November 3, 2017

Russell G. Worden
Director, Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770

Subject: SCE Advice Letter 3642-E: Modification of Schedule Capacity Bidding Program in Compliance with Decision 16-06-029.

Dear Mr. Worden:

Advice Letter 3642-E, filed on August 9, 2017, sought approval for changes to the Capacity Bidding Program (CBP) that were authorized in D.16-06-029. SCE seeks an effective date of December 21, 2017, which basically delays the changes until 2018.

The changes authorized in D.16-06-029 were intended for only the 2017 year and hence SCE's advice letter filing failed to implement the changes within the timeframe expected by the Commission. For this reason SCE AL 3642-E is rejected.

The CBP program changes requested in the advice letter will be addressed in the upcoming Proposed Decision in Application 17-01-012 et al. (2018-22 DR Programs).

Sincerely,

Edward Randolph, Director
Energy Division
California Public Utilities Commission

cc: Laura Genao, Southern California Edison
Sara Steck Myers, for the Joint DR Parties
ADVICE 3642-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Modification of Schedule Capacity Bidding Program in Compliance with Decision 16-06-029

In compliance with Decision (D.)16-06-029, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariffs. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE
SCE submits this filing to modify Schedule CBP, Capacity Bidding Program, to implement the program changes approved in D.16-06-029.

BACKGROUND

DISCUSSION
In this advice letter, SCE proposes to modify Schedule CBP to implement all program changes proposed in its original application and approved by D.16-06-029. SCE’s proposed tariff changes to Schedule CBP will enable SCE to “allow participants of the program to break a resource into sub-10 megawatt resources and allow performance to be measured across all for the capacity available by each utility in the sub-LAP.”

The proposed tariff changes are as follows:

1 Please see D.16-06-029, OP 27.d.
1) Streamline CBP product offerings and other modifications to meet CAISO’s Proxy Demand Response (PDR) market product (consolidate CBP products into two products: Day-Of 1-6 and Day-Ahead 1-6; require additional nomination information; and change the CBP trigger);\(^2\)

2) Modify event notifications to adapt to market operating conditions (change day-ahead notifications to 5:00 p.m. and day-of notifications to 20-minutes); and

3) Implement other general program modifications (add an electronic payment option and update the CBP capacity payment bands to be consistent with SCE’s other aggregator-managed DR procurement agreements).

**Operational Enhancements**

In addition to the tariff changes approved in D.16-06-029, SCE will implement a number of operational enhancements and communications to ensure Aggregators understand and can perform under the changes and new requirements.

The program changes approved in D.16-06-029 will require modification to SCE’s CBP nomination system, APX, including requiring Aggregators to submit a customer’s load drop estimate (LDE) as part of the CBP nomination process. A customer’s LDE identifies the potential load drop that service account is estimated to provide. By providing a customer’s LDE, when SCE registers its CBP resource in the CAISO wholesale market and if the CBP resource exceeds 10 MW, SCE will use the LDE value provided by the Aggregator to break-up the registered resource to less than 10 MW. No additional changes to performance calculations are required under D.16-06-029, OP 27.d. since currently the Recorded Reduction performance calculation is already measured for a given Sub-LAP (SLAP).

**Communication and Training**

The program changes approved in D.16-06-029 require a number of system changes to create the new products, calculate performance and incentives, and change the dispatch parameters. SCE is currently implementing these system changes and will have these system changes completed by December 21, 2017, in time for the beginning of the January 2018 nomination window.

SCE intends to notify its CBP aggregators of these specific changes in September 2017. At that time, SCE will offer and coordinate APX re-training to its CBP Aggregators on these tariff revisions and requirements.

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\(^2\) CBP trigger change previously approved in Commission Resolution E-4819.
PROPOSED TARIFF CHANGES

SCE is proposing to modify the following sections in Schedule CBP.

