

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



MAY 18 2004

May 12, 2004

REVENUE & TARIFFS DEPT.

Advice Letter 1780-E

Mr. Akbar Jazayeri, Director
Revenue and Tariffs
Southern California Edison Company
P O Box 800
Rosemead, CA 91770

Reference: Compliance Filing to Implement Experimental Schedule FC-NEM,
Fuel Cell Net Energy Metering

Dear Mr. Jazayeri:

Advice Letter 1780-E is effective April 9, 2004. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in black ink that reads "Paul Clamor".

Director
Energy Division

March 1, 2004

ADVICE 1780-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Compliance Filing to Implement Experimental Schedule
FC-NEM, Fuel Cell Net Energy Metering

In compliance with Assembly Bill (AB) 1214, Section 2(b)¹, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules and filed forms. The revised tariff sheets and filed forms are listed on Attachment A and are attached hereto.

PURPOSE

This advice filing, as required by AB 1214, is made to: (1) establish a new fuel cell net energy metering schedule (FC-NEM) for eligible fuel cell customer-generators, under a pilot program, which will net out generation charges against generation charges on a time of use basis; (2) establish filed form 14-755, Fuel Cell Electrical Generating Facility Net Energy Metering and Interconnection Agreement; and (3) include minor revisions to existing tariffs to incorporate the effect AB 1214 provisions have on such tariffs.

AB 1214 adds Section 2827.10 to the Public Utilities (PU) Code and shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

BACKGROUND

AB 1214 was signed into law on October 2, 2003. It adds Section 2827.10 to the PU Code to establish, in part, the following guidelines:

¹ AB 1214 Section 2 (b) states "Every electrical corporation shall, not later than March 1, 2004, file with the commission a standard tariff providing for net energy metering for eligible fuel cell customer-generators, consistent with this section."

- (1) An eligible fuel cell customer-generator means a customer of an electrical corporation who uses a fuel cell electrical generating facility with a capacity of not more than one megawatt that is located on or adjacent to the customer's owned, leased, or rented premises, is interconnected and operates in parallel with the electric grid, is sized to offset part or all of the eligible fuel cell customer-generator's own electrical requirements, and is the recipient of local, state, or federal funds, or who self-finances pilot projects designed to encourage the development of eligible fuel cell electrical generating facilities, and uses technology that meets the definition of an "ultra-clean and low-emission distributed generation" as defined in subdivision (a) of PU Code Section 353.2;
- (2) The fuel cell net energy metering tariff shall be available to all eligible fuel cell customer-generators upon request, on a first come, first serve basis, until the total cumulative rated generating capacity used by eligible fuel cell customer-generators equals 45 megawatts within service territory. Additionally, the combined statewide cumulative rated generating capacity used by eligible fuel cell customer-generators in the service territories of all three electrical corporations in the State may not exceed 112.5 megawatts;
- (3) Net energy metering shall be accomplished using a time of use meter capable of registering the flow of electricity in two directions and if the eligible customer-generator's existing meter is not capable of measuring the flow of electricity in two directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions;
- (4) Net out generation charges against generation charges, exclusive of any surcharges, on a time of use basis over an entire relevant period. All other charges, including all surcharges, shall be calculated in accordance with the eligible fuel cell customer-generator's applicable tariff and based on the total kilowatthours delivered by the electrical corporation to the customer in each monthly billing cycle;
- (5) Provide a generation energy credit for all kWh produced by an eligible customer-generator's fuel cell generating facility and fed back into SCE's system, calculated on a time-of-use basis and excluding any surcharges. Such credit will offset any generation energy charges during a relevant period.

TARIFF REVISIONS

In this filing SCE establishes and revises the following schedules:

- (1) Establishment of Experimental Schedule FC-NEM, Fuel Cell Net Energy Metering, consistent with the provisions of PU Code Section 2827.10.
- (2) Establishment of Form 14-755, Fuel Cell Electrical Generating Facility Net Energy Metering and Interconnection Agreement. Form 14-755 is applicable to eligible fuel cell customer-generators, as defined in PU Code Section 2827.10, who interconnect and operate an eligible fuel cell electrical generating facility in parallel with SCE's distribution system.
- (3) SCE's Schedule DL-NBC, Departing Load Nonbypassable Charges is amended to exclude customer load that is served under the provisions of fuel cell net energy metering from the definition of Departing Load.
- (4) SCE's Electric Rule 1 is amended to exclude customer load that is served under the provisions of fuel cell net energy metering from the definition of Departing Load.
- (5) SCE's Preliminary Statement, part W, is amended to exclude customer load that is served under the provisions of fuel cell net energy metering from the definition of Departing Load.

No cost information is required for this advice filing.

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

EFFECTIVE DATE

This advice filing shall become effective on the 40th calendar day after the date filed, which is April 9, 2004.

NOTICE

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

IMC Program Manager
c/o Jerry Royer
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

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

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri
Director of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Vice President of Regulatory Operations
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list and R.99-10-025. Address change requests to the attached GO 96-A Service List should be directed to AdviceTariffManager@sce.com or (626) 302-3636. For changes to the R.99-10-025 service list, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/adviceletters>.

For questions, please contact George Coutts at (626) 302-6568 or by electronic mail at George.Coutts@SCE.com.

