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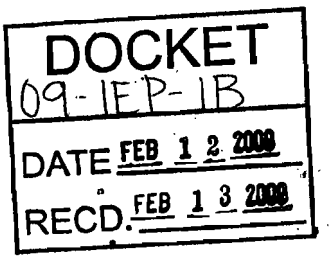
February 12, 2009



California Energy Commission
Docket Office
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512

Attention: **Docket 09-IEP-1B**

Dear Docket Office:

Southern California Edison Company appreciates the opportunity to submit Supply Form Narrative for the 2009 IEPR.

Should you have any questions, please do not hesitate to contact me at (916) 441-2369.

Sincerely,

/s/ Manuel Alvarez
Manuel Alvarez
Manager, Regulatory Policy & Affairs

2244 Walnut Grove Ave
Rosemead, CA 91770

Electricity Supply Forms

California Energy Commission
2009 Integrated Energy Policy Report
Docket Number 09-IEP-1B

Supply Form Narrative

February 13th, 2009

CONVENTIONAL GENERATION[1]

OBJECTIVE:

Provide narrative explanations about the assumptions and expectations employed for the listing of all new contractual resources and for future generic resources as shown on the 10-year resource plans. The IOU's expectations about particular contractual resources, especially for new generation additions, should include timelines and benchmarks related to regulatory approvals, IOU financial commitments, transmission and pipeline connections, construction milestones, and other primary contractual obligations.

In more quantitative and categorical terms, IOUs are asked to identify standard phases and assumptions about the time intervals (in months) needed to procure new generation resources, from issuing a request for offers to bringing a new plant on-line. This should include descriptions and assessments about the risk of failure and delays at various stages of completion, along with some metrics for both failures and delays.

SCE's procurement activities have been developed and established by the CPUC to ensure SCE meets it's forecasted load while balancing the costs, benefits and price risks on behalf of SCE's customers. Through the various solicitation processes, policies are developed and implemented to provide SCE the ability and authority to procure new and existing resources in sufficient time to meet load expectations.

TIMELINES AND BENCHMARKS

SCE's overall power procurement obligations are satisfied via solicitations for New Generation resources and existing resources. SCE conducts All Source Request for Offers ("RFO's) on an annual basis; typically initiating the RFO in late spring and concluding in early fall. Participation in the All Source RFO is open to existing generation and new generation facilities.

[1] SCE procures resources through conventional generation procurement, including RFOs that result in CPUC approved long-term contracts. In general, SCE does not impose fuel-source requirements, except to the extent that state law(e.g., AB 1368's restrictions on procurement of coal-fired resources). Certain kinds of resources, such as renewable energy projects and co-generation projects may also be eligible to participate in separate procurement processes.

The timing of the annual RFO is driven by the requirements of the year a-head CPUC Resource Adequacy (RA) showing and the final CEC forecast of utility resource needs. The schedule of the annual All Source RFO begins in July and closes in mid October.

The All Source RFO follows the process as defined in SCE's 2006 Long Term Procurement Plan (LTPP). This process includes the requirement for an Independent Evaluator (IE) and Procurement Review Group (PRG) review through each phase of the RFO. Under the 2006 LTPP, SCE has the authority to enter into deals in the All Source RFP with terms that are no more than 5 years. The obligation of SCE to follow the requirements of the LTPP, provide cost recovery assurance of the selected contracts by the CPUC.

The New Generation RFO was developed to allow participation of new generation projects with contracting approval with terms up to ten years. To ensure new generation resources are built, SCE developed strict criteria for being deemed "new" generation.

Given the number of steps required to develop a site, the timeline for a New Generation RFO (New Gen RFO) is much longer than the All Source RFO. The complexities and time line required to obtain construction permits, operation permits, completion of transmission interconnection studies, and design of the project, result in extended RFO and delivery date timelines.
The last New Generation RFO was broken into three tracks:

1) Summer 2007 Track (or Super Fast Track)
    a. On-line date: before August of 2007.
    b. Project Status: Design of the project complete: typically all transmission studies complete or not required, permitting nearly complete.
2) Fast Track
    a. On-line date: before August of 2010
    b. Project Status: Design of project complete: typically all transmission studies underway or not required, permitting may be underway
3) Standard Track
    a. On-line date: before August of 2013
    b. Project Status: Draft Design of project: transmission studies and permits may not be started

Constructing a power plant requires a great deal of work and a multitude of regulatory approvals. This section will address the major approvals that, in SCE's experience, have impacted the timing of bringing a power plant on-line.

