

Leading the Way in Electricity™



Edison SmartConnect™



Building a Cleaner, Smarter Energy Future with Our Customers

EVS-23

December 2, 2007

Energy Policy Makers Promoting Smart Metering

Leading the Way in Electricity™



Support for Smart Meters

The policy of the U.S. is to encourage time-based pricing and other forms of demand response and that deployment of devices to enable consumers to participate in these programs be facilitated.

(2005 Federal Energy Policy Act)



Advanced Metering Goal

“Issue decisions on the proposals for statewide installation of Edison SmartConnect™ for all small commercial and residential customers by early 2006”

(EAP II Approved, October 6, 2005)



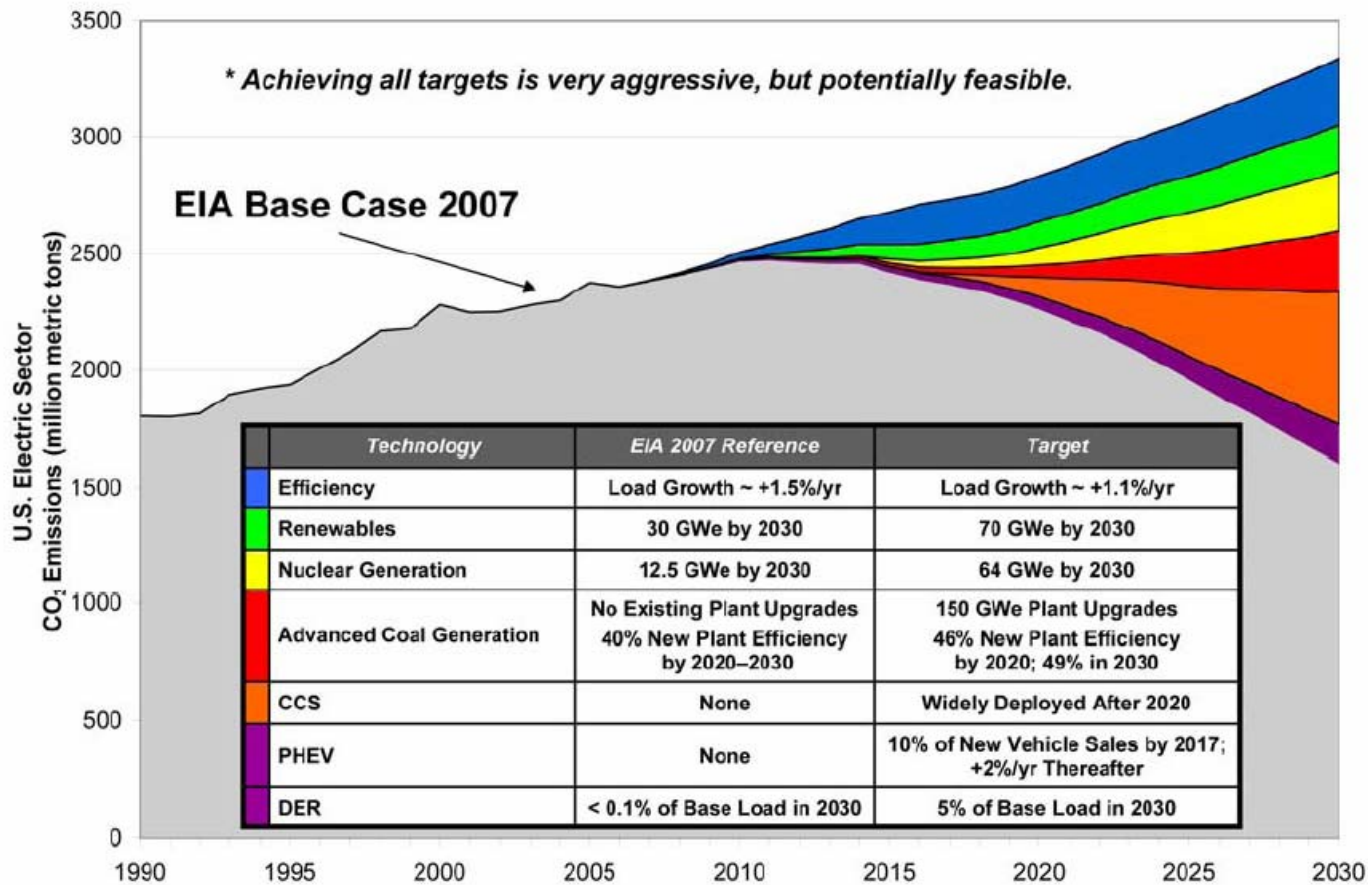
Demand Response

“...begin implementing a large-scale rollout of advanced metering systems for smaller customers, targeted first to areas of the state with the highest peak demand.”

