MASTER POWER PURCHASE AND SALE AGREEMENT

Confirmation Letter

BETWEEN

[Counterparty (Seller)]

AND

SOUTHERN CALIFORNIA EDISON COMPANY

This Confirmation Letter including all appendices hereto (“Confirmation”) confirms the Transaction between [Counterparty] (“Seller”) and Southern California Edison Company (“Buyer”), each individually a “Party” and together the “Parties”, dated as of [Date] (the “Confirmation Effective Date”) in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in this Confirmation, in the amounts described in this Confirmation. This Transaction is governed by the Edison Electric Institute (“EEI”) Master Power Purchase and Sale Agreement between the Parties, effective as of [Date], along with the Cover Sheet, any amendments and annexes thereto (the “Master Agreement”), and including, the EEI Collateral Annex to the Master Agreement along with the Paragraph 10 to the Collateral Annex between the Parties (such Paragraph 10 and the Collateral Annex are referred to collectively herein as the “Collateral Annex”) (the Master Agreement and the Collateral Annex shall be collectively referred to as the “EEI Agreement”). The EEI Agreement and this Confirmation shall be collectively referred to herein as the “Agreement”. Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the EEI Agreement, or the CAISO Tariff (defined herein below). To the extent this Confirmation is inconsistent with any provision of the EEI Agreement, this Confirmation shall govern the rights and obligations of the Parties hereunder.

# Transaction

## Product

### Seller shall sell and deliver to Buyer, and Buyer shall receive and purchase from Seller, the Capacity Attributes of the Import Resource(s) identified in Appendix B (collectively, the “Product”), at the Delivery Point in the amount of the applicable Contract Quantity for each day of each month of the Delivery Period.

### If the CAISO, CPUC or other Governmental Authority: (i) defines new or re-defines existing Local Capacity Areas that results in a decrease or increase in the amount of Capacity Attributes provided hereunder; or (ii) defines new or re-defines existing Local Capacity Areas whereby the Import Resources subsequently qualify for a Local Capacity Area, the Product shall include any changes in such Capacity Attributes.

### The Product includes any capacity from RMR Contracts for the Import Resource, Capacity Procurement Mechanism, or its successor, RUC Availability Payments, or its successor.

## Delivery Period and Term

### Delivery Period. The Delivery Period is [Start Date] through [End Date], inclusive, unless terminated earlier in accordance with the terms of this Agreement.

### Term. The Term of this Transaction shall commence upon the Confirmation Effective Date and shall continue until the later of (i) the expiration of the Delivery Period or (ii) the date that the Parties’ obligations under this Confirmation have been satisfied. This Confirmation shall be effective and binding as of the Confirmation Effective Date.

## Contract Quantity

The Contract Quantity for each day of each applicable Showing Month is as listed below (the “Contract Quantity”), which is the sum of the Import Contract Quantities:

Contract Quantity (MWs for each day of such Showing Month)

| Showing Month | 2019 | 2020 |
| --- | --- | --- |
| January |  |  |
| February |  |  |
| March |  |  |
| April |  |  |
| May |  |  |
| June |  |  |
| July |  |  |
| August |  |  |
| September |  |  |
| October |  |  |
| November |  |  |
| December |  |  |

## Contract Price

The Contract Price means, for any Showing Month, the price specified in the Contract Price table as set forth below, for such Showing Month.

CONTRACT PRICE TABLE

|  |  |
| --- | --- |
| Showing Month,  Year | Contract Price  ($/kW-month) |
|  |  |
|  |  |

The Contract Price for the Product shall not change if any of the events in Section 1.01(b) occurs.

## Delivery Point

The Delivery Point shall be the CAISO Scheduling Point corresponding to the CAISO Branch Group, *[SCE Comment: insert Intertie Scheduling Point]*.

# Delivery Obligations

## Firm RA Product

Seller shall deliver to Buyer the Product from the Import Resources in the amount of Contract Quantity in accordance with Section 2.02. If the Supply Plan Contract Quantity is less than the Contract Quantity of Product for any reason, including without limitation any outage (planned or otherwise) or any adjustment of the Capacity Attributes of any Import Resource, then Seller shall deliver to Buyer Alternate Capacity from one or more Alternate Import Resources pursuant to Section 2.03. If Seller fails to provide Buyer with Alternate Capacity pursuant to Section 2.03, then Seller shall be liable for damages and shall indemnify Buyer for penalties, fines or costs pursuant to Sections 2.04 and 2.05.

