

Rule 22
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Sheet 9

(Continued)

B. General Terms (Continued)

17. Liability In Connection With ESP Services (Continued)

c. SCE shall not be liable to the customer for any damages caused to the customer by any failure by ESP to comply with SCE's tariffs, the ESP Service Agreement and associated legal and regulatory requirements related to Direct Access service.

The CPUC shall have initial jurisdiction to interpret, add, delete or modify any provision of this tariff or the ESP Service Agreement, and to resolve disputes regarding SCE's performance of its obligations under SCE's tariffs, the ESP Service Agreement and requirements related to Direct Access service, including any disputes regarding delays in the implementation of Direct Access.

d. SCE shall not be liable to the customer for any damages caused by ESP's failure to perform any commitment to the customer, including, but not limited to the obligation to provide electric supply services to the customer. The ESP shall not be liable to the customer for any damages caused by SCE's failure to perform any commitment to the customer.

e. An ESP is not SCE's agent for any purpose. SCE shall not be liable to the customer for any damages resulting from any acts, omissions, or representations made by ESP in connection with soliciting customers for Direct Access service or performing any of its functions in rendering Direct Access service.

f. SCE is not the ESP's agent for any purpose. The ESP shall not be liable to the customer for any damages resulting from any acts, omissions, or representations made by SCE in connection with soliciting customers for Direct Access service or performing any of its functions in rendering Direct Access service.

18. Involuntary Return

For purposes of assessing re-entry fees, an involuntary return of a DA customer to bundled service may occur due to any of the following:

- a. The Commission has revoked the ESP's registration
- b. The ESP service under the Service Agreement becomes terminated
- c. The ESP or its authorized CAISO SC has defaulted on its CAISO SC obligations, such that the ESP no longer has an appropriately authorized CAISO SC.

An involuntary return of a DA customer does not include the following events:

- a. A customer's contract with an ESP has expired, or
- b. An ESP discontinues service to a customer due to that customer's default under their service agreement with the ESP.

(N)

(N)
(L)

(Continued)

(To be inserted by utility)
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Decision 11-12-018

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(Continued)

C. Customer Inquiries And Data Accessibility

1. Customer Inquiries

For customers requesting information on Direct Access SCE will advise such customers that Direct Access Service remains suspended with certain exceptions under SB 695 and D.10-03-022, which provide for a partial re-opening of DA for all non-residential customers subject to annual limits during a four year phase-in period and an Overall DA Cap. D.10-03-022 establishes the eligibility, operational, and Switching Exemption Rules for the phase-in period. As a result of D.10-03-022, effective March 11, 2010, the right to transfer to Direct Access service is closed to Residential Customers. However, a Residential Customer previously classified as DA-eligible that submitted a six-month advance notice to transfer to DA service prior to March 11, 2010 retains a one-time right to transfer to DA service pursuant to D.10-03-022 and the conditions in Section B of Rule 22.1.

(L)

(L)
(D)

2. Customer Request To Initiate Service

Beginning April 11, 2010, all non-residential customers in SCE's service territory have an opportunity to request DA service subject to annual limits during a four year phase-in period and an Overall DA Cap. D.10-03-022 establishes the eligibility, operational, and Switching Exemption Rules for the phase-in period.

3. Access to Customer Usage Data

SCE will provide customer-specific usage data to parties specified by the customer, subject to the following provisions:

- a. Except as provided in Section E, the inquiring party must have written authorization from the customer to release such information to the inquiring party only. At the customer's request, this authorization may also indicate if customer information may be released to other parties as specified by the customer.
- b. Subject to customer authorization, SCE will provide a maximum of the most recent 12 months of customer usage data or the amount of data for that specific Service Account in a format approved by the CPUC. Customer information will be released to the customer or its authorized agent up to two times per year per service account at no cost to the requesting party. Thereafter, SCE will have the ability to assess a processing charge only if approved by the CPUC. An authorized agent receiving such customer information will not further release the information to others without the customer's explicit consent.
- c. As a one-time requirement at the initiation of Direct Access, SCE will make available a database containing a 12-month history of customer-specific usage information with geographic and SIC information, but with customer identities removed. The cost of the database will be shared among the recipients, as described in D.97-10-031. SCE is not liable for release of confidential information, which occurs despite SCE's application of the confidentiality screening procedure specified in D.97-10-031.

