Southern California Edison Company

2006 Long-Term Procurement Plan Overview

December 21, 2006

SCE Introductions

Resource Planning	
Mike Whatley	Manager of Strategic Projects
Steve Powell	Manager of Resource Analysis
Power Procurement	
Eric Little	Senior Project Manager
Regulatory Policy & Affairs	
Colin Cushnie	Director of Regulatory Affairs
Business, Regulatory & Consumer Affairs	
Andrea Horwatt	Senior Project Manager
Counsel	
Beth Fox	Senior Attorney
Deana White	Attorney
Berj Parseghian	Attorney

Summary Overview

- SCE intends this Procurement Plan to govern its procurement from 2007-2016
- SCE has incorporated all of the procurement-related authority granted to it under AB 57 and prior CPUC decisions in developing this filing
- In this proceeding, SCE is asking the CPUC for the following:
  - Approval of the "Best Estimate" resource plan;
  - Approval of SCE's proposed procurement volume and rate limits;
  - Approval of specified modifications to SCE's AB 57 Procurement Plan;
  - Approval of additional requirements necessary to implement AB 1576 when repowers are being pursued as part of SCE's procurement plan;
  - Approval of an increased collateral capacity limit; and
  - Approval of a process for IOUs to apply for and recover costs for new generation.

What is SCE's Plan?

- Strategic Objectives

1. Obtain Commission approval of a Procurement Plan that provides clear, up-front and achievable procurement standards and maintains SCE's flexibility in managing planning and procurement activities on behalf of its bundled service customers;
2. Create an appropriate balance between low costs (subject to customer risk tolerance) and pursuit of state policy preferences;
3. Ensure that the same rules and policies apply to all load-serving entities in their procurement activities;
4. Maintain a regulatory structure that allows SCE to fully recover costs from those customers on whose behalf the costs were incurred;
5. Communicate an integrated policy vision internally and externally; and
6. Provide a supporting foundation for existing and near-term initiatives while recognizing that significant policy determinations relating to retail competition, GHG controls, and a durable framework to support new generation remain in flux.

What is SCE's Plan?

- Tactical Objectives

1. Expand EE to achieve ~9 bkWh of cumulative energy reduction by 2016;
2. Expand SCE's DR capability to ~2,000 MW of peak demand reduction by 2016;
3. Deploy AMI in 2009 to achieve ~800 MW peak demand reduction by 2016;
4. Increase the use of distributed generation through the California Solar Initiative (CSI) program;
5. Increase SCE's renewable energy portfolio in accordance with SB 107;
6. Implement several transmission upgrade projects for reliability and renewable resource development;
7. Complete the development of the Devers-Palo Verde #2 transmission line by summer 2009;
8. Advance a centralized capacity market in California;

What is SCE's Plan?

- Tactical Objectives (continued)

9. Replace SONGS steam generators in the 2009-2010 timeframe;
10. Develop up to 250 MW of dispatchable capacity on behalf of all customers;
11. Undertake development activities in support of future new generation;
12. Seek Commission determination of key policy issues (Volume 2);
13. Balance SCE's portfolio by primarily adding new short- and medium-term commitments to balance a portfolio dominated by long-term commitments;
14. Avoid over-utilization of utility balance sheet as a result of over-contracting; and
15. Achieve needed changes in procurement planning.

SCE's 2006 LTPP Filing Structure

Vol. 1A	Executive summary, background information, procurement processes and risk management strategies
Vol. 1B	Description, analysis, and evaluation of two candidate plans
Vol. 2	Testimony describing the larger issues that will most likely affect procurement going forward and supporting requests for modification of SCE's AB 57 procurement plan
Vol. 3	The Procurement Rulebook, which contains the implementation guidelines for general procurement of power and gas
App. A-G	Various supporting documentation, including detailed resource need forecasts, RPS procurement plan, Rulebook redlines, procurement volume and rate limits

Confidential & public versions of each

SCE's 2006 LTPP Filing Structure

Vol. 1A	Executive summary, background information, procurement processes and risk management strategies
Vol. 1B	
Vol. 2	
Vol. 3	
App. A-G	

Since the 2004 LTPP, several policy and market changes have impacted, and may in the future impact, procurement

