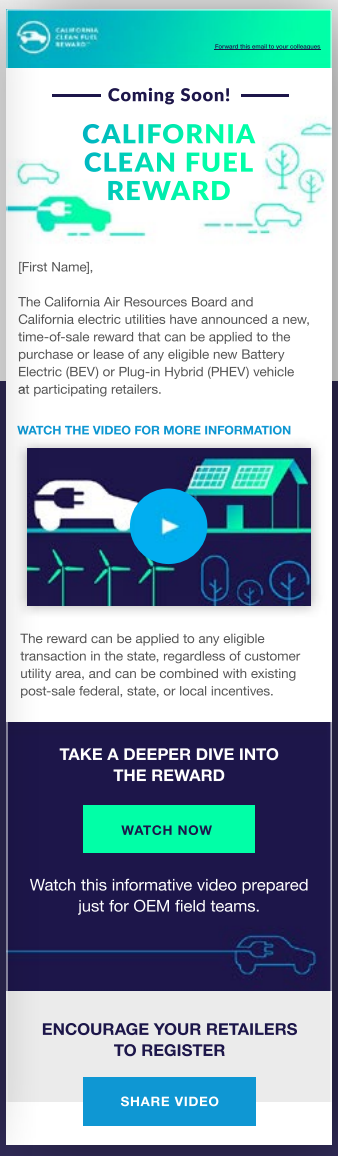
	PRE-ANNOUNCE 10/10	PRE-EDUCATE 10/10–10/27	PORTAL LIVE 10/27	WELCOME AND RETAILER LAUNCH 11/9	READINESS EDUCATION 11/17	SUSTAINMENT POST 11/17
KEY MESSAGE	Introducing new, pre-sale reward. Pre-Register now.	Plug in early and get ready for launch.	Let's do this! Enroll in CCFR today.	Here's all the support you need to participate.	Training support to get the most from CCFR.	Optimize EV marketing and sales performance.
AUTOMOTIVE RETAILERS	• Pre-Announce and Reminder Emails • Promo Video • Landing Page and Registration Form • Automated Email Acknowledgment • Retailer Informational Webinar (with Reminder Email only) • Call Center Outreach	• Pre-Educate Email • Retailer FAQ • Retailer Informational Webinar	• Open Enrollment and Reminder Emails • Automated Emails for Acknowledgment and Approval • Call Center Outreach	• Welcome Email • Retailer Marketing Assets • POS Portal • On-Demand Video Library • Retailer Job Aids	• Retail Management Webinars • Text Message Communications	• Retail Sales Webinar • CCFR Trainer Toolkit • Role-Specific Webinars
MANUFACTURERS	• Pre-Announce Email • Promo Video • Retailer FAQ • OEM Informational Webinar with link to Retailer Informational Webinar—OEM Field only		• Open Enrollment Notification Email			• Enrollment and Engagement Emails
EDUs	• Pre-Announce Email • Promo Video • Link to EDU Webinar Registration	• EDU Live Launch Webinar (10/20, 10/22) • EDU Marketing Assets via SharePoint sent post webinar		• Marketing Flyer		• EDU Launch 2.0
STAKEHOLDERS	• Pre-Announce Email • Email Template to Solicit Retailer Program Enrollment			• Marketing Flyer		• Engagement Email Templates

The communication strategy's timing and content proved to be quite sensitive as special attention needed to be given not to release the reward amount publicly too quickly, as it could influence purchase behavior. Also, the launch date was carefully orchestrated to not coincide or confuse tactics around quarter-end sales. Avoiding the end of October, which was also the end of the third quarter, pushed the launch into November; while this was just outside 90 days, it logistically made sense to the automotive partners.

Pre-announcement activities started on September 28, 2020, with the CCFR website going live to a retailer audience with content encouraging pre-enrollment in the program. Over the next four weeks, there was active outreach from the CCFR call center and pre-announcement emails with specified messaging aimed to bring awareness to the program as well as promote corresponding educational webinars available. Partners, such as the California New Car Dealer Association and the Alliance of Automotive Innovation, also supported the pre-announcement messaging.

