
April 17, 2020

ADVICE 4194-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Joint Proposal of Southern California Edison Company and Clean Power Alliance for an Interim Mechanism for Voluntary Allocations of Greenhouse Gas-Free Energy

PURPOSE

Pursuant to General Order (GO) 96-B, Rule 9.2.3, Southern California Edison Company (SCE) and Clean Power Alliance of Southern California (CPA)¹ hereby jointly submit this Tier 3 advice letter requesting approval of their proposal for an interim mechanism for voluntary allocations of Greenhouse Gas-Free (GHG-Free) Energy pursuant to the Term Sheet attached hereto as **Exhibit A** (the "Proposal"). The mechanism would permit CPA and other load serving entities (LSE) in SCE's service area, including Community Choice Aggregators (CCAs) and Electric Service Providers (ESPs) whose customers pay Cost Responsibility Surcharges (CRS),² to elect to receive annual allocations of GHG-Free Energy from SCE's procurement portfolio on an interim basis as described herein pending a final decision on portfolio optimization in Rulemaking (R.)17-06-026, the Power Charge Indifference Adjustment Order Instituting Rulemaking (the "PCIA OIR"). SCE plans to incorporate the Term Sheet in Exhibit A into its Bundled Procurement Plan.

For reasons discussed below, the Proposal is reasonable and should be approved.

Consistent with GO 96-B, General Rule 9.2.3, this Advice Letter and the Term Sheet, shall be effective upon this submittal (Effective Date), and subject to final disposition by

¹ CPA, a community choice aggregator, was established in 2017 to provide cost competitive electric services, reduce electric sector greenhouse gas emissions, stimulate renewable energy development, implement distributed energy resources, promote energy efficiency and demand reduction programs, and sustain long-term rate stability for residents and businesses through local control. Established as a joint powers authority with unincorporated Los Angeles County, Rolling Hills Estates, and South Pasadena as founding members, CPA currently includes 32 member agencies across Los Angeles and Ventura Counties.

² CRS includes the PCIA and the ongoing Competition Transition Charge (CTC).

the California Public Utilities Commission (Commission). SCE plans to provide all eligible LSEs notice not later than 30 calendar days following the effective date of the availability of the interim GHG-Free Energy allocation and thereafter, LSEs will have 30 calendar days to submit allocation elections for the first Term Year. The parties understand that a denial by the Commission to approve this advice letter and Term Sheet would invalidate any allocations of GHG-Free Energy implemented between the effective date of this advice letter and the effective date of the Commission's denial.

Should the Commission determine that this advice letter and the Term Sheet cannot be deemed effective upon submittal to allow the participation of all Eligible LSEs, SCE and CPA request that the Energy Division notify them within 21 calendar days of this submittal, so that the effective date can be adjusted to correspond with the issuance of a Resolution approving this advice letter and the Term Sheet.

BACKGROUND

On February 1, 2019, the Commission issued a Scoping Memo for Phase 2 of the PCIA OIR that created three working groups to address issues associated with the PCIA. Working Group 3 (WG 3) was assigned to address portfolio optimization, including (in relevant part):

What are the structures, processes, and rules governing portfolio optimization that the Commission should consider in order to address excess resources in utility portfolios? How should these processes and rules be structured so as to be compatible with the Commission's ongoing Integrated Resource Planning [(IRP)] and [Resource Adequacy (RA)] program modifications in other proceedings?³

SCE, California Community Choice Association (CalCCA) and Commercial Energy were named WG 3 Co-Chairs. In their discussions, the WG 3 Co-Chairs identified GHG-free energy from the IOUs' CRS-eligible large hydroelectric and nuclear generating facilities (GHG-Free Energy) to be in scope of the WG 3 proceeding. This is because departing load customers pay the above-market costs – *i.e.*, net costs after accounting for revenues earned in the California Independent System Operator's (CAISO) market – of the large hydroelectric and nuclear generating facilities, which were constructed or contracted to serve the needs of those customers when they were bundled service customers of the Investor Owned Utilities (IOUs).