## Delivery of Product

Seller shall deliver to Buyer the Contract Quantity of Product for each day of each Showing Month consistent with the following:

### Seller shall, on a timely basis, submit, or cause each Import Resource’s SC to submit, [Annual Supply Plans and Monthly Supply Plans] in accordance with the CAISO Tariff to identify and confirm the Import Contract Quantity from each Import Resource provided to Buyer for each day of each Showing Month so that the total amount of Import Quantity identified and confirmed for each day of such Showing Month equals the Contract Quantity for such day of such Showing Month. [Comment: edit highlighted text as appropriate]

### Seller shall or shall cause each Import Resource’s SC to submit written notification to Buyer, no later than fifteen (15) Business Days before the initial Compliance Showing deadline for each Showing Month, confirming that Buyer will be credited with the Import Contract Quantity for each day of such Showing Month in the Import Resource’s SC Supply Plan so that the credited Import Quantity for each day of the Showing Month identified and confirmed equals the Contract Quantity for such day of such Showing Month. For illustrative purposes only, as of the Confirmation Effective Date, the applicable Compliance Showing deadlines are as follows: (i) forty-five (45) days prior to the Showing Month covered by the Supply Plan for the Monthly Supply Plan; and (ii) the last Business Day of October that is prior to commencement of the year for the Annual Supply Plan. The Parties acknowledge and agree that such dates may be modified by the CAISO during the Term.

## Seller’s Duty To Provide Alternate Capacity

If the Supply Plan Contract Quantity delivered in accordance with Section 2.02 is less than the Contract Quantity of Product in any Showing Month for any reason, including without limitation any outage (planned or otherwise) or any adjustment of the Capacity Attributes of any Import Resource, then Seller shall, at no cost to Buyer, provide Buyer with Alternate Capacity, in an amount less than or equal to the Contract Quantity minus the Supply Plan Contract Quantity, of Product from one or more Alternate Import Resources for the applicable Showing Month, provided that in each case:

### Seller shall notify Buyer of its intent to provide replacement Product and identify Alternate Import Resources no later than fifteen (15) Business Days before the initial deadline for Buyer’s Compliance Showing related to such Showing Month;

### the designation of any Alternate Import Resource by Seller shall be subject to Buyer’s prior written approval, which shall not be unreasonably withheld;

### Seller shall cause such Alternate Import Resources to be approved in CAISO’s CIRA Tool (or successor platform) prior to CAISO issuing its resource adequacy replacement requirement to SCE; and

### if Seller does not cause the approval of the Alternate Import Resource(s) in CAISO’s CIRA Tool (or successor platform) as set forth in Section 2.03(c) for the applicable Showing Month, then any such Alternate Import Resource(s) shall not be deemed an Import Resource for purposes of this Confirmation for that Showing Month and Seller shall not receive payment for such replacement Product.

Subject to the satisfaction of the conditions contained in subsections (a) – (d) of this Section 2.03, once Seller has identified in writing any Alternate Import Resources that meet the requirements of this Section 2.03 and Buyer has approved such Alternate Import Resources, then any such Alternate Import Resources shall be automatically deemed an Import Resource for purposes of this Confirmation for that Showing Month.

## Damages for Failure to Provide Capacity

If the Supply Contract Quantity delivered by Seller to Buyer in accordance with Section 2.02 is less than the Contract Quantity of Product in any Showing Month for any reason, or if the CAISO determines that any portion of the Supply Plan Contract Quantity for all or any portion of any Showing Month that was shown by Buyer in its Compliance Showings requires replacement by Buyer, in accordance with the CAISO Tariff (collectively, the “Replacement Obligation”), then the following shall apply:

### Buyer may, but shall not be required to, replace all or any portion of the Replacement Obligation for all or any portion of each applicable Showing Month with capacity having equivalent Capacity Attributes as the Contract Quantity; provided, if, using commercially reasonable efforts, Buyer is unable to acquire capacity having equivalent Capacity Attributes for any portion of any Showing Month, Buyer may replace such portion of the Replacement Obligation with capacity having Capacity Attributes in excess of the Contract Quantity (the “Replacement Capacity”). Buyer may enter into purchase transactions with one or more parties to purchase Replacement Capacity. Additionally, Buyer may enter into one or more arrangements to repurchase its obligation to sell and deliver capacity to another party, and such arrangements shall be considered the procurement of Replacement Capacity. Buyer shall act in a commercially reasonable manner in procuring any Replacement Capacity.