(Continued)

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(Continued)

C. Customer Inquiries And Data Accessibility (Continued)

3. Access to Customer Usage Data (Continued)

d. By electing to take Direct Access service from an ESP, the customer consents to the release to the ESP of metering information required for billing, settlement and other functions required for the ESP to meet its requirements and 12 months of historical usage data.

e. ESPs serving residential and small commercial customers that are unaffiliated with a large customer and who obtain advanced metering infrastructure data shall comply with the rules regarding privacy and security protections set forth in Attachment B to D.12-08-045. For purposes of D.12-08-045, a small commercial customer, as described in D.13-01-021, is defined as a commercial service customer whose demand was less than twenty (20) kW for three (3) consecutive months that is not affiliated with a large customer (a large customer being one with demands of twenty (20) kW or more). The term "affiliated" refers to a customer service account that is, as explained in D.99-05-034 (p.76), part of an ESP's contract to serve a medium to large commercial or industrial customer with electricity. (N)

4. Customer Inquiries Concerning Billing-Related Issues

Customer inquiries concerning SCE's charges, services or the Trust Transfer Amount (TTA) charge should be directed to SCE.

Customer inquiries concerning the ESP's charges or services should be directed to the ESP.

5. Customer Inquiries Related To Emergency Situations And Outages

a. SCE will be responsible for responding to all inquiries related to distribution service, emergency system conditions, outages and safety situations. Customers contacting the ESP with such inquiries should be referred directly to SCE. ESPs performing Consolidated ESP Billing must show SCE's phone number on their bills for use in emergencies.

b. It may be necessary for SCE to shed or curtail customer load at the request of the CAISO, or as otherwise provided by CPUC tariffs. In such cases, SCE will give both the affected customer and ESP as much notice as reasonably possible.

c. SCE will notify the customer and ESP of planned distribution system outages for maintenance work prior to commencement of such outages if feasible.

d. SCE will be responsible for implementing CPUC-approved load curtailment programs, including providing notification to participating "non-firm" customers (L)

(Continued)

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(Continued)

- C. Customer Inquiries And Data Accessibility (Continued) (L)
5. Customer Inquiries Related To Emergency Situations And Outages (Continued)
- d. who are the Direct Access Customers of the ESP.
- e. The ESP will be responsible for notifying its Scheduling Coordinator of any notice received from SCE under this Section. (L)

D. ESP Service Establishment

The ESP must satisfy the following requirements before an ESP can provide Direct Access services in SCE's service territory:

1. All ESPs must submit an executed standard ESP Service Agreement, Form 14-652.
2. The ESP must warrant to SCE that the ESP has registered with the CPUC and has selected an Independent Verification Agent (IVA) for all transactions for which independent verification is required by law.
3. The ESP will provide SCE with the CPUC certification that the ESP has posted a bond or demonstrated insurance sufficient to cover the ESP financial security requirements specified in Section Q.1.
4. The ESP must satisfy SCE's credit-worthiness requirements as specified in Section P, Credit Requirements.
5. The ESP must satisfy applicable CPUC Electronic Data Exchange requirements, including:
 - a. ESP must complete all necessary electronic interfaces for the ESP and SCE to communicate for DASRs, general communications and if providing Metering and Data Management Agent (MDMA) services, to satisfy meter reading communications including communicating to and from MDMA Servers for sharing of meter reading and usage data.
 - b. The ESP must have the capability to exchange data with SCE via the Internet. Alternative arrangements may be allowed if mutual agreement is made between SCE and the ESP.
 - c. The ESP must have the capability to perform Electronic Data Interchange (EDI), and enter into appropriate agreements related thereto, if the ESP will be offering either Consolidated SCE or ESP Billing services.
6. If the ESP will be offering Consolidated ESP Billing services, Meter Services or MDMA Services, the ESP must demonstrate the ability to perform the functions required by this Rule. SCE will continue to provide those services until compliance testing has been completed. The ESP's failure to complete such compliance testing shall not affect its ability to provide electric power to customers.

(Continued)

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Sheet 12

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D. ESP Service Establishment

The ESP must satisfy the following requirements before an ESP can provide Direct Access services in SCE's service territory:

1. All ESPs must submit an executed standard ESP Service Agreement, Form 14-652.
2. The ESP must warrant to SCE that the ESP has registered with the CPUC and has selected an Independent Verification Agent (IVA) for all transactions for which independent verification is required by law.
3. The ESP will provide SCE with the CPUC certification that the ESP has posted a bond or demonstrated insurance sufficient to cover the ESP financial security requirements specified in Section Q.1. (N)
|
(N)
4. The ESP must satisfy SCE's credit-worthiness requirements as specified in Section P, Credit Requirements. (T)
5. The ESP must satisfy applicable CPUC Electronic Data Exchange requirements, including: (T)
 - a. ESP must complete all necessary electronic interfaces for the ESP and SCE to communicate for DASRs, general communications and if providing Metering and Data Management Agent (MDMA) services, to satisfy meter reading communications including communicating to and from MDMA Servers for sharing of meter reading and usage data.
 - b. The ESP must have the capability to exchange data with SCE via the Internet. Alternative arrangements may be allowed if mutual agreement is made between SCE and the ESP.
 - c. The ESP must have the capability to perform Electronic Data Interchange (EDI), and enter into appropriate agreements related thereto, if the ESP will be offering either Consolidated SCE or ESP Billing services.
6. If the ESP will be offering Consolidated ESP Billing services, Meter Services or MDMA Services, the ESP must demonstrate the ability to perform the functions required by this Rule. SCE will continue to provide those services until compliance testing has been completed. The ESP's failure to complete such compliance testing shall not affect its ability to provide electric power to customers. (T)

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(Continued)

M. Late Or Partial Payments And Unpaid Bills (Continued)

2. Under Consolidated ESP Billing (Continued)

- c. SCE will apply the same terms applicable to commercial accounts under default SCE Bundled Service to Service Accounts utilizing Consolidated ESP Billing services. SCE will notify the ESP if payment of SCE charges has not been received within 17 days of the date delivered to the ESP.

3. Under Separate SCE/ESP Billing

- a. SCE and the ESP are responsible for collecting their respective unpaid balances, sending notices to customers informing them of the unpaid balance, and taking appropriate actions to recover their respective unpaid balances. Customer disputes with ESP charges must be directed to the ESP, and customer disputes with SCE charges must be directed to SCE. Late fees and fees for collections may be charged by SCE as approved by the CPUC.
- b. Late payment of SCE charges by customers will be handled in accordance with applicable CPUC rules.

N. Involuntary Service Changes and Involuntary Returns

(T)

1. Service Changes

The customer may have service of electricity, billing, or metering from an ESP changed involuntarily in the following circumstances:

- a. The ESP has been decertified by the CPUC or receives a CPUC order that otherwise prohibits the ESP from serving that customer;
- b. The ESP has materially failed to meet its obligations under the terms of the ESP Service Agreement (including applicable tariffs) so as to constitute an event of default and SCE exercises a contractual right to terminate the agreement;
- c. The ESP has materially failed to meet its obligations under the terms of the ESP Service Agreement (including applicable tariffs) so as to constitute an event of default and SCE exercises a contractual right to change billing options;

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(Continued)

N. Involuntary Service Changes and Involuntary Returns (Continued) (T)

1. Service Changes (Continued)

- d. The ESP has materially failed to meet its obligations under the terms of the ESP Service Agreement (including applicable tariffs) so as to constitute an event of default and SCE exercises a contractual right to change metering options;
- e. The ESP ceases to perform by failing to provide schedules through a Scheduling Coordinator wherever such schedules are required.
- f. The customer fails to meet its Direct Access requirements and obligations under SCE's tariffs.
- g. Notices of involuntary service changes or termination in Direct Access will be sent to the ESP, the MDMA if different from the ESP, and to each customer under contract as described in this Section N, and to the CPUC.
- h. The customer pursuant to Community Choice Aggregation Rule 23 Section D.1.b is automatically enrolled in CCA Service.

2. Change of Service Election In Exigent Circumstances

In the event SCE finds that an ESP or the customer has materially failed to meet its obligations under this tariff or ESP Service Agreement such that SCE seeks to invoke its remedies under this Section N (other than a termination of Consolidated ESP Billing under Section N.4 or metering under Section N.5), and the failure constitutes an emergency (i.e. the failure poses a substantial threat to the reliability of the electric system or to public health and safety or the failure poses a substantial threat of irreparable economic or other harm to SCE or the customer), or the failure relates to ESP's unauthorized energy use, then SCE may initiate a change, or, in some cases, terminate a customer's service election, or an ESP's ability to provide certain services under Direct Access. In such case, SCE shall initiate the change or termination by preparing a DASR, but the change or termination may be made immediately notwithstanding the applicable DASR processing times set forth in this tariff. SCE shall provide such notice and/or opportunity to cure the problem to the ESP and/or the affected customer as is reasonable under the circumstances of this section, if any is reasonable. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the customer's service election and/or the ESPs ability to provide services. Unless expressly ordered by the CPUC, these provisions do not disconnect electric service provided to the customer.