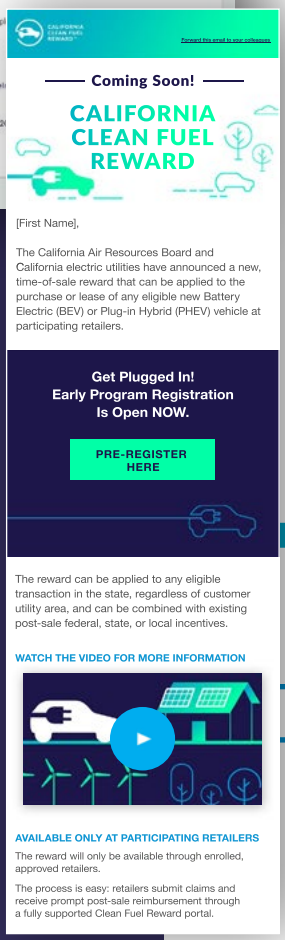


Pre-Annoucement Webinar Invitation for EDUs



Pre-Announcement Webinar Invitation for Manufacturers

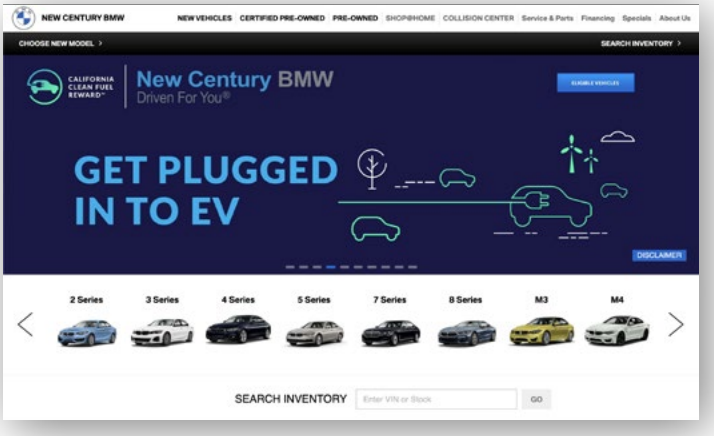
Retailer Pre-Launch Website



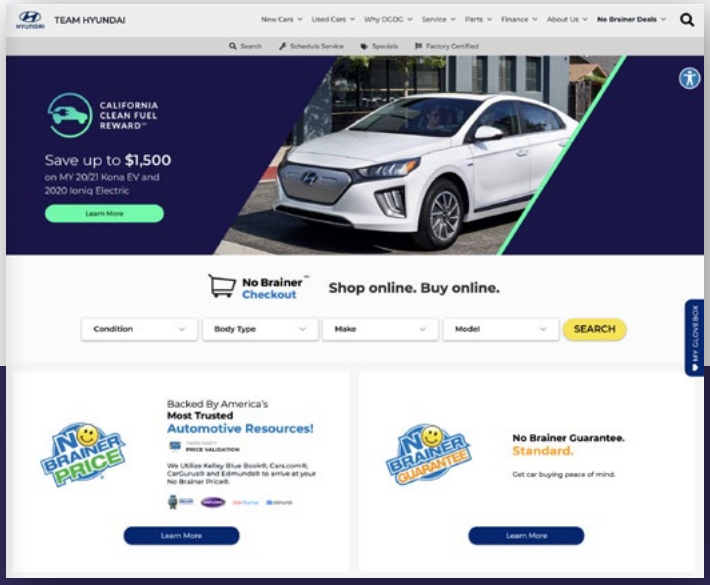
Retailer Pre-Enrollment Email

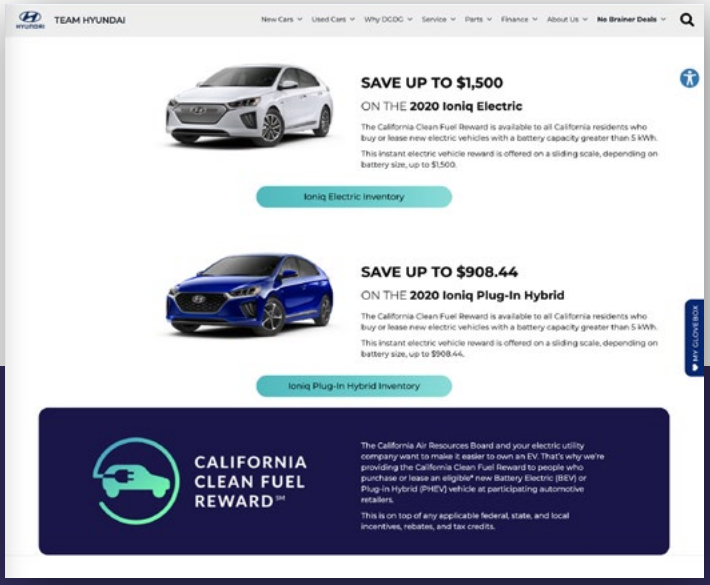
By early November, approximately 250 retailers had pre-enrolled in the program, giving leadership and indication of interest. Pre-enrollment was not required but was used as a method to gauge the success of outreach activities.

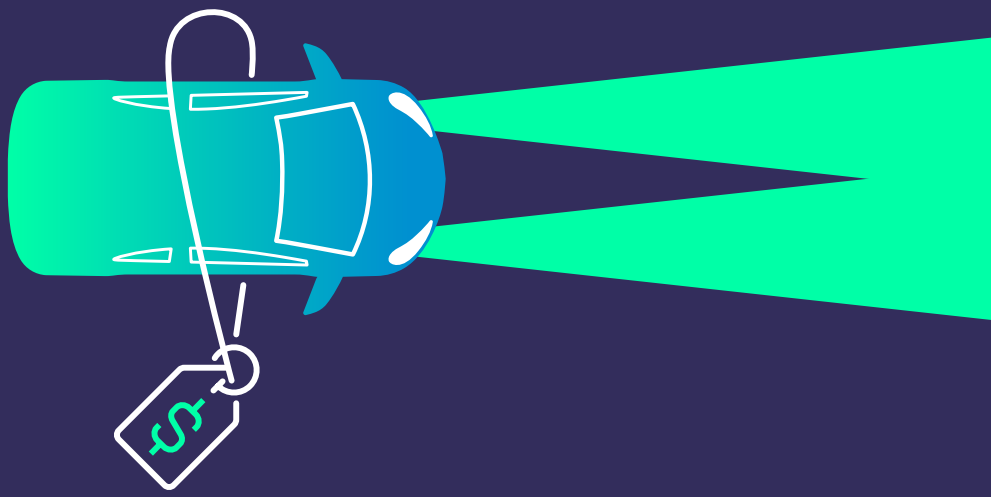
On November 17, 2020, a press release issued by CARB announced that the California Clean Fuel Reward was available to anyone who resides in California who purchased or leased a new eligible vehicle from a participating retailer. An easy-to-navigate, mobile-first website experience was launched to engage customers as well as continue to drive retailer enrollment. Customer-specific elements include EV education and owner benefits, eligible vehicle information, and an enrolled retailer list. The program also provides customers with the information they need to best utilize their vehicle through the communication of utility programs post-sale.



Some retailers were quick to take advantage of the program marketing materials and brand guide and extend the California Clean Fuel Reward message via their websites. Below are a few noteworthy examples of retailer web content.







