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**INSTRUCTIONS**

**Security Posting – Guaranty**

A Guaranty, subject to the criteria listed below, is an acceptable form of Financial Security (“Security”) for meeting either the CAISO’s and/or SCE’s grid interconnection tariffs, or the terms of the Generator Interconnection Agreement (GIA), as applicable. SCE’s standard form of Guaranty is provided starting on page 2 of this document. All fields shown in yellow highlighting must be completed.

SCE’s criteria for accepting a Guaranty includes the following:

1. The guarantor must have a credit rating of A or better by Standard and Poor’s or A2 or better by Moody’s; and,
2. The guarantor must be incorporated within the United States; and,
3. The guarantor must be the parent of Interconnection Customer; and

SCE’s standard practice is to review all Security to ensure acceptability, which will include the issuer’s acceptability, as discussed above, as well as the acceptability of the Security’s terms and conditions. Using SCE’s standard forms, without modification, will ensure that the terms and conditions of the Security are acceptable to SCE. If the issuer seeks modification to any of the conditions, SCE recommends that prior to submission, a draft of the Security should be sent to your SCE Project Manager and to the following email address: [scecollateral@sce.com](mailto:scecollateral@sce.com). Please allow two (2) Business Days for SCE’s review of the draft Security.

SCE’s Project Manager has sent you an email that specified the posting due date for the Security. SCE must receive acceptable Security on or before this date. All Security is to be delivered to SCE at the following address:

Southern California Edison Company

Manage of Risk Operations and Collateral Management

2244 Walnut Grove Avenue

GO1 Q2B

Rosemead, CA 91770

Questions about posting the Security should be directed to your SCE Project Manager.

FORM OF GUARANTY AGREEMENT

SCE Contract No.: (*Obtain from SCE Project Manager*)

Project Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For the purpose of: (*Phase I IF, Phase I NU, Construction, ITCC, etc.)*

1. **Guaranty.** For valuable consideration, *[ Guarantor’s legal name]* , *[legal status]*  (“**Guarantor**”) guarantees payment to Southern California Edison Company, a California corporation (“**Beneficiary**”), its successors and assigns, of all amounts owed to Beneficiary by  *[ exact name of Applicant / Interconnection Customer ]* , *[legal status]*  (“**Principal**”) pursuant to the terms of *[Obtain from SCE Project Manager and state either: the exact name of the tariff, plus the following “,as may be amended (“the Tariff”)”; or, the exact title of the generator interconnection agreement, the date the agreement was entered into, plus the following phrase, “as may be amended (“the GIA”)”]*, (said amounts are hereinafter referred to as the “**Obligations**”). Initially capitalized words that are used but not otherwise defined herein shall have the meanings given them in the *[insert either “Tariff” or “GIA”]*.

Upon the failure or refusal by Principal to pay all or any portion of the Obligations, the Beneficiary may make a demand upon the Guarantor. Such demand shall be in writing and shall state the amount Principal has failed to pay and an explanation of why such payment is due, with a specific statement that Beneficiary is calling upon Guarantor to pay under this Guaranty. Guarantor shall promptly, but in no event more than ten (10) Business Days following demand by Beneficiary, pay such Obligations in immediately available funds. The obligations of Guarantor hereunder shall not be subject to any counterclaim, setoff, withholding, or deduction unless required by applicable law. A payment demand satisfying the foregoing requirements shall be deemed sufficient notice to Guarantor that it must pay the Obligations.

2. **Guaranty Limit.** Subject to Paragraph 13, the liability of Guarantor hereunder shall not exceed $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the aggregate, which amount shall include all interest that has accrued on any amount owed hereunder.

3. **Guaranty Absolute.** Guarantor agrees that its obligations under this Guaranty are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor. In furtherance of the foregoing and without limiting the generality thereof, Guarantor agrees as follows:

(a) The liability of Guarantor under this Guaranty is a continuing guaranty of payment and not of collectability, and is not conditional or contingent upon the genuineness, validity, regularity or enforceability of the *[insert either “Tariff” or “GIA”]* or the pursuit by Beneficiary of any remedies which it now has or may hereafter have under the *[insert either “Tariff” or “GIA”]*;

(b) Beneficiary may enforce this Guaranty upon the occurrence of a default by Principal under the *[insert either “Tariff” or “GIA”]* notwithstanding the existence of a dispute between Beneficiary and Principal with respect to the existence of the default;