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(Continued)

N. Involuntary Service Changes and Involuntary Returns (Continued) (T)

3. Change of Service Election Absent Exigent Circumstances

In the event SCE finds that an ESP has materially failed to meet its obligations under this tariff or ESP Service Agreement such that SCE seeks to invoke its remedies under this Section N. (other than a termination of consolidated ESP billing under Section N.4 or metering under Section N.5), but the failure does not constitute an emergency (as defined in Section N.2) or involve ESP's unauthorized energy use, SCE shall notify the ESP and the affected customer of such finding in writing stating specifically:

- a. The nature of the alleged non-performance;
- b. The actions necessary to cure it;
- c. The consequences of failure to cure it and the remedy SCE proposes to invoke in the event of a failure to cure; and
- d. The name, address and telephone number of a contact person at SCE authorized to discuss resolution of the problem.

The ESP shall have 30 days from receipt of such notice to cure the alleged non-performance or reach an agreement regarding it with SCE. If the problem is not cured or an agreement is not reached following this 30 day period, SCE may initiate the DASR process set forth in this tariff to accomplish the remedy set forth in the notice; provided that SCE shall suspend the exercise of such remedy if, before the end of the cure period, the ESP has filed an application with the CPUC requesting an order from the CPUC that the ESP is entitled to continue the ESP Service Agreement and SCE is not entitled to exercise the remedy it has identified in its notice. The status of the ESP shall not change pending the CPUC's review of SCE's request provided that an emergency, as described in Section N.2 does not arise. Unless expressly ordered by the CPUC, these provisions do not disconnect electric service provided to the customer. SCE's action to defer the exercise of its remedies in accordance with this section does not constitute a waiver of any rights.

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DIRECT ACCESS

Sheet 45

(Continued)

N. Involuntary Service Changes and Involuntary Returns (Continued) (T)

4. Termination of Consolidated ESP Billing

Consolidated ESP Billing services will be terminated under the following circumstances. (Among other things, this section describes the notice and opportunity to cure provisions applicable to defaults that permit a remedy of terminating Consolidated ESP Billing:)

(T)

- a. If SCE finds that the information provided by the ESP in ESP Service Agreement is materially false, incomplete, or inaccurate; the ESP attempts to avoid payment of CPUC-authorized SCE charges; or the ESP files for bankruptcy, fails to have a bankruptcy proceeding filed against it dismissed within sixty (60) calendar days, admits insolvency, makes a general assignment for the benefit of creditors, or is unable to pay its debts as they mature, or has a trustee or receiver appointed over all or a substantial portion of its assets, customers will be notified that Consolidated ESP Billing services will be terminated, and will be switched to Separate SCE Billing as promptly as possible.
- b. If the ESP does not pay SCE (or dispute payment pursuant to the procedures set forth herein) the full amount of all SCE and TTA charges by the applicable past due date, SCE shall notify the ESP of the past due amount within two (2) days of the applicable past due date. If the full amount has not been received by SCE (or properly disputed) within seven (7) days of the applicable past due date, the ESP's customers and the ESP will be notified on approximately the 24th day following the date the bill was rendered to the ESP that Consolidated ESP Billing services will be terminated, and that they will be switched to Separate SCE Billing on the first regularly scheduled meter read date for each customer approximately 30 days after the bill was rendered.
- c. If the ESP fails to comply within 15 calendar days of the transmittal of a written notice from SCE of any additional or increased credit requirements as set forth in Section P, the ESP's customers and the ESP will be notified on approximately the 24th day following the date of transmittal that Consolidated ESP Billing services will be terminated, and that they will be switched to Separate SCE billing on the first regularly scheduled meter read date for each customer.
- d. Upon termination of Consolidated ESP Billing pursuant to this Section N, SCE may deliver a separate bill for all SCE charges which were not previously billed by the ESP. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the ESP's eligibility to engage in Consolidated ESP Billing.

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Rule 22
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Sheet 47

(Continued)

O. Service Disconnections And Reconnections

1. Consolidated SCE Billing

- a. SCE will notify the customer of SCE's right to disconnect electric service for the non-payment of SCE charges pursuant to electric Rule 8. The customer, and not SCE, is responsible for contacting the ESP in the event it receives notice of late payment or service termination from SCE for any of its Direct Access Service Accounts. If a customer has been disconnected, and is not reconnected within two days, SCE will promptly notify the ESP. To the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.
- b. SCE will not disconnect electric service to the customer for the non-payment of ESP charges. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the Service Account to SCE Bundled Service according to Section E.
- c. SCE will reconnect electric service for a CPUC-authorized service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, and Schedule SC have been met. (T)