### Seller shall pay to Buyer, at the time set forth in Section 4.1 of the Master Agreement, the following damages in lieu of the damages specified in Section 4.1 of the Master Agreement: an amount equal to the positive difference, if any, between (i) the sum of (A) the actual cost paid by Buyer for any Replacement Capacity, including any transaction costs and expenses incurred in connection with such procurement, plus (B) each applicable Replacement Capacity Price multiplied by the aggregate amount of Replacement Obligation neither provided by Seller as Alternate Capacity nor purchased by Buyer as Replacement Capacity, for all applicable portions of the Showing Month pursuant to Section 2.04(a), and (ii) the Replacement Obligation minus the Alternate Capacity, not provided for all applicable portions of the applicable Showing Month times the Contract Price for that month.

## Indemnities for Failure to Deliver Contract Quantity

Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, resulting from any of the following:

### Seller’s failure to provide any portion of the Contract Quantity for any portion of the Delivery Period;

### Seller’s failure to provide notice of the non-availability of any portion of the Contract Quantity for any portion of the Delivery Period as required under Section 2.02;

### Seller’s or an Import Resource’s SC’s failure to timely submit Supply Plans that identify Buyer’s right to the Import Contract Quantity for each Import Resource purchased hereunder for each day of the Delivery Period;

### Seller’s or an Import Resource’s SC’s failure to submit accurate Supply Plans that identify Buyer’s right to the Import Contract Quantity for each Import Resource purchased hereunder for each day of the Delivery Period; or

### any other failure by Seller to perform its obligations under this Confirmation.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties and fines.

## Buyer’s Re-Sale of Product

### Buyer may re-sell all or a portion of the Product and any associated rights, in each case, acquired under this Confirmation. Subject to Article 6 below, in the event Buyer re-sells all or a portion of the Product and any associated rights acquired under this Confirmation (“Resold Product”) Seller agrees, and agrees to cause each Import Resource’s SC, to follow Buyer’s instructions with respect to providing such Resold Product to subsequent purchasers of such Resold Product. Subject to Article 6 below, Seller further agrees, and agrees to cause each Import Resource’s SC, to take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Product. Seller acknowledges and agrees that with respect to any Resold Product, if Buyer incurs any liability to any purchaser of such Resold Product due to the failure of Seller or each Import Resource’s SC to comply with the terms of this Confirmation, and Seller would have had liability to Buyer under this Confirmation for such failure had Buyer not sold the Resold Product to a subsequent purchaser, then Seller shall be liable to Buyer under this Confirmation, including without limitation, pursuant to Sections 2.04 and 2.05, for the amounts it would have been liable to Buyer for had such Resold Product not been sold to a subsequent purchaser.

### In the event there is any Resold Product, Buyer agrees to notify Seller that such a sale has occurred and agrees to provide Seller with the information described in Appendix D promptly following such sale. Buyer also agrees to promptly notify Seller of any subsequent changes to the information in Appendix D with respect to any particular sale.

## CAISO Offer Requirements

Seller shall, or cause each Import Resource’s SC to, schedule with, or make available to, the CAISO the Import Contract Quantity for each Import Resource in compliance with the CAISO Tariff, and shall, or shall cause each Import Resource’s SC, owner, or operator, as applicable, to perform all obligations under the CAISO Tariff that are associated with the sale and delivery of Product hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Import Resource’s SC, owner, or operator to comply with such CAISO Tariff provisions, including any penalties, charges or fines imposed on Seller or such Import Resource’s SC, owner, or operator for such noncompliance.

## Import Resource’s SC Replacement Obligation

After the obligation to replace all or any portion of the Contract Quantity transfers from the LSE to the Import Resource’s SC for a Showing Month in accordance with the CAISO Tariff, and if the CAISO determines that any portion of the Contract Quantity for any portion of a Showing Month that was shown by Buyer in its Compliance Showings requires outage replacement in accordance with Section 40.7(b) of the CAISO Tariff because the Import Resource, or Alternate Import Resource, as applicable, is scheduled to take an outage (planned or otherwise) (such amount requiring outage replacement, the “SC Replacement Capacity”), then: (a) Seller shall have no liability under Sections 2.04 or 2.05 with respect to such SC Replacement Capacity; and (b) Seller shall have no liability to Buyer for any costs which are allocated to Buyer by the CAISO for any CPM Capacity (as defined in the CAISO Tariff) procured by the CAISO pursuant to the Capacity Procurement Mechanism and that was related to such SC Replacement Capacity. For illustrative purposes only, as of the Confirmation Effective Date, the obligation to replace all or any portion of the Contract Quantity transfers from the LSE to the Import Resource’s SC eleven (11) days prior to the Showing Month covered by the Supply Plan for the Monthly Supply Plan. The Parties acknowledge and agree that such date may be modified by the CAISO during the Term.