Southern California Edison Company

Akbar Jazayeri

AJ:gc/pf
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 36243-E	Preliminary Statement Part W	Revised 35566-E
Revised 36244-E	Schedule DL-NBC	Revised 35567-E
Original 36245-E	Schedule FC-NEM	
Original 36246-E	Schedule FC-NEM	
Original 36247-E	Schedule FC-NEM	
Original 36248-E	Schedule FC-NEM	
Original 36249-E	Schedule FC-NEM	
Original 36250-E	Schedule FC-NEM	
Original 36251-E	Schedule FC-NEM	
Revised 36252-E	Rules 1	Revised 35575-E
Original 36253-E	Form 14-755	
Revised 36254-E	Table of Contents	Revised 36231-E
Revised 36255-E	Table of Contents	Revised 36191-E
Revised 36256-E	Table of Contents	Revised 36232-E
Revised 36257-E	Table of Contents	Revised 34108-E
Revised 36258-E	Table of Contents	Revised 35223-E



PRELIMINARY STATEMENT

Sheet 1

W. DEPARTING LOAD RESPONSIBILITY

1. Definitions.

a. Departing Load: Departing Load is that portion of SCE's customer's electric load, subject to changes occurring in the normal course of business as verified pursuant to Part W, Section 3.a., for which the customer, on or after December 20, 1995: (1) discontinues or reduces its purchases of electricity supply and delivery services from SCE; (2) purchases or consumes electricity supplied and delivered by sources other than SCE to replace such SCE purchases; and (3) remains physically located at the same location or within SCE's service area as it existed on December 20, 1995. Municipal Departing Load (MDL) is either New or Transferred MDL served by a publicly owned utility (POU) as defined in Schedules NMDL and TMDL, Special Condition 1. Reduction in load qualifies as Departing Load only to the extent that such load is subsequently served with electricity from a source other than SCE. However, load served under the provisions of Schedule Net Energy Metering (NEM) or Schedule Biogas Net Energy Metering (BG-NEM), or Schedule Fuel Cell Net Energy Metering (FC-NEM), is not departing load. (T)

The definition of Departing Load specifically does not include: (1) a customer's load that moves to a new location outside SCE's service area as it existed on December 20, 1995; (2) a customer's load that is no longer served with electricity from any source; or (3) a new customer that, after January 1, 1998, locates new load in SCE's service territory, provided such customer does not purchase electricity from SCE and does not use SCE's transmission or distribution system (either directly or indirectly through a third party) in any manner to supply electricity to its load.

When an SCE retail customer that purchased electricity from SCE on or after December 20, 1995, subsequently replaces such SCE purchases with purchases from an entity that supplies such retail customer using SCE's transmission and/or distribution system (other than through a Direct Transaction), that load is classified as Departing Load for the portion of its requirements that are purchased through such an alternative supplier.

(Continued)

(To be inserted by utility)
 Advice 1780-E
 Decision _____

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)
 Date Filed Mar 1, 2004
 Effective Apr 9, 2004
 Resolution _____



Schedule DL-NBC
DEPARTING LOAD
NONBYPASSABLE CHARGES
(Continued)

Sheet 2

SPECIAL CONDITIONS

1. Departing Load: Departing Load is that portion of SCE's customer's electric load for which the customer, on or after December 20, 1995: (a) discontinues or reduces its purchases of electricity supply and delivery services from SCE; (b) purchases or consumes electricity supplied and delivered by sources other than SCE to replace such SCE purchases; and (c) remains physically located at the same location or within SCE's service area as it existed on December 20, 1995. Reduction in load qualifies as Departing Load only to the extent that such load is subsequently served with electricity from a source other than SCE. However, load served under the provisions of Schedule Net Energy Metering (NEM), or Schedule Biogas Net Energy Metering (BG-NEM), or Schedule Fuel Cell Net Energy Metering (FC-NEM), is not departing load. (T)
2. Bill Calculation: The Departing Load Customer's NDC, PPPC, and FTAC obligations will be based on metered consumption. If reliable metered consumption information is not made available to SCE, SCE will estimate the consumption based on that customer's historical load at the time the customer discontinues or reduces retail service with SCE.
3. Exemptions: When Departing Load previously served by SCE is served by another entity whose charges include the PPPC, such Departing Load Customer will not be billed the PPPC by SCE.
4. Otherwise Applicable Tariff: The customer's regularly filed rate schedule under which service was rendered.

(To be inserted by utility)
Advice 1780-E
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Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)
Date Filed Mar 1, 2004
Effective Apr 9, 2004
Resolution _____



Schedule FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING

Sheet 1

APPLICABILITY

Applicable to Bundled Service Customers served under a Time-of-Use (TOU) rate schedule who: (1) interconnect and operate in parallel with SCE's electrical system an Eligible Fuel Cell Electrical Generating Facility, as defined herein below pursuant to Public Utilities (PU) Code Section 2827.10, with a generating capacity no greater than 1,000 kW, located on or adjacent to the customer's premises as the sole source of customer generation, intended to offset part or all of the customer's electrical requirements, and (2) is the recipient of local, state, or federal funds, or who self-finance projects designed to encourage the development of fuel cell electrical generating facilities, and (3) uses technology that meets the definition of an "ultra-clean and low-emission distributed generation", as defined in subdivision (a) of PU Code Section 353.2. Customers eligible for service under this Schedule are exempt from: (1) any new or additional charges not included in their Otherwise Applicable Tariff (OAT), and (2) Standby Charges. Pursuant to PU Code Section 2827.10, this Schedule is available on a first-come, first-serve basis and will be closed to new customers once 45,000 kW of rated generating capacity is served under this Schedule and will expire on January 1, 2006 unless extended by legislation.

TERRITORY

Within the entire territory served.

RATES

The following rates are applicable to all Eligible Fuel Cell customer-generators on this Schedule.

