

Southern California Edison's ("SCE") 2018 Resource Adequacy ("RA") RFO *Bidder's Conference Call*



August 2, 2018

Welcome

- Thank you for your interest in SCE's 2018 Resource Adequacy ("RA") RFO and for your participation in this Bidder's Conference Call (Webinar)
- This Webinar deck will be posted on SCE's RFO website at: **www.sce.com/RARFO**
- This Webinar will be recorded and posted on SCE's RFO website at: **www.sce.com/RARFO**
- To the extent that there are any inconsistencies between the information provided in this presentation and the requirements in the RFO materials, the RFO materials shall govern.

Attendees

- SCE Team
 - Justin Dillon & Kevin Seeto, Contract Origination
 - Steven van Deventer, Planning
 - Daniel Wu, Contract Management
 - Jim Helt, Credit Risk
 - Shae Harvey, Legal
 - Saul Vazakas & Leo Dalusong, Power Trading
 - Diana Kim, Contract Compliance
- Independent Evaluator (the “IE”)
 - Wayne Oliver & Keith Oliver of Merrimack Energy

Submitting Webinar Questions

- Please submit questions via:
 - 1) Verizon Operator, or
 - 2) Email RFO@sce.com and copy waynejoliver26@gmail.com, and kjoliver33@gmail.com - the IE for this solicitation
- SCE will address questions throughout the webinar. Questions that are not answered during the webinar may be answered on the RFO website or via the aforementioned email addresses.

Agenda

- RFO Overview
- Independent Evaluator (IE)
- Process and Schedule
- 2018 RA RFO Product Tables
- Indicative Offer Submission Process
- Evaluation Approach
- Shortlisting/Finalize Agreements/Commercial Lockdown
- Final Offer Submission & Final Selection
- Offer Form Demonstration
- Final Questions/Conclude Meeting

Request For Offers (RFO) Overview

- RFO Purpose: Procure eligible RA capacity to help meet, reduce, and/or optimize SCE's RA position for 2019-2020
 - Two-Step RFO consisting of submission of an Indicative Offer & Final Offer
- SCE is soliciting **bids & offers** for RA Eligible **Capacity & Energy**:
 - RA Capacity
 - Purchases & Sales for 2019 and 2020
 - Can include both System & Local
 - Can include Flex & Non-Flex attribute
 - Import RA
 - Purchases for 2019 and 2020
 - Import Capability Transfers ("Import Allocation Rights")
 - Purchases & Sales for 2019
 - Firm Energy Imports
 - Purchases for 2019
 - On-Peak hours only (HE 7-22, Mon-Sat except for NERC holidays)
- All technology types (supply and demand) are eligible that have a Net Qualifying Capacity (NQC) assigned by CAISO and countable toward SCE's RA requirement

Independent Evaluator

- Merrimack Energy will be the Independent Evaluator (IE) for this solicitation
 - Wayne Oliver– key contact (waynejoliver26@gmail.com);
 - Keith Oliver – secondary contact (kjoliver33@gmail.com)
- Role of the IE is to ensure fair and equal treatment of all bidders by:
 - Monitoring SCE’s solicitation and negotiation processes
 - Monitoring SCE’s valuation methodologies and selection processes
- The IE is privy to all Offers, invited to participate in all negotiations, and must be copied on all correspondence between SCE and bidders

Respondents must include Independent Evaluator on all correspondence with SCE

RFO Process and Schedule*

Date	Event
July 30, 2018	Launch of SCE's 2018 RA RFO
August 2, 2018 (10:00 a.m. PPT)	Bidder's Conference Call
August 9, 2018 (12:00 p.m. PPT)	Indicative Offer Deadline
August 23, 2018	Notify Respondents of Shortlist Results
August 30, 2018	Deadline for shortlisted Respondents to provide acceptance of SCE's pro forma documents (or identify minor modifications)
September 10, 2018	Deadline to Finalize Agreements
September 12, 2018 (12:00 p.m. PPT)	Commercial Lockdown (<u>except</u> for Final Price)
September 17, 2018 (12:00 p.m. PPT)	Final Offer Deadline
October 4, 2018	SCE to Notify Respondents of Final Results
October 9, 2018	Deadline to Execute Final Confirmations

* This schedule is subject to change. SCE will notify Participants of any change via the RFO website or email.