Rates

- Delete Hours per Day and monthly Capacity Credit Rate for “1 to 4” and “4 to 8” for both tables
- Replace “2 to 6” to “1 to 6” for both tables

SPECIAL CONDITIONS (SC)

- SC 4 (CBP Events) – Replace “11 a.m.” to “1 p.m.”
- SC 6 (Event Limits) – Replace all Products to “Day-Of 1-6 Hours” and “Day-Ahead 1-6 Hours”
- SC 6 (Event Limits) – Add column “Maximum Events per Month” and add “5” for Maximum Events per Month each Product
- SC 7 (Notification of CBP Event/Test Event) – Replace “3 p.m.” to “5 p.m.”
- SC 7 (Notification of CBP Event/Test Event) – Replace “one-hour” to “20-minutes”
- SC 8 (Products) – Replace “six” to “two”
- SC 8 (Products) – Replace table to:

<table>
<thead>
<tr>
<th></th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Day-Of 1-6 Hours</td>
</tr>
<tr>
<td>2</td>
<td>Day-Ahead 1-6 Hours</td>
</tr>
</tbody>
</table>

- SC 9 (Capacity Nominations) – Add requirement “must nominate a minimum of 100 kW nomination for an SLAP and”
- SC 9 (Capacity Nominations) – Add requirement “provide the Load Drop Estimate (LDE) for each nominated service account, nominate a minimum of 100 kW for an SLAP,”
- SC 9 (Capacity Nominations) – Add requirement to list “2. LDE; and”
- SC 9 (Capacity Nominations) – Replace “2. SLAP” to “3. SLAP, and nominate a minimum of 100 kW for an SLAP.”
- SC 15.b.(1) (Capacity Payment Band) – Replace “100” to “105” and change formula to “Capacity Payment = Capacity Nomination * Capacity Credit Rate * 1.05”
- SC 15.b.(2) (Capacity Payment Band) – Replace “90” to “75” and replace “99.99” to “104.99”
- SC 15.b.(3) (Capacity Payment Band) – Replace “75” to “60” and replace “89.99”
to “74.99”

- SC 15.b.(4) (Capacity Payment Band) – Delete
- SC 15.b.(5) (Capacity Payment Band) – Change to SC 15.b.(4) and replace “49.99” to “59.99”
- SC 16 (Disbursement of Energy Payment and Capacity Payment) – Add “or other SCE-approved forms of electronic payment”

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

TIER DESIGNATION

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.1, this advice letter is submitted with a Tier 1 designation.

EFFECTIVE DATE

This advice filing will become effective on December 21, 2017.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be submitted to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:
There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and R.13-09-011 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission’s Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE’s corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE’s web site at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

For questions, please contact Amy Liu at (626) 302-4019 or by electronic mail at Amy.Liu@sce.com.

Southern California Edison Company

/s/ Russell G. Worden
Russell G. Worden

Enclosures
Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:  Contact Person: Darrah Morgan
☑ ELC  ☐ GAS  ☐ Phone #: (626) 302-2086
☐ PLC  ☐ HEAT  ☐ WATER  E-mail: Darrah.Morgan@sce.com
☐ E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE
ELC = Electric  GAS = Gas  PLC = Pipeline  HEAT = Heat  WATER = Water

Advice Letter (AL) #:  3642-E  Tier Designation:  1

Subject of AL: Modification of Schedule Capacity Bidding Program in Compliance with Decision 16-06-029

Keywords (choose from CPUC listing): Compliance

AL filing type:  ☐ Monthly  ☐ Quarterly  ☐ Annual ☑ One-Time  ☐ Other  

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Decision 16-06-029

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: 

Summarize differences between the AL and the prior withdrawn or rejected AL: 

Confidential treatment requested?  ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  ☐ Yes ☑ No

Requested effective date:  12/21/17  No. of tariff sheets:  -9-

Estimated system annual revenue effect: (%): 

Estimated system average rate effect (%): 

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:  Schedule CBP and Table of Contents

Service affected and changes proposed1: 

Pending advice letters that revise the same tariff sheets:  3542-E-A and 3577-E

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1 Discuss in AL if more space is needed.
Protests and all other correspondence regarding this AL are due no later 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
 Telephone: (626) 302-4177
 Facsimile: (626) 302-6396
 E-mail: AdviceTariffManager@sce.com

Laura Genao
Managing Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com
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<td>Schedule CBP</td>
<td>Revised 54897-E</td>
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<tr>
<td>Revised 62039-E</td>
<td>Schedule CBP</td>
<td>Revised 54898-E</td>
</tr>
<tr>
<td>Revised 62040-E</td>
<td>Schedule CBP</td>
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<tr>
<td>Revised 62046-E</td>
<td>Table of Contents</td>
<td>Revised 61896-E</td>
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</table>
APPLICABILITY

The Capacity Bidding Program (CBP) has a Day-Of Option and a Day-Ahead Option that are available to Aggregators, defined herein as an entity that aggregates one or more service accounts served under a non-residential rate schedule, for the purposes of participating under this Schedule as an Aggregator. An Aggregator, third party or not, is subject to the terms and conditions of this Schedule and all applicable Agreements. Aggregators are eligible for compensation under this Schedule. When applicable, the Aggregator is responsible for Capacity Nomination bid penalties, not the Aggregator's individual service accounts. However, metering requirements must be met by participating service accounts as defined in special conditions, prior to participation under this Schedule.