1) Transmission Interconnection Studies – Due to a Federal Energy Regulatory Commission (FERC) requirement on queuing interconnection study requests, the timeline for completing a full interconnection study can take years. The CAISO is working on a plan to reduce the impact of the long queue and the requirement for a re-study each time a resource is completed or exits the queue. The timing of the queue significantly impacted the timing of SCE's standard track RFO schedule. To allow for completion of interconnection studies of some counterparties, the closing of the New Generation RFO was delayed.

2) California Energy Commission (CEC) Permitting – The ability to obtain a permit requires significant work for both the power plant developer and SCE. Issues such as the South Coast Air Quality Management District (SCAQMD) PM 10 Priority Reserve lawsuit can delay permits even though the power plant developer has worked with diligence to obtain the required permits.

3) CPUC Contract Approval – In SCE's experience, CPUC staff are able to approve contracts within reasonable timelines. However, active interveners may disagree with SCE's motion for contract approval. If the CPUC rejects the contract, the appeals process can significantly delay the final approval of the project. When unopposed, the CPUC approval period is predictable. The CPUC was able to approve the LBER 2007 Track project in three months. However, challenges from interveners to that decision expanded the approval process to over six months. The CPUC approved the Standard Track projects in six months, having no challenges. The FPL Blythe project had a number of challenges to its contract extending its approval period. When required, the utility works with the CPUC to expedite the appropriate approvals. The variation of the length of the approval process is, on the whole, driven by the impacts of interveners either challenging the decision or requesting a more thorough procedure to approve the application.

The following solicitation activities have been conducted recently:

- Capacity (Resource Adequacy)
- Energy procurement for up to 59 month term

- New generation procurement for 10-year term
- Energy auction

Table 1 below, provide the timelines associated with the three tracks of the New Generation RFO:

TABLE 1 – Procurement Timeline Estimates for Conventional Generation

Process	Track			
	2007 Summer	Fast	Standard	
RFO Issued	9/6/2006	8/14/2006	8/14/2006	
Indicative Offer	9/19/2006	9/19/2006	9/19/2006	
RFO Short List	N/A	10/3/2006	6/19/2007	
Interconnection Facilities Study	N/A	1/19/2007	12/13/2007	
Contracts Selected	11/6/2006	2/15/2007	3/6/2008	
Expected Commission Approval	1/31/2007	9/30/2007	9/30/2008	

Actual Commission Approval		Track			Expected
	Project	2007 Summer	Fast	Standard	Delivery Date
	LBER	1/25/2007			8/1/2007
	Blythe		5/29/2008		8/1/2010
	CPV - Phase 1		4/10/2008		8/1/2010
	CPV - Phase 2			9/18/2008	5/1/2012
	NRG			9/18/2008	6/1/2011
	EMG			9/18/2008	6/1/2013
	Wellhead			9/18/2008	6/1/2012

The results and the success of the New Generation RFO solicitation depend on various internal and external regulatory and legislative? approval processes. Regulatory approvals by the FERC, CPUC, CEC, AQMD, and other local and municipal authorities influence the timing and duration of the specific resources being solicited through project completion.

Project success and completion is dependent on the number of interveners, protests, issues and appeals by the various stakeholders.

FINANCIAL and CONTRACTUAL OBLIGATIONS

In order to participate in the RFO process for both All Source and New Gen resources require significant financial commitments. Typical SCE payments would include payments for resource adequacy and energy, gas procurement cost, credit and capital cost and infrastructure and transmission upgrades. Financial commitments are required from the potential suppliers to mitigate SCE's risk. SCE has credit policies that are set out by its Risk Management Committee (RMC). These policies define what is required from a counterparty to ensure performance with the agreement.

Under the New Generation agreement, collateral posted as delivery date security is also provided to SCE. Should the counterparty default on the terms of New Generation contract, SCE has the right to retain the collateral.

CONSTRUCTION MILESTONES (for New Generation Contracts)

SCE actively monitors the progress of the New Generation projects. The contracted New Generation counterparties are required to provide monthly reports related to construction milestones and the expected initial delivery date. The monthly reports include the status of:

- Construction permits,
- EPC contracting progress
- Engineering and design studies
- Turbine installation
- Transmission interconnection
- Final generation unit commissioning

STANDARD PHASES OF PROCUREMENT

For long term energy and capacity needs that are not provided by utility retained generation, RFO solicitations are the primary source of procurement for SCE. As such, the following describes the standard phases of procurement and the integrated activities of each. RFO products and solicitations are developed, implemented and conducted under the guidance of the CPUC and the authority provided to SCE.