03
RESULTS

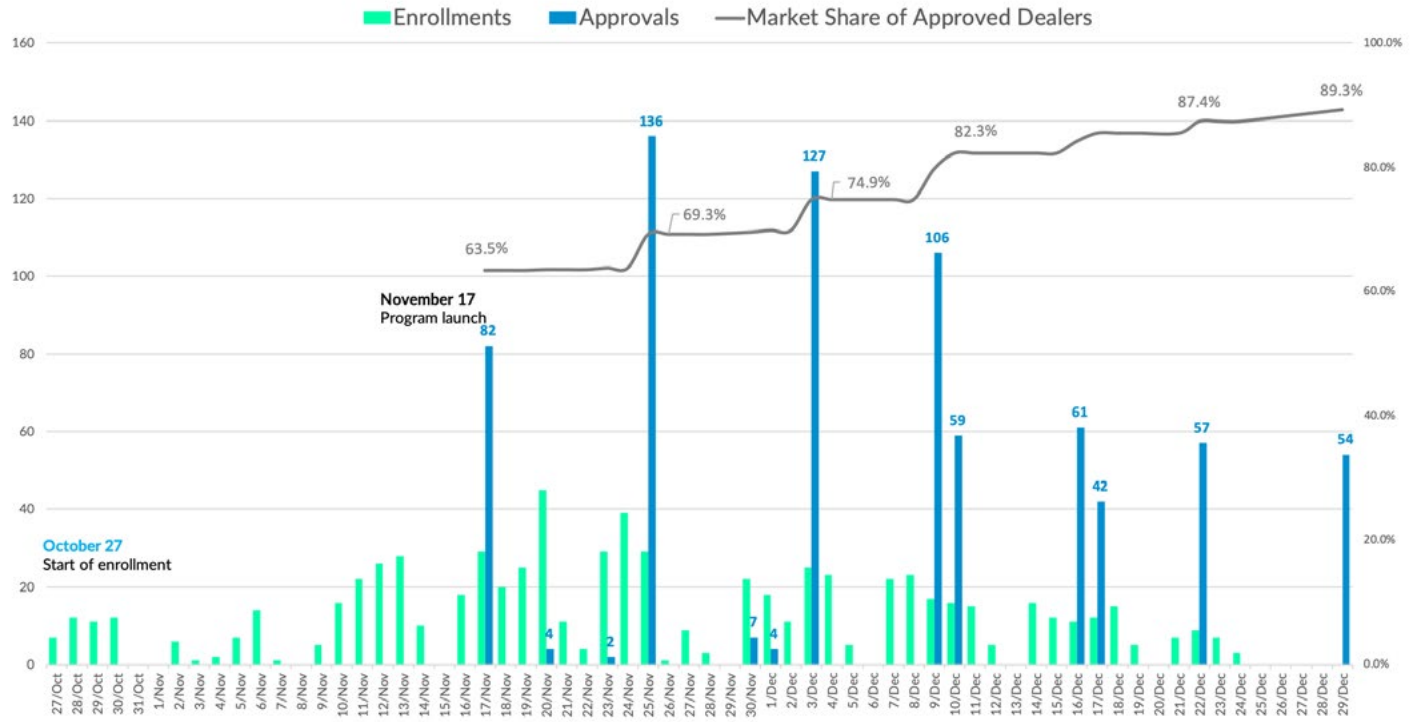
03 RESULTS

Data contained in this report represents activity through the end of 2020. For current information, please visit **www.cleanfuelreward.com.**

RETAILER ENROLLMENT

There were just over 100 retailers listed on the program website at the time of launch, but the program saw quick engagement from retailers in the subsequent weeks. By December 31, there were 741 retailers with 812 different retail locations approved to participate in the program. This represented approximately 89% of the EV market by the end of the year.

Original projections were ~500 retailers with ~80% market coverage by the end of the first year. Projections were met within six weeks of starting the program.



RETAILER ENROLLMENT BY BRAND

At the end of 2020, every major brand had representation within the CCFR program.

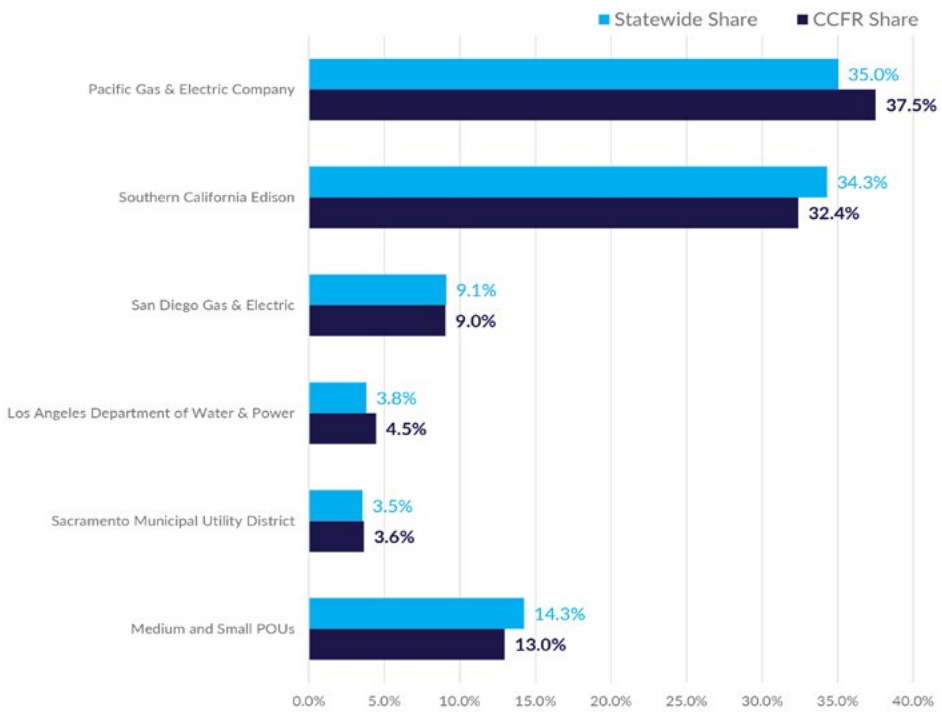
OEM	LOCATIONS
Chrysler Dodge Jeep Ram	90
Chevrolet	85
Toyota	80
Nissan	76
Ford	58
Hyundai	57
BMW	41
Honda	37
Tesla	36
Audi	30
Kia	27
Porsche	26
Volvo	22
Land Rover	19
Jaguar	18
Volkswagen	17
Cadillac	13
Zero	12
Mercedes-Benz	11
Subaru	11

See Appendix A for additional detail.

Distribution of CCFR-enrolled retailers throughout California.

RETAILER ENROLLMENT BY EDU TERRITORY

To understand if the CCFR was reaching retailers in different EDU territories, both the sample of CCFR retailers as well as the total retailer population were assigned to utility territory. Comparing the output, coverage of the state was acceptably aligned with where the retailer population is located across the state.

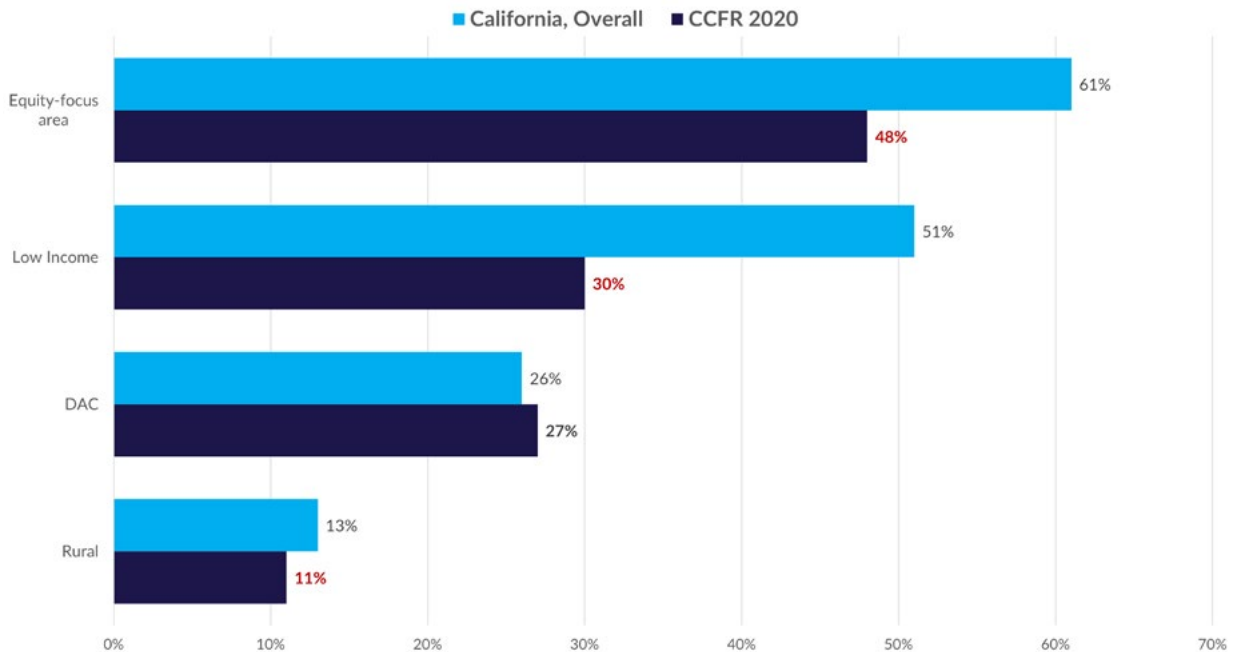


There may be opportunity to engage retailers in Southern California Edison territory, but the differences may be organically addressed through other outreach activities, such as those to enroll retailers in underserved communities.
Note: Only retailers with physical locations were able to be incorporated in this analysis.