(c) The obligations of Guarantor under this Guaranty are independent of the obligations of Principal under the *[insert either “Tariff” or “GIA”]* and a separate action or actions may be brought and prosecuted against Guarantor whether or not any action is brought against Principal or any other guarantors and whether or not Principal is joined in any such action or actions;

(d) Beneficiary may, at its election, foreclose on any security held by Beneficiary, whether or not the means of foreclosure is commercially reasonable, or exercise any other right or remedy available to Beneficiary without affecting or impairing in any way the liability of Guarantor under this Guaranty, except to the extent the amount(s) owed to Beneficiary by Principal have been paid; and

(e) Guarantor shall continue to be liable under this Guaranty and the provisions hereof shall remain in full force and effect notwithstanding:

1. Any modification, amendment, supplement, extension, agreement or stipulation between Principal and Beneficiary or their respective successors and assigns, with respect to the *[insert either “Tariff” or “GIA”]* or the obligations encompassed thereby;

(ii) Beneficiary's waiver of or failure to enforce any of the terms, covenants or conditions contained in the *[insert either “Tariff” or “GIA”]*;

1. Any release of Principal or any other guarantor from any liability with respect to the Obligations or any portion thereof;

(iv) Any release, compromise or subordination of any real or personal property then held by Beneficiary as security for the performance of the Obligations or any portion thereof, or any substitution with respect thereto;

1. Without in any way limiting the generality of the foregoing, if Beneficiary is awarded a judgment in any suit brought to enforce a portion of the Obligations, such judgment shall not be deemed to release Guarantor from its covenant to pay that portion of the Obligations which is not the subject of such suit;

(vi) Beneficiary's acceptance and/or enforcement of, or failure to enforce, any other guaranties or any portion of this Guaranty;

1. Beneficiary's exercise of any other rights available to it under the *[insert either “Tariff” or “GIA”]*;

(viii) Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of the Principal and to any corresponding restructuring of the Obligations;

(ix) Any failure to perfect or continue perfection of a security interest in any collateral that secures the Obligations;

1. Any defenses, setoffs or counterclaims that Principal may allege or assert against Beneficiary with respect to the Obligations, including, without limitation, failure of consideration, breach of warranty, statute of frauds, statute of limitations and accord and satisfaction; and

(xi) Any other act or thing or omission, or delay to do any other act or thing that might in any manner or to any extent vary the risk of Guarantor as an obligor with respect to the Obligations.

4. **Termination****; Reinstatement.** The term of this Guaranty is continuous until the earlier of: (i) the date on which the Obligations have been performed or paid in full or (ii) with regard to future transactions, the date on which Guarantor provides Beneficiary with written notice of termination, with such termination becoming effective sixty (60) calendar days from the date Beneficiary receives such written notice from Guarantor. No such notice or termination shall release Guarantor from any liability as to any amount or performance that is owing under the *[insert either “Tariff” or “GIA”]* as of the termination date.  This Guaranty shall be reinstated if at any time following the termination of this Guaranty, any payment by Guarantor under this Guaranty or pursuant hereto is rescinded or must otherwise be returned by the Beneficiary or other person upon the insolvency, bankruptcy, reorganization, dissolution or liquidation of Principal, Guarantor or otherwise, and is so rescinded or returned to the party or parties making such payment, all as though such payment had not been made. If all or any portion of the Obligations are paid by Principal, the obligations of Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from Beneficiary as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Obligations for all purposes under this Guaranty.

5. **Bankruptcy; Post-Petition Interest.** So long as any Obligations remain outstanding, Guarantor shall not, without the prior written consent of Beneficiary, commence or join with any other person in commencing any bankruptcy, reorganization or insolvency proceedings of or against Principal. The obligations of Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of the Principal or by any defense which Principal may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Any interest on any portion of the Obligations which accrues after the commencement of any such proceeding (or, if interest on any portion of the Obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued on such portion of the Obligations if said proceedings had not been commenced) shall be included in the Obligations. Guarantor will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Beneficiary, or allow the claim of Beneficiary in respect of, any such interest accruing after the date on which such proceeding is commenced.

6. **Subrogation.** Guarantor shall be subrogated to all rights of the Beneficiary against Principal with respect to any amounts paid by the Guarantor pursuant to the Guaranty, provided that Guarantor postpones all subrogation rights until all Obligations have been irrevocably paid in full to the Beneficiary.  If any amount shall be paid to Guarantor on account of such subrogation, reimbursement, contribution or indemnity rights at any time when all the Obligations guaranteed hereunder shall not have been indefeasibly paid in full, Guarantor shall hold such amount in trust for the benefit of Beneficiary and shall promptly pay such amount to Beneficiary.