NET CONSUMERS OF ENERGY

When an Eligible Fuel Cell customer-generator is a net consumer, E_S is greater than E_F where E_S is energy supplied by SCE and E_F is energy generated by the eligible customer and fed back into SCE's system, measured over an entire Relevant Period, as defined in Special Condition 4.e, the total net consumed kWh will be a generation charge, calculated by multiplying the total net consumed kWh by the generation rate component of the customer's OAT, in each TOU period when such customer was a net consumer of energy (E_S exceeds E_F). At the end of the Relevant Period Special Condition 3.b shall be invoked. Additionally, all other charges shall be calculated in accordance with the customer's OAT, for E_S (energy supplied by SCE) and shall be due and payable monthly, in accordance with SCE's normal monthly billing cycle.

(Continued)

(To be inserted by utility)
Advice 1780-E
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Issued by
John R. Fielder
Senior Vice President

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Schedule FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING

Sheet 2

(Continued)

RATES (Continued)NET PRODUCERS OF ENERGY

When an Eligible Fuel Cell customer-generator is a net producer, E_F is greater than E_S , where E_S is energy supplied by SCE and E_F is energy generated by the eligible customer and fed back into SCE's system, measured over an entire Relevant Period, as defined in Special Condition 4.e, the total net produced kWh will be a generation credit, calculated by multiplying the total net produced kWh by the generation rate component of the customer's OAT, in each TOU period when such customer was a net producer of energy (E_F exceeds E_S). At the end of each Relevant Period Special Condition 3.b shall be invoked. Additionally, all other charges shall be calculated in accordance with the customer's OAT, for E_S (energy supplied by SCE) and shall be due and payable monthly, in accordance with SCE's normal monthly billing cycle.

SPECIAL CONDITIONS

1. Required Contract: A Fuel Cell Net Energy Metering and Interconnection Agreement (Form 14-755) is required for service under this Schedule.
2. Metering:
 - a. Fuel Cell Net Energy shall be measured (metered) using a TOU meter capable of separately registering the flow of electricity in two directions. If the customer's existing meter is not capable of satisfying the requirements to participate on this Schedule, such meter shall be installed by SCE at the customer's expense prior to interconnection to SCE's electric system.
 - b. If SCE determines that dual metering is required for the purposes set forth herein, such customer shall consent to, and pay all costs associated with the installation of dual metering, prior to interconnecting to SCE's electrical system.
3. Billing:
 - a. SCE shall provide the customer with both energy supplied by SCE, and energy generated by the Eligible Fuel Cell customer-generator and fed back into SCE's system in each TOU period, over the applicable Relevant Period, with each monthly bill. Such monthly bill(s) shall include accumulated net kWh produced, along with the corresponding generation credit, and/or accumulated net kWh consumed, along with the corresponding generation charge for each TOU period, over the applicable Relevant Period. All charges except the generation charge shall be due and payable monthly, in accordance to SCE's normal monthly billing cycle for all accounts served on this Schedule.
 - b. At the end of each Relevant Period, as defined in Special Condition 4.e, following the Date of Final Interconnection of the customer's generator to SCE's electric system, SCE shall proceed as follows:

(Continued)

(To be inserted by utility)

Advice 1780-E

Decision _____

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Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Mar 1, 2004Effective Apr 9, 2004

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Schedule FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING

Sheet 3

(Continued)

BILLING (Continued)

1. SCE will present the customer with their annual Relevant Period bill, which will include the current month's charges in addition to any outstanding accumulated Relevant Period generation charges and shall be due and payable in accordance to SCE's normal billing cycle.

2. Where a customer's net generation credits exceed their net generation charges, during any TOU period, as calculated in the Rates Section of this Schedule, such excess generation credits will be applied to any remaining generation charges in other TOU periods, at the end of a Relevant Period.

- c. If a customer terminates service under this Schedule prior to the end of the Relevant Period Special Condition 3.b shall be invoked.

4. Definitions: The following definitions are applicable to service provided under this Schedule.
 - a. Eligible Fuel Cell Electrical Generating Facility: A generating facility that includes the following:
 1. Integrated powerplant systems containing a stack, tubular array, or other functionally similar configuration used to electrochemically convert fuel to electric energy.
 2. An inverter and fuel processing system where necessary.
 3. Other plant equipment, including heat recovery equipment, necessary to support the powerplant's operation or its energy conversion.

 - b. Date of Final Interconnection: The date SCE provides the customer with SCE's written approval to commence parallel operation of the Generating Facility for purposes of participating on this Schedule.

 - c. Net Energy: The difference between the electricity supplied and/or delivered through SCE, and the electricity generated by the customer and fed back into SCE's electric system, measured over the Relevant Period. Thus, where E_S is energy supplied and/or delivered by SCE, and E_F is energy generated by the customer and fed back into SCE's system:
$$\text{Net Energy} = E_S \text{ minus } E_F$$

 - d. Otherwise Applicable Tariff (OAT): The customer's regularly filed rate schedule under which service is rendered.

 - e. Relevant Period: A twelve-month period, or portion thereof, commencing on the anniversary Date of Final Interconnection of the customer's generator to SCE's electric system.

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(To be inserted by utility)

Advice 1780-E
Decision _____

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

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Effective Apr 9, 2004
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Schedule FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

5. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages.

Sub-transmission customers, except for those customers exempt from rotating outages, are to be included in controlled, rotating outages when required by the Independent System Operator (ISO). To the extent feasible, SCE will coordinate rotating outages applicable to Sub-transmission customers who are fossil fuel producers and pipeline operators and users to minimize disruption to public health and safety. SCE shall not include a Sub-transmission customer in an applicable rotating outage group if the customer's inclusion would jeopardize electric system integrity. Sub-transmission customers who are not exempt from rotating outages, and seek such exemption, may submit an Optional Binding Mandatory Curtailment (OBMC) Plan to SCE in accordance with Schedule OBMC. If SCE approves a customer's OBMC Plan, the customer will become exempt from rotating outages and will be subject to the terms and conditions of Schedule OBMC and its associated contract.