See Appendix B for additional detail.

RETAILER ENROLLMENT DISPERSION IN UNDERSERVED COMMUNITIES

To understand the reach of CCFR retailers in areas of focus across the state, both the CCFR retailers as well as the entire retailer population were analyzed based on their geographic location, specifically in underserved communities.



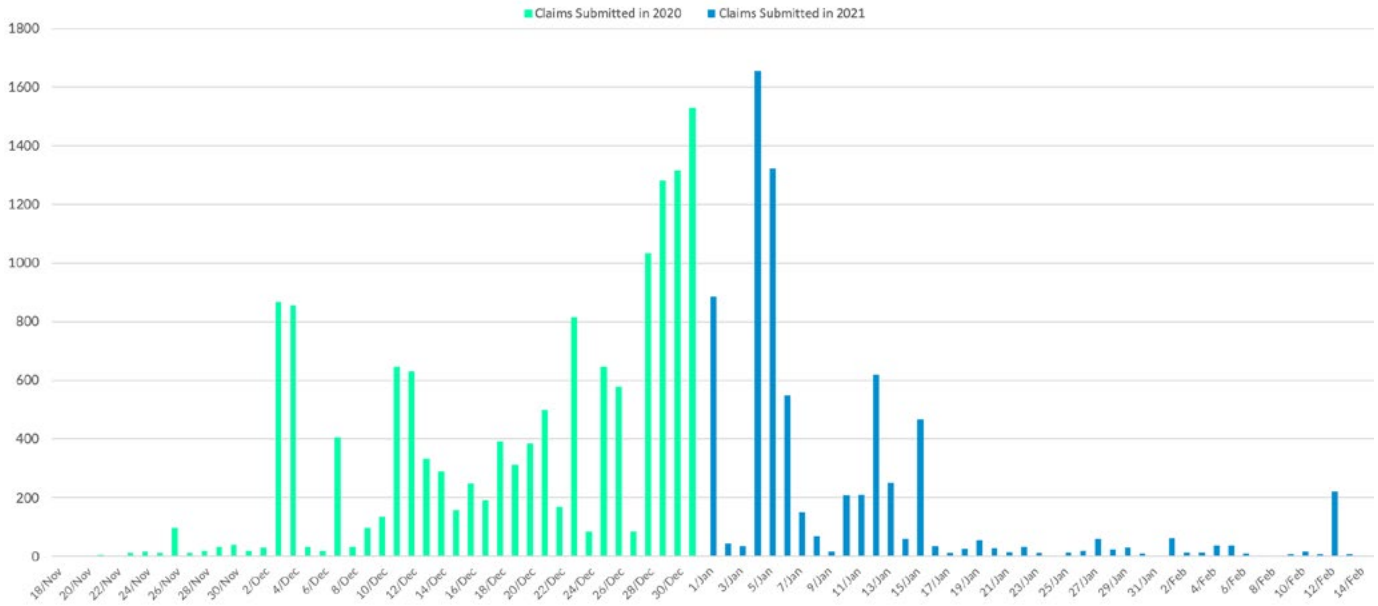
By categorizing retailers in specific communities, 48% of CCFR retailers are located in an equity-focus area. This represents the percentage of retailers that met at least one of the equity criteria.

More specifically, 27% are in disadvantaged communities (DACs), 30% are in low-income communities based on geography, and 11% are in rural areas. The sum of the three equity-focused categories is higher than the roll-up percentage due to the fact customers may meet more than one criterion. For more detail on the definitions of these categories, see the Definitions section at the end of the document.

Collecting this data and comparing it to the entire automotive retailer population for context may allow the CCFR, in the future, to see areas of opportunity in program reach and to develop strategies to increase retailer representation in certain communities. Note: Only retailers with physical locations were able to be incorporated in this analysis.

CUSTOMERS REWARDED

In 2020, 22,323 customers were rewarded for their eligible vehicle purchase through the California Clean Fuel Reward program. 14,529 claims were submitted by the end of 2020, and due to the ability to claim within 45 days of the sales, the remainder were submitted for reimbursement by retailers in 2021. 4,554 claims were paid in calendar year 2020 and are reflected in the program financials.



Retailers started submitting claims at volume in December with a significant push at month-end, which also was quarter- and year-end for some manufacturers.

The average reward amount included in customer transactions in 2020 was equal to $1,482. A value closer to the top end of the reward scale indicates more vehicles with +16 kWh are being purchased.

95.7% of customers received the maximum potential reward amount of $1,500 in their vehicle transaction.

REWARDS ISSUED BY AUTOMOTIVE MAKE AND MODEL

Note: Due to claiming behavior the data below does not represent the total number of vehicles sold in a particular month or time period by a manufacturer. Retailers have up to 45 days to claim a sold vehicle which then could fall outside of a specific sales month, quarter, or fiscal year.

MAKE/ MODEL	REWARDED CUSTOMERS
Tesla	**19,255**
Model Y	9,018
Model 3	7,634
Model X	1,486
Model S	1,117
Chevrolet	**813**
Bolt EV	813
Volvo	**392**
XC90	305
XC60	69
S60	10
S90	5
V60	3
Toyota	**297**
Prius Prime	199
RAV4 Prime	98
Nissan	**283**
LEAF	283

MAKE/ MODEL	REWARDED CUSTOMERS
BMW	**265**
i3	65
X5	62
5 Series	53
X3	49
3 Series	36
Chrysler	**243**
Pacifica Hybrid	243
Audi	**186**
e-tron	122
Q5	61
A8 L	3
Kia	**173**
Niro EV	130
Niro Plug-In Hybrid	43
Hyundai	**167**
Kona EV	73
Ioniq Plug-in Hybrid	48
Ioniq Electric	46
Honda	**69**
Clarity Plug-In Hybrid	69

See Appendix C for additional detail.