Allocations of GHG-Free Energy to LSEs whose customers pay the above-market costs of the underlying GHG-free resources allow the LSEs to report their allocated share of the GHG-Free Energy to the California Energy Commission (CEC) on an annual basis through the Power Content Label (PCL). The PCL provides customers notice of the contents of their LSEs' procurement portfolios and some indication of whether LSEs are meeting required and/or stated goals for clean energy procurement.

³ PCIA OIR Phase 2 Scoping Memo, issued February 1, 2019, at Section 2.3, p. 5.

Within the WG 3 process, the Co-Chairs aligned on a proposal by which, starting in 2023, the IOUs will implement voluntary allocations of GHG-Free Energy to LSEs on a forecasted, vintaged, annual load share basis.⁴ However, a WG 3 final decision on this proposal is not expected until fourth quarter of 2020 and forecasting methodologies will need to be developed in Track 4 of the RA OIR (R.17-09-020) to implement this WG 3 proposal. Accordingly, the WG 3 Co-Chairs in their Final Report proposed that each IOU may seek to implement voluntary GHG-Free Energy allocations on an interim basis pending the WG 3 final decision.⁵ PG&E proposed an interim GHG-Free Energy allocation in its Advice 5705-E, which is proposed for favorable disposition in draft Resolution E-5046.⁶ SCE and CPA propose their interim GHG-Free Energy allocation in this Advice 4194-E.

SUMMARY OF PROPOSAL⁷

The Proposal and Term Sheet are the result of bilateral negotiations and an agreement between SCE and CPA on terms and conditions of service. However, all LSEs and their customers in SCE's service area are third party beneficiaries of the SCE-CPA agreement. SCE and CPA expressly recognize that all LSEs and their customers are third party beneficiaries of the Proposal and Term Sheet. This is equitable, because all customers that pay CRS (or pay bundled service rates) should be entitled to receive their fair share of the benefits of the GHG-Free Energy of SCE's CRS-eligible portfolio.

The interim, voluntary GHG-Free Energy allocations are available to SCE, CPA, and any LSE serving departing load that is paying the CRS associated with SCE's CRS-eligible resource portfolio (an "Eligible Party"). Each Eligible Party is eligible for a share of the GHG-Free Energy from SCE's portfolio according to the Eligible Party's customers' actual, vintaged, annual load shares relative to the sum total of all other Eligible Parties' actual loads in each vintage year. Because certain Eligible Parties are subject to restrictions on the ability to procure or accept nuclear energy, the GHG-Free Energy allocation permits Eligible Parties to elect to receive one or both GHG-Free Energy products: i) a nuclear pool of resources and/or (ii) a hydroelectric pool of resources. Any unallocated shares of the products will remain with SCE for use in serving its bundled service customers.

In accordance with the existing CRS and PCIA mechanisms, under this interim GHG-Free Energy allocation, SCE, or a qualified third party designated by SCE, will remain as the Scheduling Coordinator for the GHG-Free Energy resources in SCE's CRS portfolio and will continue to schedule and bid the GHG-Free Energy resources into the CAISO market in accordance with applicable Commission-adopted rules, including least-cost dispatch bidding. SCE will continue to allocate the vintaged, pro-rata share of

⁴ See Final Report of the WG 3 Co-Chairs, filed on February 27, 2020 in the PCIA OIR, Section V.C.

⁵ See *id.*, p. 60.

⁶ See Draft Resolution E-5046, issued March 25, 2020.

⁷ In the event of any conflict between this Summary and the Term Sheet in Exhibit A, the Term Sheet shall govern.

resource costs and CAISO revenues to customers through the operation of SCE's Portfolio Allocation Balancing Account (PABA). Because PABA recovers the full net costs of the GHG-Free Energy resources from customers, there is no further cost responsibility owed by participating Eligible Parties or their customers.