2. Consolidated ESP Billing

- a. SCE will not disconnect electric service to the customer for either the non-payment of ESP charges by the customer, or the non-payment of SCE charges by the ESP. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the Service Account to SCE Bundled Service according to Section E.
- b. If an ESP fails to pay in full the charges that SCE has transmitted to it (consisting of SCE charges and the TTA charges) by the applicable past due date, the provisions of Section N.4.b of this rule shall govern.
- c. In accordance with CPUC rules, SCE has the right to disconnect electric service to the customer for the non-payment of prior SCE closing bills or any past due charges by the customer, and evidences of safety violations, energy theft, or fraud, by the customer. If a customer has been disconnected, and is not reconnected within two days, SCE will promptly notify the ESP. To the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.
- d. SCE will reconnect electric service for a CPUC-authorized service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, and Schedule SC have been met. (T)

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Rule 22
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Sheet 48

(Continued)

O. Service Disconnections And Reconnections (Continued)

3. Separate SCE/ESP Bills

- a. In accordance with CPUC rules, SCE may disconnect electric service to the customer for the non-payment of SCE charges by the customer, but SCE will not disconnect electric service to the customer for the non-payment of ESP charges. If a customer has been disconnected, and is not reconnected within two days, SCE will promptly notify the ESP. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the Service Account to SCE Bundled Service according to Section E. In the event of non-payment of SCE charges, and to the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.
- b. SCE will reconnect electric service for a service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, and Schedule SC have been met.

(T)

P. Credit Requirements

1. Under Consolidated SCE Billing

If SCE performs consolidated billing services, SCE may require the ESP to establish its creditworthiness through evaluations, deposits, or other security in the manner described in Section P.2, to cover CPUC-approved charges incurred as a result of Direct Access participation. That is, the creditworthiness only applies to SCE charges that are billed directly to the ESP.

2. Under Consolidated ESP Billing

If the ESP performs consolidated billing services, SCE will require the ESP to establish its creditworthiness to cover CPUC-approved charges incurred as a result of Direct Access participation. The ESP may establish its creditworthiness through any one of the following. Upon the establishment of such creditworthiness, SCE upon request will refund, in accordance with CPUC requirements, the customer's security deposits then being held to secure payment of those energy services being assumed by the ESP.

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(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS

As a described in Section D.3, all new and existing ESPs are required to post a bond, letter of credit, cash security deposit, equivalent evidence of insurance or parental guarantee from an investment grade rated institution or corporate parent or other financial instrument or security reasonably acceptable to SCE (collectively, "financial security") sufficient to cover the re-entry fees associated with the involuntary return of its DA customers to SCE's bundled service. The calculated financial security amount will include the incremental administrative costs related to switching a customer back to bundled service, and, subject to subsequent CPUC approval of a calculation methodology, the incremental procurement costs for involuntarily returned residential customer accounts and small commercial customer accounts that are not affiliated with a large DA customer for a safe harbor period and then for an additional six-month period for those customers remaining on bundled service. The incremental administrative costs shall be calculated for each involuntarily returned customer service account using the Schedule CCA-SF Customer Re-Entry Fee (Section E.2) effective at the time the financial security is calculated.

1. The initial financial security for existing and new ESPs will be established as follows:

- a. For existing ESPs, pursuant to D.11-12-018, SCE will perform the initial financial security calculation based upon the administrative costs of switching an ESP's customers back to bundled service and submit the proposed financial security amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. For purposes of calculating the number of customer service accounts for each ESP, any customers that have submitted Direct Access Service Requests (DASRs) to switch to DA service shall be included in the calculation of the respective ESP's financial security amount. Any confidential data relating to an ESP utilized in the calculation shall be removed in the public version of the advice filing. The confidential version of the advice letter will be filed under confidential seal with the Energy Division. Concurrent with submitting the advice letter to the Energy Division, SCE will serve by electronic means on each applicable ESP a copy of the advice letter, with the relevant supporting data and calculations of each respective ESP's financial security amount provided confidentially only to that specific ESP in complete and unredacted form. Financial security amounts must be posted by June 30, 2012, subject to approval by the Energy Division.

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Q. ESP FINANCIAL SECURITY REQUIREMENTS