Vol. 1A

Recent Policy Developments

- Adoption of resource adequacy and local area requirements
- Upcoming implementation of MRTU
- Adoption of CCA rules
- Expanding solar installations through CSI
- 95% Day-Ahead scheduling rule
- Phasing-out RMR
- Adoption of GHG policies
- EAP II's 33% RPS goal by 2020

Several policy issues related to procurement are still pending resolution

Vol. 1A

Decisions Pending

- Three advice filings pending before the Commission
  - Update to volume limits and ratable rates
  - Elimination of the "Risk Screen" methodology *(approved 12/14/06)*
  - Authorize an additional brokerage

For the planning purposes of this filing, SCE assumed all will be approved without modification

- QF avoided cost proceeding (R.04-04-025)
- FERC's implementation of EPAct 2005 / PURPA purchase obligation
- Energy Auction mechanism pursuant to D.06-07-029
- SCE's Petition to Modify D.06-07-029
  - Up to 500 MW of up to 20 year contracts in addition to 1,500 MW of up to 10 year contracts presently authorized
- Phase II of RAR proceeding (R.05-12-013)

SCE provides detailed descriptions of its procurement processes, transaction planning, and execution

Vol. 1A

Procurement Processes

- Demand Forecasting
  - Develop long-term demand forecast for procurement planning
  - Develop short-term demand forecast for daily least-cost dispatch process
- Energy Planning
  - Utilize forecast and current portfolio to determine RNS/RNL and customer risk
  - Evaluate offers in an RFO
  - Measure portfolio risk
- Energy Contracts
  - Procure mid- to long-term capacity and energy needs
  - Adjust short-term position, as necessary
  - Procure natural gas, as necessary
- Operations
  - Schedule power with the CAISO according to least-cost dispatch
  - Conduct real-time generation operations

SCE has made reference to these activities in its Procurement Rulebook

SCE uses a combination of public market data and proprietary modeling to generate its price forecasts

Vol. 1A

Price Forecasting

- Electricity Price Forecasting
  - Short-term price forecasts are based on a blend of market based power prices
  - Long-term fundamental power price forecasts utilize a simulation model
- Gas Price Forecasting
  - Similar to electricity price forecasting
  - Forward price forecasts are provided by consultants

SCE evaluates contracts under the least-cost/best-fit framework subject to various constraints

Vol. 1A

Contracts Evaluation

- Electricity & A/S
  - Least-cost evaluated under a net present value model
  - Best-fit evaluated as a mathematical optimization for contract selection with procurement "fit" constraints
- Debt Equivalence, Collateral, Credit Risk, GHG
  - Debt equivalence set at 20% in accordance with D.04-12-048
  - Adders are assessed for
    - Requiring SCE collateral
    - Counterparties not meeting credit terms
    - GHG emissions
    - Transmission

SCE does not have specific dates for launching future RFOs, but typically conducts at least one non-renewable competitive solicitation per year

Vol. 1A

RFOs

- Current/Recent RFOs
  - August 2006 New Generation RFO
    - Track 1: Online by Summer 2007*
    - Track 2: Online by Summer 2010
    - Track 3: Online by Summer 2013
  - August 2006 All Source RFO
  - 2005 Renewables RFP
  - 2006 Renewables RFP
  - Natural Gas RFO completed in July 2006
- Future RFOs are driven by:
  - Integration of successful bids in current RFOs
  - Regulatory requirements
  - Market forces and bundled customer requirements

* SCE signed and submitted to the Commission for approval a 10-year contract with Long Beach Generation LLC to repower a portion of its Long Beach facility by next summer. A.06-11-007.

SCE's maximum capacity procurement authority is based on the difference between its capacity requirement and available capacity

Vol. 1A

Capacity Procurement Limits

- Available capacity follows adopted RA protocols
- The capacity requirement is based on three components:
  - 117% of the peak bundled customer forecasted load
  - +850 MW n-1 generation contingency
  - +1,100 MW load contingency
- SCE analyzes procurement limits under four Direct Access scenarios

Capacity limits should contain sufficient contingency margin to allow SCE to purchase additional capacity for unexpected events

SCE's 2006 LTPP Filing Structure

Vol. 1A

Vol. 1B Description, analysis, and evaluation of two candidate plans.