SCE will provide Eligible Parties with notice of the annual allocation and opening of a 30-day window in which Eligible Parties may elect to receive their customers' vintaged shares of the allocations of one or both GHG-Free Energy products during the Term Year.⁸ SCE will provide notice to all Eligible Parties no later than thirty (30) calendar days following the Effective Date of this Advice Letter. The Term Year will commence on the first day of the calendar month following the submittal deadline for Eligible Parties' allocation elections.

Following the conclusion of each Term Year, SCE will (a) calculate the sum total of all generation from the GHG-Free Energy resources for each vintage by product, (b) determine the participating LSEs' vintage load shares, and (c) determine the final metered amounts of GHG-Free Energy to allocate to each participating LSE for credit on the CEC's Power Content Label.

To facilitate each participating LSE's procurement planning towards its GHG-Free Energy goals, SCE will provide an annual forecast of the expected monthly aggregate production for each GHG-Free Energy product. This forecast will subsequently be updated on a quarterly basis for the balance of the Term Year and will be made available to any participating LSE based upon its eligibility and elections. Following each delivery month, SCE will upload to a secure website aggregate hourly meter data on a vintaged basis for each product, so that each participating LSE may calculate its GHG-Free Energy position based upon its own expectation of what its vintaged annual load share may be.

In accordance with D.06-06-066 *et al.*, SCE may protect the confidentiality of any utility owned generation resources' forecasted generation. To protect confidential data, SCE will require that any generation forecasts provided to participating LSEs be maintained as confidential and not disclosed to any third party. Participating LSEs will receive information from the following four pools of information (as applicable, depending on their elections):

1. All Hydroelectric Pool – for each customer vintage on or after July 1, 2016, provided Participant accepts the hydroelectric product, but not the nuclear product;
2. All Hydroelectric Pool, excluding Hoover⁹ – for each customer vintage prior to

⁸ The allocations will be implemented on a forward basis during each calendar year, or portion thereof, of the Term (each a "Term Year").

⁹ SCE's contract with Hoover Dam was renewed in 2016, and thus creates two separate asset vintages: Legacy UOG vintage and 2016 vintage.

July 1, 2016, provided Participant accepts the hydroelectric product, but not the nuclear product;

3. All GHG-Free Pool – for each customer vintage on or after July 1, 2016, provided Participant accepts both products;
4. All GHG-Free Pool, excluding Hoover – for each customer vintage prior to July 1, 2016, provided Participant accepts both products.

The portfolio from which SCE will allocate GHG-Free Energy is composed of four hydroelectric generating facilities and one nuclear generating facility. Additional information, including the CAISO Resource ID for each facility, is identified in Attachment A to the Term Sheet.

Timing. SCE will provide notice to all Eligible Parties no later than 30 calendar days following the Effective Date of this Advice Letter. Eligible Parties will then have 30 days from SCE's notice to submit their allocation elections for the first Term Year. The Term Year will commence on the first day of the calendar month following the submittal deadline for Eligible Parties' allocation elections. In the fall prior to the second and third Term Years (as applicable), Eligible Parties will be provided with a 30 calendar day window to submit their allocation elections for the forthcoming Term Year.

As SCE intends for this advice letter and Term Sheet to serve as a short-term, interim solution until the Commission issues a final decision in WG 3 of the PCIA OIR, the interim allocations under this Proposal will continue until the earlier of (1) December 31, 2022; or (2) three full calendar months following the effective date of a Decision issued in the PCIA OIR that denies an ongoing GHG-Free Energy allocation mechanism materially similar to that permanent GHG-free energy allocation proposal put forth in WG 3 of the PCIA OIR; or (3) the effective date upon which an ongoing allocation of GHG-Free Energy generated from SCE's CRS-eligible portfolio shall commence pursuant to a Decision issued in the PCIA OIR.

Confirmations. To facilitate the reporting requirements for the CEC's Power Content Label or for other reporting requirements, the Term Sheet contains two confirmation forms that will document (i) an LSE's election to participate in one or both GHG-Free Energy products on a forward basis for the prompt Term Year; and (ii) the actual metered generation amounts allocated to the LSE based upon (a) its GHG-Free Energy allocation elections; (b) its realized vintaged, annual load share of the vintaged GHG-Free Energy portfolio during the Term Year; and (c) the actual generation realized from the GHG-Free Energy resources within the Term Year.