Non-exempt Sub-transmission customers shall be required to drop their entire electrical load during applicable rotating outages by either (1) implementing the load reduction on their own initiative, in accordance with subsection a, below; or (2) having SCE implement the load reduction through remote-controlled load drop equipment (control equipment) in accordance with subsection b, below. A Sub-transmission customer shall normally be subject to the provisions of subsection a. If SCE approves a customer's request to have SCE implement the load reduction or if the customer does not comply with prior required load reductions, as specified in subsection c, the customer will be subject to the provisions of subsection b.

a. Customer-Implemented Load Reduction.

- (i) Notification of Required Load Reduction. At the direction of the ISO, SCE shall notify each Sub-transmission customer in an affected rotating outage group to drop its entire load. Within 30 minutes of such notification, the customer must drop its entire load. The customer shall not return the dropped load to service until 90 minutes after SCE sent the notification to the customer to drop its load, unless SCE notifies the customer that it may return its load to service prior to the expiration of the 90 minutes.
- (ii) Method of Notification. SCE will notify Sub-transmission customers who are required to implement their own load reduction via telephone, by either an automated calling system or a manual call to a business telephone number or cellular phone number designated by the customer. The designated telephone number will be used for the sole purpose of receiving SCE's rotating outage notification and must be available to receive the notification at all times. When SCE sends the notification to the designated telephone number the customer is responsible for dropping its entire load in accordance with subsection a. (i), above. The customer is responsible for informing SCE, in writing, of the telephone number and contact name for purposes of receiving the notification of a rotating outage.

(Continued)

(To be inserted by utility)

Advice 1780-E

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Issued by

John R. FielderSenior Vice President

(To be inserted by Cal. PUC)

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Schedule FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

5. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages. (Continued)

a. Customer-Implemented Load Reduction. (Continued)

(iii) Excess Energy Charges. If a Sub-transmission customer fails to drop its entire load within 30 minutes of notification by SCE, and/or fails to maintain the entire load drop until 90 minutes after the time notification was sent to the customer, unless SCE otherwise notified the customer that it may return its load to service earlier in accordance with subsection a. (i) above, SCE shall assess Excess Energy Charges of \$6 per kWh for all kWh usage in excess of the Authorized Residual Ancillary Load. Such charges will be based on the total kWh usage during the applicable rotating outage penalty period, less the product of Authorized Residual Ancillary Load in kW and the applicable rotating outage penalty period in hours. Excess Energy Charges will be determined and applied by SCE subsequent to the Sub-transmission customer's regularly scheduled meter read date following the applicable rotating outage.

For customers with net-generators, Excess Energy Charges shall not apply during periods of verifiable scheduled generator maintenance or if the customer's generator suffers a verified forced outage. The scheduled maintenance must be approved in advance by both the ISO and SCE, but approval may not be unreasonably held.

(iv) Authorized Residual Ancillary Load. Authorized Residual Ancillary Load is load that is deemed to be equivalent to five percent of the Sub-transmission customer's prior billing month's recorded Maximum Demand. This minimum load level is used as a proxy to allow for no-load transformer losses and load attributed to minimum grid parallel operation for generators connected under Rule 21.

b. SCE-Implemented Load Reduction.

Non-exempt Sub-transmission customers may request, in writing, to have SCE drop the customer's entire load during all applicable rotating outages using SCE's remote-controlled load drop equipment (control equipment). If SCE agrees to such arrangement, SCE will implement the load drop by using one of the following methods:

(Continued)

(To be inserted by utility)

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John R. Fielder
Senior Vice President

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Schedule FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

5. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages. (Continued)
- b. SCE-Implemented Load Reduction. (Continued)
- (i) Control Equipment Installed. For a Sub-transmission customer whose load can be dropped by SCE's existing control equipment, SCE will implement the load drop during a rotating outage applicable to the customer. The customer will not be subject to the Notification and Excess Energy Charge provisions set forth in subsection a, above.
- (ii) Control Equipment Pending Installation. For a Sub-transmission customer whose load can not be dropped by SCE's existing control equipment, the customer must request the installation of such equipment at the customer's expense in accordance with SCE's Rule 2, Section H, Added Facilities. Pending the installation of the control equipment, the customer will be responsible for dropping load in accordance with the provisions of subsection a, above, including the Notification and Excess Energy Charge provisions.
- c. Non-compliance: A non-exempt Sub-transmission customer subject to subsection a, above, who fails to drop load during three rotating outages in a three year period to a level of at least 20% of the customer's prior billing month's recorded Maximum Demand averaged over the applicable rotating outage period, is not in compliance with this tariff. The three year period shall commence with the first failure to drop load as specified in this subsection. A customer not in compliance with this condition will be placed at the top of the Sub-transmission customer rotating outage group list and will be expected to comply with subsequent applicable rotating outages. In addition, the customer must select one of the two options below within fifteen days after receiving written notice of non-compliance from SCE. A customer failing to make a selection within the specified time frame will be subject to subsection c. (ii) below.
- (i) Subject to Schedule OBMC: The customer shall submit an OBMC Plan, in accordance with Schedule OBMC, within 30 calendar days of receiving written notice of non-compliance from SCE. Pending the submittal of the OBMC Plan by the customer and pending the review and acceptance of the OBMC Plan by SCE, the customer will remain responsible for dropping load in accordance with the provisions of subsection a, above, including the Notification and Excess Energy charge provisions. If the customer fails to submit an OBMC Plan within 30 days of receiving notice of non-compliance from SCE, or if the customer's OBMC Plan is not approved by SCE, or if the customer fails to meet the requirements of Schedule OBMC once the OBMC Plan is approved, the customer shall be subject subsection c. (ii), below.