# Payment

## Monthly Payment

In accordance with the terms of Article Six of the Master Agreement, Buyer shall make a Monthly Payment to Seller, after the applicable Showing Month, as follows:

Monthly Payment = (A x B x 1,000)

where:

A = applicable Contract Price for that Showing Month

B =

C = Supply Plan Contract Quantity provided by Seller to Buyer pursuant to and consistent with Section 2.03 for the applicable day of the Showing Month

D = Aggregate megawatts of Shortfall Capacity associated with the applicable day of the Showing Month

i = Each day of Showing Month

n = number of days in the Showing Month

The Monthly Payment calculation shall be rounded to two decimal places.

## Allocation of Other Payments and Costs

### Seller shall retain any revenues it may receive from and pay all costs charged by the CAISO or any other third party with respect to each Import Resource for (i) start-up, shutdown, and minimum load costs, (ii) capacity revenue for ancillary services, (iii) energy sales, and (iv) any revenues for black start or reactive power services.

### Buyer shall be entitled to receive and retain all revenues associated with the Aggregate Contract Quantity (including any capacity revenues from RMR Contracts for each Import Resource, Capacity Procurement Mechanism (CPM), or its successor, RUC Availability Payments, or its successor, but excluding payments described in Section 3.02(a)(i)-(iv)).

### In accordance with Section 3.01 of this Confirmation and Article Six of the Master Agreement,

#### all such Buyer revenues described in this Section 3.02, but received by Seller, or an Import Resource’s SC, owner, or operator shall be remitted to Buyer, and Seller shall pay such revenues to Buyer if the Import Resource’s SC, owner, or operator fails to remit those revenues to Buyer. In order to verify the accuracy of such revenues, Buyer shall have the right, at its sole expense and during normal working hours after reasonable prior notice, to hire an independent third party reasonably acceptable to Seller to audit any documents, records or data of Seller associated with the Contract Quantity; and

#### all such Seller, or an Import Resource’s SC, owner, or operator revenues described in this Section 3.02, but received by Buyer shall be remitted to Seller.

### If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit the applicable Contract Quantity of Product for each day of each Showing Month provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

### Seller agrees that each Import Resource is subject to the terms of the Availability Standards, Non-Availability Charges, and Availability Incentive Payments as contemplated under Section 40.9 of the CAISO Tariff. Furthermore, the Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller’s account and that any Non-Availability Charges are the responsibility of the Seller and for Seller’s account.

## Offset Rights

Either Party may offset any amounts owing to it for revenues, penalties, fines, costs reimbursement, or other payments pursuant to Article Six of the Master Agreement against any future amounts it may owe to the other Party.

# Other Buyer and Seller Covenants

## Seller’s and Buyer’s Duty to Take Action to Allow the Utilization of the Product

Buyer and Seller shall, throughout the Delivery Period: (a) cause the required showing information listed in Appendix C to be included in all applicable Supply Plans; (b) execute any and all documents or instruments reasonably necessary to ensure Buyer’s right to the use of the Aggregate Contract Quantity for the sole benefit of Buyer or any subsequent purchaser under Section 2.06; and (c) cause all Supply Plans to be filed in conformance with the requirements of the CPUC Filing Guide and the CAISO Tariff. If during the Delivery Period, there are changes to the information included in Appendix C, the Parties agree to communicate such changes to each other promptly. The Parties further agree to negotiate in good faith to make necessary amendments, if any, to this Confirmation to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, CAISO or other Governmental Authority having jurisdiction to administer Compliance Obligations, so as to maintain the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

## Seller’s Representations, Warranties and Covenants

### Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

#### Seller owns or has the exclusive right to the Product sold under this Confirmation from each Import Resource, and shall furnish Buyer, CAISO, CPUC or other Governmental Authority with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;