Prior to and during the RFO phases, simultaneous and parallel activities are being pursued by SCE and RFO participants. Activities associated with the procurement and implementation of new generation resources include but are not limited to:

TABLE 2 –Project Phase Timeline Estimates

Project Phase	Approximate Time
Project financing	project specific
Regulatory approvals	7 – 9 months
CAISO coordination	36 – 60 months
Transmission interconnection studies	24 – 36 months
Environmental impact studies	24 -36 months
Front-end engineering studies permits and agreements	72 months
Construction	36 – 48 months
Commissioning	4 months

RISK OF FAILURE

Successful procurement of all projects, new generation resources and emerging technologies is in the best interest of SCE's ratepayers and the development community. As such, SCE incorporates project viability in the evaluation and selection criteria of the RFO process. Certain State and Local licensing requirements introduce extra layers of risk associated with the successful implementation of new generation resources. The SCAQMD Priority Reserve litigation, community opposition initiatives, local water issues and other restrictions all elevate the incremental risk associated with project viability.

Delays in regulatory approvals impact the timeliness for project completion. The expected delivery date and commercial operation date are directly related to the regulatory approval process. Additionally, timely regulatory approval is required to provide the appropriate signals to the developer to secure financing, procure and contract with the Engineering, Procurement and Construction contractor and to fund the increased collateral obligations with SCE.

SCE monitors the development progress of each power plant. A detailed milestone schedule is included in the power purchase agreement (PPA) for New Gen projects. In addition, the developer must provide monthly progress reports to SCE. The minimum requirements of those

reports are specified in the terms of the PPA. The milestones and reports provide SCE with enough information to assess the risk of the project missing the contracted initial delivery date.

METRICS FOR FAILURE

Project failure triggers a variety of activities that negatively impact SCE's customers and the developer. If a project fails to gain sufficient support and approvals, certain elements of the contract are breached, possibly resulting in financial impacts to all parties involved. Financial metrics related to the failure of a project can include: Increases in security posting requirements for the developer in the current and future solicitations, infrastructure investments by SCE, cost of credit to the counterparty, EPC financial commitments and potential changes in the land acquisition and ownership costs.

The contract includes provisions which define the actions related to the failure of a project. Lack of CPUC approval by a certain date triggers a cancellation clause by either party. If permits are not obtained by the pre-specified dates in the contract, the developer has the ability to cancel the contract with a termination payment to SCE.

To support the successful development of New Generation projects, SCE includes the following elements in the contractual terms, conditions and policies:

1) Transmission Facilities Study is must be complete
2) Significant Delivery Date Security which is lost if the project is not built
3) Delay damages if the developer misses the expected initial delivery date
4) Placing permit risk on the developer to ensure the project is viable.

CONTINUOUS IMPROVEMENT IN RFO'S

After the conclusion of each solicitation, SCE surveys RFO participants to gain feedback in an effort to help promote better outcomes in future procurement activities. In addition, there is a "Lesson's Learned" meeting in which all the functional areas in SCE present ideas to the RFO team to improve future RFO's. The Independent Evaluator also provides an assessment of areas which could be improved.

RENEWABLE ENERGY RESOURCES

OBJECTIVE:

In addition to the information outlined for conventional generation, for renewable energy resources, the IOUs are asked to identify all specific or contingent assumptions related to procurement of new generic resources, including the energy amounts shown on line 23 of Supply Form S-2. These essential assumptions would include: Timelines for transmission grid expansion to identified renewable energy zones.

- Description of bids received in response to competitive solicitations that proposed to firm, shape, and deliver renewable energy to a California Point of Delivery.
- Potential future authorization to procure renewable energy credits.
- Program development facilitating renewable distributed generation (DG) and self-generation resources.

Since the 2007 Integrated Energy Policy Report (IEPR) filing, SCE has executed 26 new renewable contracts, totaling approximately 3,300 MW. Once on-line and operating, these new projects are expected to deliver 11.5 billion kWh per year. Through annual Request for Proposals (RFP), bilateral negotiations, standard offer contracts, and re-contracting with existing resources, SCE has significantly increased its portfolio of eligible renewable resources under contract. SCE has executed contracts with different types of renewable technologies, including biomass, geothermal, small hydro, solar, and wind. Table 3 – New Contractual Resources – Renewable identifies the list of 26 contracts executed since 2006. In its Supply Forms SCE included forecasted procurement from projects with executed contracts as the primary source of renewable generation. The forecast for existing renewables assumes a 100% re-contracting rate.