PERCENTAGE OF REWARDS ISSUED BY AUTOMOTIVE MAKE AND MODEL

MAKE/ MODEL	REWARDED CUSTOMERS
Tesla	**86.26%**
Model Y	40.40%
Model 3	34.20%
Model X	6.66%
Model S	5.00%
Chevrolet	**3.64%**
Bolt EV	3.64%
Volvo	**1.76%**
XC90	1.37%
XC60	0.31%
S60	0.04%
S90	0.02%
V60	0.01%
Toyota	**1.33%**
Prius Prime	0.89%
RAV4 Prime	0.44%
Nissan	**1.27%**
LEAF	1.27%

MAKE/ MODEL	REWARDED CUSTOMERS
BMW	**1.19%**
i3	0.29%
X5	0.28%
5 Series	0.24%
X3	0.22%
3 Series	0.16%
Chrysler	**1.09%**
Pacifica Hybrid	1.09%
Audi	**0.83%**
e-tron	0.55%
Q5	0.27%
A8 L	0.01%
Kia	**0.77%**
Niro EV	0.58%
Niro Plug-In Hybrid	0.19%
Hyundai	**0.75%**
Kona EV	0.33%
Ioniq Plug-in Hybrid	0.22%
Ioniq Electric	0.21%
Honda	**0.31%**
Clarity Plug-In Hybrid	0.31%

See Appendix C for additional detail.

Tesla was one of the first adopters of the program and have been consistently including the CCFR reward in all vehicle transactions. Their early and consistent participation is reflected in the data, where their percentage of rewarded customers within the program is high. To provide context to this percentage, it is helpful to compare the percentage of share in the program to the percentage of total EV market share in the state.

If the program is reaching the entire market, the two percentages should be at parity. In this instance, the percentage of customers rewarded for purchasing a Tesla through the program is higher than Tesla's share of the EV market based on the program's analysis of IHS Markit state registration data. A higher percentage in the program as compared to the market indicates that other manufacturers do not have as high of representation in the program as compared to the EV market.

Possible reasons for this gap:

- The 89% market coverage metric was calculated at the end of 2020. There was a ramp up as retailers were enrolled. See Retailer Enrollment section. This would cause some transactions in 2020 to be included in any IHS share calculations but would not be eligible for CCFR since the retailer was not enrolled.
- Communication and rollout of the program within the retail location is dependent on the retailer. The training is on demand and there is not a requirement to complete the training before becoming an approved retailer. Webinars and other program tools are made available to help get sales teams up to speed, but the individual retailers determine the pace and timing of the training. This could cause some sales teams to not be aware of the program and subsequently not include the reward in the transaction. The Retailer Agreement does outline that the reward must be included in all transactions after the date of approved enrollment.

A 2021 goal is to align CCFR share to IHS market share, with considerations for market coverage, to identify opportunities in engagement of all retailers and manufacturers.

REWARDED CUSTOMERS BY EDU TERRITORY

A review of the customers rewarded in 2020 through the CCFR program shows a similar distribution of the reward to expected benchmarks based on other programs such as the Clean Vehicle Rebate Project (CVRP).

	% OF CUSTOMERS REWARDED	CVRP % BENCHMARK	DIFFERENCE
Pacific Gas & Electric Company	36.87%	39.78%	-2.91 pts
Southern California Edison	32.67%	31.11%	+1.56 pts
San Diego Gas & Electric	10.70%	9.99%	+0.71 pts
Los Angeles Department of Water & Power	10.65%	10.50%	+0.15 pts
Sacramento Municipal Utility District	2.34%	2.06%	+0.28 pts
Medium and Small POUs	6.77%	6.56%	+0.21 pts

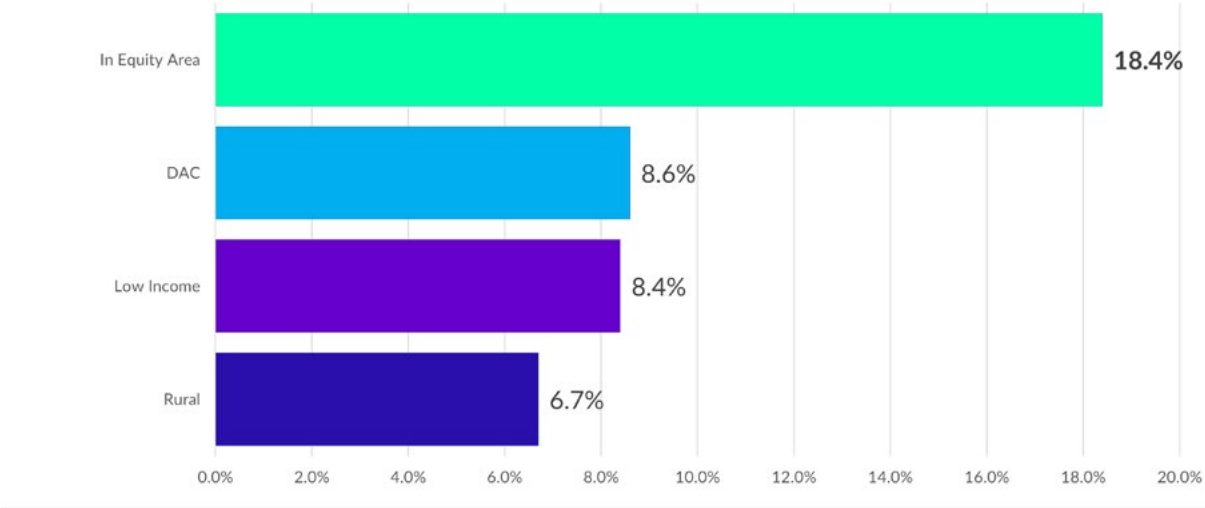
See Appendix D for additional detail.

Pacific Gas & Electric saw a smaller percentage of rewarded customers than expected while the other utilities saw a greater percentage. This could be due to the need for a baseline metric tied to registrations instead of comparing to other programs in market.

A 2021 goal is to better understand where the EV transactions have traditionally occurred to help determine the reason for any differences in coverage in the CCFR program.

DISPERSION OF REWARDED CUSTOMERS IN UNDERSERVED COMMUNITIES

When reviewing metrics for the CCFR program, it was important to understand more about the customers who were being rewarded. An analysis was performed to look at customer location in relationship with defined equity-focused geographies.



In 2020, an aggregate, deduplicated roll up of program impacts in defined equity categories represented 18.4% of customers rewarded, or 4,106 rewards were included in transactions of customers that met at least one of the defined equity criteria. 6.7% of customers rewarded were in rural areas, 8.4% in low income areas and 8.6% in DACs. The sum of the three defined equity categories is higher than the roll-up percentage due to the fact customer may meet more than one criterion. For more details on the definitions of these categories, see the Definitions section at the end of the document. It should be noted that a low-income designation is reflective of the customers location, not necessarily the customer-specific household income since the program does not collect individual income data.

Due to the first-of-its-kind nature of this program, complete benchmarks for these categories are not readily available, but for some context, other similar programs that have been in market recently, such as PG&Es Clean Fuel Rebate and SCE's Clean Fuel Rewards, had a 11% representation in DACs.

