

***Southern California Edison***

***2011 All Source  
Request For Offers***

***All Source RFO Instructions  
and  
Terms and Conditions of  
Participation***

***July 7, 2011***

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## All Source RFO Instructions

Southern California Edison Company (“SCE”) is seeking to acquire through a request for offers (“All Source RFO”) the products described below from responding market participants and all supply sources (“Respondent(s)"). The purpose of this document is to describe the schedule and process by which offers to sell or bids to buy (either, “Offers”) are to be submitted and evaluated in response to this All Source RFO and set forth the terms and conditions of Respondent’s participation (“All Source RFO Instructions”). Capitalized terms not defined in these All Source RFO Instructions have the meanings ascribed to them in the applicable Exhibits attached hereto or the CAISO Tariff.

### A. PRODUCTS SOLICITED

#### A.1. Product Table

| PRODUCT                                       | DELIVERY POINT <sup>1</sup> | MINIMUM QTY | PRICING   |                  | CONTRACT DELIVERY PERIOD         |                 |                                 |                          | HEAT RATES (MMBtu/MW) |
|---|-----------------------------|-------------|---|------------------|----------------------------------|-----------------|---------------------------------|--------------------------|-----------------------|
|   |                             |             | CAPACITY <sup>2</sup>                                   | ENERGY           | EARLIEST START DATE <sup>3</sup> | LATEST END DATE | DELIVERY PERIOD <sup>4</sup>    | DELIVERY PERIOD INTERVAL |                       |
| Dispatchable Unit Contingent Energy Only Toll | CAISO                       | 20 MW       | Flat Price  | N/A <sup>5</sup> | 01/01/2012                       | 12/31/2015      | Year Round (One Year Minimum)   | 7x24                     | As Offered            |
| Non-Dispatchable QF Resource                  | CAISO                       | 5 MW        | As-Available Capacity Payment and Firm Capacity Payment | Indexed to Gas   | 01/01/2012                       | 12/31/2015      | Year Round (One Year Minimum)   | 7x24                     | As Offered            |
| Resource Adequacy Capacity (SCE to buy)       | CAISO                       | 10 MW       | Flat Price  | N/A              | 01/01/2012                       | 12/31/2015      | Monthly Q3 May - Oct Year Round | N/A                      | N/A                   |
| Resource Adequacy Capacity (SCE to sell)      | CAISO                       | 10MW        | Flat Price  | N/A              | 01/01/2012                       | 12/31/2012      | Monthly Q3 May - Oct Year Round | N/A                      | N/A                   |
| Daily Financial Call Option                   | SP15_EZGTH                  | 25 MW       | Flat Price  | Heat Rate Strike | 07/01/2012                       | 09/30/2012      | Q3                              | 6x16, on-peak            | 20                    |
| Daily Financial Call Option                   | SP15_EZGTH                  | 25 MW       | Flat Price  | Heat Rate Strike | 01/01/2012                       | 12/31/2015      | Year Round                      | 6x16, on-peak            | 8, 9.5                |
| Daily Financial Call Option                   | SP15_EZGTH                  | 25 MW       | Flat Price  | Heat Rate Strike | 01/01/2012                       | 12/31/2015      | Q3 May-Oct                      | 6x16, on-peak            | 10, 12                |

#### A.2. Dispatchable Unit Contingent Energy Only Toll

Respondent may offer to sell to SCE the right to use, to bid and to dispatch electrical unit contingent (“UC”) capacity, energy, ancillary services, and any other product derived from the generating unit pursuant to the provisions contained within the Confirmation. **Resource adequacy benefits (“RA Benefits”) are not to be included as part of the offer.** SCE requires that a generating unit offered under this product be dispatchable. Respondent may only offer resources that are interconnected in the CAISO control area, are certified by the CAISO as a Participating Generator, and which will maintain that status throughout the delivery period specified in the Confirmation. SCE will be the Scheduling Coordinator (“SC”), and for resources fueled by natural gas, SCE will also be Respondent’s authorized Fuel Manager (“FM”).

<sup>1</sup> “CAISO” delivery point refers to any delivery point within the CAISO control area.

<sup>2</sup> Capacity payments based on a “Flat Price” will be shaped as per the Monthly Payment Price Shape Table in Section C of these All Source RFO Instructions for the Dispatchable Unit Contingent Energy Only Toll, Non-Dispatchable QF Resource, Resource Adequacy Capacity .

<sup>3</sup> SCE prefers Offers for individual contract years.

<sup>4</sup> Delivery periods are listed in descending order of preference for each product. The delivery period of each Offer must begin on the first, and end on the last, day of a calendar month.

<sup>5</sup> Assumes SCE is providing natural gas as FM. As part of the Dispatchable Unit Contingent Energy Only Toll, Respondent is required to submit some energy related pricing information, such as guaranteed heat rates, variable O&M costs, etc.