Vol. 2

Vol. 3

App. A-G

SCE developed two candidate resource plans for this filing: the Required Plan and the Best Estimate Plan

Vol. 1B

Candidate Plans

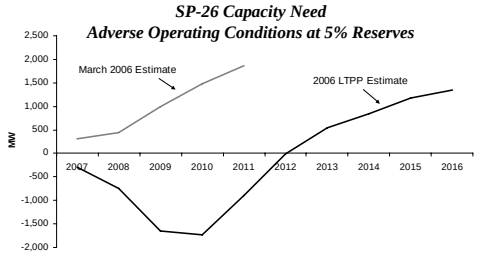
The Required Plan	*The Best Estimate Plan*
Incorporates existing Commission policies and meets all the requirements of the Scoping Memo.	Assumes a mix of resource assumptions subject to the loading order and physical and economic viability while achieving regulatory goals over the long-term.
Distinguishing Assumptions ➢ 20% RPS by 2010 ➢ 33% RPS by 2020 ➢ Commission's energy efficiency goals of 11.5 bkWh by 2016[1] ➢ 5% of system peak in price responsive DR by 2007 and beyond ➢ 805 MW CSI by *2016*	*Distinguishing Assumptions* ➢ 20% RPS by 2011 ➢ 20% RPS continues thru 2016 ➢ Maximum cost-effective and reliably achievable energy efficiency ➢ Maximum cost-effective and reliably achievable demand response ➢ 805 MW CSI by *2018*
SCENARIOS	SCENARIOS
1) CEC Load Forecast 2) SCE Load Forecast	1) CEC Load Forecast 2) SCE Load Forecast

[1] Cumulative committed and uncommitted at the system level.

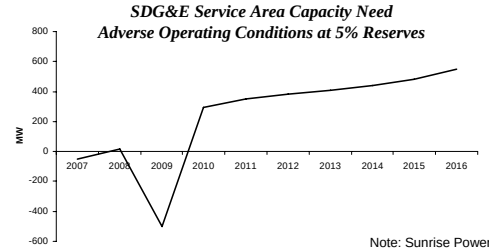
SCE estimates that SP-26 has enough capacity coming online to run at a surplus under adverse conditions over the next 5 years.

Vol. 1B

System Need



- Several factors, including SCE's New Gen RFO and utility peaker projects, have changed the SP-26 capacity outlook.



- SDG&E is forecasting a service area need of approximately 400 MW by 2011.
- The service area need is not in conflict with SCE's SP-26 forecast.

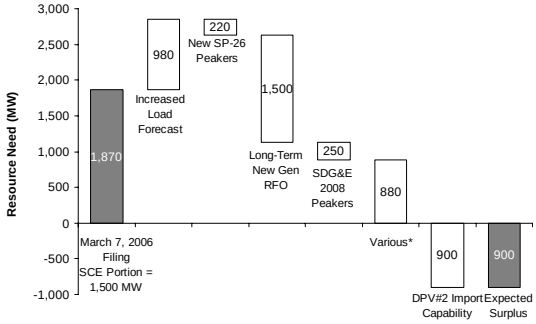
Note: Sunrise Power is not included in any of the calculations above.

SP-26 may have a surplus of 900 MW under adverse operating conditions by 2011 due to new IOU generation and transmission

Vol. 1B

System Need (continued)

SP-26 Capacity Need in 2011
Adverse Operating Conditions at 5% Reserves



Capacity surplus may only last for a year or two depending on the amount of future retirements and system load growth.

* Includes changes in the current effective capacity of the generation stock, transmission limitation assumptions, import assumptions, and slight changes in forced outage rates, energy efficiency, demand management programs, RPS additions, and assumed retirements.

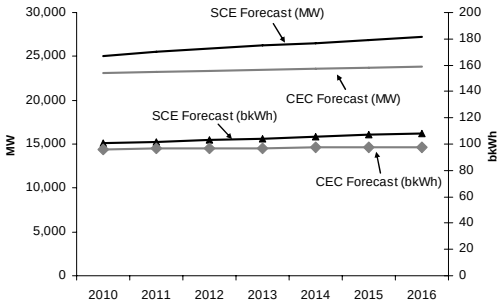
Note: SCE's projected resource need for SP-26 under adverse scenario operating reserve margin conditions includes interruptible, load-control, and price responsive demand response programs, consistent with the CEC's existing format for the five-year supply/demand outlook, and consistent with CPUC RA guidelines.

