

Renewable Energy Credit (REC) Voluntary Allocation

Participating Load Serving Entities Webinar
February 2, 2022

Introduction & Webinar Overview

Theron Mehr

Agenda

1. Introduction & Webinar Overview *(Theron Mehr)*
2. Background and Overview *(Magesh Srinivasan)*
 - Voluntary Allocation (VA) Schedule
 - PCIA (Power Charge Indifference Adjustment) VA Background
 - VA Overview
3. Indicative Allocation Forecast *(Magesh Srinivasan)*
4. VA Meet & Confer Process *(Eduardo Martinez)*
5. VA Enrollment Process & VA Elections *(Theron Mehr)*
 - Allocation Process
 - Future VA Enrollments
 - Post-Enrollment Activities
6. Questions & Answers *(Angela Taglinao)*

Introduction & Webinar Overview

PCIA Voluntary Allocation Webinar

Discuss SCE's processes associated with allocating PCIA voluntary allocations (VA) to PCIA-Eligible Load Serving Entities (LSEs)

Call Procedures and Questions

1. As a reminder, this is a public webinar visible to all participants. Please do not disclose any sensitive or confidential information
2. If you have any questions you would like to raise, please type it in the chat function during the livestream webinar
3. There will be time for Q&A at the end of the presentation to respond to questions posted in the chat function

Background and Overview

Magesh Srinivasan

PCIA Voluntary Allocation Schedule

VA MEET & CONFER	SCHEDULE*
Indicative Allocation Forecast provided to LSEs	February 1, 2022
SCE Webinar on PCIA VA Meet & Confer	February 2, 2022
PCIA VA Meet & Confer Period Commences	March 12, 2022
PCIA VA Meet & Confer Period Ends	April 15, 2022
Final Allocation Forecast provided to LSEs	By April 30, 2022
VA ENROLLMENT & CONTRACTING	SCHEDULE*
Voluntary Allocation enrollment period	May 2-13, 2022
Contracting for Voluntary Allocation commences	May 14, 2022
Deadline for LSEs to execute & return VA agreement	May 20, 2022

*Dates are subject to change

PCIA Voluntary Allocation Background

- Decision (D.) 21-05-030 issued on May 24, 2021, ordered the Joint IOUs offer PCIA-eligible LSEs voluntary allocations of PCIA-eligible resources, and then sell any unallocated resources through an annual market offer process.
- On August 23, 2021, the Joint Investor-Owned Utilities (IOUs) filed a Tier 2 advice letter proposing a methodology for allocating a slice of an IOU's entire PCIA-eligible RPS portfolio. That methodology was approved on October 25, 2021, in an Energy Division ruling letter.
- The Energy Division ruling on the August 23 Advice Letter approved not allocating PURPA and ReMAT contracts.

PCIA Voluntary Allocation Overview

- PCIA-eligible LSEs will have an option to receive an allocation from the IOUs' PCIA-eligible RPS energy portfolios based upon each LSE's customers forecasted, vintaged, annual load share (MWh)
 - Allocations will be made separately for long-term (LT) (terms of 10 or more years remaining on the contract) and short-term (ST) (terms of less than 10 years remaining on the contract)
 - LT allocations last through the end of the term of the longest contract in the PCIA vintage, excluding evergreen contracts and utility-owned generation resources
 - In this first VA activity, ST allocations will be offered for 2023-2024 delivery years only, the remaining years in the current compliance period 4
 - LT and ST allocations will be offered once per compliance period

PCIA Voluntary Allocation Overview (continued)

- LSEs will elect their allocations in **10% increments** of their forecasted, vintaged, annual load share
 - Once a LT allocation is accepted, the LSE cannot decline that allocation in future years; it may be increased but only when offered in a subsequent VA process
- RPS energy deliveries are based on project development success and actual RPS energy volumes realized each year
- LSEs may resell their elected VA shares of RPS energy, subject to the same RPS compliance requirements which already apply to IOU RPS sales today
 - The CPUC will establish LSE reporting requirements (used by IOUs today) for the resale of VA shares to enable effective oversight of RPS compliance
- ST and LT allocations not elected by LSEs will be made available for sale to the market by SCE through the market offer process