7. **Subordination.** Any indebtedness of Principal now or hereafter held by Guarantor is hereby subordinated in right of payment to the Obligations. Guarantor assigns all such indebtedness to Beneficiary as security for this Guaranty and the *[insert either “Tariff” or “GIA”]*. Guarantor shall make no claim for such indebtedness until all Obligations of Principal have been fully discharged. Guarantor shall not assign all or any part of such indebtedness unless Beneficiary is given prior notice and such assignment is expressly made subject to the terms of this Guaranty. If Beneficiary so requests, (i) all instruments evidencing such indebtedness shall be duly endorsed and delivered to Beneficiary, (ii) all security for such indebtedness shall be duly assigned and delivered to Beneficiary, (iii) such indebtedness shall be enforced, collected and held by Guarantor as trustee for Beneficiary and shall be paid over to Beneficiary on account of the Obligations but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty, and (iv) Guarantor shall execute, file and record such documents and instruments and take such other actions as Beneficiary deems necessary or appropriate to perfect, preserve and enforce Beneficiary's rights in and to such indebtedness and any security therefor. If Guarantor fails to take any such action, Beneficiary, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor. The foregoing power of attorney is coupled with an interest and cannot be revoked.

8. **Waivers of Guarantor.**

(a) Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability under this agreement or the enforcement of this agreement.

(b) Guarantor waives any right to require Beneficiary to proceed against or exhaust any security held from Principal or any other party acting under a separate agreement.

(c) Guarantor waives all of the rights and defenses described in subdivision (a) of Section 2856 of the California Civil Code, including any rights and defenses that are or may become available to the Guarantor by reason of Sections 2787 to 2855 thereof, inclusive.

(i) The guarantor waives all rights and defenses that the guarantor may have because the debtor's debt is secured by real property. This means, among other things: (a) The creditor may collect from the guarantor without first foreclosing on any real or personal property collateral pledged by the debtor; (b) If the creditor forecloses on any real property collateral pledged by the debtor: (1) The amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; (2) The creditor may collect from the guarantor even if the creditor, by foreclosing on the real property collateral, has destroyed any right the guarantor may have to collect from the debtor.

(ii) This is an unconditional and irrevocable waiver of any rights and defenses the guarantor may have because the debtor's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

1. The guarantor waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

(d) Guarantor assumes all responsibility for keeping itself informed of Principal’s financial condition and all other factors affecting the risks and liability assumed by Guarantor hereunder, and Beneficiary shall have no duty to advise Guarantor of information known to it regarding such risks.

(e) Guarantor waives any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Principal, including, without limitation, any defense based on or arising out of the lack of validity or enforceability of the Obligations or by reason of the cessation of liability of the Principal under the Agreement for any reason but full performance or payment;

(f) Guarantor waives any defense based upon Beneficiary's errors or omissions in the administration of the Obligations;

(g) Guarantor waives its right to raise any defenses based upon promptness, diligence, and any requirement that Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto;

(h) Guarantor waives its right to raise any principles of law, statutory or otherwise, that limit the liability of or exonerate guarantors, provide any legal or equitable discharge of Guarantor's obligations hereunder, or which may conflict with the terms of this Guaranty;

(i) Other than demand for payment, the Guarantor hereby expressly waives all notices between the Beneficiary and the Principal including without limitation all notices with respect to the Agreement and this Guaranty, notice of acceptance of this Guaranty, any notice of credits extended and sales made by the Beneficiary to Principal, any information regarding Principal’s financial condition, and all other notices whatsoever; and

(j) Guarantor waives filing of claims with a court in the event of the insolvency or bankruptcy of the Principal.

9. **No Waiver of Rights by Beneficiary.** No right or power of Beneficiary under this agreement shall be deemed to have been waived by any act or conduct on the part of Beneficiary, or by any neglect to exercise a right or power, or by any delay in doing so, and every right or power of Beneficiary hereunder shall continue in full force and effect until specifically waived or released in a written document executed by Beneficiary.

10. **Assignment, Successors and Assigns.** This Guaranty shall be binding upon Guarantor, its successors and assigns, and shall inure to the benefit of, and be enforceable by, the Beneficiary, its successors, assigns and creditors. The Beneficiary shall have the right to assign this Guaranty to any person or entity without the prior consent of the Guarantor; *provided*, *however*, that no such assignment shall be binding upon the Guarantor until it receives written notice of such assignment from the Beneficiary. The Guarantor shall have no right to assign this Guaranty or its obligations hereunder without the prior written consent of the Beneficiary.