SCE evaluated each of the candidate plans using two different load forecast scenarios

Vol. 1B

Load Forecast

Retail Customer Demand



CEC 2005 IEPR Forecast

- Public forecast combining several different forecasts

SCE Forecast

- Proprietary forecast developed by:
  1. Forecasting retail sales;
  2. Forecasting annual system load and peak demand; and
  3. Forecasting hourly load shapes for system, utility bundled service customers, direct access, and total retail load.

SCE's overall procurement strategy is first based on the loading order and then on optimizing conventional resources

Vol. 1B

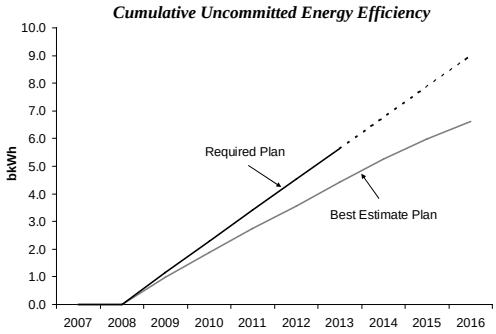
Resource Tradeoff

Energy Efficiency, Demand Response & Distributed Generation	Includes the maximum amount that is cost-effective and expected to be developed in the future
RPS Eligible Resources	Added as transmission became available in order to meet the RPS goals
Committed Supply-Side Resources	Includes future contracts that have been announced as being pursued by a utility
Future Conventional Generation	Procurement primarily through competitive solicitations to meet the remaining need on a least-cost/best-fit basis using peaking, intermediate, and baseload resource types

SCE will meet or exceed energy efficiency targets through 2008, however the Commission's energy efficiency targets are not reliably achievable thereafter

Vol. 1B

Energy Efficiency (EE)



Committed EE – common to both candidate plans

- Programs that have been implemented or for which funding has been approved

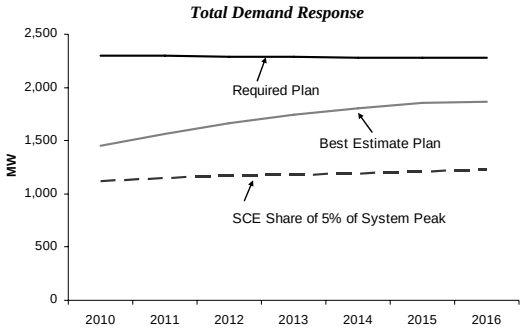
Uncommitted EE – varies by candidate plan

- Required Plan: uses target levels established by the Commission
- Best Estimate Plan: uses levels based on SCE's 2006 forecast of maximum reliably-achievable potential

SCE's total demand response capability is over 2,000 MW

Vol. 1B

Demand Response (DR)



Reliability DR – common to both candidate plans

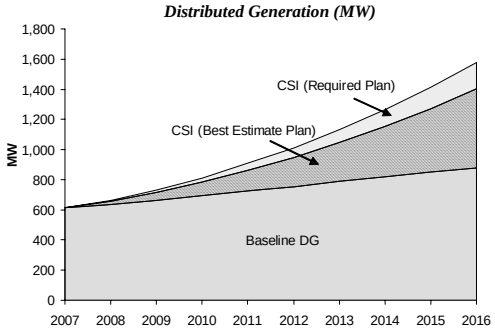
Price Response DR – varies by candidate plan

- Required Plan: uses 5% of system peak load target established by the Commission
- Best Estimate Plan: represents SCE's forecasted maximum amount of reliably-achievable and cost-effective demand response.

The Best Estimate Plan takes only about 1.5 years longer to achieve the equivalent of the Required Plan

Vol. 1B

Distributed Generation (DGen)



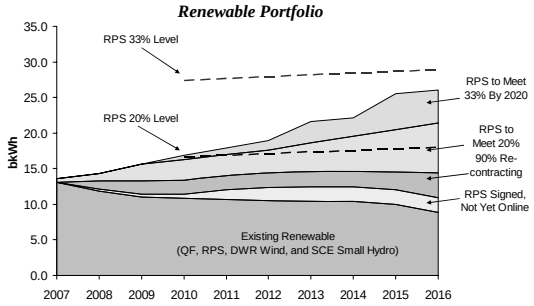
Objectives:

- Required Plan: uses targets in proposed decision in R.06-03-004, resulting in over 800 MW of solar distributed generation.
- Best Estimate Plan: assumes 75% of the 800 MW target will be met during the planning horizon because CSI does not cover the full cost of solar installation.