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(To be inserted by utility)

Advice 1780-E

Decision _____

Issued by

John R. Fielder

Senior Vice President

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Resolution _____



Schedule FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

5. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages. (Continued)

c. Non-compliance: (Continued)

(ii) Installation of Control Equipment. The customer shall be subject to the installation of control equipment at the customer's expense in accordance with SCE's Rule 2, Section H, Added Facilities, if such equipment is not currently installed. If such switching capability is installed, SCE will drop the customer's load for all applicable subsequent rotating outages in accordance with the provisions of subsection b, above. Pending the installation of control equipment, the customer will remain responsible for dropping load in accordance with the provisions of subsection a, above, including the Notification and Excess Energy Charge provisions.

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(To be inserted by utility)

Advice 1780-E
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Issued by
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Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Mar 1, 2004
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Resolution _____

Rule 1
DEFINITIONS

Sheet 4

(Continued)

Departing Load: Departing Load is that portion of an SCE's customer's electric load for which the customer, on or after December 20, 1995:

1. discontinues or reduces its purchase of electricity supply and delivery services from SCE; and
2. purchases or consumes electricity supplied and delivered by sources other than SCE to replace such SCE purchases; and
3. remains physically located at the same location or within SCE's service area as it existed on December 20, 1995.

The definition of Departing Load specifically does not include:

1. a customer's load that moves to a new location outside SCE's service area as it existed on December 20, 1995;
2. a customer's load that is no longer served with electricity from any source;
3. a new customer that, after January 1, 1998, locates new load in SCE's service territory, provided that it does not purchase electricity from SCE nor uses SCE's transmission or distribution system (either directly or indirectly through a third party) in any manner to supply electricity to its load, unless the load is served by transmission or distribution facilities which are owned or operated by a local publicly-owned electrical corporation formed after December 20, 1995 or were acquired from SCE by annexation by a local publicly-owned electrical corporation that was in existence as of December 20, 1995; or
4. a customer's load that is served under the provisions of Schedule Net Energy Metering (NEM) or Schedule Biogas Net Energy Metering (BG-NEM), or Schedule Fuel Cell Net Energy Metering (FC-NEM). (T)

When an SCE retail customer that purchased electricity from SCE on or after December 20, 1995, subsequently replaces such SCE purchases with purchases from an entity that supplies such retail customer using SCE's transmission and/or distribution system (other than through a Direct Transaction), that load is classified as Departing Load for that portion of its requirements that are purchased through such an alternative supplier.

Direct Access: A service option where the customer obtains its electric power and ancillary services from an Energy Service Provider.

Direct Transaction: A contract between any one or more electric generators, marketers, or brokers of electric power and one or more End-Use Customers providing for the purchase and sale of electric power and ancillary services. Direct Transaction may also be referred to as Direct Access.

Distributed Energy Resources Generation (DERG): Includes any newly installed electric generation technology that meets all of the following criteria:

1. commences initial operation between May 01, 2001 and June 01, 2003 or must commence operation no later than September 01, 2002 if gas-fired Distributed Energy Resources that are not operated in a combined heat and power application; and
2. is located within a single facility; and
3. is five megawatts or smaller in aggregate capacity; and
4. serves onsite loads or over-the-fence transactions allowed under PU Code Sections 216 and 218; and
5. is powered by any fuel other than diesel; and
6. complies with emission standards and guidance adopted by the State Air Resources Board pursuant to Sections 41514.9 and 41514.10 of the Health and Safety Code or emissions levels equivalent to nine parts per million oxides of nitrogen whichever standard is in effect at the time the Distributed Energy Resources generator is being used; and
7. units shall comply with the applicable best available control technology as determined by the air pollution control district or air quality management district in which they are located.

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Southern California Edison
Rosemead, California

Original
Cancelling

Cal. PUC Sheet No. 36253-E
Cal. PUC Sheet No.

Sheet 1

FUEL CELL ELECTRICAL GENERATING FACILITY
NET ENERGY METERING
AND INTERCONNECTION AGREEMENT

Form 14-755

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**FUEL CELL ELECTRICAL GENERATING FACILITY
NET ENERGY METERING
AND INTERCONNECTION AGREEMENT**

This Fuel Cell Electrical Generating Facility Net Energy Metering and Interconnection Agreement (“Agreement”) is entered into by and between (*Producer’s Name*) a (*form of entity & state of registration*) (“Producer”), and Southern California Edison Company (“SCE”), a California corporation. For the purposes of this Agreement, Producer must be the same entity as the Customer taking electric service from SCE at the Host Facility’s Location identified in Section 2.2, herein. Producer and SCE are sometimes also referred to in this Agreement jointly as “Parties” or individually as “Party.” In consideration of the mutual promises and obligations stated in this Agreement and its attachments, the Parties agree as follows:

1. SCOPE AND PURPOSE

This Agreement provides for Producer, as an “Eligible Fuel Cell customer-generator” to interconnect and operate an “Eligible Fuel Cell electrical generating facility” (“Generating Facility”), as both terms are defined in section 2827.10 of the California Public Utilities Code, in parallel with SCE’s Distribution System to serve the electrical loads at the location identified in Section 2.2, below. Further, if the amount of energy produced by the Generating Facility exceeds the amount of energy consumed by the electrical loads directly connected to the Generating Facility, Producer may deliver surplus energy to SCE’s Distribution System in conformance with the Net Energy Metering provisions of SCE’s Schedule FC-NEM, Experimental Fuel Cell Net Energy Metering, and accrue credits to be used pursuant to the terms and conditions of Schedule FC-NEM. This Agreement does not constitute an agreement by SCE to provide retail electrical service to Producer. Such arrangements must be made separately between SCE and Producer.

