

Schedule NEM
NET ENERGY METERING

Sheet 1

APPLICABILITY

Applicable to Eligible Customer-Generators and Eligible Customer-Generators Utilizing Wind Energy Co-Metering, as defined herein below pursuant to Public Utilities (PU) Code Sections 2827 and 2827.8, with a generating capacity up to 1,000 kW. Customers eligible for service under this Schedule are not required to take service under Schedule S. This Schedule is closed to new customers once the total combined rated generating capacity, of all Eligible Customer-Generators and all Eligible Customer-Generators Utilizing Wind Energy Co-Metering, exceeds one-half of one percent of Southern California Edison's (SCE) aggregate peak demand. (C) (C) (T) (N) (N)

If an eligible Customer-Generator, or Eligible Customer-Generator Utilizing Wind Energy Co-Metering, participates in Direct Access (DA) with an Energy Service Provider (ESP) that does not provide distribution services for the direct transactions, the ESP, and not SCE, is obligated to provide NEM to such customer. Additionally, the ESP is responsible for the incremental costs associated with the metering and billing services provided by SCE to an ESP's NEM customer, pursuant to Special Condition 2.d of this Schedule. (C) (C) (T) (T)

TERRITORY

Within the entire territory served.

RATES

As determined in each billing period, when an Eligible Customer-Generator, or an Eligible Customer-Generator Utilizing Wind Energy Co-Metering, is a net consumer of energy, E_s is greater than E_F , where E_s is energy supplied by SCE and E_F is energy generated by the customer's electrical generating facility and fed back into SCE's electrical system, the resulting net consumed energy will be used in the calculation of all applicable energy charges, calculated by multiplying the customer's net consumed kWh by the applicable energy rate components of the customer's Otherwise Applicable Tariff (OAT), in each Time-Of-Use (TOU) period, when applicable. (C)

As determined in each billing period, when an Eligible Customer-Generator, as defined in Special Condition 5.a, is a net producer of energy, E_F is greater than E_s , the resulting net produced energy will be used in the calculation of energy credits, calculated by multiplying the customer's net produced kWh by the applicable energy rate components of the customer's OAT, in each TOU period, when applicable.

As determined in each billing period, when an Eligible Customer-Generator Utilizing Wind Energy Co-Metering, as defined in Special Condition 5.b, is a net producer of energy, E_F is greater than E_s , the resulting net produced energy will be used in the calculation of generation energy credits, calculated by multiplying the customer's net produced kWh by the applicable Utility Retained Generation (URG) rate component of the customer's OAT, in each TOU period.

For all customers served under this Schedule, Special Condition 3.g shall apply to any remaining credits at the end of each Relevant Period. (C)

(Continued)

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Schedule NEM
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Sheet 2

(Continued)

SPECIAL CONDITIONS

1. Required Application and Contract: An executed Application For A Net Energy Metering And Generating Facility Interconnection Agreement (Form 14-753), and an executed Net Metering And Interconnection Agreement (Form 16-344), are required prior to receiving service under this Schedule. (T) (T)

2. Metering:
 - a. For customers whose OAT does not require a TOU meter, or is not an Eligible Customer-Generator Utilizing Wind Energy Co-Metering, net energy shall be measured (metered) using a single meter capable of registering the flow of electricity in two directions. If the customer's existing meter is not capable of measuring the flow of electricity in two directions, an appropriate meter shall be provided at the expense of the customer. SCE may elect to install an additional meter or meters, at SCE's expense, with the customer's consent. Such additional metering shall be used only to provide the information necessary to accurately bill or credit the customer.

 - b. For customers whose OAT requires a TOU meter, and all eligible Customer-Generators Utilizing Wind Energy Co-Metering, net energy shall be measured (metered) using a single TOU meter capable of registering the flow of electricity in two directions. If the customer's existing meter is not a TOU meter capable of measuring the flow of electricity in two directions, an appropriate TOU meter shall be provided at the expense of the customer. SCE may elect to install an additional meter or meters, at SCE's expense, with the customer's consent. Such additional metering shall be used only to provide the information necessary to accurately bill or credit the customer.

 - c. For all customers served under this Schedule, when SCE determines that dual metering is required for the purposes set forth herein, and such customer refuses consent for installation of dual metering, SCE shall have the right to refuse interconnection.

 - d. Where SCE provides metering and billing for an ESP's NEM customer, the ESP shall be responsible for the applicable charges for such services, as set forth in Schedule ESP-DSF.

3. Billing:
 - a. SCE shall provide all customers served under this Schedule with net energy consumption information and/or net energy production information with each monthly bill.

 - b. For all customers served under this Schedule all applicable Monthly Customer Charges, Minimum Charges, Demand Charges, and/or other non-energy related charges, excluding any adjustments due to power factor provisions, as defined in the customer's OAT, shall apply, when applicable, regardless of the Customer's monthly net generation.