To meet the Required Plan objectives, SCE would have to more than double its existing renewable energy portfolio over the next ten years

Vol. 1B

Renewable Generation



Basing the resource portfolio on a higher mix of renewables in the overall generation portfolio will likely extend and increase the need for conventional procurement in order to support system reliability.

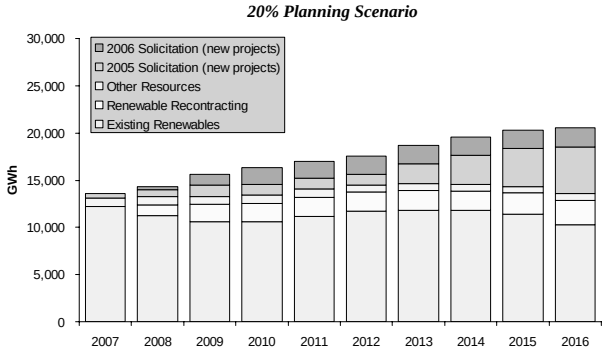
Objectives:

- Required Plan: 33% of demand met with renewable energy by 2020
- Best Estimate Plan: 20% of demand met with renewable energy by 2011
- SCE will pursue all cost-effective renewable energy available beyond the 20% goal

SCE's renewables plan depends on successful development of renewables under contract, recontracting with existing renewables, and timely permitting of new transmission

Vol. 1B

20% RPS Scenario



Assumptions:

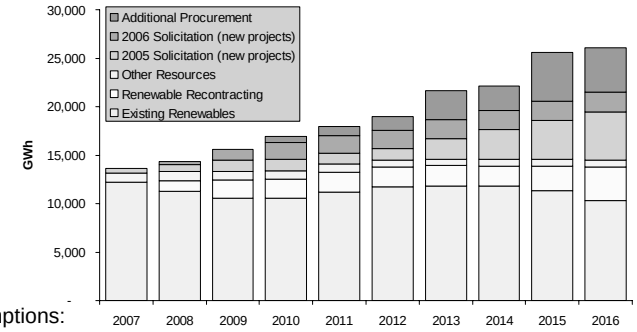
- 90% recontracting rate through 2013 and 60% thereafter for existing resources
- Timely addition of transmission capacity to permit deliveries already under contract
- No new Direct Access or Community Choice Aggregation occurs during the planning horizon

Reaching the 33% renewable goal could be costly due to additional transmission and direct program costs making it potentially infeasible

Vol. 1B

33% RPS Scenario

33% Renewables (SCE Load Forecast Scenario)



Assumptions:

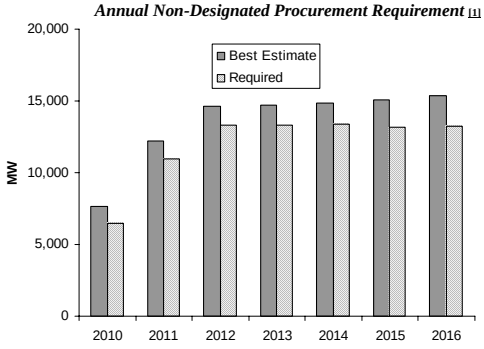
- 90% recontracting rate
- New transmission necessary to access renewables will be planned, approved, and built
- Timely addition of transmission capacity to permit deliveries already under contract
- Incremental resources above 20% goal will be contracted at 25% above MPR
- No new Direct Access or Community Choice Aggregation occurs during the planning horizon

Remaining portfolio need is filled with an mix of conventional resources

Vol. 1B

Conventional Generation

Annual Non-Designated Procurement Requirement [1]



Procurement need increases gradually through 2010 as existing contracts lapse, then climbs rapidly in 2011 and 2012 with the expiration of the DWR contracts.

Both candidate plans have the same need for peaking resources in the near-term, but the long-term needs are slightly different due to the resource mix.

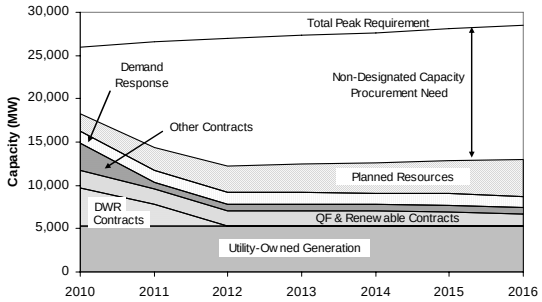
[1] This figure assumes that direct access will not be re-opened and no new community choice aggregation takes place.