(2004 Integrated Energy Policy Report Update)

EPRI “PRISM” Analysis

Potential US Electric Sector Carbon reduction strategies

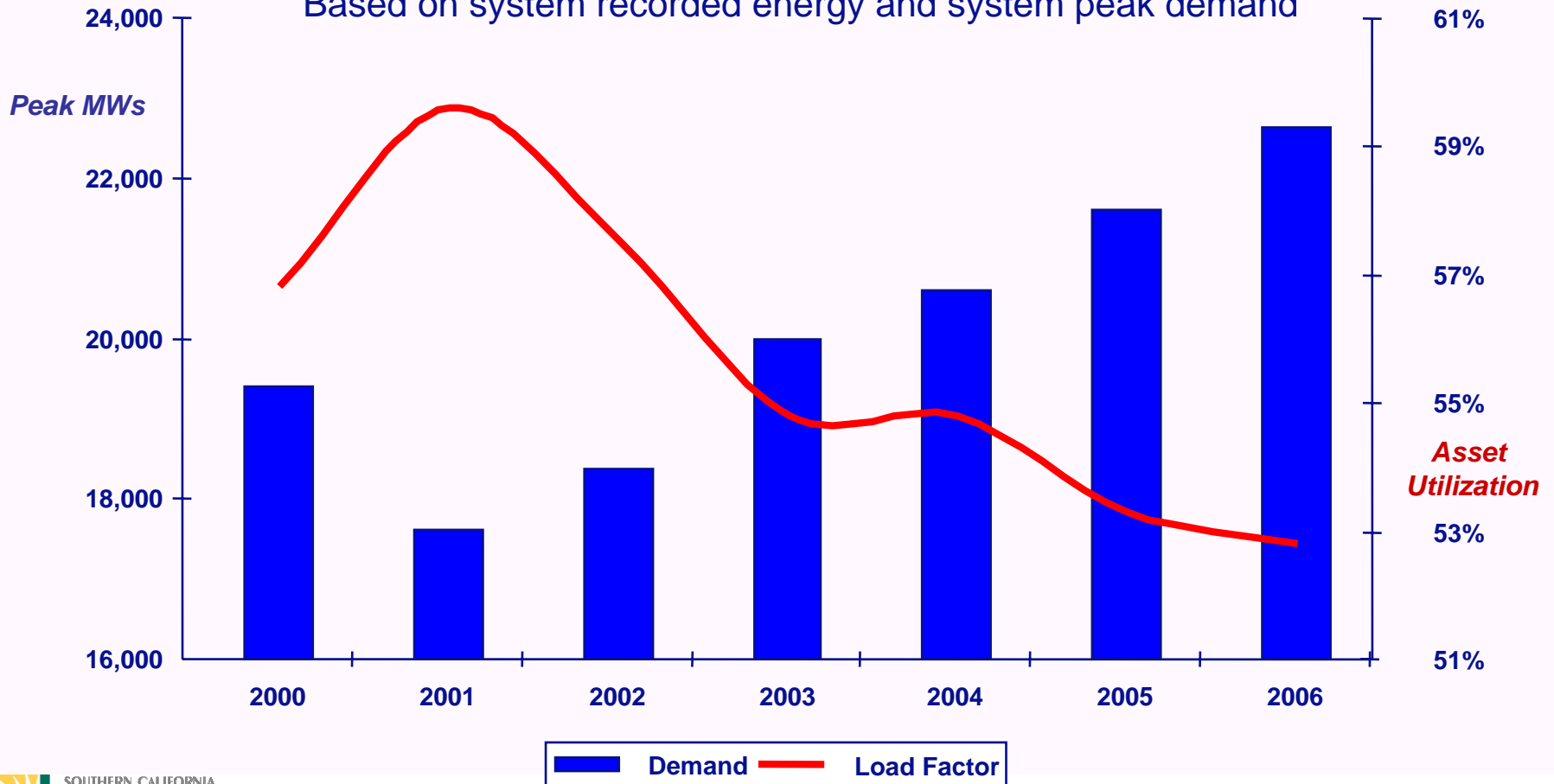


But significant investment requirements and uncertainty

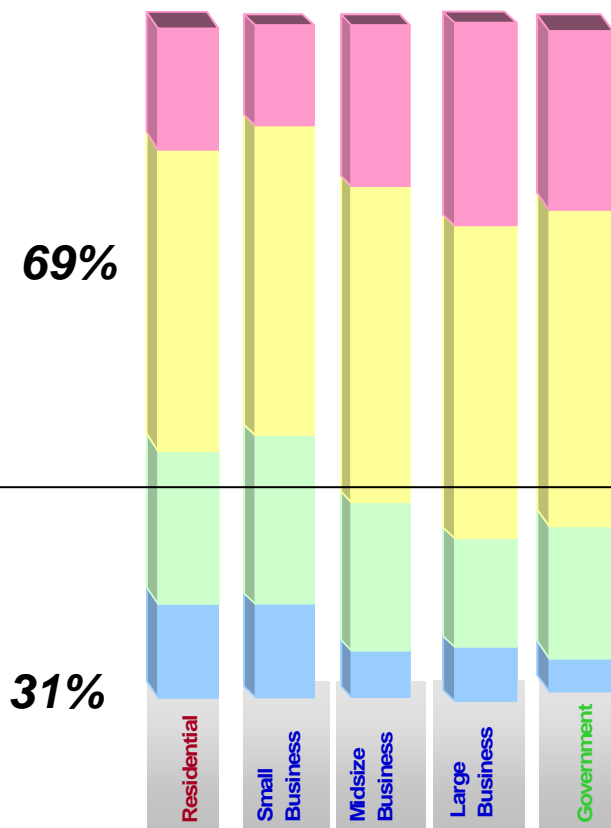
Peak Demand & Load Comparison

Peak Demand Is Growing & Load Factor is Declining

Based on system recorded energy and system peak demand



Customer Service Expectations Have Changed



Personalized Service Redefining Customer Experience

To provide personalized service to our diverse customer base by:

- Create personalized bundled solutions for customers
- Enable interactivity with and between customers
- Enable automated energy optimization
- Providing personalized energy management tools

To demonstrate care for our customers by:

- Delivering proactive energy / cost saving communications
- Fulfilling the role of energy advisor for our customers
- Making a positive impact in our communities

Utility Service Excellence

To make it easy to do business with us by:

- Developing web content / functionality, leading to self-serve capabilities
- Providing multiple, seamless channels for customer to interact with SCE