#### No portion of the Aggregate Contract Quantity has been committed by Seller to any third party in order to satisfy Compliance Obligations or analogous obligations in any CAISO or non-CAISO markets, other than pursuant to an RMR Contract between the CAISO and either Seller or an Import Resource’s owner or operator;

#### Each Import Resource is capable of delivering Product to the Delivery Point.

#### Seller and the Import Resource’s SC, owner and operator shall each obligated to, comply with Applicable Laws, including the CAISO Tariff, relating to the Product;

#### Buyer shall have no liability for the failure of Seller or the failure of an Import Resource’s SC, owner, or operator to comply with such CAISO Tariff provisions, including any penalties, charges or fines imposed on Seller or the Import Resource’s SC, owner, or operator for such noncompliance;

#### If Seller is the owner of the Import Resource(s), the aggregation of all amounts of Capacity Attributes that Seller has sold, assigned or transferred for each such Import Resource does not exceed the Delivery Point’s corresponding Branch Group’s Maximum Import Capability;

#### Seller has notified the SC of each Import Resource that Seller has transferred the Contract Quantity, with respect to each day of each Showing Month, to Buyer, and the SC is obligated to deliver the Supply Plans in accordance with the CAISO Tariff and this Confirmation;

#### Seller has notified the SC of each Import Resource that Seller is obligated to cause the Import Resource’s SC to provide to the Buyer, at least fifteen (15) Business Days before the initial deadline for each Compliance Showing, the applicable Contract Quantity of the Import Resource for each day of such Showing Month, that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and

#### Seller has notified each Import Resource’s SC that Buyer is entitled to the revenues set forth in Section 3.02, and such SC is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

### Seller represents, warrants and covenants to Buyer that, as of the Confirmation Effective Date, all of the information set forth on Appendix B is true, correct and complete.

# Confidentiality

Notwithstanding Section 10.11 of the Master Agreement, the Parties agree that:

### Buyer may disclose the Aggregate Contract Quantity or any applicable portion of the Aggregate Contract Quantity under this Transaction to any Governmental Authority, the CPUC, the CAISO in order to support its Compliance Showings, if applicable;

### Seller may disclose the transfer of the Aggregate Contract Quantity and the applicable Contract Quantity and Supply Plan Contract Quantity for each day of each Showing Month under this Transaction to the SC of each Import Resource in order for such SC to timely submit accurate Supply Plans;

### both Parties may disclose the terms and conditions of the Agreement and any and all written or recorded or oral information, data, analyses, documents, and materials furnished or made available by a Party to the other Party in connection with this Agreement to the Independent Evaluator; and

### Buyer and the Independent Evaluator may disclose the terms and conditions of the Agreement and any and all written or recorded or oral information, data, analyses, documents, and materials furnished or made available by a Party to the other Party in connection with this Agreement to the CAISO, the CPUC, and all divisions thereof, the California Energy Commission, and participants of the Procurement Review Group established pursuant to D.02-08-071 and D.03-06-071;

provided, that each disclosing Party shall use reasonable efforts to limit, to the extent possible, the ability of any such applicable Governmental Authority, CAISO, or SC to further disclose such information. In addition, in the event Buyer resells all or any portion of the Aggregate Contract Quantity to another party, Buyer shall be permitted to disclose to the other party to such resale transaction all such information necessary to effect such resale transaction.

# Holdback and Substitute capacity

No later than five (5) Business Days before the initial Compliance Showing deadline with respect to a particular Showing Month, Buyer may request that Seller not list, or cause an Import Resource’s SC not to list, a portion or all of an Import Resource’s applicable Contract Quantity for any portion(s) of such Showing Month on the Supply Plan (the “Holdback Capacity”). The Holdback Capacity shall be deemed Supply Plan Contract Quantity provided consistent with Section 2.02 for purposes of calculating a Monthly Payment pursuant to Section 3.01 and calculating any amounts due pursuant to Section 2.04 or 2.05. Seller shall, or shall cause each Import Resource’s SC to, comply with Buyer’s request under this Article 6.

Buyer agrees that it will not make a request for Seller to provide any of the Product purchased under this Confirmation as substitute capacity using the substitution rules found in Section 40.9.3.6 of the CAISO Tariff. Buyer also agrees that any and all subsequent purchases of Resold Product will be subject to this Article 6.

