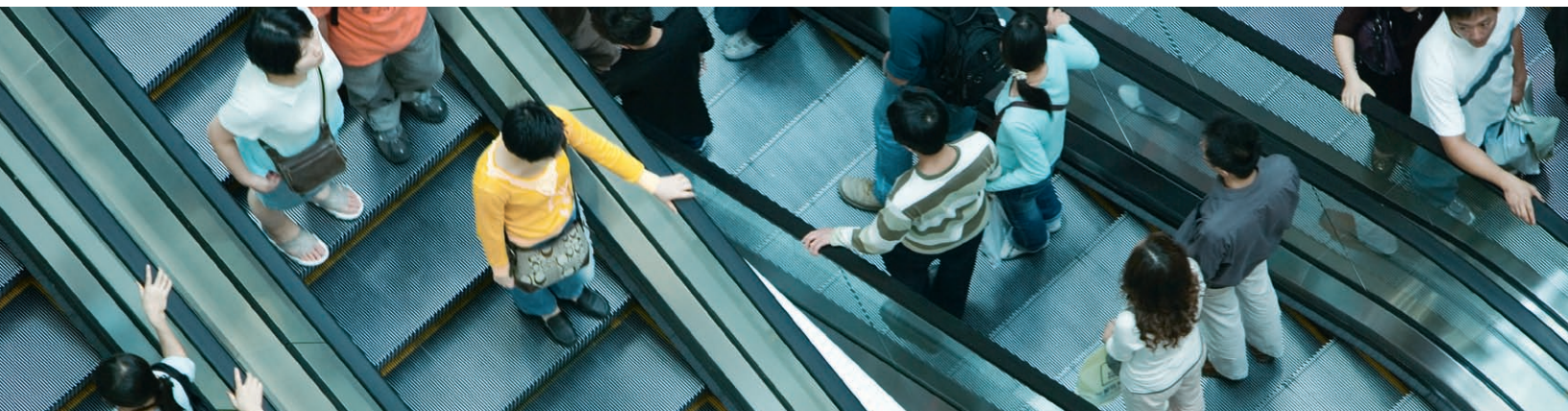


Capacity Bidding Program



Receive incentive payments for making monthly nominations for planned load reduction



Flexible bidding program ideal for managing energy use across multiple facilities

- Internet-based
- Flexible participation
- Adjust capacity nomination monthly

Southern California Edison's (SCE) Capacity Bidding Program (CBP) is a flexible bidding program offering qualified businesses payments for agreeing to reduce load (for example, lighting, HVAC, escalators/elevators, pumps or some manufacturing equipment) when a CBP event is called. Make monthly nominations and receive capacity payments based on the amount of capacity reduction nominated each month, plus energy payments based on your actual kilowatt-hour (kWh) energy reduction when an event is called. The amount of capacity nomination can be adjusted on a monthly basis. The program is Internet-based, providing ready access to program information and ease-of-use.

CBP Benefits

Because CBP is Internet-based, it's easy to submit your monthly energy reduction nominations, change your nominations monthly and access a variety of reports. You can manage load reduction across multiple facilities, and receive CBP payments even if no events are called during a given month.

Save Money: Combine CBP with Energy Efficiency Improvements

Energy efficiency and demand reduction can work hand-in-hand to help you reduce your energy costs. For example, if you install special control systems as part of your energy efficiency upgrades, you may find it especially easy to participate in CBP. Making improvements such as newly-installed or enhanced energy management systems, dimmable lighting or motors with variable-frequency drives may increase your qualifications for participating in CBP, making your energy efficiency projects even more financially attractive.

Eligibility

You can participate in CBP if you are an SCE Bundled Service, Direct Access or Community Choice Aggregation customer, or an aggregator of these customers. You must have Internet access and an SCE-approved communicating interval metering system.

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When Will Events Be Called?

A CBP event may occur between May 1 through October 31 on any weekday (excluding holidays) between the hours of 11 a.m. and 7 p.m. SCE may activate a CBP event when it would otherwise use generating (supply) resources rated at a thermal heat rate of 15,000 BTU/kWh on a day-ahead or day-of basis. An event may be caused by supply resource limitations, a generating unit outage, transmission constraints, high temperatures or other system emergencies. Each month, you may change your event notification timing (to either a Day-Ahead or Day-Of basis) and you may change your demand response event commitment period to 1-4, 2-6, or 4-8 hour intervals. You will not be required to reduce load for more than 24 hours in any one month.

Event Notification

- **Day-Ahead Option:** You are notified by 3 p.m. one business day prior to the event by the CBP Web site and as a courtesy, by phone, pager, or e-mail.
- **Day-Of Option:** You are notified on the same day of the event, approximately three (3) hours before the event begins.

You can choose to have SCE notify you of a CBP event via the CBP Web site, or by phone, pager or e-mail. SCE cannot and does not guarantee the receipt of any courtesy notification.

You or your aggregator must cover all costs incurred for the equipment required to receive notifications. SCE's Technical Assistance & Technology Incentive (TA&TI) program is available to help pay for the cost of automating your demand response activities.

Determining Actual Reduced Energy

SCE determines the amount of energy you actually reduce in each hour of a CBP event by comparing the load reduction to either your **Customer Specific Energy Baseline (CSEB)** (for customers directly enrolled) or your **Aggregated Group Energy Baseline (AGEB)** (for load nominated by aggregators), whichever is applicable.