Attachment B to the Term Sheet, the *Agreement Regarding GHG-Free Energy Allocation and Confirmation of Allocation Elections*, allows an Eligible Party to submit its election to accept an allocation from the specific GHG-Free Energy products available for the forthcoming Term Year. Additionally, this attachment serves as documentation for any audits required by the CEC supporting a forward commitment to accept the GHG-Free Energy.

Attachment C to the Term Sheet, the *Confirmation of Allocation Quantities*, will be filled out by SCE for each participating LSE following each Term Year, to document the metered amounts of GHG-Free Energy allocated to the participating LSE for the Term Year. This document will allow each Participant to confirm the actual metered generation amounts received during the Term Year that may subsequently be reported to the CEC for purposes of the Power Content Label, along with any calculations supporting the metered generation amounts. Attachment C is intended to serve as appropriate documentation for any audits required by the CEC to evidence the actual quantities received.

SCE's BPP. SCE proposes to modify its BPP to include the Term Sheet.

CONCLUSION

The Proposal is reasonable and should be approved. The interim GHG-Free Energy allocation is equitable because under the new PCIA methodology adopted in D.18-10-019, all customers pay their share of the full net costs of the underlying GHG-Free Energy resources in SCE's CRS portfolio on a vintaged basis, and should be entitled to receive their share of the GHG-Free attributes of those resources on a vintaged basis for use for the PCL and/or in the IRP and for counting for clean power goals set by LSEs.

It is reasonable for SCE and CPA to seek approval of this Advice Letter under Rule 9.2.3 (Service to Government Agency), which provides (in relevant part):

At all times, a utility other than a telephone corporation may provide service (other than resale service) to a government agency for free, or at reduced rates and charges, or under terms and conditions otherwise deviating from its tariffs then in effect. The utility may begin such service without prior Commission approval, but the utility shall promptly submit an advice letter to the appropriate Industry Division to notify the Commission of the utility's provision of such service and of the rates, charges, terms and conditions under which the service is provided. Although the advice letter may be effective pending disposition under General Rule 7.5.3, the Commission may determine, in an appropriate proceeding, the reasonableness of such service.

The use of this Rule is reasonable because this Advice Letter proposes service to CPA on terms and conditions that vary from existing service and at no additional cost, and those terms and conditions expressly recognize all other LSEs and their customers in SCE's service area as third party beneficiaries of the SCE-CPA agreement, as documented in the Term Sheet. Nothing in Rule 9.2.3 requires that third party beneficiaries of SCE's service to a government agency must also be government agencies. Accordingly, per the terms of the SCE-CPA agreement, all other LSEs should be permitted to participate under the same terms and conditions and timeline as CPA. All customers that pay CRS should be able to receive their fair share of the benefits of the GHG-Free Energy of SCE's CRS-eligible portfolio. The interim allocation

saves customers money by enabling participating LSEs to count their customers' allocated shares of the GHG-Free Energy on the PCL and/or in the IRP and for other clean energy goals without having to procure additional GHG-Free energy at a premium cost.

TIER DESIGNATION

Pursuant to G.O. 96-B, General Rule 5.3(8), SCE and CPA submit this advice letter with a Tier 3 designation.¹⁰

EFFECTIVE DATE

Pursuant to GO 96-B, General Rule 9.2.3, this Advice letter and the Term Sheet are be effective upon this submittal, and subject to final disposition by the Commission.

Should the Commission determine that this Advice Letter and the Term Sheet cannot be deemed effective upon submitting to allow the participation by all Eligible Parties, SCE and CPA request that the Energy Division notify them within 21 calendar days of its submittal, so that the Effective Date can be adjusted to correspond with the issuance of a Resolution approving this Advice Letter and the Term Sheet.