- Providing customer-friendly service requests and billing & payment options

To deliver reliable service at a fair cost with superb recovery by:

- Managing customer service requests, expectations, & fulfillment
- Timely, accurate responses to billing inquiries and service status updates
- Performing exceptional service & power outage/fluctuation recovery
- Influencing a simplified & equitable rate structure

Empower customers to manage their energy costs and provide new services through smart technology

- *Create lasting customer value through cost-effective advanced metering technology solutions*
- *Design to support Federal and State Energy Policy Objectives*
- *Support SCE's strategy of modernizing our infrastructure with smart technologies toward an intelligent grid*
- *Provide a catalyst for continuing industry innovation to leverage the capabilities of Edison SmartConnect™ technology to achieve energy management, environmental and customer experience objectives.*

Enabling a Smart Energy Future

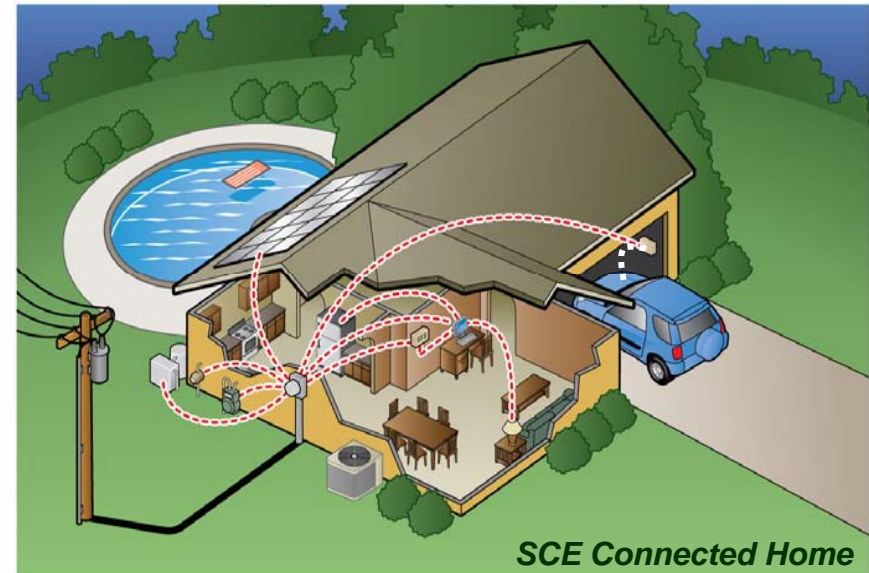
Demand Response and Energy Conservation are critical to meeting our energy needs in an environmentally friendly way - smart meters are a key component