Effective January 1, 2010, baselines for all customers changed to the "10-Day Average Baseline". Under this new baseline methodology, each hour during the past ten similar days prior to an event day is averaged (by service account) to establish an hourly average baseline for those ten days. The past ten similar days excludes event days, weekends and holidays. You may also choose a "Day-Of" adjustment option, which may adjust your baseline up or down. For more information, please visit www.sce.com/drp.

The 10-Day Average Baseline methodology is illustrated in the example below:

Date	kWh Noon - 1 p.m.
7/29/09	5808
7/30/09	7344
7/31/09	7488
8/3/09	4992
8/4/09	5184
8/5/09	5232
8/6/09	5040
8/7/09	4848
8/10/09	5088
8/11/09	4944
10-Day Average Baseline	5597

Immediate past ten similar weekdays

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Capacity Payments for Participation in CBP

The following charts show the capacity credit rates available through CBP for both the “Day-Ahead” and “Day-Of” options. If you are a directly enrolled customer, you will receive 80% of the capacity incentive rates below; aggregators will receive 100% of the incentive amount.

Actual capacity payments will vary each month as your nominations change or actual performance varies from the nominated capacity reduction. If a CBP event is not called during a given month, you will receive the full capacity payment.

Day-Of Option — Capacity Credit Rate (\$/kW-month)*							
Hours/Day	May	June	July	August	Sept	Oct	Avg.
1 to 4	\$4.66	\$7.25	\$17.08	\$19.67	\$10.87	\$2.59	\$10.35
2 to 6	\$5.69	\$8.66	\$20.87	\$24.04	\$13.29	\$3.16	\$12.65
4 to 8	\$5.69	\$8.86	\$20.87	\$24.04	\$13.29	\$3.16	\$12.65
Day-Ahead Option — Capacity Credit Rate (\$/kW-month)*							
Hours/Day	May	June	July	August	Sept	Oct	Avg.
1 to 4	\$4.05	\$6.30	\$14.85	\$17.10	\$9.45	\$2.25	\$9.00
2 to 6	\$4.95	\$7.70	\$18.15	\$20.90	\$11.56	\$2.75	\$11.00
4 to 8	\$4.95	\$7.70	\$18.15	\$20.90	\$11.56	\$2.75	\$11.00

*The amounts of the capacity credit rates will be fixed until further modified by the California Public Utilities Commission (CPUC).

Calculation of Capacity and Energy Payments and Penalties

Capacity payments depend on your business’ measured reduction and on your nominated committed load. Credits and Penalties are assessed based on hourly performance.

CBP capacity and energy payments are calculated based on the following:

Failure to Reduce Power

If you reduce your energy by less than 50% of your nominated load reduction on an hourly basis, charges may reduce your incentive payments.

Measured Performance per Hour	Capacity Payment	Energy Payment
Above 150% of Nomination	100% of Hourly Capacity, Multiplied by the Capacity Credit Rate	Capped at 150% of Nominated Amount of kWh, Recorded Reduced Energy Multiplied by Energy Price per Hour
100% - 150% of Nomination	100% of Hourly Capacity, Multiplied by the Capacity Credit Rate	Recorded Reduced Energy, Multiplied by Energy Price per Hour
90% - 99.99% of Nomination	Percent Performance, Multiplied by the Capacity Credit Rate	Same as above
75% - 89.99% of Nomination	kWh Reduced, Multiplied by 50% of the Capacity Credit Rate	Same as above
50% - 74.99% of Nomination	0% of Hourly Capacity Payment	Same as above
0% - 49.99% of Nomination	kWh Reduced, Minus 50% of Nomination, Multiplied by Capacity Credit Rate	Same as above

Note: Payments will be made after the meter has been read and capacity and energy payments have been calculated. Energy payments do not apply to Direct Access (DA) or Community Choice Aggregator (CCA) customers.

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Types of Equipment Needed

To participate in CBP, you must have the following:

- An SCE-approved communicating interval metering system capable of recording usage in 15-minute intervals
- Internet access
- If you are a Direct Access customer using a third-party (external) meter data management agent and/or a third-party meter service provider, you are responsible for the costs related to transmitting meter data to SCE.

Direct Program Participation and Contractual Requirements

Please contact your SCE Account Representative for a copy of the CBP Agreement and other enrollment materials. You may also visit www.sce.com/cbp or call SCE's Demand Response Helpline at **(866) 334-7827**.

Participation through an Aggregator and Contractual Requirements

If you wish to participate in CBP through a third-party aggregator, please see www.sce.com/cbp for a list of aggregators you may contact directly. If you participate through an aggregator, the aggregator is responsible for submitting your paperwork.

Other SCE Demand Response Programs Open to CBP Customers

As a CBP customer, with limitations, you may also participate in other demand response programs for additional incentives. For more information, please contact your SCE Account Representative, or visit www.sce.com/drp.

For More Information

SCE offers many programs and solutions to help you better manage your electricity costs. For information about other SCE demand response programs, please call **(866) 334-7827**, or visit www.sce.com/drp.



This fact sheet is meant to enhance your understanding of SCE's Capacity Bidding Program. It does not replace pricing information contained in the CPUC-approved tariffs. Please refer to the tariffs for a complete list of terms and conditions of service, which can be viewed online at www.sce.com.

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