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(Continued)

SPECIAL CONDITIONS (Continued)

3. Billing: (Continued)

- c. For Residential and Small Commercial Customers (as defined in SCE's Rule 1), energy related charges and credits are accumulated until the end of a Relevant Period. However, upon a customer's request, SCE shall permit a Residential or Small Commercial customer to pay all applicable energy charges monthly. Such request must be made by the customer upon initiation of service under this Schedule or upon written notice to SCE no later than thirty (30) days prior to the end of a Relevant Period, whichever applies and customers cannot change their billing preference at any other time. For all Eligible Customer-Generators Utilizing Wind Energy Co-Metering, and all eligible customers other than residential and Small Commercial Customers, it is mandatory to pay all applicable charges, both energy and non-energy related, on a monthly basis, in accordance with the customer's OAT. (T)
- d. For Residential and Small Commercial Customers, the monthly bills shall show the accrued energy charges owed to SCE, or accrued energy credits for net energy produced, whichever applies, until the end of a Relevant Period. (T)
- e. For all customers served under this Schedule, except Eligible Customer-Generators Utilizing Wind Energy Co-Metering, energy credits will be used to offset other time periods and/or subsequent billing periods' energy related charges when they exist. However, at no time will energy credits be applied towards any non-energy related charges and such credits cannot be carried over to a new Relevant Period.
- f. For all Eligible Customer-Generators Utilizing Wind Energy Co-Metering, generation energy credits will be used to offset other time periods and/or subsequent billing periods' generation-related energy charges when they exist. The generation energy credits of an Eligible Customer-Generator Utilizing Wind Energy Co-Metering can only be used to offset the generation portion of its energy related charges, and such credits cannot be carried over to a new Relevant Period.
- g. At the end of each Relevant Period (as defined in Special Condition 5.f of this Schedule) following the Date of Parallel Operation of the customer's generator with SCE's electric system, SCE shall proceed as follows:
 - 1) For all Residential and Small Commercial Customers who did not choose to be billed monthly for their energy related charges, SCE will subtract all accrued energy credits from all accrued energy charges. If this calculation results in monies owed to SCE, such energy charges shall be due and payable in accordance with the customer's OAT. However, if this calculation results in an energy credit, SCE shall neither pay the customer for any unused energy credit nor carry forward any unused energy credit. The unused energy credit shall be zeroed out and a new Relevant Period shall commence. (T)
 - 2) For all Eligible Customer-Generators Utilizing Wind Energy Co-Metering, all customers who do not meet the definition of a Residential or Small Commercial customer, and all Residential and Small Commercial Customers who chose to be billed monthly for their energy related charges, any unused energy credits shall not be carried forward to the start of a new Relevant Period, rather the unused energy credits shall be zeroed out and a new Relevant Period shall commence. (T)
- h. If a customer terminates service under this Schedule prior to the end of a Relevant Period, SCE shall reconcile the customer's consumption and production of electricity and bill the customer for positive Net Energy charges, if any.

(Continued)

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Schedule NEM
NET ENERGY METERING

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

4. Grandfathered Generating Facilities: Eligible Customer-Generators, and Eligible Customer-Generators Utilizing Wind Energy Co-Metering, served under this Schedule who have all local and state permits required to commence construction of their eligible generating facility on or before December 31, 2002, and have completed construction on or before September 30, 2003, shall be entitled to the net energy metering terms in effect on the date the local and state permits were acquired, for the life of the generating facility, regardless of any change in customer or ownership of the generating facility.

5. Definitions: The following definitions are applicable to service provided under this Schedule.
 - a. Eligible Customer-Generator: A Residential, Small Commercial (as defined in SCE's Rule 1), commercial, industrial, or agricultural customer who uses a solar or wind turbine electrical generating facility, or a hybrid system of both, with a total capacity of not more than 1,000 kW, and where the wind turbine electrical generating nameplate capacity is not greater than 50 kW, that is located on the eligible customer's premises, that is interconnected and operates in parallel with SCE's electric system, intended primarily to offset part or all of the customer's own electrical requirements, and that meets all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability. An Eligible Customer-Generator whose electrical generating facility meets these standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance. (T)

 - b. Eligible Customer-Generator Utilizing Wind Energy Co-Metering: A customer who uses a wind energy electrical generating facility with a generating nameplate capacity greater than 50 kW, but not exceeding 1,000 kW, including solar and wind hybrid systems where the wind turbine electrical generating nameplate capacity is greater than 50 kW, that is located on the eligible customer's premises, that is interconnected and operates in parallel with SCE's electric system, and that is intended primarily to offset part or all of the customer's own electrical requirements, and that meets all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability. An Eligible Customer-Generator Utilizing Wind Energy Co-Metering whose electrical generating facility meets those standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

 - c. Date of Parallel Operation. The date SCE provides the customer with SCE's written approval to commence parallel operation of the generating facility.