# Market Based Rate authority

Seller agrees, in accordance with FERC Order No. 697, to, upon request of Buyer, submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer “ownership or control of generation capacity” from Seller to Buyer as the term “ownership or control of generation capacity” is used in 18 CFR § 35.42. Seller also agrees that it will not, in any filings, if any, made subject to FERC Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

# Collateral Requirements

## Seller Collateral Requirements

Notwithstanding anything to the contrary contained in the EEI Agreement, [Buyer/Seller] *{SCE Comment: Select appropriate selection}* shall provide to, and maintain with, [Buyer/Seller] *{SCE Comment: Select appropriate selection}* a Full Floating Independent Amount as long as [Buyer/Seller] *{SCE Comment: Select appropriate selection}* or its Guarantor, if any, does not maintain Credit Ratings of at least (a) BBB- from S&P and Baa3 from Moody’s, if such entity is rated by the Ratings Agencies, or (b) BBB- by S&P or Baa3 by Moody’s if such entity is rated by only one Ratings Agency. The Full Floating Independent Amount shall be equal to $ [\_\_\_\_\_\_\_\_]. Commencing after the last day of the first Showing Month of the Delivery Period and continuing throughout the Delivery Period, upon Notice, [Buyer/Seller] *{SCE Comment: Select appropriate selection}* may reduce the Full Floating Independent Amount to twenty percent (20%) of the sum of the Monthly Payments for the Current Month, as defined below, and all remaining months of the Delivery Period. For the purposes of the foregoing calculation: (i) each Monthly Payment shall be calculated using the Contract Quantity rather than the Expected Contract Quantity; and (ii) the Current Month shall be the next calendar month for which a showing will be made. For the purposes of calculating the Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, the Full Floating Independent Amount for [Buyer/Seller] *{SCE Comment: Select appropriate selection}* shall be added to the Exposure Amount for [Buyer/Seller] *{SCE Comment: Select appropriate selection}* and subtracted from the Exposure Amount for [Buyer/Seller] *{SCE Comment: Select appropriate selection}*.

## Current Mark-to-Market Value

The Parties further agree that for the purposes of calculating the Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, the Current Mark-to-Market Value for this Transaction is deemed to be zero. If at any time prior to the expiration of the Delivery Period, a liquid market for a resource adequacy Capacity product develops wherein price quotes for such a product can be obtained, the Parties agree to amend the Confirmation to include a methodology for calculating the Current Mark-to-Market Value for this Transaction, consequently affecting the Buyer’s Exposure.

## Credit Terms

The Parties agree that the credit and collateral provisions of the EEI Agreement shall govern this Transaction; provided, however, that for purposes of calculating a Party’s Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, with respect to this Transaction only (a) if Seller has Exposure to Buyer, then the amount of Exposure for this Transaction is deemed to be zero dollars ($0), and (b) in no event shall Buyer be required to post or maintain an Independent Amount with Seller.

# Other

## Declaration of an Early Termination Date and Calculation of Settlement Amounts

The Parties shall determine the Settlement Amount for this Transaction in accordance with Section 5.2 of the Master Agreement, provided that, with respect to this Transaction only, the following language is added at the end of Section 5.2 of the Master Agreement, with any terms which are defined in this Confirmation being used in the Master Agreement with the definitions given to such terms in this Confirmation:

“If Buyer is the Non-Defaulting Party and Buyer reasonably expects to incur penalties, fines or costs from the CPUC, the CAISO, or any Governmental Authority having jurisdiction, because Buyer is not able to include the applicable Contract Quantity in any applicable Compliance Showing due to Seller’s Event of Default, then Buyer may, in good faith, estimate the amount of those penalties or fines and include this estimate in its determination of the Settlement Amount, subject to accounting to Seller when those penalties or fines are finally ascertained. If this accounting establishes that Buyer’s estimate exceeds the actual amount of penalties or fines, Buyer shall promptly remit to Seller the excess amount. The rights and obligations with respect to determining and paying any Settlement Amount or Termination Payment, and any dispute resolution provisions with respect thereto, shall survive the termination of this Transaction and shall continue until after those penalties or fines are finally ascertained.”

*[Remainder of Page Intentionally Left Blank]*

|  |  |  |
| --- | --- | --- |
| In WITNESS WHEREOF, the Parties have caused this Confirmation to be duly executed as of the Confirmation Effective Date first written: | | |
| **[SELLER’S NAME],**  a [Seller’s jurisdiction of organization and type of organization]. |  | **SOUTHERN CALIFORNIA EDISON COMPANY,**  a California corporation. |
| By:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  [Name]  [Title] |  | By:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  [Name]  [Title] |
| Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  | Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

# APPENDIX A

DEFINED TERMS

“Aggregate Contract Quantity” means the aggregate amount of Product associated with the MWs set forth in the table in Section 1.03 that Seller has agreed to provide to Buyer from the Import Resource(s) throughout the entire term of the Delivery Period.