As a described in Section D.3, all new and existing ESPs are required to post a bond, an irrevocable letter of credit, a cash deposit, a guarantee from an investment grade rated guarantor and/or other financial security reasonably acceptable to CPUC and should be payable directly to CPUC (collectively, "financial security") sufficient to cover the re-entry fees associated with the involuntary return of its DA customers to SCE's bundled service. The required financial security amount shall be the higher of the amounts determined based on PU Code Section 394.25(e) determined in accordance with the Ordering Paragraphs of D.13-01-021 (as corrected by D.13-02-017 and D.13-04-001), or the deposit required in D.99-05-034 for ESP registration pursuant to PU Code 394(b)(9). The calculated financial security amount will include the incremental administrative costs related to switching a customer back to bundled service, and, pursuant to the methodology, set forth in Appendix 1 of D.13-01-021 (as corrected by D.13-02-017 and D.13-04-001), the incremental procurement costs for involuntarily returned residential customer accounts and small commercial customer accounts that are not affiliated with a large DA customer for a sixty (60) day safe harbor period and then for an additional six-month period. For purposes of the ESP financial security amount, as described in D.13-01-021, a commercial service account is considered "small" if it has a billing demand of less than twenty (20) kW for three (3) consecutive months. The incremental administrative costs shall be calculated for each involuntarily returned customer service account using the Schedule CCA-SF Customer Re-Entry Fee (Section E.2) effective at the time the financial security is calculated. As described in Sections Q.1.b and Q.2, the ESP is responsible for the identification and certification of the residential and small commercial service accounts that are affiliated with a large DA customer. Residential and small commercial service accounts that are not timely certified by the ESP as being affiliated with a large DA customer will be deemed to be an unaffiliated residential or small commercial service account for purposes of determining the calculated financial security amount. (T)

1. The initial financial security for existing and new ESPs will be established as follows:

a. For existing ESPs, pursuant to D.11-12-018, SCE will perform the initial financial security calculation based upon the administrative costs of switching an ESP's customers back to bundled service and submit the proposed financial security amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. For purposes of calculating the number of customer service accounts for each ESP, any customers that have submitted Direct Access Service Requests (DASRs) to switch to DA service shall be included in the calculation of the respective ESP's financial security amount, and customers that have submitted DASRs to switch to SCE Bundled Service shall be excluded. Any confidential data relating to an ESP utilized in the calculation shall be removed in the public version of the advice filing. The confidential version of the advice letter will be filed under confidential seal with the Energy Division. Concurrent with submitting the advice letter to the CPUC's Energy Division, SCE will serve by electronic means on each applicable ESP a copy of the advice letter, with the relevant supporting data and calculations of each respective ESP's financial security amount provided confidentially only to that specific ESP in complete and unredacted form. Financial security amounts must be posted by June 30, 2012, subject to approval by the CPUC's Energy Division. (T)

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(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Continued)

1. The initial financial security... (Continued)

- b. For a new ESP that begins service, in Month M + 2 (where M denotes the month when SCE will calculate the financial security amount), the financial security calculation will be performed using Month M-1 data, and the financial security will be for the period from the start date through the next annual calculation. Any customers that have submitted Direct Access Service Requests (DASRs) to switch to DA service shall be included in the calculation of the respective ESP's financial security amount. SCE will submit the proposed financial security amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. Any confidential data relating to an ESP utilized in the calculation shall be removed in the public version of the advice letter. The confidential version of each advice letter will be filed under confidential seal with the Energy Division. Concurrent with submitting the advice letter to the Energy Division, SCE will serve by electronic means on each applicable ESP a copy of the advice letter, with the relevant supporting data and calculations of each respective ESP's financial security amount provided confidentially only to that specific ESP in complete and unredacted form. The ESP's financial security must be posted before the ESP may begin service. It is the responsibility of the ESP to provide SCE with an accurate forecast of expected number of customers and load

2. Annual Financial Security Calculation:

SCE will update the amount of an ESP's financial security once annually, and submit the updated calculation to the Energy Division by April 10 of each year. Updated financial security amounts will be submitted as Tier 1 advice letters for each ESP to the Energy Division and will be deemed accepted unless suspended by the Energy Division during the review period (30 days). Base Period Usage is established and billed as Existing Load for all applicable service accounts and

(Continued)

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(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Continued)

1. The initial financial security (Continued)

- b. Per D.13-1-021, D.13-02-017, and D.13-04-001 for a new ESP that begins service, in Month M + 2 (where M denotes the month when SCE will calculate the financial security amount), the financial security calculation will be performed using Month M-1 data, and the financial security will be for the period from the start date through the next semi-annual calculation. SCE will submit the proposed financial security amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. Any confidential data relating to an ESP utilized in the calculation shall be removed in the public version of the advice letter. Upon CPUC approval of the relevant ESP financial security amounts, the Energy Division will notify each ESP of the final financial security amount due on an aggregate statewide basis. The ESP's financial security must be posted with the CPUC before the ESP begins serving customers. It is the responsibility of the ESP to provide SCE with an accurate forecast of the expected number of customers and associated loads including a break-down by unaffiliated residential and small commercial service accounts, in the format and by the date specified by SCE. (T)(D)(T)(D)(T)