 - d. Net Energy: The difference between the electricity supplied and/or delivered through SCE, and the electricity generated by the customer and fed back into SCE's electric system, measured over the Relevant Period. Thus, where E_S is energy supplied and/or delivered by SCE, and E_F is energy generated by the customer and fed back into SCE's system:

$$\text{Net Energy} = E_S \text{ minus } E_F$$

 - e. Otherwise Applicable Tariff: The customer's regularly filed rate schedule under which service is rendered.

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Schedule NEM
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Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

5. Definitions: The following definitions are applicable to service provided under this Schedule. (L)(T)
(Continued)

f. Relevant Period: A twelve-month period, or portion thereof, commencing on the anniversary Date of Final Interconnection of the customer's generator to SCE's electric system. (L)

6. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages. (T)

Sub-transmission customers, except for those customers exempt from rotating outages, are to be included in controlled, rotating outages when required by the Independent System Operator (ISO). To the extent feasible, SCE will coordinate rotating outages applicable to Sub-transmission customers who are fossil fuel producers and pipeline operators and users to minimize disruption to public health and safety. SCE shall not include a Sub-transmission customer in an applicable rotating outage group if the customer's inclusion would jeopardize electric system integrity. Sub-transmission customers who are not exempt from rotating outages, and seek such exemption, may submit an Optional Binding Mandatory Curtailment (OBMC) Plan to SCE in accordance with Schedule OBMC. If SCE approves a customer's OBMC Plan, the customer will become exempt from rotating outages and will be subject to the terms and conditions of Schedule OBMC and its associated contract.

Non-exempt Sub-transmission customers shall be required to drop their entire electrical load during applicable rotating outages by either (1) implementing the load reduction on their own initiative, in accordance with subsection a, below; or (2) having SCE implement the load reduction through remote-controlled load drop equipment (control equipment) in accordance with subsection b, below. A Sub-transmission customer shall normally be subject to the provisions of subsection a. If SCE approves a customer's request to have SCE implement the load reduction or if the customer does not comply with prior required load reductions, as specified in subsection c, the customer will be subject to the provisions of subsection b.

a. Customer-Implemented Load Reduction.

(i) Notification of Required Load Reduction. At the direction of the ISO, SCE shall notify each Sub-transmission customer in an affected rotating outage group to drop its entire load. Within 30 minutes of such notification, the customer must drop its entire load. The customer shall not return the dropped load to service until 90 minutes after SCE sent the notification to the customer to drop its load, unless SCE notifies the customer that it may return its load to service prior to the expiration of the 90 minutes.

(ii) Method of Notification. SCE will notify Sub-transmission customers who are required to implement their own load reduction via telephone, by either an automated calling system or a manual call to a business telephone number or cellular phone number designated by the customer. The designated telephone number will be used for the sole purpose of receiving SCE's rotating outage notification and must be available to receive the notification at all times. When SCE sends the notification to the designated telephone number the customer is responsible for dropping its entire load in accordance with subsection a. (i), above. The customer is responsible for informing SCE, in writing, of the telephone number and contact name for purposes of receiving the notification of a rotating outage.

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SPECIAL CONDITIONS (Continued)

6. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages. (Continued)

a. Customer-Implemented Load Reduction. (Continued)

(iii) Excess Energy Charges. If a Sub-transmission customer fails to drop its entire load within 30 minutes of notification by SCE, and/or fails to maintain the entire load drop until 90 minutes after the time notification was sent to the customer, unless SCE otherwise notified the customer that it may return its load to service earlier in accordance with subsection a. (i) above, SCE shall assess Excess Energy Charges of \$6 per kWh for all kWh usage in excess of the Authorized Residual Ancillary Load. Such charges will be based on the total kWh usage during the applicable rotating outage penalty period, less the product of Authorized Residual Ancillary Load in kW and the applicable rotating outage penalty period in hours. Excess Energy Charges will be determined and applied by SCE subsequent to the Sub-transmission customer's regularly scheduled meter read date following the applicable rotating outage.

(L)

(iv) Authorized Residual Ancillary Load. Authorized Residual Ancillary Load is load that is deemed to be equivalent to five percent of the Sub-transmission customer's prior billing month's recorded Maximum Demand. This minimum load level is used as a proxy to allow for no-load transformer losses and/or load attributed to minimum grid parallel operation for generators connected under Rule 21.

(T)

b. SCE-Implemented Load Reduction.