Indicative Allocation Forecast

- SCE has provided each LSE with its own ***preliminary indicative*** allocation forecast based on the latest available load share data
- The indicative allocation forecast is based on the following assumptions:
 - Historical billing data to determine the LSE vintage responsibility
 - SCE will use the existing ERRA/RA Meet and Confer process for IOUs and LSEs to compare and confirm the Voluntary Allocation load forecast for each LSE
 - LSE load is forecasted by applying sector-level growth rates to recent LSE recorded usage and adding expansions, if applicable
 - Each LSE's indicative forecast is based on a pre-meet and confer forecast. SCE will release a final forecast at the end of April 2022
 - Contracts with remaining terms of 10 years or longer as of January 2023 are assumed to be **Long Term**
 - Contracts with remaining terms of less than 10 years as of January 2023 are assumed to be **Short Term**
 - An LSE share of RPS is calculated based on the LSE's customers' responsibility in each vintage
 - All PCIA-eligible RPS contracts are assumed to be delivering as forecasted

VA Meet & Confer Process

Eduardo Martinez

PCIA VA Meet & Confer Process

- The PCIA VA Meet & Confer process will be part of the ERRA and RA Meet & Confer process
 - The PCIA VA Meet & Confer process concludes with SCE adopting an internally IOU-produced load forecast for that LSE
 - SCE will then determine the customer vintage responsibility with that load forecast as the base
- PCIA VA allocations are based on the load share amount and customer vintage responsibility after the Meet & Confer process is completed for both ERRA and RA & PCIA VA
- SCE will provide a Final PCIA VA Allocation forecast by the end of April, prior to VA Enrollment in early May
- The PCIA VA Meet & Confer process will take place between **March 12 and April 15, 2022**
 - The PCIA VA Meet & Confer is also intended to be a forum to raise any questions LSEs may have about the indicative allocation forecast and the methodology used to derive it
 - LSEs will receive a separate email notification from SCE with registration details for a PCIA VA Meet & Confer meeting
 - In the interim, you can contact Eduardo Martinez directly at Eduardo.Martinez@sce.com for any Meet & Confer-related questions

VA Enrollment Process & VA Elections

Theron Mehr

PCIA VA Enrollment Process and VA Elections

- SCE tentatively plans to open its enrollment for the remainder of RPS Compliance Period 4 (i.e., 2023 and 2024), in early May 2022
- Eligible LSEs will be required to **identify their respective PCIA VA election percentage for both ST and LT Voluntary Allocations**
 - Note that the final LSE forecasted load share & allocation amount will have been finalized and provided to LSEs prior to the VA election enrollment period
 - The ST & LT election percentages will be used in the Voluntary Allocation agreement
- SCE will use an online form via DocuSign (Election Form) for participating LSEs to indicate the percentage of their allocated load share desired
 - LSEs will be required to electronically sign their Election Form in DocuSign
- SCE will send each LSE an email notification with a live link to fill out their Election Form when the VA enrollment period opens

PCIA VA Process

- PCIA-Eligible LSEs are those LSEs whose retail end-use customers pay SCE's Cost Responsibility Surcharges (CRS) (*i.e.*, the Power Charge Indifference Adjustment (PCIA) and/or the Competition Transition Charge (CTC))
- PCIA-Eligible LSEs may elect a percentage of their allocated load share in increments of 10% for ST and LT RPS contracts
- After the enrollment period ends, each LSE will be required to execute a Voluntary Allocation agreement memorializing its acceptance of its ST and/or LT allocations
 - The Voluntary Allocation agreement should be a pre-approved, non-negotiable standard offer
- Allocation amounts are based on each LSE's customers' actual, vintaged annual load shares relative to the aggregated portfolio load share

Future VA Enrollments

- Future VA enrollments will occur in the year preceding the start of a new RPS Compliance Period
- The percentage of LSEs' allocation that is accepted via election will be applied to the applicable annual load forecast determined through the Meet & Confer process until (1) the RPS Compliance Period ends for the ST allocation or (2) until the term of the LT allocation has expired
- Key Takeaways:
 - LSEs can only increase their previous **LT Allocation** election percentage in increments of 10% and only in the next RPS Compliance Period VA process
 - Election percentages for LT contracts may not be changed during a Compliance Period after an LSE makes its percentage election

Post-Enrollment Activities

- SCE will file a Tier 2 Advice Letter seeking approval of its pro forma VA agreement by February 28, 2022
- Following CPUC approval of the pro forma VA agreement, SCE will commence contracting with LSEs in May 2022
- SCE will use the information provided by LSEs on their Election Forms to prepare each LSE's VA agreement

Questions and Answers

Energy for What's AheadSM



Q&A

- If you have any questions you would like to raise, please type them in the chat function of the livestream webinar
- After the webinar, SCE will publish a recording of the webinar, this presentation, written Q&As, and PCIA VA Meet & Confer registration details for LSEs

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