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SCE prefers Offers for dispatchable generating units located within the Los Angeles and Ventura/Big Creek areas as illustrated in Attachment A.2.2. and at delivery points within the Existing Zone currently known as SP15.

SCE prefers Offers for individual contract years.

SCE will accept Offers for dispatchable generating units that are served by the SoCalGas system or served by some other system. Respondents offering dispatchable generating units served by SoCalGas should utilize the UC Energy Only Toll in SoCalGas Confirmation, otherwise Respondents should utilize the UC Energy Only Toll outside SoCalGas Confirmation.

Transactions for selected UC Energy Only Toll products, if any, will be documented in an executed Confirmation under an EEI or ISDA Power Annex Agreement between SCE and Respondent in accordance with the All Source RFO Schedule in Section D.1.

Offers for UC Energy Only Tolls do not include Resource Adequacy. However, Respondent may submit an Offer for a UC Energy Only Toll that is expressly made subject to the condition that it can only be accepted if Respondent's Offer for Resource Adequacy Capacity from the same generating unit is also accepted, so long as the annual revenue stream under the Resource Adequacy Capacity Offer does not exceed a percentage to be determined by SCE of the total combined annual revenue stream under the Resource Adequacy Capacity Offer and the UC Energy Only Toll Offer (a "Combined Offer"). SCE will provide this percentage prior to submittal of any Final Offers.

The details of any Combined Offer must be outlined in a separate cover letter that Respondent submits with the Offer.

### A.3. Resource Adequacy Capacity

A.3.1. **SCE to Buy.** Respondent may offer to sell to SCE the right to include a specified quantity of qualifying and deliverable capacity that is approved for inclusion in RAR or local RAR compliance showings. This is a unit specific, capacity-only product and does not include any energy or ancillary services associated with any unit. Respondent offering to sell this product to SCE must either own or have a contractual right to the RA-qualifying capacity for the delivery period specified in the Confirmation.

SCE prefers offers to buy a Contingent Firm RA product. Transactions for selected RA Capacity (SCE to buy), if any, must be documented in an executed Confirmation under an EEI or ISDA Power Annex Agreement between SCE and Respondent in accordance with the All Source RFO Schedule in Section D.1.

As discussed in Section A.2, Respondent may submit an Offer for Resource Adequacy Capacity as part of a Combined Offer.

A.3.2. **SCE to Sell.** Respondent may offer to buy from SCE the right to include a specified quantity of qualifying and deliverable capacity that is approved for inclusion in RAR or local RAR compliance showings. This is a unit specific, capacity-only product and does not include any energy or ancillary services associated with any unit.

SCE offers to sell a Contingent Firm RA product. Transactions for selected RA Capacity (SCE to sell), if any, must be documented in an executed Confirmation under an EEI or ISDA Power Annex Agreement between SCE and Respondent in accordance with the All Source RFO Schedule in Section D.1.

### A.4. Daily Financial Call Option

Respondent may offer to sell to SCE on-peak Daily Financial Call Options, pursuant to the provisions contained within the applicable Confirmation.

Daily Financial Call Options will be automatically exercised and cash settled pursuant to the terms of the Confirmation.

SCE may provide refreshed Strike Heat Rates prior to the due date for final Offers, with exact timing to be determined by SCE.

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Transactions for selected Daily Financial Call Option products, if any, must be documented in an executed Confirmation under an ISDA Agreement between SCE and Respondent in accordance with the All Source RFO Schedule in Section D.1.

### **A.5. Non-Dispatchable QF Resource**

Respondent may offer to sell SCE the right to all capacity attributes, energy, resource adequacy benefits, green attributes, and any other product derived from non-dispatchable Qualifying Facility (“QF”) generating units (“QF Resources”) that are interconnected in the CAISO control area. The QF Resource must comply with the qualifying facility definition established by PURPA and any FERC rules as amended from time to time (Title 18 Code of Federal Regulations Part 292, § 292.203 *et seq.*) implementing PURPA, and maintain its status as a certified CAISO Participating Generator, throughout the term of the Power Purchase Agreement. The QF resource must be available for baseload operation over any 16 continuous hours between hour ending 7 through hour ending 24, and must be capable of generating a net output of at least one (1) MW per hour. SCE will be the SC; however, SCE will not be the FM.

SCE prefers QF Resources that are curtailable during mid-peak and/or off-peak periods.

SCE prefers Offers for QF Resources located within the Los Angeles and Ventura/Big Creek areas as illustrated in Attachment A.2.2. and at delivery points within the Existing Zone currently known as SP15.

Transactions for selected QF Resources, if any, will be documented in an executed power purchase and sale agreement between SCE and Respondent (“Power Purchase Agreement”) in accordance with the All Source RFO Schedule in Section D.1. For clarity, an enabling agreement and Confirmation will not be utilized for any selected QF resource transactions.