SCE has a significant need to acquire or contract with resources to satisfy the needs of its bundled service customers beginning in 2010

Vol. 1B

Portfolio Need

Non-Designated Capacity Need – Best Estimate Plan (SCE Load)



On a percentage basis, the capacity need is much greater than energy need since the planned resources add quantities of energy that are disproportionately large in relation to the forecast shape of customer demand leaving little flexibility in the selection of future resource types.

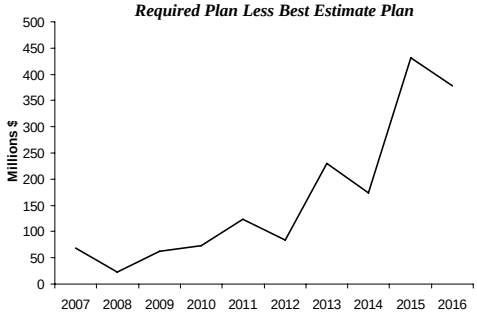
The Required Plan fills an additional 1,200 MW by 2016 with energy-intensive preferred resources, which further exacerbates the issue of portfolio flexibility.

SCE's analysis of the cost and price-risk impacts of its candidate plans demonstrates that the Best Estimate Plan is superior

Vol. 1B

Portfolio Cost Impacts

Change in Annual Total Portfolio Cost – SCE Load Scenario
Required Plan Less Best Estimate Plan



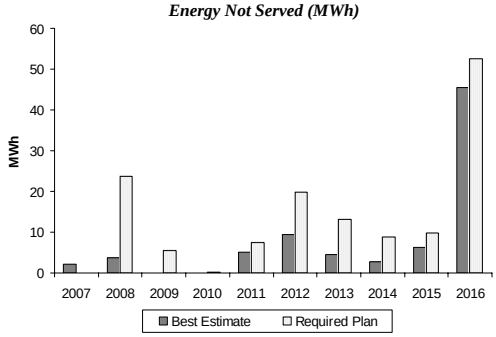
While portfolio costs are similar in the early years, the disparity in costs increases greatly in the later years

- By 2016 the annual portfolio costs of the Required Plan are nearly $400 million more than the Best Estimate Plan
- Post-2016 transmission costs amount to around $1.5 billion dollars on a 2007 NPV basis
- Lifecycle-cost of the Required Plan could cost customers about $3.5 billion more than the Best Estimate Plan.

SCE has analyzed both of its candidate plans and determined that the Best Estimate Plan offers superior system reliability

Vol. 1B

System Reliability

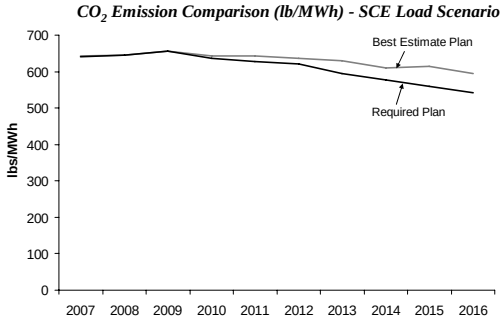


- Expected ENS is the probability-weighted average capacity shortfall of the system.
- In all years but 2007, the Required Plan has more unserved energy than the Best Estimate Plan.
- SCE did not assume that either candidate plan would be significantly under- or over-resourced; however each portfolio has a different resource and transmission mix that lead to differing levels of reliability.

The cost of achieving the modest incremental CO2 reduction of the Required Plan is prohibitive

Vol. 1B

CO2 Impact



- By 2016, the Required Plan yields an emission rate of 544 lbs/MWh, which is 9% lower than the Best Estimate Plan.
- Over the ten year planning horizon, the Best Estimate Plan's emission rate drops 7.5% from 642 lbs/MWh to 599 lbs/MWh.
- The cost to achieve the Required Plan's CO2 reductions is $131 per ton of CO2 reduced using the SCE load forecast or $116 per ton of CO2 reduced using the CEC load forecast.

SCE's 2006 LTPP Filing Structure

Vol. 1A

Vol. 1B

Vol. 2 Testimony describing the larger issues that will most likely affect procurement going forward and supporting requests for modification of SCE's AB 57 procurement plan.