2. Semi-Annual Financial Security Calculation:

On a semi-annual basis, the ESP shall provide SCE with a certified list of the residential and small commercial service accounts that are affiliated with a large DA customer for use in the semi-annual financial security calculations. Upon request, SCE will provide the ESP with a list of residential and small commercial DA service accounts for use in the certification process. Residential and small commercial service accounts not certified by the ESP as being affiliated with a large DA customer will be deemed to be an unaffiliated residential or small commercial service account. If SCE does not receive the information from the ESP by no later than thirty (30) calendar days before the date on which SCE's semi-annual update filing is due to the Energy Division, SCE may proceed with the semi-annual updates based upon the assumption that none of the ESP's residential and small commercial service accounts are affiliated with a large DA customer. (N)

SCE will update the amount of an ESP's financial security requirements semi-annually, and submit the updated calculation to the Energy Division by May 10 and November 10 of each year and any adjustment to the financial security amount would be implemented on the following July 1 or January 1, respectively. Updated financial security amounts for each ESP will be submitted in a separate Tier 2 advice letter to the Energy Division. (T)(L)

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Q. ESP FINANCIAL SECURITY REQUIREMENTS (Continued)

2. Semi-Annual Financial Security Calculation: (Continued)

Any confidential data relating to an ESP utilized in the calculation shall be removed in the public version of the advice letters. The confidential version of each advice letter will be filed under confidential seal with the Energy Division. Concurrent with submitting the advice letter to the Energy Division, SCE will serve by electronic means on each applicable ESP a copy of the advice letter, with the relevant supporting data and calculations of each respective ESP's financial security amount provided confidentially only to that specific ESP in complete and unredacted form.

The Energy Division will review the ESP's gross and posted financial security amount and adjust the required posted financial security amount if and when it is more than ten percent (10%) above or below the ESP's current posted financial security amount. Upon CPUC approval of the relevant ESP financial security amounts, the Energy Division will notify each ESP of the final financial security amounts due on an aggregate statewide basis.

An ESP is required to post the financial security amounts in the advice letter within thirty (30) days of notification by the Energy Division, subject to correction for any errors. If an ESP believes that its financial security amount has been calculated inaccurately or in conflict with the adopted processes, the ESP may file comments with the Energy Division, and served upon SCE, indicating any appropriate corrections with relevant supporting explanation and detail within twenty (20) days of the advice letter filing.

The posted financial security may be in the form of bond, letter of credit, cash security deposit, equivalent evidence of insurance or parental guarantee from an investment grade rated institution or corporate parent, or other financial instrument or security reasonably acceptable to SCE and should be payable directly to SCE in the event an ESP fails to timely pay the re-entry fees demanded by SCE.

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Q. ESP FINANCIAL SECURITY REQUIREMENTS (Continued)

2. Semi-Annual Financial Security Calculation: (Continued)

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Any confidential data relating to an ESP utilized in the calculation shall be removed in the public version of the advice letters.

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The ESP shall adjust the required posted financial security amount if and when it is more than ten percent (10%) above or below the ESP's current posted financial security amount. Upon CPUC approval of the relevant ESP financial security amounts, the Energy Division will notify each ESP of the final financial security amounts due on an aggregate statewide basis.

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An ESP is required to post the financial security amounts within thirty (30) days of notification by the Energy Division, subject to correction for any errors. If an ESP believes SCE has miscalculated its financial security amount calculated, the ESP shall confer with SCE to resolve the inaccuracies, and may file comments with the Energy Division, and serve them upon SCE, indicating any appropriate corrections with relevant supporting explanation and detail within twenty (20) days of the advice letter filing.

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(T)

The posted financial security may be a bond, an irrevocable letter of credit, a cash deposit, a guarantee from an investment grade rated guarantor and/or other financial security reasonably acceptable to CPUC and should be payable directly to CPUC. The issuer of a bond or irrevocable standby letter of credit must have an investment grade rating equivalent to at least an A- by S&P and A3 by Moody's and must be acceptable to the CPUC. Furthermore, the bond forms, irrevocable standby letter of credit forms, and guarantee forms must be acceptable to the CPUC. In the event an ESP fails to timely pay the re-entry fees demanded by SCE pursuant to Section Q. 3, below, SCE will notify the CPUC's Executive Director in writing of the amount of the unpaid re-entry fee owned by the ESP along with the relevant supporting data and calculation. Upon notification by SCE, the CPUC will take the necessary measures to secure funds from the ESP's financial security instrument to cover the ESP's re-entry fee liability. Following its review and approval of SCE's request for reimbursement, the CPUC will disburse the funds for payment of the ESP's re-entry fee liability to SCE.