2018 RA RFO Product Tables

2019-2020 RA Capacity Product Table

Eligible Products (SCE Buys & SCE Sells): All technology supply types with a Net Qualifying Capacity (NQC) assigned by CAISO and countable toward SCE’s RA requirement

PRODUCT	DELIVERY POINT	MINIMUM VOLUME	PRICING	CONTRACT DELIVERY PERIOD			RA AREA ATTRIBUTES
				EARLIEST START DATE	LATEST END DATE	DELIVERY PERIOD	
Eligible RA Capacity (SCE Buys)	CAISO	1 MW	Flat price (\$/kw-month)	01/01/2019	12/31/2019	August Only Q3 Year Round	Local (Big Creek-Ventura and LA Basin) North System South System
				01/01/2020	12/31/2020	Q3 Year Round	
Eligible RA Capacity (SCE Sells)	CAISO	1 MW	Flat price (\$/kw-month)	01/01/2019	12/31/2020	Q1 Q2 Q3 Q4 Year Round	Local (Big Creek-Ventura, LA Basin, San Diego/IV)
Eligible RA Capacity (SCE Buy-Sell)	Mutually inclusive SCE Buys and SCE Sells offers with same terms and conditions as above						

* SCE is not specifically seeking flexible capacity attributes for this RFO although SCE encourages offerors to include flexible capacity attributes, if available and appropriate and as defined in the SCE Buys RA Confirmation.

2019-2020 Import RA Product Table

Eligible Products (SCE Buys): An import generating resource which is approved for inclusion in an LSE's Compliance Showing(s). This will be a capacity-only product where the Respondent will be obligated to meet the CAISO's must offer requirement at the applicable intertie.

PRODUCT	DELIVERY POINT	MINIMUM VOLUME	PRICING	CONTRACT DELIVERY PERIOD		
				EARLIEST START DATE	LATEST END DATE	DELIVERY PERIOD
Eligible Import RA (SCE Buys)	MALIN500 (COB) NOB_ITC (NOB) PALOVRDE_ITC (PV) MEAD_ITC (MEAD)	1 MW	Flat price (\$/kw-month)	01/01/2019	12/31/2019	August Only Q3 Year Round
				01/01/2020	12/31/2020	Q3 Year Round

2019 Import Capability Transfers Product Table

Eligible Products (SCE Buys & SCE Sells): The right to deliver RA from specific CAISO interties into the CAISO Balancing Authority Area. These rights are CAISO intertie specific and do not include any capacity, energy, or ancillary services associated with any unit.

PRODUCT	DELIVERY POINT	MINIMUM VOLUME	PRICING	CONTRACT DELIVERY PERIOD		
				EARLIEST START DATE	LATEST END DATE	DELIVERY PERIOD
Eligible Import Capability Transfers (SCE Buys)	MALIN500 (COB) NOB_ITC (NOB) PALOVRDE_ITC (PV) MEAD_ITC (MEAD)	1 MW	Flat price (\$/kw-month)	01/01/2019	12/31/2019	Q1 Q2 Q3 Q4
Eligible Import Capability Transfers (SCE Sells)	MALIN500 (COB) NOB_ITC (NOB) PALOVRDE_ITC (PV) MEAD_ITC (MEAD)	1 MW	Flat price (\$/kw-month)	01/01/2019	12/31/2019	Q1 Q2 Q3 Q4
Eligible Import Capability Transfers (SCE Buys-Sells)	Mutually inclusive SCE Buys and SCE Sells offers with same terms and conditions as above					

2019 Firm Energy Imports Product* Table

Eligible Products (SCE Buys): Firm import energy from specified CAISO interties into the CAISO Balancing Authority Area. Respondent must have the appropriate means to deliver firm energy quantities to the specified intertie, in order for SCE to schedule the energy into the CAISO.

PRODUCT	DELIVERY POINT	MINIMUM VOLUME	PRICING	CONTRACT DELIVERY PERIOD		
				EARLIEST START DATE	LATEST END DATE	DELIVERY PERIOD
Eligible Firm Energy Imports (SCE Buys)	MALIN500 (COB) NOB_ITC (NOB) PALOVRDE_ITC (PV) MEAD_ITC (MEAD)	25 MW	Index based on CAISO DA LMP at CAISO Intertie (\$/MWh)	01/01/2019	12/31/2019	August Only Q3 Year Round

*On-Peak hours only (i.e. HE 7-22, Mon-Sat except for NERC holidays).