Vol. 3

App. A-G

Volume 2 discusses a range of important policy issues that will likely have an impact on power procurement going forward

Vol. 2

Summary

- SCE's Role in New Generation
- Repowering
- Procurement and Risk Management Practices
- DSM Achievement Issues
- Changes to AB 57 Procurement Plan
- Capacity Contract Allocation Proposal

There are some circumstances in which it makes sense for the utility to consider owning generation to ensure certain needs are met

Vol. 2

SCE's Role in Generation

- SCE is concerned over emerging issues such as SP-26 resource need, local area reliability, greenhouse gases, and IOU financial stability
  - Proposed solutions are transitional and require long-term resolution to achieve a durable, self-sustaining energy market structure
- SCE would target specific needs of the system (grid stability, environmental sensitivity) and utility customers (price risk)
  - Grid reliability – to maintain a reliable grid
  - Fuel diversity – to limit risks from fuel and GHG uncertainty
  - Market backstop – to mitigate physical and/or financial market failures
- Any utility proposal should be through a CPCN process
  - Traditional cost-of-service ratemaking
  - 100% recovery of all prudently-incurred costs
  - If exceed a cost cap, trigger a reasonableness review for additional costs
  - Utility right-to-decline a CPUC-approved CPCN if the CPUC changes SCE's request

At this time, SCE has not reached a state that might require SCE to acquire utility-owned generation instead of purchasing generation

Any analysis of new generation would be incomplete without addressing impacts to an IOU's credit quality

Vol. 2

Financial Impacts of Contracting

- The CPUC has recognized the imputation of debt equivalence in the 2004 LTPP & 2005/2006 Cost of Capital proceedings
- Essentially, the impacts of contracting are factored into the credit analysis of a utility
- For 2006, SCE's debt equivalence was estimated at $1.5 billion
- Recent and proposed credit and accounting changes could dramatically amplify the negative impacts on credit ratios and the balance sheet
  - S&P proposed methodology changes
  - FASB changes in accounting rules

Higher debt equivalence levels could seriously impact SCE's ability to maintain an investment grade rating

SCE is burdened by ever-increasing levels of collateral capacity, resulting in possible higher costs and lower supply security

Vol. 2

Financial Impacts of Contracting (continued)

- Similar to debt equivalence impacts, insufficient collateral capacity could lead to potential downgrade by rating agencies and leave customers without guaranteed capacity needed to meet load
- Essentially, collateral reflects a party's exposure to the amount of loss suffered if a counterparty were to default on a contract
  - SCE must have credit capacity to post under current contracting terms
- SCE received CPUC approval for a $1.4 billion collateral limit
- As additional contracts are signed, SCE is requesting an increase to its collateral capacity to $2.0 billion
- SCE presents analysis to show potential collateral exposure based on illustrative contracting scenarios through 2016

Possible risk mitigation solutions include resource diversification or elimination of collateral requirements

Per the 2006 GRC Decision, SCE's Project Development Division (PDD) is undertaking activities to support new generation

Vol. 2

Evaluation of Sites & Technologies

- The passage of AB 32 and SB 1368 may require introduction of new, cleaner generation technologies at appropriate locations
- It is unclear whether the market would provide for such investment due to the risks and potentially high capital & operating costs
- If the CPUC agrees that IOUs should follow this path, the costs of investment should be borne more broadly than just bundled customers
  - Otherwise, strong disincentive to consider investment of this type

SCE believes the time frame for development of these sites & technologies is long-term, and this work has commenced

With additional requirements, SCE is supportive of repowering as envisioned by AB 1576

Vol. 2

Repowering

- SCE believes that the requirements of the AB 1576 protocols should be adopted in this proceeding to fully implement repowers
  (partial list)
  - Acquire an AFC from the CEC
  - Adhere to a cost-of-service arrangement
  - Provide full scheduling and dispatch control to the utility
  - Include performance incentives
  - Allow recovery of fixed costs from all customers
  - Grant CPUC access to relevant books and records
- To date, repowers have been able to compete in the competitive "all-source" procurement process
- Going forward, SCE is suggesting a dual path pursuant to its adopted AB-57 procurement plan that involves a separate AB 1576 bid submittal, when requested by a utility

There should be no special "set-aside" for AB 1576 facilities

Per the Outline, SCE discusses issues related to the competitive procurement process