- **Empower Customers**

- Rate choices to manage costs
- Energy information and analysis
- Service automation (remote turn-on)
- Billing & Payment options

- **Engage Customers**

- Enable smart thermostats & lighting
- Solar & DG metering
- Interface with PHEV controls & metering
- Interface with Home Automation
- Enable energy smart appliances



2007 Smart Grid Leadership Award

US Dept of Energy

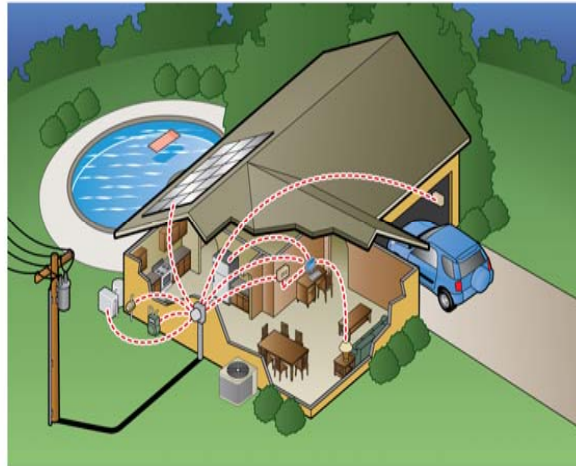
Enabling a Clean Energy Future

Exploring New Battery Based Electricity Storage Applications For The Home

PV with Home Energy Storage



Address PV intermittency
Smaller PV + Storage = Low cost?



Stand Alone Home Energy Storage



Emergency back-up
Home Peak shaving
Integration w/Energy Mgmt
Future building codes

PHEV Bi-directional Connection



Emergency back-up
Home Peak shaving
Electric rates/incentives
Integration w/Energy Mgmt

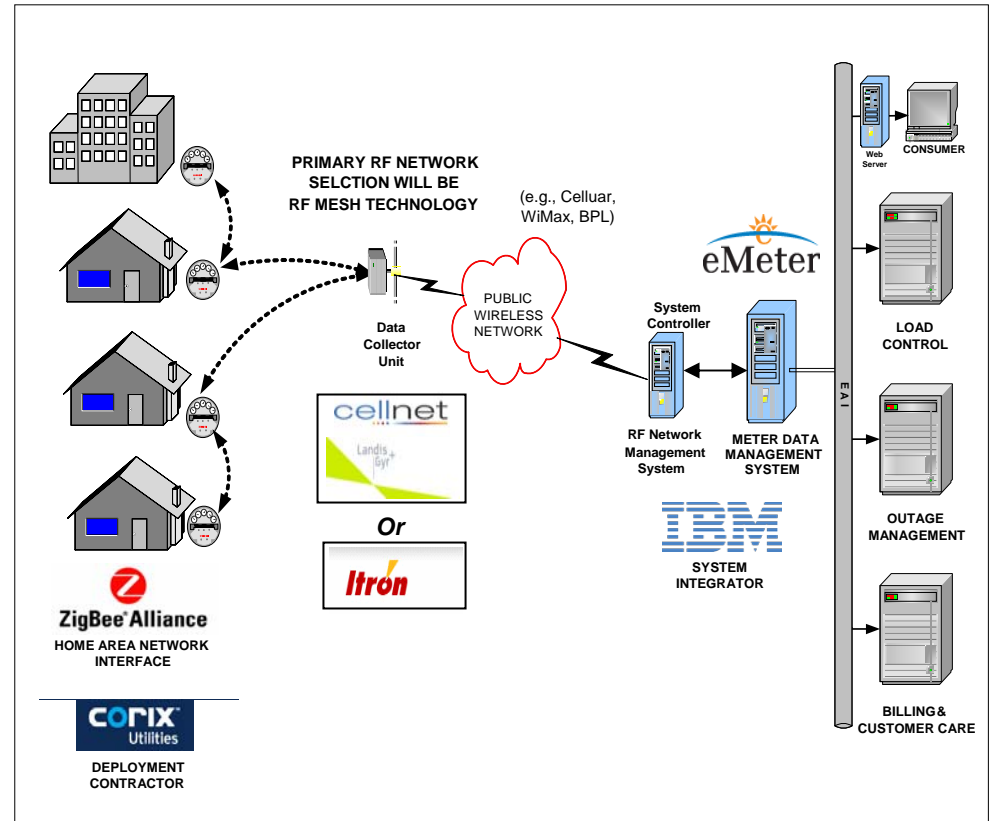
Technology Overview

Replace meters on SCE's 5 million small commercial and residential customers

Technology & Vendor Map

- 3rd Gen Electronic meters:
 - 200A integrated service switch
 - Home Area Network interface
 - Energy & Voltage measurement
 - Outage detection & service status
 - Theft/tamper detection
 - Remote firmware upgradability
 - Robust security