This Schedule is not applicable to customers served under Schedules GS-APS-E, TOU-BIP, or AP-I. All customer currently receiving service under any streetlight, area Lighting, traffic control or wireless technology rate is not eligible to enroll in this Schedule. A customer’s participation in other demand response programs may affect a customer’s eligibility for service under this Schedule (see Special Conditions).

TERRITORY

Within the entire territory served

RATES

All of the Otherwise Applicable Tariff (OAT) charges and provisions applicable to each service account of a participating Aggregator shall apply.

Day-Of Option - Capacity Credit Rate ($/kW-month)

<table>
<thead>
<tr>
<th>Hours per Day</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
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<td>1.58</td>
<td>1.58</td>
<td>1.58</td>
<td>3.80</td>
<td>5.69</td>
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<td>Jul</td>
<td>19.29</td>
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<td>12.02</td>
<td>2.21</td>
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(Continued)
Schedule CBP  
CAPACITY BIDDING PROGRAM  

(Continued)

Day-Ahead Option - Capacity Credit Rate ($/kW-month) i

<table>
<thead>
<tr>
<th>Hours per Day</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 6</td>
<td>1.65</td>
<td>1.38</td>
<td>1.38</td>
<td>1.38</td>
<td>3.30</td>
<td>4.95</td>
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<td>Jul</td>
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<td>Aug</td>
<td>16.78</td>
<td>19.53</td>
<td>10.45</td>
<td>1.93</td>
<td>1.65</td>
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<td>Dec</td>
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</table>

CBP Event/Test Event Maximum Energy Credit

All Hours: Daily SCE city gate gas price times the heat rate factor of 15,000 Btu/kWh

SPECIAL CONDITIONS

1. Definitions. The following Definitions are applicable to service provided under this Schedule:

   a. Aggregator: An entity that aggregates one or more service accounts of one or more end-use customers, for the purpose of participating under this Schedule as an Aggregator.

   b. Sub-Load Aggregation Point (SLAP): A geographical area, whereby generation and/or transmission constraints are grouped for the purposes of determining needed load reductions under this Schedule.

   c. Default-Load Aggregation Point (DLAP): A geographic area corresponding to the IOU service area.

   d. Meter Data Management Agent: An entity that takes raw meter outputs, validates them using validation, editing and estimation rules, adds corollary information needed to characterize the customer, and makes complete customer information available to others for use in various applications.

   e. Day-Of Option: One Option type. The CBP Event will only be scheduled on a Day-Of basis, as determined by meeting the Program Triggers prescribed in Special Condition 2 of this Schedule.

   f. Day-Ahead Option: One Option type. The CBP Event will only be scheduled on a Day-Ahead basis, as determined by meeting the Program Triggers prescribed in Special Condition 2 of this Schedule.

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i The amounts of the capacity credit rates will be fixed until further modified by the California Public Utilities Commission.
SPECIAL CONDITIONS (Continued)

4. CBP Events. CBP Events may be triggered on any weekday between the hours of 1 p.m. to 7 p.m., Monday through Friday, excluding holidays. A CBP Event can be scheduled on a Day-Of basis and on a Day-Ahead basis on any weekday except holidays.

CBP Event Triggers. A CBP Event is triggered only when both of the following criteria are met.

a. The economic criterion that a 15,000 Btu/kWh heat rate thermal resource is or should be dispatched. This criterion may be caused by any one of the following conditions:

   1) High temperatures; or
   2) Resource limitations; or
   3) A generating unit outage; or
   4) Transmission constraints; or
   5) CAISO Alert or Warning Notice; or
   6) SCE system emergency; and

b. An energy price is set at (1)$0.065/kWh or above for the Day-Ahead market, or (2) $0.16/kWh or above for the Real-Time market.

