



Schedule CHP
COMBINED HEAT AND POWER EXCESS ENERGY PURCHASE

Sheet 1

APPLICABILITY

This Schedule is available to all customers who own and operate an Eligible Combined Heat and Power (CHP) System, as defined in the Special Condition section(s) of this Schedule. SCE will purchase the excess generation electricity output of these systems according to policies and procedures adopted under Decision (D.) 09-12-042, as modified by D.10-12-055 and D.11-04-033, and Resolution E-4424. The program will be available to systems with a generation capacity of up to 20 megawatts (MW). A standard contract is available to all eligible CHP systems up to 20 MW and a simplified contract is available to CHP systems that export no more than 5 MW.

TERRITORY

Within the entire territory served.

RATES

The customer's otherwise applicable tariff schedules (OAT) shall apply to electric service to the customer. This may include Schedules S, Standby and Departing Load Schedules DL-NBC and CGDL-CRS.

SCE shall purchase the total generation electricity exported by an Eligible CHP System at the price set forth in D.09-12-042, as modified by D.10-12-055, D.11-04-033 and Resolution E-4424. A 10 percent location bonus will be provided to Eligible CHP Systems located in High Value Areas as defined in D.09-12-042 and described in Special Condition 7. Additionally, there shall be a pass-through from the Eligible Customer Generator to SCE of any incremental Green House Gas (GHG) compliance costs associated with the excess electricity purchased by SCE. Pursuant to D.11-04-033, SCE will not reimburse the Eligible Customer Generator for GHG emissions that exceed the emissions associated with operating a combined cycle gas turbine at the Average MPR Heat Rate. All green attributes and related emission reduction benefits available today or at some point in the future associated with the electricity purchased will transfer to SCE.

SPECIAL CONDITIONS

1. Contracts: One of the following contracts (Power Purchase and Sale Agreement) is required prior to receiving service under this Schedule:
 - a. An executed Standard Contract for Eligible CHP Facilities (Form 14-798) for SCE to purchase the excess generation output produced by an Eligible CHP System with a generation capacity of up to 20 MW.
 - b. An executed Contract for Eligible CHP Facilities with Net Output of not greater than 5 MW (Form 14-799) for SCE to purchase the excess generation output produced by an Eligible CHP System with a generation capacity of up to 20 MW which will not export more than 5 MW to the SCE electric system at any time.

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(Continued)

SPECIAL CONDITIONS (Continued)

2. Participation in other SCE Programs: Participating Eligible Customer-Generators may participate in any other SCE program or tariff if the customer meets the eligibility requirements of the program or tariff and provided that the program or tariff does not otherwise compensate the customer for energy which is exported and purchased under this schedule. The customer shall be responsible for all costs incurred by SCE such as for metering, interconnection, and system changes, necessary for the customer to participate in multiple programs.
3. Definitions: The following definitions are applicable to service provided under this Schedule.
 - a. Eligible CHP System – A system as defined in Public Utilities (PU) Code Section 2840.2 that produces both electricity and thermal energy for heating or cooling from a single fuel input that meets all of the following criteria:
 - (1) Is interconnected and operates in parallel with the electric transmission and distribution grid.
 - (2) Is sized to meet the eligible customer-generator's onsite thermal demand.
 - (3) Meets the sizing and efficiency standards of subdivisions (a) and (d), and the greenhouse gases emissions performance standard of subdivision (f) of PU Code Section 2843.
 - (4) Meets the eligibility requirements and adheres to the guidelines developed by the California Energy Commission (CEC) pursuant to PU Code Section 2843.
 - (5) Obtains and maintains Qualifying Facility status in accordance with the requirements of 18 Code of Federal Regulations Section 292.201 et seq., unless Seller is exempted as a public agency.
 - b. Eligible Customer-Generator – A customer of an electrical corporation that meets both of the following requirements:
 - (1) Uses an Eligible CHP System with a generating capacity of not more than 20 MW, that first commences operation on or after January 1, 2008.

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(Continued)

SPECIAL CONDITIONS (Continued)

3. Definitions: (Continued)

b. Eligible Customer-Generator

(2) Uses a time-of-use meter capable of registering the flow of electricity in two directions. If the existing electrical meter of an Eligible Customer-Generator 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 capable of measuring electricity flow in two directions. If an additional meter or meters are installed, the electricity flow calculations shall yield a result identical to that of a time-of-use meter. All metering required for service on this Schedule shall be installed and maintained in accordance with SCE requirements.

c. Average MPR Heat Rate: The heat rate equal to 6,924 Btu/kWh Higher Heating Value, per CPUC Resolution E-4442, which heat rate will be modified if there is any modification thereto by the CPUC or other authorized governmental authority.

d. Full Deliverability Capacity Status: "Full Capacity Deliverability Status" has the meaning set forth in the CAISO Tariff or SCE's Wholesale Distribution Access Tariff, as applicable.

e. Resource Adequacy Benefits. "Resource Adequacy Benefits" has the meaning set forth in the contract applicable to Special Condition 1.