## **B. VOLUME LIMITS**

### **B.1. Toll, QF, and RA Volume Limits**

As part of its Complete Offer Submittal Package, a Respondent offering Dispatchable UC Energy Only Toll, Non-Dispatchable QF, and RA Capacity products must submit the Toll, QF, and RA Volume Limits spreadsheet. A Respondent offering any or all such products need only submit one volume limits spreadsheet. Respondents should use this volume limits spreadsheet to identify mutually exclusive offers.

### **B.2. Daily Financial Call Option Volume Limits**

As part of its Complete Offer Submittal Package, a Respondent offering Daily Financial Call Option products must submit the Daily Financial Call Option Volume Limits spreadsheet. A Respondent offering any or all such products need only submit one volume limits spreadsheet.

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**C. MONTHLY PAYMENT PRICE SHAPE TABLE**

The following price shapes will be used to shape the flat capacity price of applicable products when such products are offered for an entire calendar year. The price shape will be normalized and allocated across the applicable months for any partial year included in the delivery period.

| Month | Heat Rate at PMax (MMBtu/MWh) |         |          |           |           | RA Capacity |
|-------|-------------------------------|---------|----------|-----------|-----------|-------------|
|       | 6 to 7                        | >7 to 9 | >9 to 11 | >11 to 14 | >14 to 18 |             |
| Jan   | 95%                           | 75%     | 50%      | 20%       | 10%       | 10%         |
| Feb   | 65%                           | 55%     | 30%      | 10%       | 5%        | 5%          |
| Mar   | 60%                           | 55%     | 30%      | 10%       | 5%        | 5%          |
| Apr   | 60%                           | 55%     | 30%      | 10%       | 5%        | 5%          |
| May   | 80%                           | 80%     | 60%      | 30%       | 15%       | 15%         |
| Jun   | 105%                          | 105%    | 75%      | 45%       | 40%       | 40%         |
| Jul   | 155%                          | 170%    | 240%     | 330%      | 365%      | 365%        |
| Aug   | 160%                          | 185%    | 270%     | 405%      | 490%      | 490%        |
| Sep   | 135%                          | 155%    | 200%     | 240%      | 205%      | 205%        |
| Oct   | 90%                           | 90%     | 70%      | 35%       | 25%       | 25%         |
| Nov   | 75%                           | 75%     | 55%      | 25%       | 15%       | 15%         |
| Dec   | 120%                          | 100%    | 90%      | 40%       | 20%       | 20%         |

*(The remainder of this page intentionally left blank)*

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### D. ALL SOURCE RFO SOLICITATION AND OFFER SUBMITTAL PROCESS

#### D.1. All Source RFO Schedule (All dates are for 2011)

| Timeline   | Event  |
|--|--|
| Thursday, July 7   | All Source RFO Documents issued.   |
| Thursday, July 14<br>(9:00 a.m. prevailing Pacific time ("PPT")) | Bidders' Conference Call.  |
| Thursday, July 21  | Deadline to submit Non-Binding Notice of Intent to Offer.  |
| Wednesday, July 27<br>(11:00 a.m. PPT)                           | Deadline to submit indicative (non-binding) Offers in a Complete Offer Submittal Package.  |
| Wednesday, August 10   | Shortlist notification. Negotiations begin.  |
| Thursday, September 15   | All applicable negotiations regarding the EEI Agreement or ISDA Agreement and guarantees successfully completed.   |
| Wednesday, September 21  | Deadline to submit any changes to commercial terms in the Excel Appendices (does not include pricing terms).   |
| Tuesday, September 27  | Completion of Confirmations or QF Resource negotiations.   |
| Monday, October 3<br>(2:00 p.m. PPT)                             | Final Offers for UC Energy Only Tolls, QF Resources, and RA Capacity: All short-listed Respondents who have met all prior deadlines may submit final binding refreshed Offers (pricing terms only).                  |
| Tuesday, October 4<br>(2:00 p.m. PPT)                            | Final Offers for Daily Financial Call Options: All short-listed Respondents who have met all prior deadlines may submit final binding refreshed Offers (pricing terms only).   |
| Wednesday, October 5<br>(1:30 p.m. PPT)                          | SCE accepts or rejects Offers for UC Energy Only Tolls, QF Resources, RA Capacity and Daily Financial Call Options and notifies Respondents. SCE generates Confirmations or Power Purchase Agreements for execution. |

#### D.2. Non-Binding Notice of Intent to Offer

Respondent should provide the "Non-Binding Notice of Intent to Offer" using the form set forth in Attachment D.2 by the date identified in the All Source RFO Schedule set forth above.