Vol. 2

Procurement Practices

- Transparency
  - The Confidentiality OIR requires more disclosure than ever before
  - Use of an Independent Evaluator boosts confidence (reduces skepticism)
  - Use of a Procurement Review Group provides additional review
- Timing
  - RFOs are widely distributed
  - There are times when a specific RFO is required to fulfill a particular need
  - RFO timelines are generally consistent with industry standards
- Fairness
  - SCE considers the term of the contract, not the value beyond the contract term
  - SCE routinely conducts bidders' conferences
  - SCE attempts to negotiate mutually acceptable terms
- Credit/collateral terms
  - Collateral is required to protect customers against supplier default
  - It is nonsensical to require the IOU to post collateral to itself

SCE's RFOs have been conducted in an appropriately competitive manner

SCE is very concerned about any attempt to standardize utility hedging strategies

Vol. 2

Risk Management Practices

- Risk profiles vary significantly for each utility due to different drivers on procurement costs and risks associated with those costs
  - Technology/fuel mixes are different
  - Must-take obligations are different
  - Commitment horizons are different
  - Counterparties are different
  - Service areas are different
- Coordinating hedging strategies may be subjected to collusion charges
- SCE does recommend some changes to the utilities' measure of risk
  - Modify TEVaR to be at 95% rather than 99%
  - Revisit SCE's Consumer Risk Tolerance of 1.25 ¢/kWh
  - Update the DWR Gas Supply Plan annually, and update SCE's procurement plan gas ratable rates at the same time

It would not make sense to require all IOUs to hedge the same way

SCE is requesting changes to its Procurement Rulebook to clarify the intent of the existing CPUC procurement rules

Vol. 2

Rulebook Changes

- Clarify the definitions of short-term, mid-term and long-term transactions
- Clarify existing rules regarding transactions executed through a Commission pre-approved broker
- Clarify the Commission's "strong showing" standard
- Clarify the definition of a "non-standard product"
- Add gas transport receipt point rights as an authorized product
- Clarify the use of the term "duration"

More specific details on these changes in Appendix 'F'

DSM targets should be aggressive, but should also be realistic, cost-effective, and reliably achievable for planning purposes

Vol. 2

DSM Issues

- Demand Response (DR)
  - Current DR targets are too high in the near-term and include only price responsive programs
  - Most customer groups are unable to participate in these programs
  - AMI will ultimately enable participation by all SCE customers
  - Actions by the CAISO and the CPUC seek to increase reliability-based demand response (which conflict with the price responsive goals)
- Energy Efficiency (EE)
  - SCE believes that the current goals for SCE's service territory need to be updated because they are not reliably achievable after 2008
  - Over time, the annual level of achievable EE will diminish due to saturation of high efficiency technologies
  - SCE's forecast is based on more current data and is far more detailed and robust than the analysis performed in the process of developing the EE targets in D.04-09-060

The CPUC should revisit EE and DR targets in their respective proceedings

SCE makes a proposal for allocating the net costs of new gen capacity contracts and associated capacity for RA credit

Vol. 2

New Gen Capacity Contract Allocation

- Use the 12 monthly coincident peak method to allocate the net costs of capacity among rate groups
  - Net cost of capacity is defined as the difference between the total contract costs and the energy rights auction proceeds
  - Recovery through a non-bypassable per-kWh delivery charge
  - Establish a balancing account
- RA capacity credit will be allocated in proportion to the share of the net costs that the LSE customers pay

SCE's 2006 LTPP Filing Structure

Vol. 1A

Vol. 1A

Vol. 1B

Vol. 2

Vol. 3 — The Procurement Rulebook, which contains the implementation guidelines for general procurement of power and gas

App. A-G

SCE's "Rulebook" is intended to capture all AB 57 procurement related rules and guidance provided by the CPUC

Vol. 3

Vol. 3 – Procurement Rulebook

- Constitutes the upfront and achievable standards and criteria envisioned by AB 57
- Will be updated from time to time as markets and regulations evolve
- Quantitative standards are provided as "Attachments" to the Rulebook
  - Procurement limits
  - Ratable rates
- Some contracting activities are beyond the scope of the Rulebook
  - QF procurement
  - RPS procurement
  - CDWR gas procurement

SCE's objective is 100% compliance with the Commission's procurement policies

Appendix

The LTPP Proceeding intends to address all major procurement-related issues over the forecast period 2007-2016

Proceeding Overview

Focus of today's discussion