NOTICE

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@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:

¹⁰ General Rule 5.3(8) provides that matters related to Service to a Government Agency are appropriate for a Tier 3 advice letter. Note that General Rule 5.3(8) and certain other cross-references in GO 96-B still refer to the previous General Rule for Service to Government Agency (8.2.3) (see e.g., General Rules 3.6 and 5.1).

For SCE:

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E-mail: nwhang@cleanpoweralliance.org (preferred)

There are no restrictions on who may submit a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice letter to the interested parties shown on the attached GO 96-B and the service lists for the PCIA OIR (R.17-06-026) and the RA OIR (R.17-09-020). Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-3719. For changes to all other service lists, 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 submitting and keeping the advice letter at SCE's corporate

headquarters. To view other SCE advice letters submitted with the Commission, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Janet Combs at (626) 302-1524 or by electronic mail at Janet.Combs@sce.com.

Southern California Edison Company

/s/ Gary A. Stern
Gary A. Stern, Ph.D.

GAS:jc:cm
Enclosures



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:

E-mail:

E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

EXHIBIT A
TERM SHEET
FOR INTERIM VOLUNTARY ALLOCATIONS OF GHG-FREE ENERGY

Standard Offer Term Sheet of Southern California Edison Company for Allocation of GHG-Free Energy

Eligible Parties:

Any Community Choice Aggregator (“CCA”), Community Aggregator (“CA”), Electric Service Provider (“ESP”) or Investor Owned Utility within Southern California Edison’s (“SCE”) service area whose customers pay Cost Responsibility Surcharges (“CRS”) (i.e., Power Charge Indifference Amount (“PCIA”) and/or Competitive Transition Charge (“CTC”)) or full costs (e.g., through bundled service generation rates) associated with SCE’s CRS-eligible resource portfolio (CCAs, CAs, ESPs, or IOUs in SCE’s service area shall collectively be referred to as “Eligible Parties” or individually as an “Eligible Party”). Each Eligible Party will receive an allocation of the greenhouse gas (“GHG”)-free energy of certain resources in SCE’s CRS eligible resource portfolio as delineated below, provided the party affirmatively elects to accept such an allocation. Eligible Parties that elect to receive allocations hereunder, and SCE which receives allocations automatically hereunder, are referred to as “Participants.”

Products:

The GHG-free energy derived from (i) the hydroelectric energy generating facilities in SCE’s CRS-eligible resource portfolio; and/or (ii) the nuclear energy generating facilities in SCE’s CRS-eligible resource portfolio (the “GHG-Free Energy”). Products do not include any Resource Adequacy, capacity or other rights that may or may not be associated with any GHG-Free Energy from SCE’s CRS-eligible resource portfolio. The products identified in (i) or (ii) may be referred to individually as “Product” or jointly as “Products.”

Customers of Eligible Parties were previously bundled service customers taking energy procurement service from SCE, and as departing load customers now take energy procurement service from other load serving entities and pay to SCE their pro-rata share of the above market costs of the resources procured on their behalf before they departed SCE’s energy procurement service, after SCE accounts for the energy revenues earned by these resources in the market. Because these customers of Eligible Parties pay their pro-rata share of the net costs of SCE’s GHG-Free Energy resources (on a vintaged basis), SCE is proposing to allocate to these customers their pro-rata share of the GHG-Free Energy from these resources (on a vintaged basis) pursuant to this Term Sheet. This proposal will permit each Eligible Party that affirmatively opts-in to this allocation to report its vintaged, pro-rata share of the GHG-Free Energy on its Power Content Label, its Integrated Resource Plans, and for Clean Net Short and similar reporting, as SCE may do for its bundled service customers’ vintaged, pro-rata share of the GHG-Free Energy.

SCE, or a qualified third party designated by SCE, will continue to serve as the Scheduling Coordinator for these GHG-Free Energy resources in the CAISO market and record the revenues from these resources into SCE's Portfolio Allocation Balancing Account ("PABA"), which allocates the CAISO revenues on a vintaged basis.