5. CBP Test Events. Up to three (3) CBP Test Events may be called within each SLAP in each calendar year (see Special Condition 6 Event Limits). All notification protocols, as well as all applicable credits and penalties, will apply during CBP Test Events. A CBP Test Event can be scheduled on a Day-Of basis and on a Day-Ahead basis on any weekday except holidays.

6. Event Limits

<table>
<thead>
<tr>
<th>Product (Hours) (See Special Condition 8)</th>
<th>Minimum Duration per Event (Hours)</th>
<th>Maximum Duration per Event (Hours)</th>
<th>Maximum Event Hours per Operating Month per SLAP Location</th>
<th>Maximum Events per Day</th>
<th>Maximum Events per Month</th>
<th>Maximum Test Events per Year per SLAP Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day-Of 1-6</td>
<td>1</td>
<td>6</td>
<td>30</td>
<td>1</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Day-Ahead 1-6</td>
<td>1</td>
<td>6</td>
<td>30</td>
<td>1</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

(Continued)
SPECIAL CONDITIONS (Continued)

7. Notification of a CBP Event/Test Event. SCE will provide notification of a CBP Event/Test Event via SCE’s designated CBP Internet Website. Notification may also be given via SMS text message, electronic mail, or by telephone. The Day-Ahead CBP Event/Test Event notice will be provided no later than 5 p.m. the day before a Day-Ahead CBP Event/Test Event. The Day-Of CBP Event/Test Event will be scheduled at least 20 minutes prior to commencing the Day-Of CBP Event/Test Event.

8. Products. The combination of Day-Of or Day-Ahead Options and available hours is herein referred to as a Product. There are two available Products, which are listed below. An Aggregator may enroll one or more eligible service accounts under a single Product type and a single capacity bidding resource.

<table>
<thead>
<tr>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Day-Of 1-6 Hours</td>
</tr>
<tr>
<td>2 Day-Ahead 1-6 Hours</td>
</tr>
</tbody>
</table>

9. Capacity Nominations

The Aggregator must specify which of its service accounts will participate in each Product and provide their Capacity Nomination at least five (5) days prior to the beginning of each operating calendar month. The Capacity Nomination must nominate a minimum of 100 kW for an SLAP and is valid for the entire operating month. The Aggregator may not nominate the same service account for more than one Product during an operating calendar month. The Aggregator must choose a Product, provide the Load Drop Estimate (LDE) for each nominated service account, nominate a minimum of 100 kW for an SLAP, and be assigned to a specific SLAP to make a Capacity Nomination.

1. Product;
2. LDE;
3. SLAP, and nominate a minimum of 100 kW for an SLAP.

10. Cancellation of Capacity Nomination. A Capacity Nomination may be cancelled up until the time it is accepted by SCE.

(Continued)
SPECIAL CONDITIONS (Continued)

11. California Energy Commission Site Visits. All Aggregators and all customers participating
through the aggregators served under this Schedule automatically agree to allow the California
Energy Commission, or its contracted agents, to conduct site visits for measurement and
evaluation, and further agree to complete all program evaluation surveys.

12. Baseline.

The Aggregator must select either Energy Baseline (EB) or Adjusted Energy Baseline (AEB)
for each service account when they nominate for the operating month. The EB will be the
default if the Aggregator does not make a selection.

a. Energy Baseline: A valid EB is defined as all service accounts having at least 10 days
of interval meter data available to SCE’s billing system. Only the hourly average usage
for the hours included in the event will be included in the EB. The EB will be calculated
at the service account level. The EB will be calculated on an hourly basis using the
average of the immediate past 10 weekdays, excluding holidays, of all applicable
service accounts. The past 10 days will also exclude days when the customer: 1) was
subject to a CBP Event, 2) was subject to a rotating outage, 3) was subject to a Critical
Peak Pricing (CPP) Event, 4) was subject to an Optional Binding Mandatory
Curtailment (OBMC) event, 5) was subject to a Demand Bidding Program (DBP) event,
6) was subject to a Data Response Contract (DRC) event, or (7) was interrupted.

b. Day-Of Adjustment (DOA): The DOA is a ratio of (a) the average load of the first 3
hours of the 4 hours prior to the event to (b) the average load of the same hours from
the last 10 weekdays, excluding event days and holidays. The DOA value shall not be
less than 0.60 or greater than 1.40.

c. Adjusted Energy Baseline (AEB). The AEB will be determined by multiplying the EB by
the DOA. The AEB shall be no more than 40 percent higher or lower than the EB after
adjustment.