Additional Product Offer Information

- Soliciting for System, Local, and Flex RA attributes
- Mutually exclusive Offers across different generating units are not allowed
 - e.g. Offer A for generating unit 1 may be accepted but only if Offer B for generating unit 2 is not accepted
- Mutually inclusive Offers across calendar years are allowed
 - e.g. Respondent considering a mutually inclusive Offer for Q3 2019 and Q3 2020 for generating Unit 1 must first submit discrete Offers for Q3 2019 and Q3 2020 separately and then submit a corresponding mutually inclusive Offer
 - SCE will have the option to either select the mutually inclusive Offer or the discrete Offers separately
- Mutually inclusive Offers across generating units of the same RA Area Attribute are allowed
 - e.g. Offer A for generating Unit 1 (Big Creek-Ventura) and Offer B for generating Unit 2 (Big Creek-Ventura)
 - Must also submit discrete Offers for those generating units
 - SCE will have the option to either select the mutually inclusive Offer or the discrete Offers separately

Indicative Offer Submission through Contract Execution

Indicative Offer Submission Process

- Indicative Offer submittal package should include the following attachments:
 - A fully completed Offer Form (Exhibit H and/or Exhibit I) with binding Indicative Offer pricing;
 - An executed Confidentiality Agreement/NDA (Exhibit G), unless Respondent already has in place an evergreen NDA with SCE;
 - If not enabled with SCE via an EEI, ISDA or WSPP contract, a minimally modified Enabling Agreement (Exhibit A); and
 - Two most recent audited annual financial statements (for counterparties not enabled with SCE)
- Email completed Indicative Offer submittal package to RFO@sce.com and the IE at waynejoliver26@gmail.com, and kjoliver33@gmail.com
- SCE will only evaluate submitted Offers that are complete and submitted according to the RFO Instructions
- Each attachment to the emailed Indicative Offer should be labeled with a unique identifier containing the company name, document name and date (e.g. RespondentName-OfferForm-GeneratingUnitName-08.09.2018.xlsx).
- All Indicative Offers must be received by SCE (and the IE) **no later than August 9, 2018 at 12:00 p.m. PPT**

*Required attachments for Offer(s) to be considered completed by SCE

Evaluation Approach

- Only offers that meet the eligibility requirements outlined in the RFO instructions will be considered
- Rank SCE Buys Offers according to cost* (\$/kW-mo) for each delivery period; Rank SCE Sells Offers according to revenue (\$/kW-mo) for each delivery period
- Evaluation of each offer will consist of a quantitative and qualitative assessment
 - Quantitative assessment components include:
 - Capacity payments
 - SCE's debt equivalence**
 - SCE's ascribed RA & Energy benefits
 - Qualitative assessment components include:
 - Location within a Disadvantaged Community ("DAC")
 - Acceptance of SCE's pro forma documents
 - Once-Through-Cooling (OTC) compliance considerations
- SCE will be shortlisting by counterparty and not by individual offer

** Cost (\$/kW-month) is the only metric used to rank indicative offers for shortlisting purposes. For final selection, both NPV (\$/kW-month) and cost are used through the selection process.*

*** SCE uses a 10% WACC to calculate its debt equivalence*

Shortlisting/Finalize Agreements/Commercial Lockdown

Indicative Offer Shortlisting & Submission of Agreements

- SCE will notify each Respondent regarding whether such Respondent has been selected for the shortlist based on the Respondents Indicative Offer submission **by August 23, 2018**
- Shortlisted respondents will be required to communicate: i) acceptance of SCE's pro forma documents, or ii) minor modifications to SCE's pro forma documents, **no later than close of business on August 30, 2018**
 - SCE's pro forma documents are well-established and used industry wide, SCE will assess the minor modifications requested by Respondents within this RFO

Finalize Applicable Agreements

- SCE and the Shortlisted Respondents will have completed and finalized all applicable agreements **by September 10, 2018**

Commercial Lockdown

- Shortlisted Respondents will have finalized all inputs to the Offer Form other than final price **by September 12, 2018 at 12:00 p.m. PPT**

Final Offer Submission & Final Selection

- Respondents deemed eligible to submit a Final Offer must submit to SCE, and with a copy to the IE, a final price for each commercially locked down Offer
 - SCE will conduct the final valuation of Offers based on this final price
 - All Final Offers must be received **no later than 12:00 p.m. PPT on September 17, 2018**
- Final Selection of Final Offer(s) will be communicated to Final Offer Respondents based on the submitted Final Offer
 - Final Selection will be communicated to Final Offer Respondents **on October 4, 2018**
 - SCE will confirm transactions with selected Respondents over a recorded line, with applicable confirmation to follow

Live Offer Form Demo

SCE Buys & SCE Sells

Next Steps

- Indicative Offers **due by August 9, 2018**
 - Indicative Offers must be in a Complete Offer Submittal Package as defined in the RFO Instructions currently posted on the website
- SCE will notify individual bidders of Shortlisting status **on August 23, 2018**

2018 RA RFO

Bidder's Conference Call Q&A Session

Please submit questions

- Now, via the Verizon operator, or
- Email to RFO@sce.com and the IE at waynejoliver26@gmail.com, and kjoliver33@gmail.com