#### D.3. Complete Offer Submittal Package

D.3.1. **SCE must receive each complete Indicative Offer conforming to the provisions of these All Source RFO Instructions ("Complete Offer Submittal Package") prior to the deadline of 11:00 a.m. PPT on Wednesday, July 27, 2011.** SCE must receive the Complete Offer Submittal Package as follows: two (2) electronic copies stored on compact disk or DVD; and one (1) electronic copy concurrently sent to [RFO@sce.com](mailto:RFO@sce.com) and to the independent evaluator's e-mail for RFO offers at [sceallsourcerfo@levitan.com](mailto:sceallsourcerfo@levitan.com). Offers shall be delivered as specified in Section D.5. SCE will not be responsible for Offers received after the submittal deadline due to unsuccessful delivery of the Complete Offer Submittal Package.

SCE will only consider Offers that, as of the date to submit indicative offers, constitute a Complete Offer Submittal Package. A Complete Offer Submittal Package for each product includes the documents listed below.

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| Document                                   | UC Energy Only Toll | QF Resource | RA Capacity | Daily Financial Call Option |
|--|---------------------|-------------|-------------|-----------------------------|
| Confirmation <sup>6</sup>                  | X                   | X           | X           | X                           |
| Excel Appendix                             | X                   | X           | X           | X                           |
| Volume Limits Spreadsheet                  | X                   | X           | X           | X                           |
| Confidentiality Agreement <sup>7</sup>     | X                   | X           | X           | X                           |
| All Source RFO Offer Sheet                 | X                   | X           | X           | X                           |
| Applicable Enabling Agreement              | X                   |             | X           | X                           |
| Guaranty, if applicable                    | X                   | X           | X           | X                           |
| Respondent (or Guarantor) Financials       | X                   | X           | X           | X                           |
| Existing Gas Transportation Contract       | X                   |             |             |                             |
| Resource Data Template <sup>8</sup>        | X                   | X           |             |                             |
| Single-Line Diagrams <sup>9</sup>          | X                   | X           |             |                             |
| Currently Applicable FERC QF Certification |                     | X           |             |                             |

D.3.2. Respondent shall submit its Offer using the All Source RFO documents posted at <http://www.sce.com/EnergyProcurement/ESM/AllSourceRFO> pursuant to this All Source RFO (“All Source RFO Documents”). With regard to the Microsoft Word files submitted to SCE as part of the Complete Offer Submittal Package, Respondent shall track all changes to the original files; SCE may reject any Offers submitted to it consisting of new, unmarked files rather than redlines of the posted original Microsoft Word files.

### D.4. New Build Offers

Respondents offering Dispatchable UC Energy Only Toll or Non-Dispatchable QF Resource products that are new construction or repowers, or otherwise require transmission interconnection studies, must submit to SCE additional information including, but not limited to, the interconnection studies and all other requirements as outlined in CAISO’s current Large Generator Interconnection Procedures. Please contact SCE for complete requirements.

### D.5. Contact Information

D.5.1. SCE

<sup>6</sup> Respondents submitting multiple Offers for UC Energy Only Toll, QF Resource, and RA Capacity products pursuant to this All Source RFO must submit a separate confirmation and Excel appendix for each contemplated Offer. Respondents submitting multiple Offers for Daily Financial Call Option products may submit a single confirmation and Excel Appendix for each product offered.

<sup>7</sup> Subject to the terms and conditions set forth in Section H of these All Source RFO Instructions.

<sup>8</sup> Respondent to provide the applicable resource data template for the CAISO Master File.

<sup>9</sup> Respondent to provide diagrams of interconnection with the transmission grid in the CAISO Control Area and gas interconnection.



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1. Questions relating to this All Source RFO should be addressed to SCE via e-mail at [RFO@sce.com](mailto:RFO@sce.com) or by telephone call to Jesse Bryson at (626) 302-3297 or Gene Lee at (626) 302-3081.
2. Electronic copies of documents stored on compact disk or DVD must be sent by overnight courier, U.S. mail, or hand delivered to:

Jesse Bryson, All Source RFO  
Southern California Edison Company  
G.O. 1, Quad 1-C  
2244 Walnut Grove Avenue  
Rosemead, California 91770

3. Electronic copies of documents in PDF format, MS Word or MS Excel must be sent to:

[RFO@sce.com](mailto:RFO@sce.com)

4. The website address for this All Source RFO is:

<http://www.sce.com/EnergyProcurement/>

### D.5.2. Independent Evaluator

1. Questions regarding the integrity of the evaluation process or the role of the Independent Evaluator may be referred to the independent evaluator at the following e-mail address:

John Bitler  
Levitan & Associates, Inc.  
[sceallsourcerfo@levitan.com](mailto:sceallsourcerfo@levitan.com)

2. Electronic copies of all applicable All Source RFO Documents must be sent to:

[sceallsourcerfo@levitan.com](mailto:sceallsourcerfo@levitan.com)

## E. VALUATION & SELECTION PROCESS

The valuation of each Offer takes into account cash flow components for both cost and revenue. These components are then netted and discounted to yield a Net Present Value (NPV) for each Offer (SCE uses a 10% discount rate for all its NPV calculations). The NPV is compared to other Offers or potential combinations of Offers to find the "Least Cost."