2. SUMMARY AND DESCRIPTION OF PRODUCER’S GENERATING FACILITY

2.1 A description of the Generating Facility, including a summary of its significant components and a single-line diagram showing the general arrangement of how Producer’s Generating Facility and loads are interconnected with SCE’s Distribution System are attached as Appendix A and made a part of this Agreement.

2.2 Name and address used by SCE to locate the Electric Service Account(s) used to interconnect the Generating Facility with SCE’s Distribution System:

2.3 The Gross Nameplate Rating of the Generating Facility is _____ kW.

2.4 The Net Nameplate Rating of the Generating Facility is _____ kW.

2.5 The annual energy production of the Generating Facility is expected to be _____ kWh.

2.6 The annual amount of surplus energy to be delivered to SCE’s Distribution System is expected to be _____ kWh.

2.7 The maximum (instantaneous) level of power that may be delivered to SCE’s Distribution System is _____ kW.

Account No.	ID No.
-------------	--------

FUEL CELL GENERATING FACILITY INTERCONNECTION AGREEMENT
SOUTHERN CALIFORNIA EDISON
PRODUCER NAME
(GFID)

- 2.8 The Generating Facility's expected date of Initial Operation is _____. The expected date of Initial Operation shall be within one year of the date of this Agreement.
- 2.9 Producer hereby declares that it meets the requirements for an Eligible Fuel Cell customer-generator and that the Generating Facility meets the requirements for an "Fuel Cell Electrical Generating Facility", as both terms are defined in section 2827.10 of the California Public Utilities Code.
3. DOCUMENTS INCLUDED
- This Agreement includes the following exhibits, which are specifically incorporated herein and made a part of this Agreement.
- Appendix A - Description of Generating Facility and Single-Line Diagram
- Appendix B - Interconnection Facility Financing and Ownership Agreement
- Appendix C - Schedule FC-NEM, Experimental Fuel Cell Net Energy Metering
- Appendix D - Producer's warranty that it meets the requirements for an "Eligible Fuel Cell customer-generator" and that the Generating Facility meets the requirements for an "Eligible Fuel Cell electrical generating facility," both as defined in Section 2827.10 of the California Public Utilities Code.
4. TERM AND TERMINATION
- 4.1 This Agreement shall become effective as of the last date entered in Section 16 of this Agreement. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:
- (a) The Parties agree in writing to terminate the Agreement, or
 - (b) Unless otherwise agreed in writing by the Parties, at 12:01 A.M. on the day following the date the electric service account through which Producer's Generating Facility is Interconnected to SCE's Distribution System is closed or terminated, or
 - (c) At 12:01 A.M. on the 61st day after Producer or SCE provides written Notice pursuant to Section 9 of this Agreement to the other Party of Producer or SCE's intent to terminate this Agreement.
 - (d) At 12:01 A.M. on January 1, 2006, unless the eligibility provisions for an "Eligible Fuel Cell customer-generator" and an Eligible Fuel Cell electrical generating facility, as defined section 2827.10 of the California Public Utilities Code have been extended by legislation.
- 4.2 Producer may elect to terminate this Agreement pursuant to the terms of Section 4.1(c) for any reason. SCE may elect to terminate this Agreement pursuant to the terms of Section 4.1(c) for one or more of the following reasons:
- (a) A change in applicable tariffs as approved or directed by the Commission or a change in any local, state or federal law, statute or regulation, either of which materially alters or otherwise affects SCE's ability or obligation to perform SCE's duties under this Agreement; or,
 - (b) Unless otherwise agreed in writing by the Parties, Producer fails to take all corrective actions specified in SCE's Notice that Producer's

FUEL CELL GENERATING FACILITY INTERCONNECTION AGREEMENT
SOUTHERN CALIFORNIA EDISON
PRODUCER NAME
(GFID)

Generating Facility is out of compliance with the terms of this Agreement within the time frame set forth in such Notice; or,

(c) Producer fails to interconnect and operate the Generating Facility per the terms of this Agreement prior to 120 days after the date set forth in Section 2.7 of this Agreement as the Generating Facility's expected date of Initial Operation; or,

(d) Producer abandons the Generating Facility. SCE shall deem the Generating Facility to be abandoned if SCE determines, in its sole opinion, the Generating Facility is non-operational and Producer does not provide a substantive response to SCE's Notice of its intent to terminate this Agreement as a result of Producer's apparent abandonment of the Generating Facility affirming Producer's intent and ability to continue to operate the Generating Facility.

4.3 Notwithstanding any other provisions of this Agreement, SCE shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application to terminate this Agreement.

4.4 Any agreements attached to and incorporated into this Agreement shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

5. GENERATING FACILITY OPERATION

5.1 Producer shall operate the Generating Facility in compliance with all of SCE's tariffs, including but not limited to SCE's Rule 21, and any other regulations and laws governing the Interconnection of the Generating Facility.

5.2 The electric power produced by Producer's Generating Facility shall first be used to serve electrical loads connected to the electric service account that SCE uses to interconnect Producer's Generating Facility. Whenever the amount of electrical power produced by the Generating Facility exceeds Producer's directly connected loads, SCE shall receive and utilize all excess production, and the Producer shall accrue a credit, as determined by SCE under the terms and conditions of Schedule FC-NEM, for such surplus power delivered to SCE's Distribution System.