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Q. ESP FINANCIAL SECURITY REQUIREMENTS (Continued)

3. Re-Entry Fees For The Involuntary Return Of Customers

The ESP is responsible for all applicable re-entry fees for the involuntary return of its customers,

- a. SCE will calculate re-entry fees within sixty (60) days of earlier of (i) the start of the involuntary return of customers, or (ii) SCE's receipt of the ESP's written notice of involuntary return. The re-entry fees will be a binding estimate of:
 - 1) The incremental administrative costs to switch the involuntarily returned DA customers to bundled service, which will be calculated for each customer service account using a proxy amount equal to the administrative fee for voluntarily returning Community Choice Aggregation (CCA) customers as established in Schedule CCA-SF; plus
 - 2) The incremental procurement costs for involuntarily returned residential and small commercial customers for a 60-day safe harbor period and an additional six-month period, once the Commission determines how to calculate such costs. The reentry fees will not be subject to true up.

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Q. ESP FINANCIAL SECURITY REQUIREMENTS (Continued)

3. Re-Entry Fees For The Involuntary Return Of Customers

The ESP is responsible for all applicable re-entry fees for the involuntarily return of its customers as defined in Section B. 18. (T)
(T)

a. SCE will calculate re-entry fees pursuant to the methodology set forth in Appendix 1 of D.13-01-021 within sixty (60) days of the earlier of (i) the start of the involuntary return of customers, or (ii) SCE's receipt of the ESP's written notice of involuntary return. The re-entry fees will be a binding estimate of: (T)
(T)

1) The administrative costs to switch the involuntarily returned large DA customer service accounts and their affiliated residential and small commercial service accounts to bundled service, which will be calculated for each customer service account using a proxy amount equal to the administrative fee for voluntarily returning Community Choice Aggregation (CCA) customers as established in Schedule CCA-SF; plus, (T)
|
(T)

2) The administrative cost to switch the involuntarily returned unaffiliated residential and small commercial DA service accounts to bundled service, which will be established for each customer service account using the Customer Re-Entry Fee set forth in rate Schedule CCA-SF; plus (T)
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(T)

3) The incremental procurement costs for involuntarily returned residential and small commercial service accounts that are not certified by the ESP as being affiliated with a large DA customer, for a sixty (60) day safe harbor period, as described in Rule 22.1, and then for an additional six-month period for those customers remaining on bundled service as set forth in Appendix 1 of D.13-01-021. (T)
(D)

At no time shall the sum of the administrative cost and the incremental procurement costs for involuntarily returned customers be less than zero dollars (\$0). The re-entry fees will not be subject to true-up. (N)
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(N)

(L)

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Q. ESP FINANCIAL SECURITY REQUIREMENTS (Continued)

- 3. Re-Entry Fees For The Involuntary Return Of Customers (Continued) (L)
 - b. SCE's demand to the ESP for payment of the re-entry fees shall be made no later than sixty (60) days after the start of the involuntary return of DA customers to utility procurement service. |
 - c. Re-entry fees are due and payable to SCE within fifteen (15) days after issuance of the demand for payment. An involuntary return by an ESP, and the failure of the ESP to make payment within fifteen (15) days, of SCE's demand shall be an event of default under the ESP's financial security instrument, entitling SCE to immediately draw upon the financial security posted by the ESP under Sections Q.1 or Q.2. to cover the re-entry fees. | (T)
 - d. The ESP is responsible for paying all applicable re-entry fees for the involuntary return of its customers. To the extent the ESP is unable to discharge its obligation to pay the re-entry fees, any re-entry fees not recovered from the ESP will be recovered from the involuntarily returned DA customers. Any re-entry fees not recovered from the ESP shall be paid by the involuntarily returned DA customers over a time period specified by SCE, but not to exceed the bundled service commitment period. If SCE subsequently recovers additional re-entry fees from the ESP, a refund up to the recovered amount will be provided to the involuntarily returned DA customers in proportion to the amount collected by SCE. For any re-entry fees not recovered from the ESP in an involuntary return, SCE will file a Tier 2 advice letter to specify SCE's re-entry fee recovery plan and schedule. | (L)
 - e. Service changes for the ESP's involuntarily returned customers will be as follows: | (N)
 - i. Unaffiliated residential and small commercial service accounts will be switched to Bundled Portfolio Service, but are otherwise subject to the same rights and obligations of other DA customers with respect to Transitional Bundled Service, advance notices required for switching, and the minimum stay provisions in SCE's authorized direct access tariffs. |
 - ii. Large customers and their affiliated residential and small commercial service accounts will be switched to Transitional Bundled Service and be subject to the then current Switching Exemption Rules. | (N)

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