For valuation, SCE employs an NPV analysis to evaluate each Offer. This NPV analysis estimates:

1. The value of contract benefits;
2. Contract costs; and
3. The net value of 1 and 2.

SCE uses market indicators, such as power and gas prices and volatilities, when available, to ensure that valuations are consistent with established markets. However, complete market assessments are not always feasible because of insufficient publication of market indicators. Accordingly, SCE's valuation processes use derived inputs in NPV calculations when market information is not available. These derived inputs come from pricing models and processes which may be fundamental, statistical, or a combination of both. Pricing models and processes may use proxy markets, historical information, proxy physical characteristics, or other information. SCE also considers market information from publicly available sources, such as NYMEX, Platt's and broker quotes. For example,

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value components may include, but are not limited to: (1) energy revenues; (2) ancillary services revenues; (3) capacity value.

SCE next assesses the present value of the costs of each Offer. Costs may include, but are not limited to: (1) fixed monthly capacity/premium payments submitted by the seller; (2) variable operating and maintenance costs; (3) fuel costs; (4) transmission upgrade costs if applicable; and (5) cost adders. Costs incurred related to a contract, but not included in the Offer, are assessed using cost adders. Examples of cost adders include, but are not limited to: (1) debt equivalence; (2) collateral cost; and (3) credit risk cost. SCE will present the final set of cost adders to be considered for this RFO to its PRG prior to receipt of final Offers.

Lastly, SCE subtracts the present value of expected costs from the present value of expected benefits to determine the expected NPV of each offer. The NPV calculation follows the same protocol for all Offers.

“Best Fit” is achieved by ensuring that selected offers fill or manage a procurement need or risk. In order to determine the best offers to choose for this All Source RFO, SCE will set up, in advance of final Offers, an optimization process that will maximize the NPV of the selected Offers, while simultaneously taking into account “best fit” constraints such as capacity and energy needs, as well as, qualitative characteristics such as location, product type, procurement limits, and other “fit” criteria. During the selection optimization, SCE’s optimization tool evaluates combinations of Offers submitted in this All Source RFO (i.e., Offer 1 with Offer 2, Offer 1 with 2 and 3, and so on for thousands of Offers concurrently) to find the mathematically optimal outcome for Least Cost-Best Fit.

In addition, SCE may also consider a number of other factors in the evaluation of Offers it receives which may include, but are not limited to, the following: market assessment, environmental characteristics, capacity requirements, portfolio fit, credit, portfolio concentration risk, and various qualitative factors.

“Environmental characteristics” refer to air emissions including carbon dioxide, nitrogen oxide, sulfur dioxide, particulates, and other potential environmental impacts. Run time restrictions due to environmental permit restrictions will be considered when calculating energy value. An explicit greenhouse gas (“GHG”) emissions adder may be considered in the comparison of resource bids for those products for which SCE is taking on GHG risk. SCE uses a market simulation model to determine the impact on GHG emissions of adding a generation facility. CPUC Decision 07-12-056 found that the procurement of zero- or low-GHG resources should be given preference over other resources, since those are the types of resources that Assembly Bill 32 regulations will favor, and that consideration should be given to those resources that will support SCE’s transition to a GHG-constrained portfolio.

“Capacity requirement” refers to SCE’s need for capacity to meet system and local resource adequacy obligations. SCE may select Offers based upon their ability to meet SCE’s capacity needs.

“Portfolio fit” refers to the impact of the Offer on the demand and supply balance within SCE’s resource portfolio based on SCE’s view of the need and/or CPUC direction. Factors influencing the portfolio fit include, but are not restricted to, the range of Offers that are available for selection, impact on portfolio risk, variable costs of production, volume in MW offered, unit flexibility (e.g., ramp rates, start times, ancillary service capabilities), forecasted capacity factors, and the delivery period of the transaction.

“Credit” means Respondent’s capability to perform all of its financial and other obligations under the transaction, including but not limited to, Respondent’s ability to provide collateral as described in the Agreement. SCE will devalue Offers that are unable to meet SCE’s credit and collateral requirements and Offers requiring SCE to post collateral.

“Portfolio Concentration Risk” refers to both Physical Concentration Risk and Financial Concentration Risk. “Physical Concentration Risk” is the risk that electric system reliability and continuity of service to SCE customers will be negatively impacted due to over reliance by SCE on purchases from a particular technology. CPUC Decision 02-10-062 requires SCE to devise a strategy for procuring generation from a variety of fuel sources. “Financial Concentration Risk” results when SCE has a significant monetary exposure to a single Respondent. CPUC Decision 02-10-062 also requires SCE to mitigate financial

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concentration by contracting with a variety of Respondents. SCE may consider Physical Concentration Risk and/or Financial Concentration Risk or other similar parameters in the evaluation of any Offer.