5.3 Unless the Parties have agreed otherwise in writing, energy delivered to and/or received from SCE under this Agreement shall be measured using electrical meter(s) and equipment owned, operated, and maintained by SCE. Such meter(s) shall be located or compensated so as to appear to be located at SCE's Distribution System side of any transformers installed at the Point of Common Coupling.

5.4 In no event shall the rate of delivery of electric power to SCE's Distribution System exceed the kilowatt level specified in Section 2.7, herein. If Producer does not regulate its Generating Facility in compliance with this limitation, SCE may require Producer to disconnect its Generating Facility from SCE's Distribution System until Producer demonstrates to SCE's sole satisfaction that Producer has taken adequate measures to regulate the output of its Generating Facility and control its deliveries of power to SCE. Further, should SCE determine that Producer's operation of the Generating Facility is causing an unsafe condition or is adversely affecting SCE's ability to utilize its Distribution System in any manner, even if Producer's deliveries of electric power to SCE's Distribution System are within the specified capacity limit, SCE may require Producer to temporarily or permanently reduce or cease deliveries of electric

FUEL CELL GENERATING FACILITY INTERCONNECTION AGREEMENT
SOUTHERN CALIFORNIA EDISON
PRODUCER NAME
(GFID)

power to SCE's Distribution System. Alternatively, the Parties may agree to other corrective measures so as to mitigate the effect of electric power flowing from the Generating Facility to SCE's Distribution System. Producer's failure to comply with the terms of this Section shall constitute a material breach of this Agreement and SCE may initiate termination in accordance with the terms of Section 4.2(b).

5.5 Producer shall not deliver reactive power to SCE's Distribution System unless the Parties have agreed otherwise in writing.

5.6 The Generating Facility shall be operated with all of Producer's Protective Functions in service whenever the Generating Facility is operated in parallel with SCE's Distribution System. Any deviation from these requirements may occur only when the Parties have agreed to such deviations in writing.

6. INTERCONNECTION FACILITIES

6.1 Producer and/or SCE, as appropriate, shall provide Interconnection Facilities that adequately protect SCE's Distribution System, personnel, and other persons from damage or injury which may be caused by the operation of Producer's Generating Facility.

6.2 Producer shall be solely responsible for the costs, design, purchase, construction, operation, and maintenance of the Interconnection Facilities that Producer owns.

6.3 If the provisions of SCE's Rule 21, or any other tariff approved by the Commission, require SCE to own and operate a portion of the Interconnection Facilities, Producer and SCE shall promptly execute an agreement that establishes and allocates responsibility for the design, installation, operation, maintenance, and ownership of the Interconnection Facilities. This agreement shall be attached to and made a part of this Agreement as Appendix B.

7. LIMITATION OF LIABILITY

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever.

8. INSURANCE

8.1 In connection with Producer's performance of its duties and obligations under this Agreement, Producer shall maintain, during the term of this Agreement, general liability insurance with a combined single limit of not less than:

(a) Two million dollars (\$2,000,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is greater than one hundred (100) kW; or

(b) One million dollars (\$1,000,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is greater than twenty (20) kW and less than or equal to one hundred (100) kW; or

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- (c) Five hundred thousand dollars (\$500,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is twenty (20) kW or less: or
- (d) Two hundred thousand dollars (\$200,000) for each occurrence if the Gross Nameplate Rating of Producer's Generating Facility is ten (10) kW or less and Producer's Generating Facility is connected to an account receiving residential service from SCE.

Such general liability insurance shall include coverage for "Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations."

- 8.2 The general liability insurance required in Section 8.1 shall, by endorsement to the policy or policies, (a) include SCE as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that SCE shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to SCE prior to cancellation, termination, alteration, or material change of such insurance.
- 8.3 If Producer's Generating Facility is connected to an account receiving residential service from SCE and the requirement of Section 8.2(a) prevents Producer from obtaining the insurance required in Section 8.1, then upon Producer's written Notice to SCE in accordance with Section 9.1, the requirements of Section 8.2(a) shall be waived.
- 8.4 Evidence of the insurance required in Section 8.2 shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by SCE.
- 8.5 Producer agrees to furnish the required certificates and endorsements to SCE prior to Initial Operation. SCE shall have the right to inspect or obtain a copy of the original policy or policies of insurance.
- 8.6 If Producer is self-insured with an established record of self-insurance, Producer may comply with the following in lieu of Sections 8.1 through 8.4:
 - (a) Producer shall provide to SCE, at least thirty (30) calendar days prior to the date of Initial Operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under Section 8.1.
 - (b) If Producer ceases to self-insure to the level required hereunder, or if Producer is unable to provide continuing evidence of Producer's ability to self-insure, Producer agrees to immediately obtain the coverage required under Section 8.1.

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- 8.7 All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

Southern California Edison Company
Attention: Director, QF Resources
2244 Walnut Grove Avenue
P.O. Box 800
Rosemead, CA 91770

9. NOTICES

- 9.1 Any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

If to SCE: Southern California Edison Company
 Attention: Director, QF Resources
 2244 Walnut Grove Avenue
 P.O. Box 800
 Rosemead, CA 91779
 Phone: (626) 302-1212
 FAX: (626) 302-9622

If to Producer: Producer Name
 Address: _____
 City: _____
 Phone: () _____
 FAX: () _____

- 9.2 A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 9.1.
- 9.3 The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party's Notice to the other.

