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Southern California Edison

Two-Part Real Time Pricing (RTP)

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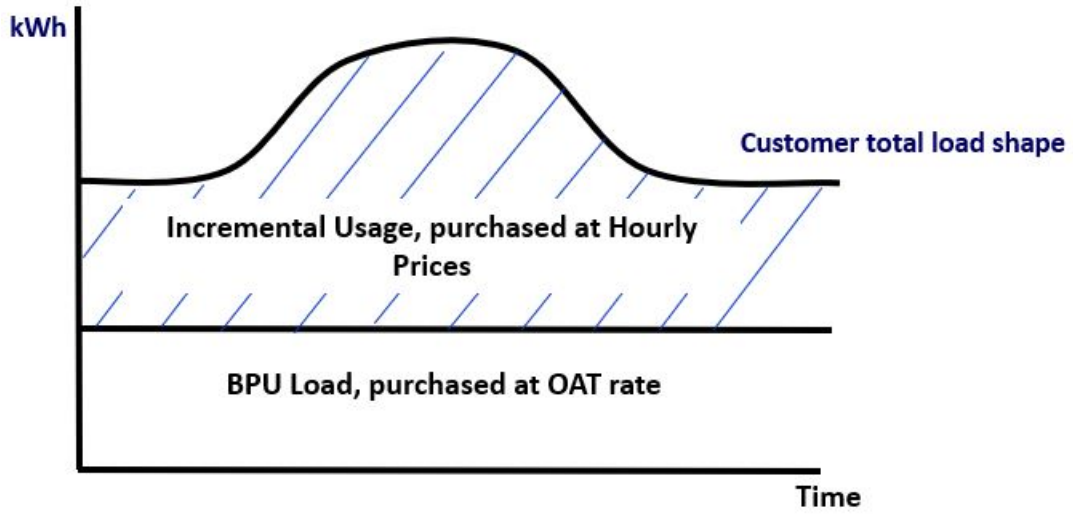
Two-Part RTP | Concept

- Current RTP is template based where hourly prices are reflected in 7-day type pricing menus
  - Temperature trigger
  - Peak and ramp capacity allocated to day types based on expected capacity need
  - Energy profiles reflect SCE's marginal generation energy cost profile
- Under a generation only 2-part RTP structure, usage (energy and demand) associated with generation charges is partitioned into a base amount and a RTP amount
  - Delivery portion of the bill is considered to be entirely base usage
- Base usage or Base Period Usage (BPU) is predetermined based on historical usage over a set period of time (i.e., prior 12-months, 3-year average, etc.)
  - Likely to be seasonal and reflect the prevailing TOU periods
  - BPU structure is currently used in SCE's Schedule ME at the Port of Long Beach
- Bill is rendered by charging OAT generation rates for all BPU kWh and kW
  - Delivery portion is rendered by applying metered kWh and kW to the OAT delivery charges
- Metered hourly kWh and kW above the baseline will be charged (or credited) at an Hourly Price

Two-Part RTP | Proposal (Illustrative)



$$\text{RTP Bill} = \text{OAT Bill @ BPU Load} + \sum_{\text{all hrs}} \left\{ \left(\text{Actual Load} - \text{BPU Load} \right)_{\text{per hr}} \times \text{Hourly Price} \right\}$$

$$\text{Hourly Price} = \text{Adj. DLAP Price}_{\text{per hour}} + \text{Gen Capacity Adder}_{\text{per hour}}$$

Two-Part RTP | Hourly Price Determination

- Two-Part RTP Hourly Prices is comprised of generation energy and capacity
  - Capacity component reflects both peak and flex capacity costs
- Hourly Capacity Adder will be triggered and valued based on an Implied Market Heat Rate (IMHR)
  - IMHR = CAISO DLAP Price / SoCal Citygate Day Ahead Natural Gas Price
  - Hourly Capacity Adder will be applied as an overlay to hourly energy prices in the 4-9pm period year round
  - Daily IMHR determinants reflect the availability of peak and flex generation capacity
- Hourly Energy Prices will use the actual CAISO Day Ahead Energy Market Price for SP15
- A scaler will be applied to ensure revenue neutrality for the Two-Part RTP rate
  - Applied to the hourly energy prices or capacity prices, or both
  - Recovered as a flat adder in the BPU bill
  - Combination of all of the above

Q & A

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