Non-exempt Sub-transmission customers may request, in writing, to have SCE drop the customer's entire load during all applicable rotating outages using SCE's remote-controlled load drop equipment (control equipment). If SCE agrees to such arrangement, SCE will implement the load drop by using one of the following methods:

(i) Control Equipment Installed. For a Sub-transmission customer whose load can be dropped by SCE's existing control equipment, SCE will implement the load drop during a rotating outage applicable to the customer. The customer will not be subject to the Notification and Excess Energy Charge provisions set forth in subsection a, above.

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Sheet 7 (T)

(Continued)

SPECIAL CONDITIONS (Continued)

6. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages. (Continued)
- b. SCE-Implemented Load Reduction. (Continued)
- (ii) Control Equipment Pending Installation. For a Sub-transmission customer whose load can not be dropped by SCE's existing control equipment, the customer must request the installation of such equipment at the customer's expense in accordance with SCE's Rule 2, Section H, Added Facilities. Pending the installation of the control equipment, the customer will be responsible for dropping load in accordance with the provisions of subsection a, above, including the Notification and Excess Energy Charge provisions.
- c. Non-compliance: A non-exempt Sub-transmission customer subject to subsection a, above, who fails to drop load during three rotating outages in a three year period to a demand level of 20% or less of the customer's prior billing month's recorded Maximum Demand averaged over the applicable rotating outage period, is not in compliance with this tariff. The three year period shall commence with the first failure to drop load as specified in this subsection. A customer not in compliance with this condition will be placed at the top of the Sub-transmission customer rotating outage group list and will be expected to comply with subsequent applicable rotating outages. In addition, the customer must select one of the two options below within fifteen days after receiving written notice of non-compliance from SCE. A customer failing to make a selection within the specified time frame will be subject to subsection c. (ii) below. (T)
- (i) Subject to Schedule OBMC: The customer shall submit an OBMC Plan, in accordance with Schedule OBMC, within 30 calendar days of receiving written notice of non-compliance from SCE. Pending the submittal of the OBMC Plan by the customer and pending the review and acceptance of the OBMC Plan by SCE, the customer will remain responsible for dropping load in accordance with the provisions of subsection a, above, including the Notification and Excess Energy charge provisions. If the customer fails to submit an OBMC Plan within 30 days of receiving notice of non-compliance from SCE, or if the customer's OBMC Plan is not approved by SCE, or if the customer fails to meet the requirements of Schedule OBMC once the OBMC Plan is approved, the customer shall be subject subsection c. (ii), below.
- (ii) Installation of Control Equipment. The customer shall be subject to the installation of control equipment at the customer's expense in accordance with SCE's Rule 2, Section H, Added Facilities, if such equipment is not currently installed. If such switching capability is installed, SCE will drop the customer's load for all applicable subsequent rotating outages in accordance with the provisions of subsection b, above. Pending the installation of control equipment, the customer will remain responsible for dropping load in accordance with the provisions of subsection a, above, including the Notification and Excess Energy Charge provisions.

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Sheet 8 (T)

(Continued)

SPECIAL CONDITIONS (Continued)

6. Customers with Service Metered and Delivered at Voltages above 50 kV (Sub-transmission customers) Included in Rotating Outages. (Continued)

d. Net-Generators

(N)

Sub-transmission customers who are also net-generators are normally exempt from rotating outages, but they must be net suppliers of power to the grid during all rotating outages. For the purpose of this Special Condition, a net-generator is an SCE customer who operates an electric generating facility as part of its industrial or commercial process, and the generating facility normally produces more electrical power than is consumed in the industrial or commercial process, with the excess power supplied to the grid. Sub-transmission customers whose primary business purpose is to generate power are not included in this Special Condition.

(i) Notification of Rotating Outages. SCE will notify sub-transmission customers who are net-generators of all rotating outages applicable to customers within SCE's service territory. Within 30 minutes of notification, the customer must ensure it is a net supplier of power to the grid throughout the entire rotating outage period. Failure to do so will result in the customer losing its exemption from rotating outages, and the customer will be subject to Excess Energy Charges, as provided below.

(ii) Excess Energy Charges. Net generators who are not net suppliers to the grid during each rotating outage period will be subject to Excess Energy Charges of \$6 per kWh for all kWh usage in excess of the Authorized Residual Ancillary Load. Such charges will be based on the total kWh usage during a rotating outage penalty period, less the product of Authorized Residual Ancillary Load in kW and the applicable rotating outage period hours. Excess Energy Charges will be determined and applied by SCE subsequent to the customer's regularly scheduled meter read date following the applicable rotating outage. Excess Energy Charges shall not apply during periods of verifiable scheduled generator maintenance or if the customer's generator suffers a verifiable forced outage. The scheduled maintenance must be approved in advance by either the ISO or SCE, but approval may not be unreasonably withheld.

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