10. REVIEW OF RECORDS AND DATA

- 10.1 SCE shall have the right to review and obtain copies of Producer's operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Producer's Generating Facility or its Interconnection with SCE's Distribution System.
- 10.2 Producer authorizes SCE to release to the California Energy Commission (CEC) and/or the California Public Utilities Commission (Commission) information regarding the Generating Facility, including the Producer's name and location, and the size, location and operational characteristics of the Generating Facility, as requested from time to time pursuant to the CEC's or Commission's rules and regulations.

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11. ASSIGNMENT

Producer shall not voluntarily assign its rights nor delegate its duties under this Agreement without SCE's written consent. Any assignment or delegation Producer makes without SCE's written consent shall not be valid. SCE shall not unreasonably withhold its consent to Producer's assignment of this Agreement.

12. NON-WAIVER

None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

13. GOVERNING LAW, JURISDICTION OF COMMISSION, INCLUSION OF SCE'S TARIFF SCHEDULES, DEFINED TERMS

13.1 This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.

13.2 This Agreement shall, at all times, be subject to changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

13.3 The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the tariffs applicable to the electric service provided by SCE. Copies of such tariffs are available at SCE's Internet site: www.sce.com or by request to SCE and are incorporated into this Agreement by this reference.

13.4 Notwithstanding any other provisions of this Agreement, SCE shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for change in tariffs, rates, charges, classification, service, or any agreement relating thereto.

13.5 When initially capitalized, whether in the singular or in the plural, the terms used herein shall have the meanings assigned to them either in this Agreement, or in SCE's Rule 1, or Rule 21, Section H. If any term is defined in both Rule 1 and Rule 21, the definition in Rule 21 shall prevail.

14. AMENDMENTS AND MODIFICATION

This Agreement can only be amended or modified by a written agreement signed by both Parties. SCE shall determine in its sole discretion whether prior commission approval is required for such amendments or modifications.

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**APPENDIX A
DESCRIPTION OF GENERATING FACILITY
AND SINGLE-LINE DIAGRAM**

(Provided by Producer)

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**APPENDIX B
(If Applicable)
INTERCONNECTION FACILITIES
FINANCING AND OWNERSHIP
AGREEMENT
(Provided by SCE)**

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SOUTHERN CALIFORNIA EDISON
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(GFID)**

APPENDIX C

**SCHEDULE FC-NEM
EXPERIMENTAL FUEL CELL NET ENERGY METERING**

APPENDIX D

**PRODUCER'S WARRANTY THAT IT MEETS THE REQUIREMENTS FOR AN ELIGIBLE FUEL
CELL CUSTOMER-GENERATOR AND THE GENERATING FACILITY IS
AN ELIGIBLE FUEL CELL ELECTRICAL GENERATING FACILITY
PURSUANT TO SECTION 2827.10 OF THE CALIFORNIA PUBLIC UTILITIES CODE**

Producer has declared that it meets the requirements for an Eligible Fuel Cell customer-generator and the Generating Facility meets the requirements of an "Eligible Fuel Cell Electrical Generating Facility", as defined section 2827.10 of the California Public Utilities Code. ("Eligibility Requirements")

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the term of this Agreement, Producer and the Generating Facility shall continue to meet the Eligibility Requirements. If Producer or the Generating Facility ceases to meet the Eligibility Requirements, Producer shall promptly provide SCE with Notice of such change pursuant to Section 9.1 of this Agreement. If at any time during the term of this Agreement SCE determines, in its sole discretion, that Producer or Generating Facility may no longer meet the Eligibility Requirements, SCE may require Producer to provide evidence, that Producer and/or Generating Facility continues to meet the Eligibility Requirements, within 15 business days of SCE's request for such evidence. Additionally, SCE may periodically (typically, once per year) inspect Producer's Generating Facility and/or require documentation from Producer to monitor the Generating Facility's compliance with the Eligibility Requirements. If SCE determines in its sole judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to meet the Eligibility Requirements, then the Eligibility Status shall be deemed ineffective until such time as Producer again demonstrates to SCE's reasonable satisfaction that Producer meets the requirements for an Eligible Fuel Cell customer-generator and/or the Generating Facility meets the requirements for a Eligible Fuel Cell electrical generating facility (the "Eligibility Status Change").

SCE shall revise its records and the administration of this Agreement to reflect the Eligibility Status Change and provide Notice to Producer of the Eligibility Status Change pursuant to Section 9.1 of this Agreement. Such Notice shall specify the effective date of the Eligibility Status Change. This date shall be the first day of the calendar year for which SCE determines in its sole discretion that the Producer and/or Generating Facility first ceased to meet the Eligibility Requirements. SCE shall invoice the Producer for any tariff charges that were not previously billed during the period between the effective date of the Eligibility Status Change and the date of the Notice in reliance upon Producer's representations that Producer and/or Generating Facility complied with the Eligibility Requirements and therefore was eligible for the rate treatment available under the Net Energy Metering provisions of SCE's Schedule FC-NEM, Experimental Fuel Cell Net Energy Metering.

Any amounts to be paid or refunded by Producer, as may be invoiced by SCE pursuant to the terms of this warranty, shall be paid to SCE within 30 days of Producer's receipt of such invoice.

January 29, 2007

California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Attn: Jerry Royer
Energy Division

Re: Substitute Sheets for Advice 1780-E

Dear Mr. Royer:

Enclosed are an original and four copies of Attachment A, and Substitute Sheet No. 36243-E* for Advice 1780-E. This substitute sheet is necessary due to advice letters becoming effective out of order. The following substitute sheet is submitted herein and is necessary to ensure that all appropriate approved revisions are contained within the enclosed tariff sheet.

Please include the enclosed sheets in your master Advice 1780-E. If you have any questions, please contact Rosie Yocupicio at (626) 302-4858.

Sincerely,

Enclosures
1780-ESub.doc