New Contractual Resources - Renewable ***Table 3***

Solicitation	Technology	Project ID	Project Name	Location	Contract Status	Date Contract Signed	Date Contract Submitted to CPUC	Date Contract Approved by CPUC	Forecasted Online Date	Capacity (MW)	Energy (GWh)	Term
2005	Wind	6313	Alta Windpower Development, LLC	Kern County, CA	Approved	12/21/06	07/06/07	05/15/08	01/01/13	1,500.00	4,730.0	20
RSO1	Biomass	1133	Cambrian Energy Woodville LLC	Woodville, CA	N/A	12/21/06	N/A	N/A	01/01/07	0.60	2.0	5
2005	Geothermal	3107	Geysers Power Company, LLC	Sonoma County, CA	Approved	04/12/07	06/01/07	11/16/07	06/01/07	225.00	1,971.0	10
2006	Geothermal	3106	Terra-Gen Dixie Valley	Dixie Valley, NV	Approved	05/30/07	07/13/07	03/13/08	07/05/18	50.00	394.2	20
2006	Geothermal	3108	ORNI 18, LLC	Imperial Valley, CA	Approved	06/29/07	07/13/07	03/13/08	12/22/08	50.00	416.1	20
2006	Wind	6325	Granite Wind, LLC	Apple Valley, CA	Approved	06/29/07	07/27/07	07/10/08	01/01/13	42.00	95.7	20
2006	Wind	6326	Baja Wind US LLC	Baja, Mexico	Pending Filing	06/29/07			07/01/13	200.00	578.2	20
2006	Biomass	1213	Sanitation Dist of LA Co (Palos Verdes)	Palos Verdes, CA	Approved	06/29/07	07/27/07	05/29/08	01/01/10	1.60	12.6	10
2006	Solar: PV	5206	Calif Sunrise I: Alternative Energy Dev	California City, CA	Approved	06/29/07	07/27/07	05/29/08	01/01/10	0.99	2.3	20
Bilateral	Biomass	1214	FlexEnergy Corporation - FlexLA	Sun Valley, CA	Approved	12/05/07	01/23/08	09/18/08	10/22/12	2.00	12.3	20
Bilateral	Biomass	1216	FlexEnergy Corporation - Flex Riverside	Beaumont, CA	Approved	12/05/07	01/23/08	09/18/08	10/22/12	2.00	12.3	20
2007	Geothermal	3110	ORNI 21, LLC	Imperial County, CA	Approved	12/13/07	12/31/07	07/31/08	06/30/12	30.00	249.7	20
2007	Wind	6329	Dagget Ridge Wind Farm, LLC	Barstow, CA	Pending Filing	12/13/07	12/31/07		12/01/11	79.50	196.8	20
2007	Solar: PV	5207	FSE Blythe I, LLC	Blythe, CA	Approved	12/21/07	12/31/07	07/10/08	10/01/09	21.00	49.7	20
2007	Biomass	1217	Imperial Valley Biopower, LLC	Imperial Valley, CA	Signed, Pending Approval	04/22/08	08/15/08		05/30/12	20.00	140.2	20
2007	Solar Thermal	5608	Gaskell Suntower LLC (eSolar)	Kern County, CA	Approved	06/02/08	07/11/08	12/04/08	04/30/12	175.00	367.9	20
Bilateral	Small Hydro	4105-4108	Metropolitan Water District	Los Angeles, CA	Approved	06/20/08	06/24/08	09/04/08	11/01/08	21.72	75.5	15
2007	Wind	6330	North Hurlburt Wind, LLC	Arlington, OR	Signed, Pending Approval	08/14/08	10/10/08		06/01/11	266.67	661.8	20
2007	Wind	6331	South Hurlburt Wind, LLC	Arlington, OR	Signed, Pending Approval	08/14/08	10/10/08		01/01/12	266.67	661.8	20
2007	Wind	6332	Horseshoe Bend Wind LLC	Arlington, OR	Signed, Pending Approval	08/14/08	10/10/08		06/01/12	266.67	661.8	20
Bilateral	Landfill Gas	1219	FlexEnergy Corporation - Flex Bernardino	Redlands, CA	Signed, Pending Approval	10/02/08	12/05/08		06/15/12	2.00	12.3	20
Bilateral	Landfill Gas	1220	FlexEnergy Corporation - Flex Kern	Edison, CA	Signed, Pending Approval	10/02/08	12/05/08		06/15/12	5.00	30.7	20
2008	Wind	6333	Mountain View Power Partners, LLC	San Gorgonio Pass, CA	Signed, Pending Approval	11/18/08			10/01/11	66.60	219.9	10
									Total	3,295.01	11,554.5	