A 2021 goal is to increase percentages of customers in defined equity categories to meet appropriate benchmarks for customers rewarded through the program and to collect data establish program baselines for equity-participation.

DISPERSION OF REWARDED CUSTOMERS IN UNDERSERVED COMMUNITIES BY OEM

Looking at rewarded customers in underserved communities by manufacturer also gives insight into which OEMs could be key to improve metrics.

	EQUITY	DAC	LOW INCOME	RURAL	REWARDS IN UNDERSERVED COMMUNITIES	TOTAL REWARDED CUSTOMERS
Average	**18.4%**	**8.6%**	**8.4%**	**6.7%**	**4,106**	**22,323**
Tesla	18.6%	8.8%	8.4%	6.7%	3,581	19,255
Chevrolet	14.9%	6.5%	6.8%	4.8%	121	812
Volvo	10.7%	2.8%	3.8%	5.9%	42	392
Toyota	25.3%	9.4%	14.8%	8.1%	75	297
Nissan	12.7%	6.4%	6.7%	4.2%	36	283
BMW	17.4%	8.3%	9.1%	5.3%	46	265
Chrysler	19.3%	7.8%	5.8%	10.7%	47	243
Audi	14.5%	6.5%	8.6%	3.8%	27	186
Kia	22.5%	6.4%	13.3%	10.4%	39	173
Hyundai	19.8%	10.8%	11.4%	10.2%	33	167
Honda	18.8%	11.6%	7.2%	1.4%	13	69
Porsche	13.2%	5.9%	8.8%	1.5%	9	68
Zero	22.2%	11.1%	11.1%	16.7%	4	18
Subaru	6.7%	6.7%	0.0%	0.0%	1	15
Jaguar	21.4%	7.1%	0.0%	14.3%	3	14
Volkswagen	23.1%	0.0%	7.7%	15.4%	3	13
Ford	27.3%	9.1%	18.2%	0.0%	3	11
Energica	55.6%	22.2%	22.2%	22.2%	5	9
Land Rover	11.1%	11.1%	11.1%	0.0%	1	9
Mitsubishi	22.2%	11.1%	11.1%	0.0%	2	9
Polestar	14.3%	14.3%	14.3%	0.0%	1	7

For more detail on the definitions of the equity categories, see the Definitions section at the end of the document. It should be noted that a low-income designation is reflective of the customer's location, not necessarily the customer-specific household income.

A 2021 goal is to increase engagement with manufacturers that have customers in defined equity categories.

04
2020 PROGRAM FINANCIALS

04 2020 PROGRAM FINANCIALS

LINE NO.	METRIC	ESTIMATED AMOUNT	ACTUAL AMOUNT
1	Deposits	$227,754,817	$232,413,724
2	Rewards Paid [2]	$18,979,535	$6,792,162
3	Total Administrative and Marketing, Education & Outreach (ME&O) Costs [3]	$0	$2,337
	3a Program Administrator Costs	$0	$2,337
	3b Program Implementer Costs	$0	$0
	3c Program Auditor Costs	$0	$0
	3d Consumer-Facing ME&O Costs	$0	$0
4	Administrative Costs, % of Deposits	0.0%	0.001%
5	Startup Costs [4]	$5,208,628	$5,374,510
6	Total Program Expenditures	$24,188,163	$12,169,012

COST DETAIL

With the CCFR program launch on November 17, 2020, the costs for 2020 are primarily associated with startup activities for the program. It was anticipated that the program would not realize operating costs in 2020 as payment terms would cause costs for administration activities to be realized in 2021. This budget plan was presented to, and approved by, the CCFR Steering Committee prior to launch of the program.

1. Deposits

Deposits into the program in 2020 were a combination of required opt-in EDU startup contributions and mandated periodic deposits resulting from LCFS credits awarded to the opt-in EDUs beginning in Q4 2019. LCFS revenue deposits into the program were slightly higher than predicted by initial financial modeling. This is a combination of several factors including, but not limited to: actual LCFS credit sales prices being slightly above the estimates used by the program development team (which was done to intentionally build in conservatism); the distribution of credits to the EDUs not matching the expected distribution which was based on CVRP distribution data; or differences in driving and charging behavior in EDU territories may have had an impact on LCFS credit generation.

[2] $26,490,521 of rewards were distributed by retailers in 2020 but were paid in 2021 due to the 45-day window to claim reimbursement

[3] With the start of the program in mid-November, Administrative and M&EO Costs will be reflected in 2021 financials due to payment terms.

[4] With the start of the program in mid-November, an additional $1,411,660 Estimated and $1,373,106 Actual Startup Costs will be reflected in the 2021 financials due to payment terms

2. Rewards Paid

The program reimbursed automotive retailers for fewer reward claims in 2020 than anticipated; however, this was due to a combination of the 45-day window that retailers have to claim a reimbursement and the 10-day turnaround time it takes the program implementation team to process claims. Near instantaneous retailer claiming time had been assumed in financial modeling, however retailers claimed at the end of the month which pushes reward reimbursement into the next calendar year. Looking at the sales dates of vehicle transactions that included the reward, customers did receive the benefit of $33,082,686 of rewards distributed by retailers in 2020 but, due the reasons previously mentioned, $6,792,165 is reflected in the 2020 financials. The remaining $26,290,521 are realized as 2021 expenses.

3. Total Program Administrator Costs

The LCFS Regulation states that "Administrative Costs, excluding startup costs, to support any Clean Fuel Reward program funded by LCFS credit proceeds may not exceed 10% of LCFS credit proceeds contributed to the Clean Fuel Reward program annually." [5] SCE sought to further define this in Advice Letter 3982-E and proposed that it be allowed to serve as the "administrator to pay ME&O and administrative costs under rules established by the Steering Committee, including the fees charged by all third-party Implementer(s), at an amount not to exceed 10% of the total annual LCFS statewide CFR program revenue" [6] and that this cap would "include other administrative costs besides those of the third-party implementers, including, but not necessarily limited to, SCE's program administration costs"[7]. The Commission agreed and found that "A 10% program budget cap on administrative and ME&O spending is reasonable if it includes all IOU [investor owned utility] administrative costs related to the CFR program." [8] The 10% cap is applied to the roll up of these costs, which are described in more detail below.

A. Program Administrator Costs are defined as costs incurred by SCE to support the administration of the CCFR program including, but not limited to program management, data analytics, reward and invoice processing, cash account management, internal audit support, and procurement activities. Due to the quarterly invoicing schedule outlined in the Governance Agreement, it was not expected that any Program Administrator Costs would be realized in 2020. Activities that occurred prior to the program launch date are separately classified as Startup Costs (Line 5). However, there were modest banking fees associated with the program funds account that were paid at the end of year by SCE as administrative costs.