Transaction:

Allocation based upon each Participant's customers' pro-rata, vintaged share of the GHG-Free Energy from SCE's CRS-eligible resource portfolio, which will be provided annually for the Term as elected by such Participant for one or both of the Products. The allocations hereunder will be implemented on a forward basis during each calendar year, or portion thereof, of the Term (each a "Term Year").

Term:

Within 30 calendar days of the effective date of SCE's Advice Letter submitting this Term Sheet, SCE will provide Eligible Parties notice of the availability of the interim GHG-Free Energy allocation and thereafter Eligible Parties electing to participate shall have 30 calendar days to submit their allocation elections as set forth in the "Allocation Election" section below. The Term shall begin on the first day of the calendar month following the submittal deadline for Eligible Parties' allocation elections for the first Term Year and shall terminate on the earlier of (1) December 31, 2022; (2) three full calendar months following the effective date of a Decision issued in R.17-06-026 that denies an ongoing GHG-Free Energy allocation mechanism materially similar to that permanent GHG-free energy allocation proposal put forth within the Working Group 3 Final Report filed in R.17-06-026; or (3) the effective date upon which an ongoing allocation of GHG-Free Energy generated from SCE's CRS-eligible portfolio shall commence pursuant to a Decision issued in R.17-06-026.

Available Pool of Resources:

Resources from which the GHG-Free Energy are derived are those resources within SCE's CRS-eligible portfolio, as identified in **Attachment A** hereto.

Allocation Election:

SCE will receive its bundled service customers' vintaged shares of both GHG-Free Energy Products. All other Eligible LSEs will have an annual 30-day window prior to each Term Year during which they must elect to receive an allocation of one or both Products for the following Term Year by executing the confirmation set forth in **Attachment B** hereto (which may be executed electronically). SCE will provide Eligible Parties with notice of each election window. If an Eligible Party other than SCE does not submit a completed confirmation for a Product during the election window, the Eligible Party will not be entitled

to receive an allocation of that Product during the subsequent Term Year, and any unallocated Product(s) will remain with SCE, and SCE may continue to use such Product(s) for its compliance and reporting requirements. SCE is not required to submit an allocation election for itself.

Quantity:

Each Participant electing to accept an allocation shall receive the sum of the quantities of GHG-Free Energy (in MWh) from each resource vintage for which the Participant is eligible, that is equal to (1) the percentage corresponding to (a) the Participant’s actual load during the Term Year divided by (b) the sum of all Eligible Parties’ loads during the Term Year in that vintage, multiplied by (2) the actual GHG-Free Energy realized during the Term Year from the Product pools in that vintage, subject to the Participant’s election to accept neither, either, or both Product pools.

Expressed mathematically, each Participant will receive an annual amount measured in MWh equivalent to:

$$\sum_{i=CTC-Eligible}^m \frac{Load_0}{\sum_{n=1}^n Load_{i,n}} \times \left[(1,0) \times \left[\sum_{j=1}^j Hydro\ Generation_{i,j} \right] + (1,0) \times \left[\sum_{k=1}^k Nuclear\ Generation_{i,k} \right] \right]$$

Where:

i = Vintage of CRS (i.e., CTC-Eligible, Legacy UOG, 2004-2009, 2010, 2011, ... , 2019, 2020, and 2021 (as applicable) , and 2022 (as applicable))

m = Participant’s customers’ vintage(s)

*Load*₀ = customer load of Participant receiving allocation during the Term Year (MWh)

*Load*_{*n*} = Eligible Party *n*’s customer load during the Term Year (MWh)

n = Number of eligible parties in vintage *i*

(*1,0*) corresponds to a default value of 0 unless the Participant affirms its election to accept one or both of the Products, in which case the value is equal to 1 for the Product subject to an allocation election

j = Number of hydroelectric resources in vintage

Hydro Generation = Total generation (MWh) of the hydroelectric resource over the course of the Term Year

k = Number of nuclear resources in vintage

Nuclear Generation = Total generation (MWh) of the nuclear resources over the course of the Term Year

In addition to its share as a Participant, SCE will receive the balance of any unallocated Products.