SCE has only included forecasted procurement from projects with executed contracts. Renewable Energy Credits (REC) transactions are not included in the IEPR forecast. SCE expects to participate in the REC market once the California Public Utility Commission (CPUC) recognizes RECs for use in Renewable Portfolio Standard (RPS) compliance. Until that time, SCE will rely on a mix of existing and new generation to meet its future needs, and will work diligently to contract from cost-effective existing generation and to foster the building of new renewable generation.

TIMELINES AND BENCHMARKS

The entire procurement process for renewable generation, from project inception to energy deliveries, may take as little as three or up to as many as ten years. This process will pass through three key phases: Request for Proposal (RFP), CPUC approval, and project construction and energy delivery.

RFP Process – 12 to 18 months

- SCE submits an RFP Plan to the CPUC
- CPUC approves the RFP
- SCE launches the RFP
- SCE receives bids and evaluates all responses based on the least cost best fit criteria, working with an Independent Evaluator throughout the process
- SCE prepares a short-list of selected projects, and notifies the CPUC, the Procurement Review Group (PRG), and the bidders
- SCE and the counterparties negotiate contract terms and conditions and review and execute contracts
- SCE submits executed contracts to CPUC for approval

Commission Review and Approval of executed contracts – 6 to 12 months

Construction and Delivery of Generation – 2 to 7+ years

Two years assumes a short permitting process and no required transmission. Projects requiring extensive permitting or new transmission can expect delivery delays of seven or more years.

RISKS AND CHALLENGES

While SCE has made significant progress over the last couple of years, there remain significant hurdles in turning executed contracts into delivered kWh. While SCE's intentions are to procure renewables to meet the state's renewable goals as soon as possible, there are significant barriers that prevent renewable projects from coming on-line quickly these hurdles include transmission constraints, a congested interconnection queue and other project development challenges including delays in financing and permitting, and the uncertainty of the federal tax credits.

It's important to note that the execution of more contracts will not address the barriers to bringing projects on-line. While SCE will continue to seek and contract with resources that can begin delivery prior to 2010, very few proposals are expected that are not limited by transmission. SCE's overall goal is to achieve 20% delivered renewables as soon as possible.

TRANSMISSION DELAYS

Table 4 below details the status of transmission for all SCE renewable projects. Delays in the current plans for these projects will delay delivery of SCE's forecasted renewables.

Table 4 **Project Transmission Status**

Transmission Zone	Number of Projects	Sum of Capacity (MW)	Sum of Energy (GWh)
Existing – No transmission upgrades required	16 (4 Biomass, 3 Geo, 4 Small Hydro, 5 wind)	690 – 810	4,400 – 5,148
Out of Service area – No transmission upgrades required	7 (2 Biomass, 2 Geo, 3 Wind)	536 – 1,145	2,042 – 4,325
Near Devers/Valley Dependent on Area Upgrades	1 (Wind)	37 – 50	118 – 159
Minimal Upgrades Required	9 (6 Biomass, 2 Solar, 1 Wind)	37 – 51	142 – 174
Tehachapi area – Dependent on TRTP and Beyond TRTP Upgrades	5 (4 wind, 1 solar)	1,684 – 2,068	5,192 – 6,373
Dependent on Sunrise Power Link	1 Wind	200 – 250	578 – 722
East of Lugo Substation area – Pisgah-Lugo Master plan dependent	3 (2 wind, 1 solar)	621 – 1,016	1,340 – 1,775
North of Lugo Substation area – Lugo - Control Master plan dependent	1 (Geothermal)	30 – 120	231 – 925
Total	**43**	**3,836 – 5,510**	**14,043 – 20,003**

CONGESTED INTERCONNECTION QUEUE

Increased congestion in the CAISO interconnection queue continues to be a major barrier to RPS compliance. The number and aggregate capacity of projects in the CAISO interconnection queue are increasing at rates never before experienced in California. In the first quarter of 2008 alone, more renewable generation PROJECTS entered the interconnection queue for SCE's area than entered in 2004 and 2005 combined. The CAISO recently implemented its Generator Interconnection Process Reform (GIPR) in an effort to reduce the congestion.