B. Program Implementer Costs represent costs incurred by the program implementer to manage the program website and retailer portal, process reimbursement claims, manage ongoing program and retailer support activities, and to develop and execute retailer outreach and education activities. Due to a mid-November launch and 60-day payment terms, work in completed in November and December after the program launch will be represented in the 2021 financials.

C. Program Auditor Costs are costs associated with paying the programs third-party external auditing firm to examine the programs processes and perform annual and interim audits. Due to a mid-November launch and 60-day payment terms, work in completed in November and December after the program launch will be represented in the 2021 financials.

D. Consumer-Facing ME&O Costs are for activities that are directed at consumers to increase consumer awareness about the program and electrification. These costs are separate from the retailer-focused ME&O activities that are built into Line Item 3. Due to a mid-November launch and 60-day payment terms, work in completed in November and December after the program launch will be represented in the 2021 financials.

[5] §95483(c)(1)(A)(4) of the LCFR Regulation, at page 33.
[6] SCE Advice Letter 3928-E, at page 22.
[7] Ibid.
[8] Resolution E-5015, Findings and Conclusions 20, at page 33.

4. Administration Costs, % of Deposits

§95483(c)(1)(A)(4) of the LCFS Regulation states that the Total Administrative Costs (Item 3 above) for the CCFR program in any year cannot exceed 10% of the total annual deposits into the program (Item 1 above). This section of the Regulation further delineates startup costs (see Item 5 below) are separate from Total Administrative Costs and are not subject to the 10% administrative cap.

5. Startup Costs

The same section further defines startup costs as "those costs associated with setting up the program and incurred prior to issuing rewards"[9]. For CCFR, all of SCE's procurement activities, initial account set up, and program management, as well as the program implementer's costs for developing the program website and portal, program brand elements, and initial retailer enrollment activities that occurred before November 17, 2020, were included in this line item.

Costs were aligned with the CCFR approved budget, but the preparation did require additional labor to support the launch. Also, the costs did not originally include pre-printing point-of-sale display kits, but the team printed some pieces in advance of launch to ensure the materials were in retail locations early on in the program to aid in customer awareness.

Data Redacted for Confidentiality Purposes

[9] §95483(c)(1)(A)(4) of the LCFR Regulation, at page 33.

05
LEARNINGS AND OPPORTUNITIES

05 LEARNINGS AND OPPORTUNITIES

2021 GOALS

Through the previously reviewed analysis of the program, two Guiding Principles will be areas of additional focus in 2021.

Guiding Principle #6: Maximize dealer (retailer) participation

A 2021 goal is to align CCFR share to IHS Markit market share, with considerations for market coverage, to identify opportunities in engagement of all retailers and manufacturers.

A 2021 goal is to better understand where the EV transactions have traditionally occurred to help determine the reason for any differences in coverage in the CCFR program.

How:

- Monitor the number of retailers enrolled, and their representative market share compared to CCFR market share
- Monitor the number of retailers claiming each month
- Engage retailers through consultative meetings on how to the CCFR program works as well as how to market and sell EVs
- Generate additional program awareness to educate customers on the CCFR program so they are equipped with all the information necessary to ensure they receive the reward

Guiding Principle #4: Implement the program consistent with an equity-based framework, consistent with CARB direction

A 2021 goal is to increase percentages of customers in defined equity categories to meet appropriate benchmarks for customers rewarded through the program and to collect data establish program baselines for equity participation.

A 2021 goal is to increase engagement with manufacturers that have customers in defined equity categories.

How:

- Increase engagement with retailers in underserved communities
- Generate awareness relatable to customers in underserved communities, including specific personas, incentive stacking messaging, and in-language marketing

06
DEFINITIONS

06 DEFINITIONS

TERM	DEFINITION
AICPA	American Institute of CPAs
BEV	Battery Electric Vehicle
CARB	California Air Resources Board
CCFR, CCFR Program	California Clean Fuel Reward program (i.e., the point-of-purchase incentive for electric vehicles)
CPUC	California Public Utilities Commission
CVRP	Clean Vehicle Rebate Project
DAC	Disadvantaged community (see additional information below)
EDU	Electric Distribution Utility—a complete list of participating EDUs is listed in AL 4090
EV	Electric vehicle
GHG	Greenhouse gas
GVWR	Gross Vehicle Weight Rating
IOU	Investor owned utility
Launch Date	Date defined by the CFR program when rewards will be available to consumers
LCFS	Low Carbon Fuel Standard
LI	Low income community (see additional information below)
Maritz	Maritz Automotive, the third-party implementer of the CCFR program
ME&O	Marketing, Education, and Outreach

TERM	DEFINITION
OEM	Original equipment manufacturer
RFP	Request for proposal
Retailer	A new car dealer, either online-based or with a physical storefront, that is enrolled in the CCFR program to received reward reimbursements
PHEV	Plug-in Hybrid Electric vehicle
POU	Publicly owned utility
Program	See CCFR
Program Administrator	Authorized administrator of the CCFR program, which shall be SCE for at least the first three years of the program
Reward	Point-of-purchase amount offered through the program
RFP	Request for Proposal
SCE	Southern California Edison Company
Steering Committee	Governing body of the Clean Fuel Reward Program
TSC	Trust Services Criteria

DEFINED EQUITY CATEGORIES

§95483(c)(1)(A)(6)(a) of the LCFS Regulation determines that special equity considerations should be given to underserved Californians through LCFS programs and defines these Californians as "disadvantaged communities and/or low-income communities and/or rural areas or low-income individuals eligible under California Alternative Rates for Energy (CARE) or Family Electric Rate Assistance Program (FERA) or the definition of low-income in Health and Safety code section 50093 or the definition of low-income established by a POU's governing body."[10] Each of the categories being considered in this report have unique characteristics:

- Disadvantaged Communities (DAC): these are census tracts located in disadvantaged geographical regions as defined by the CalEnviroScreen 3.0 modeling. "CalEnviroScreen is a screening tool that evaluates the burden of pollution from multiple sources in communities while accounting for potential vulnerability to the adverse effects of pollution. CalEnviroScreen ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors and prevalence of certain health conditions. Data used in the CalEnviroScreen model come from national and state sources."[11] While many DACs are often low-income communities, they are not always the same.
- Low-Income Communities: are census tracts with median household incomes at or below 80% of the statewide median income or with median household incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093.[12]
- Rural Areas: means a census tract with at least 75% of its population identified as rural by the latest U.S. Census data.[13]

[10] §95483(c)(1)(A)(6)(a) at page 35
[11] https://oehha.ca.gov/calenviroscreen/calenviroscreen-faqs
[12] California Health and Safety Code §39713(d)(2)
[13] §95481 (a) (133)

07
APPENDICES

07 APPENDICES

APPENDIX A: NUMBER OF RETAILER LISTINGS

Number of retailer listings on CCFR website as of December 31, 2020.