- Multi-Tier Telecom Network
 - Designed for flexibility & security
 - 2-way narrowband 900MHz RF LAN
 - Open standard ZigBee 2.4GHz HAN
 - Public or Private IP based WAN



Program Cost Effectiveness

New system functionality creates significant value for customers & SCE

Customer Benefits

- **Conservation creates GHG Reduction of 365,000 metric tons/year**
- Provides energy information to manage costs
- Provides service automation capability like remote service turn-ons
- Improves billing accuracy
- Provides better outage response and information for customers

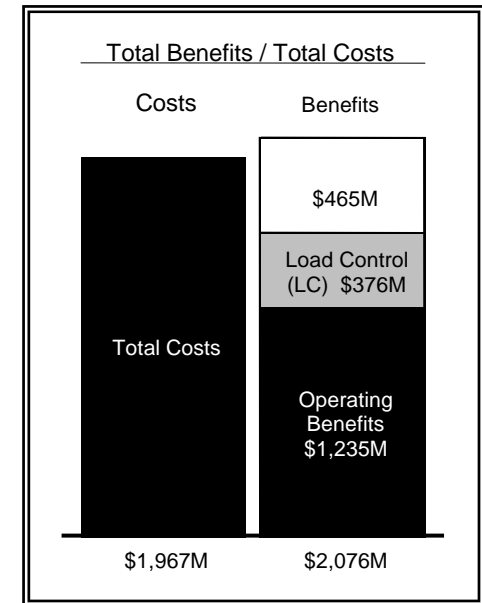
System Benefits

- **Demand response provides 1,000 MW of estimated peak load reduction from dynamic rates and A/C load control**
- Reduced operational expense related to automating meter reading and service connections
- Edison SmartConnect™ System creates incremental benefits for meter to cash processes
- Outage management enhancements and distribution asset management benefits

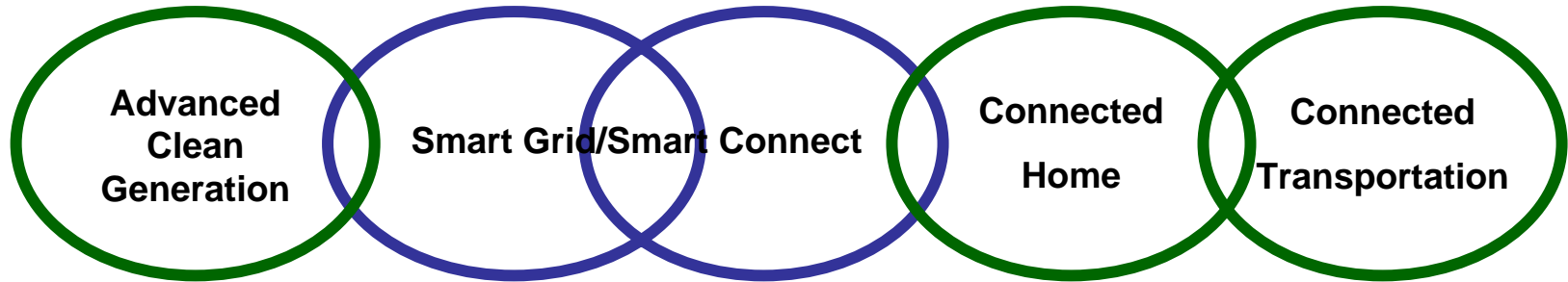
Shareholder Benefits

- **\$1.3 billion in rate based capital plant thru deployment**

Project Financial Summary

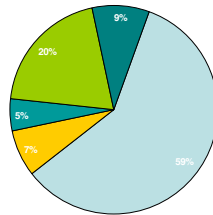


EIX Vision for Technology Response



Technology Advancement Delivers Required GHG Responses

Low Carbon Fuel Mix



Energy Management & Efficiency

- Reduced Cost & Rate Pressures
- Meeting Customer Expectations for Value & Environment