TABLE 5– Current Interconnection Queue Volume

	Total MWs in Queue	% Renewable Generation
CAISO	69,000	84%
SCE	44,000	65%

PROJECT DEVELOPMENT CHALLENGES

The ability of projects to become operational is often hampered by a number of hurdles. These hurdles, as outlined in the CPUC's Quarterly Report to the Legislature,[2] include

- the uncertainty surrounding the federal production and investment tax credits
- delays in construction, financing, and/or equipment procurement
- environmental permitting

Most sellers generally appear to be diligently pursuing the development of their proposed generating facilities. The difficulty in overcoming these hurdles in conjunction with the increasing size of the interconnection queue is creating longer project lead times.

CONTINUOUS IMPROVEMENT

TRANSMISSION DELAYS

Over the past few years, SCE has taken several actions to address the impediment of transmission to achieving the 20% RPS goal. For example, SCE has attempted to expedite the permitting and construction of renewable transmission facilities by: (1) proactively seeking financing for transmission upgrades, (2) seeking authorization to record costs associated with interconnection and environmental studies for renewable projects, and (3) requesting authority to study the feasibility of developing transmission capacity to deliver output from undeveloped renewable resource areas.

SCE played a leadership role in the stakeholder process that developed the Location Constrained Resource Interconnection Facility ("LCRIF") principles and tariff language. The LCRIF tariff is a financing mechanism that seeks to reduce the financing barrier that location constrained resources can face. The LCRIF allows a participating transmission owner to finance and construct multi-generator gen-tie facilities. The generators pay their pro-forma share of the revenue requirement, as they interconnect over the facilities. Previous to the implementation of the LCRIF tariff, the financing responsibility of such non-network facilities would fall 100% onto the individual generators. In some cases, SCE has agreed to exercise its option to finance

[2] See CPUC Renewables Portfolio Standard Quarterly Report, California Public Utilities Commission, July, 2008

transmission network upgrades for needed renewable resources, subject to cost recovery assurances from the CPUC (Back Stop Recovery – PUC Section 399.25).

SCE has also taken the lead in developing conceptual transmission "master plans" in anticipation of generation interconnection requests. These filings inspired SCE, the CPUC, along with the California Energy Commission ("CEC"), the CAISO, other utilities and stakeholders, to embark on the California Renewable Energy Transmission Initiative ("RETI"). Despite these efforts, SCE still expects that transmission will continue to be a significant impediment to achieving the State's RPS goal of 20% renewables.

CONGESTED INTERCONNECTION QUEUE

SCE is an active participant and stakeholder in the CAISO's GIPR efforts. SCE modified its Pro Forma Agreement to allow for more flexibility in delivery points. Specifically, SCE now allows generating facilities that are interconnected to the California Independent System Operator ("CAISO") to use as their delivery point the first point of interconnection with the CAISO-controlled grid rather than SP-15. In addition to the need for delivery point flexibility, a generator's ability to recover costs for transmission is an important factor in facilitating the development of transmission for renewable energy resources. SCE has proactively sought and proposed cost recovery mechanisms to help remove this barrier to no avail.

PROJECT DEVELOPMENT CHALLENGES

SCE continues to reach out and communicate with project developers on an on-going basis to discuss options and status of project development, and provide guidance, support and direction as often as needed. SCE has also worked with developers to overcome local opposition to renewable projects through active education with city governments regarding the State's goals and the importance of renewable energy in California.

While the uncertainty associated with production tax credits and investment tax credits is outside the control of California state agencies, SCE's policy advisors in Washington, D.C. are continually working with senators and legislators advocating for the extension of these tax credits. SCE continues to voice concerns at the federal level regarding the critical need to have a sustained credit to ensure long-term commitments to renewable development.

RENEWABLE DISTRIBUTED & SELF GENERATION

In order to expand its portfolio of distribution scale renewable generation, SCE has expanded the eligibility of its biomass standard contracts and they are now available to other eligible small renewable projects. The success of the Biomass Standard contract demonstrates that it removes a significant barrier to developers of distribution scale projects. SCE will continue to identify and resolve other market issues to encourage renewable distributed generation.

SCE's Self-Generation Incentive Program (SGIP) provides cash incentives (from $0.60 to $4.50 per watt) to customers who install qualifying solar photovoltaic and wind on-site generation. The 2009 program is currently on hold pending CPUC approval. Upon approval, SCE will continue to market the program to encourage the implementation of self-generation.