The EB/AEB will be determined by SCE at the time the Aggregator is billed following a
CBP Event/Test Event. The EB/AEB may vary for each hour and for each CBP
Event/Test Event. An Aggregator must establish a valid EB/AEB prior to its eligibility to
submit Capacity Nominations. Only the service accounts included in an Aggregator’s
Capacity Nomination will be used in the establishment of an Aggregator’s EB/AEB.
15. Capacity Payment.
   a. When there are zero CBP Events/Test Events called during an operating month, the Aggregator’s Capacity Payment shall equal the Capacity Nomination of a given Product multiplied by the applicable Capacity Credit Rate, as shown in the RATES section of this Schedule.

   Capacity Payment = Capacity Nomination * Capacity Credit Rate

   b. Delivered Capacity is the sum of the average Recorded Reduction for each SLAP that is triggered during the operating month plus the Capacity Nomination for the SLAP’s that are not triggered during the operation month.°

   When there is one or more CBP Events/Test Events called during an operating month, the Aggregator’s Delivered monthly Capacity Payment is adjusted based on performance shown in formulas under Special Condition 15.(b)(1-4). Delivered Capacity determines performance.

   (1). When the Delivered Capacity is greater than or equal to 105 percent of the Capacity Nomination, the Capacity Payment shall equal 105 percent of the Capacity Nomination multiplied by the applicable Capacity Credit Rate, as shown in the RATES section of this Schedule.

   Capacity Payment = Capacity Nomination * Capacity Credit Rate * 1.05

   (2) When the Delivered Capacity is at least 75 percent of the Capacity Nomination, but no greater than 104.99 percent of the Capacity Nomination, the Capacity Payment will equal Delivered Capacity multiplied by the applicable Capacity Credit Rate, as shown in the RATES section of this Schedule.

   Capacity Payment = Delivered Capacity * Capacity Credit Rate

   (3) When the Delivered Capacity is at least 60 percent of the Capacity Nomination, but no greater than 74.99 percent of the Capacity Nomination, the Capacity Payment will equal the Delivered Capacity multiplied by 50 percent of the applicable Capacity Credit Rate, as shown in the RATES section of this Schedule.

   Capacity Payment = Delivered Capacity * 50 % * Capacity Credit Rate

° An over-performance of one SLAP within a Product can offset the under-performance of a different SLAP within that same Product, but the offset cannot occur across Products.
SCHEDULE CBP
CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS (Continued)

15. Capacity Payment (Continued)

When the Delivered Capacity is 59.99 percent of the Capacity Nomination, or less, the Capacity Payment will equal the Delivered Capacity minus 50 percent of the Capacity Nomination multiplied by the Capacity Credit Rate, as shown in the RATES section of this Schedule. (This will produce a negative dollar amount that will act as a charge to the Aggregator.)

\[
\text{Capacity Payment} = \left( \text{Delivered Capacity} - \left( \frac{50}{100} \times \text{Capacity Nomination} \right) \right) \times \text{Capacity Credit Rate}
\]

16. Disbursement of Energy Payment and Capacity Payment. Aggregators will receive applicable CBP payments or charges, as calculated in Special Conditions 10 and 12 above, approximately thirty (30) days, but no later than sixty (60) days, after all service accounts nominated for the operating month have been billed. Payments to Aggregators will be in the form of a check, when such calculations result in a net charge, SCE shall bill the Aggregator accordingly, or other SCE-approved forms of electronic payment.

17. Aggregator Services. SCE has no obligations under this Schedule to the service accounts of a customer who elects, or is required, to be included in an Aggregator’s list of participating service accounts. Customers with service accounts included in an Aggregator’s list of participating service accounts must work with their Aggregator to determine applicable CBP requirements and/or payments. With the exception of the metering requirements, all other provisions of this Schedule, including payments, are applicable only to the Aggregator, not the individual service accounts working through an Aggregator. SCE’s relationship, for purposes of his Schedule, is with the Aggregator not the individual service accounts of an Aggregator.

(Continued)
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<table>
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