“Agreement” has the meaning specified in the introductory paragraph of this Confirmation.

“Alternate Capacity” means replacement Product that Seller has elected to provide to Buyer in accordance with the terms of Section 2.03.

“Alternate Import Resource” means an Import Resource meeting the requirements specified in Section 2.03.

“Annual Supply Plan” has the meaning set forth in the CAISO Tariff.

“Applicable Laws” means any constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Authority having jurisdiction over one or both Parties, this Transaction, or the terms of this Agreement.

“Availability Incentive Payments” has the meaning set forth in the CAISO Tariff.

“Availability Standards” has the meaning set forth in the CAISO Tariff.

“Branch Group” means the branch group name used by the CAISO to represent an Intertie.

“Buyer” has the meaning specified in the introductory paragraph of this Confirmation.

“CAISO” means the California Independent System Operator Corporation, or any successor entity performing the same functions.

“CAISO Control Area” has the meaning set forth in the CAISO Tariff.

“CAISO Controlled Grid” has the meaning as set forth in the CAISO Tariff.

“CAISO Tariff” means the California Independent System Operator Corporation Tariff, Business Practice Manuals (BPMs), Operating Agreements, and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time to time and approved by FERC, if applicable.

“Capacity Attributes” means, with respect to an Import Resource, any and all of the following, in each case which are attributed to or associated with the Import Resource at any time throughout the Delivery Period:

### resource adequacy attributes, as may be identified from time to time by the CPUC, CAISO, or other Governmental Authority having jurisdiction, that can be counted toward RAR;

### resource adequacy attributes or other locational attributes for the Import Resource related to a Local Capacity Area, as may be identified from time to time by the CPUC, CAISO or other Governmental Authority having jurisdiction, associated with the physical location or point of electrical interconnection of the Import Resource within the CAISO Control Area, that can be counted toward a Local RAR; and

### other current or future defined characteristics, certificates, tags, credits, or accounting constructs, howsoever entitled, including any accounting construct counted toward any Compliance Obligations.

“CIRA Tool” means the CAISO’s Customer Interface for Resource Adequacy application.

“Collateral Annex” has the meaning specified in the introductory paragraph of this Confirmation.

“Compliance Obligations” means the RAR and Local RAR.

“Compliance Showings” means the (a) Local RAR compliance or advisory showings (or similar or successor showings) and (b) RAR compliance or advisory showings (or similar or successor showings), in each case, a load serving entity is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, to the CAISO pursuant to the CAISO Tariff, or to any Governmental Authority having jurisdiction.

“Confirmation” has the meaning specified in the introductory paragraph of this Confirmation.

“Confirmation Effective Date” has the meaning specified in the introductory paragraph of this Confirmation.

“Contract Price” means, for any Showing Month, the price specified in the Contract Price Table in Section in Section 1.04.

“Contract Quantity” has the meaning specified in Section 1.03.

“Cover Sheet” has the meaning specified in the introductory paragraph of this Confirmation.

“CPUC” means the California Public Utilities Commission.

“CPUC Decisions” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, and any other existing or subsequent decisions, resolutions, or rulings related to resource adequacy, including, without limitation, the CPUC Filing Guide, in each case as may be amended from time to time by the CPUC.

“CPUC Filing Guide” is the document issued annually by the CPUC which sets forth the guidelines, requirements and instructions for load serving entities to demonstrate compliance with the CPUC’s resource adequacy program.

“Current Mark-to-Market Value” has the meaning specified in Section 8.02

“Delivery Period” has the meaning specified in Section 1.02(a).

“Delivery Point” has the meaning specified in Section 1.05.

“EEI” has the meaning specified in the introductory paragraph of this Confirmation.

“EEI Agreement” has the meaning specified in the introductory paragraph of this Confirmation.

“Good Utility Practice” has the meaning set forth in the CAISO Tariff.

“Governmental Authority” means any: (a) federal, state, local, municipal or other government; (b) governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (c) court or governmental tribunal.

“Holdback Capacity” has the meaning specified in Article 6.

“Import Contract Quantity” means the amount of Product to be delivered by Seller to Buyer from each Import Resource as set forth in Appendix B.