11. **Representations of Guarantor.** Guarantor hereby represents and warrants that: (a) it is a corporation duly organized, validly existing and in good standing in all necessary jurisdictions and has full power and authority to execute, deliver and perform this Guaranty; (b) it has taken all necessary actions to execute, deliver and perform this Guaranty; (c) this Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws effecting creditors’ rights generally and to general equitable principles; (d) execution, delivery and performance by Guarantor of this Guarantee does not conflict with, violate or create a default under any of its governing documents, any agreement or instruments to which it is a party or to which any of its assets is subject or any applicable law, rule, regulation, order or judgment of any Governmental Authority; and (e) all consents, approvals and authorizations of governmental authorities required in connection with Guarantor’s execution, delivery and performance of this Guaranty have been duly and validly obtained and remain in full force and effect.

12. **Financial Information.**  If requested by Beneficiary, Guarantor shall deliver (a) within 120 days following the end of each fiscal year that any Obligations are outstanding, a copy of its annual report containing its audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year, setting forth in each case in comparative form the figures for the previous year and (b) within 60 days after the end of each of its first three fiscal quarters of each fiscal year that any Obligations are outstanding, a copy of its quarterly report containing its consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year [**if Guarantor is an SEC reporting company:** certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations] [**OR if Guarantor is not an SEC reporting company:** certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year end audit adjustments)], provided however, for the purposes of this (a) and (b), if Guarantor’s financial statements are publicly available electronically on the Securities and Exchange Commission’s or Guarantor’s website, then Guarantor shall be deemed to have met this requirement. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles. [**if Guarantor is not an SEC reporting company:** For purposes of this Section, ‘Responsible Officer’ shall mean the Chief Financial Officer, Treasurer or any Assistant Treasurer of Guarantor or any employee of Guarantor designated by any of the foregoing.]

13. **Attorneys’ Fees.** In addition to the amounts for which payment is guaranteed hereunder, Guarantor agrees to pay reasonable attorneys’ fees and all other costs and expenses incurred by Beneficiary in enforcing this Guaranty or in any action or proceeding arising out of or relating to this Guaranty. Any costs for which Guarantor becomes liable pursuant to this Paragraph 13 shall not be subject to, and shall not count toward, the guaranty limit set forth in Paragraph 2 above.

14. **Governing Law.** This Guaranty is made under and shall be governed in all respects by the laws of the State of California, without regard to conflict of law principles. If any provision of this Guaranty is held invalid under the laws of California, this Guaranty shall be construed as though the invalid provision has been deleted, and the rights and obligations of the parties shall be construed accordingly.

15. **Construction.** All parties to this Guaranty are represented by legal counsel. The terms of this Guaranty and the language used in this agreement shall be deemed to be the terms and language chosen by the parties hereto to express their mutual intent. This Guaranty shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be drafted, or in favor of the party receiving a particular benefit under this Guaranty. No rule of strict construction will be applied against any party.

16. **Amendment; Severability.** Neither this Guaranty nor any of the terms hereof may be terminated, amended, supplemented or modified, except by an instrument in writing executed by an authorized representative of each of Guarantor and Beneficiary. If any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

17. **Third Party Rights.** This Guaranty shall not be construed to create any rights in any parties other than Guarantor and Beneficiary and their respective successors and permitted assigns.

18. **Notices.** Any demand for payment, notice, request, instruction, correspondence or other document to be given hereunder by any party to another shall be made by facsimile to the person and at the address for notices specified below.

Beneficiary:

Southern California Edison Company

Manager of Risk Operations and Collateral Management

2244 Walnut Grove Avenue

GO1, Quad 2B

Rosemead, CA 91770

Tel No.: (626) 302-3464

Fax No.: (626) 302-2517

Email Address: [scecollateral@sce.com](mailto:scecollateral@sce.com)

Guarantor:

*[Guarantor]*

*[Street]*

*[City, State Zip]*

Attn:   
Phone:   
Facsimile:

Principal:

*[Principal]*

*[Street]*

*[City, State Zip]*

Attn:   
Phone:   
Facsimile:

Such notice shall be effective upon confirmation of the actual receipt if received during the recipient’s normal business hours, or at the beginning of the recipient’s next Business Day after receipt if receipt is outside of the recipient’s normal business hours. Either party may periodically change any address to which notice is to be given it by providing notice of such change as provided herein.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of \_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_.

*[ Guarantor’s legal name]\_\_\_\_\_\_\_\_\_\_*

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_