4. Eligible CHP System status: Eligible Customer-Generator shall provide to SCE certification from the CEC that the system meets the applicable operating and efficiency standards for Eligible CHP Systems as follows:

a. In accordance with the Power Purchase and Sales Agreement, the Eligible Customer-Generator shall provide to SCE certification from the CEC that states that the system meets the applicable operating and efficiency standards for Eligible CHP Systems.

b. The Eligible Customer-Generator shall take all necessary steps, including making or supporting timely filings with the CEC in order to maintain certification of the Eligible CHP System status throughout the term of the contract.

c. The Eligible Customer-Generator shall provide to SCE all documentation, including calculations and verifiable supporting data provided to the CEC that demonstrates the compliance of the eligible CHP system with the Eligible CHP System operating and efficiency standards for the applicable year.

5. Delivery Point: The point of delivery of power where the Eligible CHP System connects with facilities owned by SCE.

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(Continued)

SPECIAL CONDITIONS (Continued)

6. Interconnection Costs: The Eligible Customer-Generator shall at its sole cost obtain and maintain all rights and agreements (including all governmental authority approvals) required to enable parallel operation of the Eligible CHP System with SCE's electric system and the California Independent System Operator (CAISO) electric grid, and delivery of power to the Delivery Point in accordance with the Power Purchase and Sale Agreement. The Eligible Customer-Generator shall at its sole cost obtain and maintain an appropriate interconnection agreement with SCE.
7. Location Bonus: The location bonus shall be applied to Eligible CHP Systems interconnected to SCE's electric system at a location which, in the year of the effective date of the Power Purchase and Sale Agreement, is identified pursuant to Decision 09-12-042 as a "Local Resource Adequacy" area based on the most recent CAISO Local Capacity Requirement Study adopted by the Commission.
8. Green House Gas (GHG): SCE shall pay for incremental GHG compliance costs associated with electricity exported to the grid. Pursuant to D.11-04-033, SCE will not reimburse the Eligible Customer Generator for GHG emissions that exceed the emissions associated with operating a combined cycle gas turbine at the Average MPR Heat Rate.
9. Pricing: (subject to Special Condition 11 below): The price for the excess electricity generated by an eligible CHP system is the proxy market price based on the currently-applicable Market-Price-Referent (MPR). SCE's Time of Delivery (TOD) profile will be applied to the payment as described in Section b. A 10 percent location bonus will be provided if applicable, as described in Special Condition 7.

The pricing formula is as follows:

- a. Monthly Contract Payment: Each Monthly Contract Payment is the sum of all TOD Period Payments in dollars calculated on a calendar month basis. All TOD Period Payments shall be calculated as set forth in Section b. The Location Bonus shall be calculated as set forth in Special Condition 9.
- b. TOD Period Payment Calculation: Each monthly TOD Period Payment is calculated in dollars as follows:

(Fixed price component + Variable price component) x Metered kWh exported for the applicable TOD period x TOD Factor
- c. Fixed Price Component: The Fixed Price Component of this tariff is the Fixed Price component of the most current MPR excluding any GHG component of the MPR. The Fixed Price component is based on the year the project is expected to begin operation or come online and is as set forth in exhibit C of Form 14-798 and exhibit B of Form 14-799.

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(Continued)

SPECIAL CONDITIONS (Continued)

9. Pricing: (Continued)

- d. Variable Price Component Calculation: The Variable Price Component is calculated in dollars as follows:

[(Monthly bidweek gas price + Intrastate gas transportation rate)/1,000,000 x Heat Rate]
+ Variable Overhead and Maintenance (O&M)

- (1) Monthly bidweek gas price in dollars per MMBTU is calculated as the simple average of natural gas market price indices from Natural Gas Week, Natural Gas Intelligence and Platts Gas Daily at the Southern California border (Topock).
- (2) Intrastate gas transportation rate in dollars per MMBTU is the tariffed intrastate gas transportation rate for large electric generators, pursuant to Southern California Gas Company tariff Schedules GT-TLS, G-RPA1 and G-MSUR.
- (3) Heat Rate, pursuant to D. 09-12-042, shall be equal to: 6,924 Btu/kWh.
- (4) Variable O&M in dollars per kWh shall be the amount as set forth in Exhibit C of Form 14-798 and Exhibit B of Form 14-799.

- e. Time of Delivery Periods and Allocation Factors: The TOD factors and periods shall be the SCE Renewable Portfolio Standard TOD factors and periods in place at the time of contract execution.

- f. Location Bonus: If applicable, each Monthly Contract Payment for the entire contract term shall receive a Location Bonus calculated as follows:

Location Bonus = Sum of monthly TOD Period Payments * 0.10

10. Resource Adequacy Eligibility: The Eligible Customer Generator shall comply with applicable Commission and CAISO requirements in order to provide Resource Adequacy Benefits throughout the Term.

11. An Eligible Customer Generator interconnecting via a FERC-jurisdictional interconnection tariff may execute one of the Contracts listed in Special Condition 1 pending fulfillment of applicable Commission and CAISO resource adequacy requirements to provide Resource Adequacy Benefits, however, until such requirements are completed, the Eligible Customer Generator will be paid pursuant to the "Standard Contract for Qualifying Facilities with a Power Rating that is less than that is Less than or Equal to "20 MW" as provided in the QF/CHP Settlement.

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