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**INSTRUCTIONS**

**Security Posting – Letters of Credit**

A Letter of Credit (“LOC”), 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 the LOC is provided starting on page 2 of this document. All fields shown in yellow highlighting must be completed.

SCE’s criteria for accepting an LOC includes the following:

1. The issuing bank must have a credit rating of A or better by Standard and Poor’s, or, A2 or better by Moody’s; and,
2. The issuing bank must be a United States bank or a United States branch of a foreign bank.

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. Please allow at least two (2) Business Days for SCE’s review of the draft Security.

Either SCE’s Project Manager or the CAISO 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

2244 Walnut Grove Avenue

GO1, Quad 2B

Rosemead, CA 91770

Risk Operations & Collateral Manager

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

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT

Bank Reference Number:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Issuance Date:

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

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

For the purpose of: (*IFS-First Posting IF/DU, IFS-First Posting N/U, ITCC, etc.)*

Issuing Bank:

Issuing Bank Name

Issuing Bank Address

Issuing Bank City, State, Zip Code

Attn: \_\_\_\_\_\_\_\_\_

Beneficiary:

Southern California Edison Company

2244 Walnut Grove Avenue

GO 1, Quad 2B

Rosemead, CA 91770

Attn: Manager of Risk Operations and Collateral Management

Applicant:

Applicant Name

Applicant Address

Applicant City, State, Zip Code

Available Amount: [insert amount and spell out]

Expiration Date: [insert date]

Ladies and Gentlemen:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Bank”) hereby establishes this Irrevocable Nontransferable Standby Letter of Credit (“Letter of Credit”) in favor of Southern California Edison Company, a California corporation (the “Beneficiary”), for the account of  *\_\_\_\_\_\_\_\_\_\_\_\_*, a \_\_\_\_\_\_\_\_\_\_\_\_ corporation, a \_\_[Legal Status]\_\_\_ (the “Applicant”), for the amount stated above (the “Available Amount”), effective immediately.

This Letter of Credit shall be of no further force or effect at 5:00 p.m., California time on the expiration date stated above or, if such day is not a Business Day (as hereinafter defined), on the next Business Day (as may be extended pursuant to the terms of this Letter of Credit) (the “Expiration Date”).

For the purpose hereof, “Business Day” shall mean any day other than:

1. A Saturday or a Sunday,
2. A day on which banking institutions in the city of Los Angeles, California, are required or authorized by Law to remain closed, or
3. A day on which the payment system of the Federal Reserve System is not operational.

It is a condition of this Letter of Credit that the Expiration Date shall be automatically extended without amendment for one (1) year from the Expiration Date hereof or any future Expiration Date unless at least sixty (60) days prior to such Expiration Date, we send notice to you by certified mail or hand delivered courier, at the address stated below, that we elect not to extend this Letter of Credit for any such additional period.

Subject to the terms and conditions herein, funds under this Letter of Credit are available to Beneficiary by complying presentation on or before 5:00 p.m. California time, on or before the Expiration Date of the following:

1. A copy of this Letter of Credit and all amendments;

2. A copy of the Drawing Certificate in the form of Attachment “A” attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary signing as such; and

3. A copy of the Sight Draft in the form of Attachment “B” attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary.

Drawings may also be presented by facsimile transmission (“Fax”) to fax number [insert number] under telephone pre-advice to [insert number] or alternatively to [insert number]; provided that such Fax presentation is received on or before the Expiration Date on this instrument in accordance with the terms and conditions of this Letter of Credit. It is understood that any such Fax presentation shall be considered the sole operative instrument of drawing. In the event of presentation by Fax, the original documents should not also be presented.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; provided, the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

All correspondence and any drawings (other than those made by facsimile) hereunder are to be directed to [Bank address/contact].

All notices to Beneficiary shall be in writing and are required to be sent by certified letter, overnight courier, or delivered in person to: Southern California Edison Company, 2244 Walnut Grove Avenue, GO 1 Quad 2B, Rosemead, California 91770, Manager of Risk Operations and Collateral Management. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment. Except in the case of an increase in the Available Amount or extension of the Expiration Date, this Letter of Credit may not be amended or modified without the Beneficiary’s prior written consent.

The Bank engages with the Beneficiary that Beneficiary’s drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the “ISP”). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Bank

By

Name: [print name]

Title: [print title] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ATTACHMENT A**

DRAWING CERTIFICATE

TO [ISSUING BANK NAME & ADDRESS]

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT REFERENCE NUMBER: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

DATE: \_\_\_\_\_\_\_\_\_

Southern California Edison Company (the “Beneficiary”), demands ***[Issuing Bank Name]*** (the “Bank”) payment to the order of the Beneficiary the amount of U.S. $\_\_\_\_\_\_ (\_\_\_\_\_\_\_\_\_ U.S. Dollars), drawn under the Letter of Credit referenced above (the “Letter of Credit”), for the following reason(s) [check applicable provision]:

[ ]A. An Event of Default, as defined in that certain ***[insert tariff name]*** (as may be amended from time to time) (the “Tariff”) or ***[insert agreement name]*** between ***[insert counterparty name]*** or its successor (the “Counterparty”) and Beneficiary, dated as of***[Date of Execution]*** (as may be amended from time to time) (the “Agreement”) with respect to the Counterparty, has occurred and is continuing.

 [ ]B. The Letter of Credit will expire in fewer than twenty (20) Business Days (as defined in the Agreement or the Tariff) from the date hereof, and the Counterparty or its successor has not provided Beneficiary alternative financial security acceptable to Beneficiary.

[ ]C. Pursuant to the terms of the Agreement, a governmental authority has determined that the Beneficiary’s receipt of payment constitutes income that is taxable and the Counterparty has not exercised contest rights, the contest has ended, or the taxes must be paid to pursue the contest in federal district court of the claims court pursuant to ***[insert either: “the Tariff” or “the Agreement”]***.

[ ]D. Beneficiary is otherwise entitled to draw upon security pursuant to ***[insert either: “the Tariff” or “the Agreement”]***.

Authorized Signature for Beneficiary:

SOUTHERN CALIFORNIA EDISON COMPANY

By:

Name: [print name]

Title: [print title]

**ATTACHMENT B**

*SIGHT DRAFT*

[INSERT DATE]

TO:

[Issuing bank name & address]

PAY AT SIGHT TO THE ORDER OF SOUTHERN CALIFORNIA EDISON COMPANY (the “Beneficiary”) THE AMOUNT OF USD [insert amount] DRAWN UNDER [Issuing Bank Name] IRREVOCABLE NON-TRANSFERABLE STANDY LETTER OF CREDIT NUMBER [insert number] ISSUED ON [insert date].

FUNDS PAID PURSUANT TO THE PROVISIONS OF THE LETTER OF CREDIT SHALL BE WIRE TRANSFERRED TO THE BENEFICIARY IN ACCORDANCE WITH THE FOLLOWING INSTRUCTIONS:

[insert wiring instruction]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Signature Southern California Edison Company

Name: [print name]

Title: [print title]