Cost Recovery:

No Participant will be charged a cost to receive its customers' pro-rata, vintaged allocations of the GHG-Free Energy under this Term Sheet. Cost recovery associated with SCE's CRS-eligible resource portfolio will continue to be through the Commission-approved cost recovery mechanisms (e.g., PCIA and CTC for departing load customers; bundled service generation rates for bundled service customers).

Energy Scheduling:

SCE, or a qualified third party designated by SCE, will continue to serve as Scheduling Coordinator for the GHG-Free Energy resources in its CRS-eligible portfolio and will continue to bid those resources pursuant to Commission-approved or authorized practices, rules and requirements, including least-cost dispatch principles, as applicable to SCE.

Forecasting Generation:

SCE will provide Participant with (a) an aggregated, year-ahead forecast on an annual basis, and (b) quarterly updates of the forecast for the balance of the year, of total production of the applicable Products in SCE's CRS-eligible portfolio for each of the months remaining in the forecast year, in accordance with the relevant Product pool that each Participant selects and is qualified for as set forth below:

1. All Hydroelectric Pool – for each customer vintage *on or after* July 1, 2016, provided Participant accepts the hydroelectric Product, but not the nuclear Product
2. All Hydroelectric Pool, excluding Hoover – for each customer vintage *prior to* July 1, 2016, provided Participant accepts the hydroelectric Product, but not the nuclear Product
3. All GHG-Free Pool – for each customer vintage *on or after* July 1, 2016, provided Participant accepts both Products
4. All GHG-Free Pool, excluding Hoover – for each customer vintage *prior to* July 1, 2016, provided Participant accepts both Products

Actual Generation Data:

SCE will provide monthly updates of the relevant Product pool's hourly aggregate generation delivered over the flow month within 20 days of the close of the flow month through email, online portal, or other electronic means. Generation data may be updated at any time to reflect best available generation data; however, SCE will provide the data as-is and without warranty.

Reporting:

Each Participant receiving an allocation of GHG-Free Energy may count such GHG-Free Energy on its Power Content Label. Participants will work in good faith to respond to or cooperate with any related reporting requirements pertaining to any allocation of GHG-Free Energy between SCE and Participant. For purposes of documenting the allocation quantities delivered to a Participant, SCE will populate and transmit to each Participant the form attached hereto as **Attachment C**.

Confidentiality

Each Participant agrees to maintain the confidentiality associated with any disclosures of forecasted generation relating to the Products.

Representations and Warranties

SCE makes no representations or warranties regarding the ability of any Participant to count one or both Products toward or in its Power Content Label reporting, Integrated Resource Plans, Clean Net Short or for any other purpose.

SCE makes no representation or warranty regarding the delivery of any specific quantity of GHG-Free Energy from any of the CRS-eligible GHG-free resources and shall have no liability for the failure of any or all CRS-eligible GHG-free resources to deliver GHG-Free Energy during the Term. Participants are entitled to allocations based only on actual, delivered GHG-Free Energy elected on a forward basis during each Term Year. SCE retains the right to select which resources to source GHG-Free Energy from among the Product pools to satisfy the allocations, subject to Participant's Product elections.

SCE makes no representation or warranty with regard to the accuracy of any forecasts of Eligible Party's load shares, forecasts of generation deliveries, or to the accuracy of any posted generation meter data.

SCE reserves the right to update such information at any time based upon its best available information; provided such information will be finalized by May 15 following each Term Year. To the extent any information deviates from the information transmitted within **Attachment C**, SCE will submit a new **Attachment C** to all affected Participants.