### **F. CREDIT REQUIREMENTS**

SCE requires that Respondents post collateral (either cash or a letter of credit) for SCE's exposure above an unsecured line, if any. Only investment grade-rated Respondents are eligible for an unsecured line. Alternatively, a Respondent may be eligible for an unsecured line by providing a guaranty from an investment grade-rated corporate parent. Respondents that are not rated or are rated below investment grade shall post collateral for all of SCE's exposure in addition to an independent amount.

SCE is a California load-serving utility with investment grade Credit Ratings and substantial tangible net worth. SCE, therefore, believes it should not be required to provide collateral and encourages potential Respondents to submit Offers that conform to this strong preference. Respondents should note that, in SCE's evaluation of any Offers submitted, SCE will devalue Offers requiring SCE to post collateral, in order to reflect the potential negative impact on SCE's liquidity and to recognize the relative value of bids from Respondents who do not require collateral from SCE. SCE reserves the right to disqualify those Respondents that are unwilling or unable to meet these credit requirements and may, in its sole discretion, consider alternative or supplementary strategies to mitigate SCE's credit exposure to the Respondent.

### **G. INDEPENDENT EVALUATOR**

In accordance with applicable CPUC decisions, SCE will utilize an independent evaluator.

### **H. CONFIDENTIALITY**

With respect to SCE, information provided by Respondent to SCE for purposes of this All Source RFO will be subject to (i) a fully executed Master Confidentiality Agreement substantially in the form of Attachment H, and (ii) all applicable CPUC disclosure requirements including, CPUC D.06-06-066. Respondent shall (i) have previously executed a Master Confidentiality Agreement with SCE and such agreement is still in full force and effect as of Respondent's submission of the Notice of Intent to Offer, or (ii) submit a fully executed Master Confidentiality Agreement to SCE at Respondent's earliest convenience, but in no case no later than then Respondent's submission of an indicative Offer. Confidentiality Agreements should be fully executed prior to shortlist notification and prior to commencement of negotiations of Confirmations, Power Purchase Agreements, enabling agreements and guaranties (as applicable).

### **I. GENERAL INFORMATION AND RESERVATION OF RIGHTS**

- I.1.** Any transaction resulting from this All Source RFO would be documented in (a) an executed Confirmation under an EEI Master Power Purchase & Sale Agreement and acceptable accompanying Cover Sheet, including the EEI Collateral Annex and acceptable accompanying Paragraph 10 to the Collateral Annex, (b) an executed Confirmation under an ISDA Master Agreement and acceptable accompanying Schedule, including the ISDA Credit Support Annex and acceptable accompanying Paragraph 13 to the Credit Support Annex, (c) an executed Confirmation under an ISDA Power Annex or (d) an executed Power Purchase Agreement, all between SCE and Respondent, as applicable for the respective products.
- I.2.** SCE may, in its sole discretion, enter into transactions with one or more Respondents submitting Offers that will provide the best value to its customers.
- I.3.** SCE reserves the right, in its sole discretion, to limit the number of mutually exclusive Offers that can be submitted by any Respondent.
- I.4.** Respondents are required to meet all the terms and conditions of the All Source RFO to be eligible to compete in the solicitation process. Respondents are required to submit all requested information and follow all instructions contained in this All Source RFO Instructions,

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including, but not limited to organizing their Offers according to the “Complete Offer Submittal Package” structure specified in Section D.3.