OEM	LISTINGS
Chrysler Dodge Jeep Ram	90
Chevrolet	85
Toyota	80
Nissan	76
Ford	58
Hyundai	57
BMW	41
Honda	37
Tesla	36
Audi	30
Kia	27
Porsche	26
Volvo	22
Land Rover	19
Jaguar	18
Volkswagen	17
Cadillac	13
Zero	12
Mercedes-Benz	11
Subaru	11
MINI	10
Lincoln	8
Mitsubishi	7
Harley-Davidson	6
Energica	3
Polestar	3
Buick	3
Karma	2
Vespa	1
Bentley	1
Mazda	1
Lexus	1

APPENDIX B: RETAILERS BY EDU TERRITORY

	CCFR COUNT	RETAILER SHARE	TOTAL RETAILER COUNT	RETAILER SHARE
Pacific Gas & Electric Company	278	37.5%	563	35.0%
Southern California Edison	240	32.4%	551	34.3%
Medium and Small POUs	96	13.0%	229	14.3%
San Diego Gas & Electric	67*	9.0%	146*	9.1%
Los Angeles Department of Water & Power	33*	4.5%	61	3.8%
Sacramento Municipal Utility District	27*	3.6%	57	3.5%
Grand Total	**741**	**100.00%**	**1607**	**100.00%**

*Updated as of 5/4/2021, previous version improperly stated amounts as 33, 1461, 27, 97.

APPENDIX C: REWARDS ISSUED BY MAKE, MODEL, AND PERCENTAGE

Note: Due to claiming behavior the data below does not represent the total number of vehicles sold in a particular month or time period by a manufacturer. Retailers have up to 45 days to claim a sold vehicle which then could fall outside of a specific sales month, quarter, or fiscal year.

MAKE/ MODEL	REWARDED CUSTOMERS	% OF REWARDED CUSTOMERS
Tesla	19,255	86.26%
Model Y	9,018	40.40%
Model 3	7,634	34.20%
Model X	1,486	6.66%
Model S	1,117	5.00%
Chevrolet	813	3.64%
Bolt EV	813	3.64%
Volvo	392	1.76%
XC90	305	1.37%
XC60	69	0.31%
S60	10	0.04%
S90	5	0.02%
V60	3	0.01%
Toyota	297	1.33%
Prius Prime	199	0.89%
RAV4 Prime	98	0.44%
Nissan	283	1.27%
LEAF	283	1.27%
BMW	265	1.19%
i3	65	0.29%
X5	62	0.28%
5 Series	53	0.24%
X3	49	0.22%
3 Series	36	0.16%
Chrysler	243	1.09%
Pacifica Hybrid	243	1.09%
Audi	186	0.83%
e-tron	122	0.55%
Q5	61	0.27%
A8 L	3	0.01%

MAKE/ MODEL	REWARDED CUSTOMERS	% OF REWARDED CUSTOMERS
Kia	173	0.77%
Niro EV	130	0.58%
Niro Plug-In Hybrid	43	0.19%
Hyundai	167	0.75%
Kona EV	73	0.33%
Ioniq Plug-in Hybrid	48	0.22%
Ioniq Electric	46	0.21%
Honda	69	0.31%
Clarity Plug-In Hybrid	69	0.31%
Porsche	68	0.30%
Taycan	66	0.30%
Cayenne	1	0.00%
Panamera	1	0.00%
Zero	18	0.08%
DS	4	0.02%
SR/S	4	0.02%
FX	2	0.01%
S	2	0.01%
SR/F	2	0.01%
DSR	1	0.00%
DSR/BF	1	0.00%
FXS	1	0.00%
SR	1	0.00%
Subaru	15	0.07%
Crosstrek	15	0.07%
Jaguar	14	0.06%
I-PACE	14	0.06%

MAKE/ MODEL	REWARDED CUSTOMERS	% OF REWARDED CUSTOMERS
Volkswagen	13	0.06%
e-Golf	13	0.06%
Ford	11	0.05%
Fusion Energi	10	0.04%
Mustang Mach-E	1	0.00%
Land Rover	9	0.04%
Range Rover Sport	5	0.02%
Range Rover	4	0.02%
Mitsubishi	9	0.04%
Outlander PHEV	9	0.04%
Energica	9	0.04%
Eva	8	0.04%
Ego	1	0.00%
Polestar	7	0.03%
2	7	0.03%
MINI	3	0.01%
Hardtop 2-Door	3	0.01%
Mercedes-Benz	2	0.01%
GLC	2	0.01%
Lincoln	2	0.01%
Aviator	2	0.01%
Grand Total	**22,323**	**100.00%**

APPENDIX D: REWARDED CUSTOMERS BY EDU TERRITORY

EDU	REWARDED CUSTOMERS	% OF REWARDED CUSTOMERS
Pacific Gas & Electric Company	8,231	36.87%
Southern California Edison	7,293	32.67%
San Diego Gas & Electric	2,388	10.70%
Los Angeles Department of Water & Power	2,377	10.65%
Sacramento Municipal Utility District	522	2.34%
City of Anaheim Public Utilities Department	197	0.88%
Glendale Water & Power	153	0.69%
Silicon Valley Power	138	0.62%
Pasadena Water & Power	134	0.60%
City of Palo Alto	131	0.59%
Modesto Irrigation District	96	0.43%
City of Riverside	85	0.38%
Roseville Electric	75	0.34%
Imperial Irrigation District	67	0.30%
Burbank Water & Power	67	0.30%
City of Cerritos	61	0.27%
Alameda Power & Telecom	61	0.27%
Turlock Irrigation District	45	0.20%
multiple_or_no_edu_returned*	36	0.16%
Merced Irrigation District	20	0.09%
Azusa Light & Power	18	0.08%

EDU	REWARDED CUSTOMERS	% OF REWARDED CUSTOMERS
Liberty Utilities	17	0.08%
Redding Electric Utility	14	0.06%
Lodi Electric Utility	13	0.06%
Truckee Donner Public Utilities District	11	0.05%
Moreno Valley Utility	10	0.04%
(blank)*	9	0.04%
City of Healdsburg Electric Department	9	0.04%
Lathrop Irrigation District	9	0.04%
Colton Electric Utility Department	8	0.04%
City of Industry	7	0.03%
City of Lompoc Electric Division	6	0.03%
City of Vernon Municipal Light Department	4	0.02%
City of Banning Electric Department	3	0.01%
PacifiCorp	2	0.01%
City of Corona Department of Water & Power	1	<0.01%
City of Ukiah Electric Utilities Division	1	<0.01%
Gridley Electric Utility	1	<0.01%
Bear Valley Electric Service	1	<0.01%
Trinity Public Utilities District	1	<0.01%
City of Shasta Lake	1	<0.01%
Grand Total	**22,323**	**100.00%**

*Multiple or No EDU returned, or Blank customers are in process to be manually matched to EDU.

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