Attachment A

PCIA-Eligible GHG-Free Resources

Resource Category	Resource Name	CAISO Resource ID	Vintage Year
Hydroelectric	Big Creek	BIGCRK_2_EXESWD	Legacy UOG
Hydroelectric	Eastwood	EASTWD_7_UNIT	Legacy UOG
Hydroelectric	Kern River 3	VESTAL_2_KERN	Legacy UOG
Hydroelectric	Hoover Dam	SCEHOV_2_HOOVER	2016
Nuclear	Palo Verde	PVERDE_5_SCEDYN	Legacy UOG

Attachment B

Agreement Regarding GHG-Free Energy Allocation and Confirmation of Allocation Elections

Utility: Southern California Edison Company (“SCE”)

Participant: [Insert LSE Name] (“Participant”)

Term Year: [2020, 2021, or 2022]

This confirms that Participant elects to receive its customers’ vintaged, pro-rata share of the following Products during the Term Year specified above, pursuant to SCE’s standard offer described in its “Standard Offer Term Sheet of Southern California Edison Company for Allocation of GHG-Free Energy,” submitted with the California Public Utility Commission (“CPUC”) in SCE Advice Letter 4194-E on April 17, 2020 (“SCE’s Standard Offer GHG-Free Allocation”).

Product Allocation Elections (you must check the box to elect the allocation):

Hydroelectric Pool:

Nuclear Pool:

For each box checked above, SCE will allocate to Participant its customers’ pro-rata, vintaged share of the Product on a forward basis for the Term Year identified above. Actual delivery quantities will be confirmed by SCE via a Confirmation of Allocation Quantities form, which will be provided to Participant not later than April 1 following each Term Year.

Participant’s acceptance of SCE’s Standard Offer GHG-Free Allocation creates a binding agreement between SCE and Participant on the terms and conditions set forth in SCE’s “Standard Offer Term Sheet of Southern California Edison Company for Allocation of GHG-Free Energy,” which is incorporated herein by this reference.

By signing below, Participant accepts SCE’s Standard Offer GHG-Free Energy Allocation for the Term Year for the Product(s) elected above.

[Insert Participant Name]

By:

Print Name: _____

Title: _____

Date: _____

Attachment C

Confirmation of Allocation Quantities

Participant: [Insert LSE Name]

Term Year: [Insert Date] to [Insert Date]

Products allocated during Term:

Hydroelectric Pool:

Nuclear Pool:

This Confirmation of Allocation Quantities specifies the exact quantities of GHG-Free Energy allocated to Participant pursuant to the “Agreement Regarding GHG-Free Energy Allocation and Confirmation of Allocation Elections” executed by Participant on *[Insert Date]*. The GHG-Free Energy associated with this Confirmation of Allocation Quantities was delivered by SCE into the CAISO market on behalf of Participant, with SCE or its designated third party serving as Scheduling Coordinator for the Product(s).

Participant’s Load Share:

Vintage	Legacy UOG	2016
Participant’s Load (GWh)	<i>[Insert LSE Vintaged Load]</i>	<i>[Insert LSE Vintaged Load]</i>
Total Vintage Load (GWh)	<i>[Insert Total Vintage Load]</i>	<i>[Insert Total Vintage Load]</i>
Load Share (%)	<i>[Divide LSE Vintage Load by Total Vintage Load]</i>	<i>[Divide LSE Vintage Load by Total Vintage Load]</i>

GHG-Free Energy Generation:

Resource Type	Legacy UOG Vintage Annual Energy Production (MWh)	2016 Vintage Annual Energy Production (MWh)
Large Hydroelectric	<i>[Insert energy production amounts (MWh)]</i>	<i>[Insert energy production amounts (MWh)]</i>
Nuclear Note: Only populated if Participant receives allocation of nuclear pool	<i>[Insert energy production amounts (MWh)]</i>	<i>[Insert energy production amounts (MWh)]</i>

Participant’s Allocation of GHG-Free Energy Benefits:

Resource Type	Legacy UOG Vintage Annual Energy Production (MWh)	2016 Vintage Annual Energy Production (MWh)
Large Hydroelectric	<i>[Multiply Energy Generation by Vintage Load Share]</i>	<i>[Multiply Energy Generation by Vintage Load Share]</i>
Nuclear Note: Only populated if Participant receives allocation of nuclear pool	<i>[Multiply Energy Generation by Vintage Load Share]</i>	<i>[Multiply Energy Generation by Vintage Load Share]</i>