- I.5. By submitting an Offer, Respondent agrees to all terms, conditions, representations, warranties, and covenants in these All Source RFO Instructions. Other than the representations, warranties and covenants made by Respondent and the executed Master Confidentiality Agreement between SCE and Respondent, submittal of any document pertaining to this All Source RFO, including, without limitation, one or more Offers, is not intended to, and does not, constitute a binding agreement of, or establish any obligation of, SCE or Respondent.
- I.6. Respondent must state all mutual exclusivity and volumetric limitations in the applicable volume limits spreadsheet and, in a cover letter to its Offer Submittal Packages, any clarifications or restrictions regarding the relationships between Offers submitted, clearly designating the specific Offers to which those limitations apply. Except for setting mutual exclusivity, volumetric limitations, or any other clarifications regarding the relationships between Offers submitted by a Respondent, Offers containing any prohibited contingencies will be considered nonconforming and ineligible for consideration.
- I.7. SCE reserves the right, at any time and in its sole discretion, to abandon this All Source RFO, to change any dates specified in this All Source RFO, to change the basis for the evaluation of Offers, to terminate further participation in this process by any party, to accept any Offer, to enter into any agreement, to evaluate the qualifications of any Respondent or the terms and conditions of any Offer, to reject any or all Offers, to prohibit or limit mutually exclusive Offers, to change any form or document used in this All Source RFO at any time during the All Source RFO process, waive any irregularities, or otherwise modify the All Source RFO in anyway, without notice and without assigning any reasons and without liability of Edison International, SCE, or any of their respective subsidiaries, affiliates, employees, officers, directors, other agents, and representatives.
- I.8. SCE shall have no obligation to consider any Offer submitted by a Respondent. SCE will not reimburse any Respondent for any of its expenses related to this All Source RFO under any circumstances, regardless of whether the All Source RFO proceeds to a successful conclusion or is abandoned, and regardless of whether or not SCE enters into a transaction with the Respondent. SCE shall not be deemed to have accepted any Offer, and shall not be bound by any term thereof, unless and until an authorized representative of SCE executes a Confirmation (or Power Purchase Agreement) and, if necessary, an EEI Agreement or ISDA Agreement with the Respondent.

The establishment, update, or modification of any regulatory requirement which potentially impacts SCE’s decision regarding selection of Offers<sup>10</sup> may result in SCE revising any portion of any document related to this All Source RFO, including, without limitation, the elimination of one or more products sought hereunder and/or revising the schedule set forth herein.

- I.9. SCE encourages Women-Owned, Minority-Owned, and Disabled Veteran-Owned Business Enterprises (“WMDVBE”) to participate in this All Source RFO. To be considered as a WMDVBE, Offeror must meet certain requirements. Information on SCE’s diversity supplier program can be found at <http://www.sce.com/CommunityandRecreation/Diversity/supplier-diversity/default.htm>.

## J. RESPONDENT’S WAIVER OF CLAIMS AND LIMITATION OF REMEDIES

By submitting an Offer:

1. Respondent knowingly, voluntarily, and completely waives any rights under statute, regulation, state or federal constitution, or common law to assert any claim, complaint, or other challenge in any regulatory, judicial, or other forum, including, without limitation, the CPUC (except as expressly provided below), the FERC, the Superior Court of the State of California (“State Court”) or any U.S. District Court (“Federal Court”) concerning or related in any way to this All

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<sup>10</sup> Such determination will be made at SCE’s sole discretion.

## All Source RFO Instructions

Source RFO or any documents related to this All Source RFO, including, without limitation, all exhibits, attachments, and appendices thereto (“Waived Claims”).

2. Respondent acknowledges and consents that if it asserts any Waived Claim at the CPUC, FERC, State Court, or Federal Court, or otherwise in any forum, to the extent that Respondent’s Offer has not already been disqualified, SCE is entitled to automatically disqualify such Offer from further consideration in the All Source RFO or otherwise, and further, SCE may elect to terminate the All Source RFO.
3. Respondent agrees that the sole forum in which Respondent may assert any challenge with respect to the conduct or results of the All Source RFO is at the CPUC and that: (1) the sole means of challenging the conduct or results of the All Source RFO is a complaint filed under Article 4, Complaints and Investigations, of Division 2, Chapter 2 of Title 20, Public Utilities and Energy, of the California Code of Regulations, (2) that the sole basis for any such protest shall be that SCE allegedly failed in a material respect to conduct the solicitation in accordance with the All Source RFO; and (3) that the exclusive remedy available to Respondent in the case of such a protest shall be an order of the CPUC that SCE again conduct any portion of the solicitation that the CPUC determines was not previously conducted in accordance with the All Source RFO or any documents related to this All Source RFO (including exhibits, attachments, and appendices).
4. Respondent expressly waives any and all other remedies, including, without limitation, compensatory and/or exemplary damages, restitution, injunctive relief, interest, costs and/or attorneys’ fees. Unless SCE elects to do otherwise in its sole discretion, during the pendency of such a protest, the All Source RFO and any related regulatory proceedings related to the All Source RFO will continue as if the protest had not been filed, unless the CPUC issues an order suspending the All Source RFO or SCE has elected to terminate or suspend the All Source RFO or any portion thereof.
5. Respondent acknowledges and agrees that if Respondent asserts any Waived Claim, SCE shall be entitled to seek immediate dismissal of Respondent’s claim, complaint, or other challenge, with prejudice, by filing a motion to dismiss (or similar procedural device) supported by the language in this section and that Respondent will not challenge or oppose such a request for dismissal.
6. Respondent acknowledges and agrees that if it asserts any Waived Claim, and if SCE successfully has that claim dismissed or transferred to the CPUC, Respondent shall pay SCE’s full costs and expenses incurred in seeking such dismissal or transfer, including reasonable attorneys’ fees and expenses.
7. Respondent agrees to indemnify and hold SCE harmless from any and all claims by any other party asserted in response to the assertion of any Waived Claim by Respondent for reasonable costs and expenses, including reasonable attorneys’ fees, incurred by SCE or as a result of a Respondent’s protest to a filing at the CPUC resulting from the All Source RFO.