“Import Quantity” mean the aggregate amount of Product actually delivered to Buyer from each Import Resource.

“Import Resource” or “Import Resources” shall mean the resources described in Appendix B (including any Alternate Import Resources), from which Product is provided by Seller to Buyer.

“Independent Evaluator” has the meaning set forth in CPUC Decision 04-12-048.

“Intertie” has the meaning set forth in the CAISO Tariff.

“Load Serving Entity” or “LSE” has the meaning set forth in the CAISO Tariff.

“Local Capacity Area” has the meaning set forth in the CAISO Tariff.

“Local RAR” means the local resource adequacy requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

“Master Agreement” has the meaning specified in the introductory paragraph of this Confirmation.

“Maximum Import Capability” has the meaning set forth in the CAISO Tariff.

“Monthly Payment” has the meaning specified in Section 3.01.

“Monthly Supply Plan” has the meaning set forth in the CAISO Tariff.

“MW” means megawatt (or 1,000 kilowatts) of alternating current electric energy generating capacity.

“Non-Availability Charges” has the meaning set forth in the CAISO Tariff.

“North” means north of Path 26.

“Path 26” has the meaning set forth in the CAISO Tariff.

“Product” has the meaning specified in Section 1.01.

“RAR” means the resource adequacy requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction.

“Replacement Capacity” has the meaning set forth in Section 2.04.

“Replacement Capacity Price” means: (a) the price paid for any Replacement Capacity purchased by Buyer pursuant to Section 2.04(a) for such Showing Month; or (b) absent a purchase of Replacement Capacity by Buyer for the applicable Sowing Month, the market price for Product with Capacity Attributes reasonably equivalent to the Product not provided by Seller under this Confirmation, as determined in the manner upon which market prices are determined under Section 5.2(b) of the Master Agreement. For purposes of this Transaction and Confirmation, the “Replacement Capacity Price” shall be deemed to be the “Replacement Price” as defined in Section 1.51 of the Master Agreement.

“Replacement Obligation” has the meaning specified in Section 2.04.

“Resold Product” has the meaning specified in Section 2.06.

“Resource Category” shall be as described in the annual CPUC Filing Guide*,* as such may be modified, amended, supplemented or updated from time to time.

“RMR Contracts” has the meaning set forth in the CAISO Tariff.

“RUC Availability Payment” has the meaning set forth in the CAISO Tariff.

“SC Replacement Capacity” has the meaning set forth in Section 2.08.

“Scheduling Coordinator” or “SC” has the meaning set forth in the CAISO Tariff.

“Scheduling Point” has the meaning set forth in the CAISO Tariff.

“Seller” has the meaning specified in the introductory paragraph of this Confirmation.

“Shortfall Capacity” means the Replacement Obligation minus the Alternate Capacity (without duplication) provided by Seller to Buyer in accordance with Section 2.03.

“Showing Month” shall be the calendar month of the Delivery Period that is the subject of the Compliance Showing, as set forth in the CPUC Decisions and outlined in the CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and CPUC Decisions in effect as of the Confirmation Effective Date, the monthly Compliance Showing made in June is for the Showing Month of August.

“South” means south of Path 26.

“Supply Plan” has the meaning set forth in the CAISO Tariff.

“Supply Plan Contract Quantity” means the Contract Quantity of Product actually delivered by Seller to Buyer consistent with Sections 2.02(a) and (b).

“Term” has the meaning specified in Section 1.02(b).

**APPENDIX B**

**Import Resource Information**

Name: *[Name]*

Location: *[Intertie]*

CAISO Import Resource ID: *[ID provided to Seller by CAISO]*

Scheduling Coordinator ID: *[SCID]*

Import Contract Quantity: *[MW]*

Resource Type: Import

Capacity Type: *[Annual or Monthly]* System

Resource Category (1, 2, 3 or 4): 4

Delivery Point: *[Intertie scheduling point]*

Path 26 (North or South): *[North or South]*

Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment: \_\_\_\_\_\_\_\_\_\_\_.

**APPENDIX c**

**Supply Plan Information**

Contract Key ID: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Benefitting load serving entity SC identification number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**APPENDIX D**

**Subsequent Sale Information**

Contract Key ID: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Benefitting load serving entity SC identification number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Volume (in MW): \_\_\_\_\_\_\_\_\_\_\_\_

Subsequent Sale delivery period: \_\_\_\_\_\_\_\_