Except as expressly provided in the documents related to this All Source RFO, nothing herein, including Respondent’s waiver of any Waived Claims as set forth above, shall in any way limit or otherwise affect the rights and remedies of SCE.

### **K. RESPONDENT’S REPRESENTATIONS, WARRANTIES AND COVENANTS; BINDING OFFER; ACKNOWLEDGEMENTS**

**K.1.** By submitting an Offer, Respondent (i) agrees to be bound by the conditions of the All Source RFO, including the conditions in this Section K; and (ii) makes the following representations, warranties, and covenants to SCE, which representations, warranties, and covenants shall be deemed to be incorporated in their entireties into each of Respondent’s Offers:

1. Respondent has read, understands and agrees to be bound by all terms, conditions and other provisions of the All Source RFO Documents.

## All Source RFO Instructions

2. Respondent has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the All Source RFO, the All Source RFO Documents, including these All Source RFO Instructions, including any exhibits, attachments, and appendices.
3. Respondent has obtained all necessary authorizations, approvals and waivers, if any, required by Respondent to submit its indicative Offer and, if Respondent submits a final Offer pursuant to the terms of the All Source RFO Instructions, to enter into a Transaction with SCE under the applicable executed enabling agreement (if required) for the respective products, in substantially the form of the applicable negotiated Confirmations or Power Purchase Agreements.
4. Respondent's Offer complies with all applicable laws and regulations.
5. Respondent has not engaged, and covenants that it will not engage, in any communications with any other actual or potential participant in the All Source RFO concerning this solicitation, price terms in Respondent's Offer, or related matters and has not engaged in collusion or other unlawful or unfair business practices in connection with this All Source RFO.
6. If Respondent is deemed eligible by SCE to submit a final Offer, any final Offer submitted by Respondent is a binding Offer subject only to SCE's acceptance, in SCE's sole discretion.
7. The information submitted by Respondent to SCE in connection with this All Source RFO and all information submitted as part of the Complete Offer Submittal Package as described herein, is true and accurate as of the date of Respondent's Offer submittal. Respondent also covenants that it will promptly update such information upon any material change thereto.

**K.2.** By submitting an Offer, Respondent acknowledges and agrees that:

1. SCE may rely upon all Respondent's representations, warranties, and covenants in this All Source RFO (including the Complete Offer Submittal Package and in any final Offer submitted by Respondent);
2. SCE may disclose information as set forth in the Master Confidentiality Agreement; and
3. In SCE's evaluation of Offers pursuant to this All Source RFO, SCE has the right to disqualify a Respondent that is unwilling or unable to meet SCE's credit requirements, or any other requirements of this All Source RFO, as determined by SCE in its sole discretion.

**K.3.** BY SUBMITTING AN OFFER, RESPONDENT HEREBY ACKNOWLEDGES AND AGREES THAT ANY BREACH BY RESPONDENT OF ANY OF THE REPRESENTATIONS, WARRANTIES AND COVENANTS IN THESE ALL SOURCE RFO INSTRUCTIONS AND ALL OTHER ALL SOURCE RFO DOCUMENTS SHALL CONSTITUTE GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH RESPONDENT, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO SCE UNDER APPLICABLE LAW, AND DEPENDING ON THE NATURE OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE ALL SOURCE RFO IN ITS ENTIRETY.

## **EXHIBITS**

### **ATTACHMENTS**

Attachment A.2.2: Preferred Area Definition  
Attachment D.2: Non-Binding Notice of Intent to Offer  
Attachment D.3.1: All Source RFO Offer Sheet  
Attachment H: Confidentiality Agreement

### **CONTRACT DOCUMENTS**

UC Energy Only Toll in SoCalGas Confirmation  
UC Energy Only Toll outside SoCalGas Confirmation  
Non-Dispatchable QF Power Purchase Agreement  
RA Capacity Confirmation  
Daily Financial Call Option Confirmation

### **EXCEL APPENDICES**

UC Energy Only Toll and RA Capacity Excel Appendix  
RA Capacity SCE Sells Excel Appendix  
Non-Dispatchable QF Excel Appendix  
Daily Financial Call Option Excel Appendix

### **VOLUME LIMITS SPREADSHEETS**

Toll, QF, and RA Volume Limits  
Daily Financial Call Option Volume Limits

### **ENABLING AGREEMENTS**

EEl Cover Sheet  
EEl Paragraph 10 to the Collateral Annex  
ISDA Schedule  
ISDA Paragraph 13 to the Credit Support Annex  
ISDA Power Annex