

Southern California Edison Company
Emergency Load Reduction Program
(ELRP) Pilot Terms and Conditions for
Group B Pursuant to California Public
Utilities Commission Decisions 21-03-056,
21-12-015, and 23-12-005

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Program Overview

As part of Rulemaking (R.) 20-11-003 (the Summer Reliability Rulemaking), on March 26, 2021, the California Public Utilities Commission (CPUC or Commission) issued Decision (D.) 21-03-056, which (among other measures) approved the Emergency Load Reduction Program (ELRP) pilot, an out-of-market demand response (DR) resource.

On August 2, 2021, the assigned Administrative Law Judge (ALJ) initiated Phase 2 of the Summer Reliability Rulemaking. On December 6, 2021, the Commission issued its final decision in Phase 2 of the rulemaking, D.21-12-015, which directs the investor-owned utilities (Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric (SDG&E) (collectively, the IOUs)) to take additional actions to prepare for potential extreme weather in the summers of 2022 and 2023, including modifications to the ELRP pilot. The Commission subsequently issued D.21-12-069, making minor corrections to D.21-12-015. On December 20, 2023, the Commission issued D.23-12-005 *Decision Directing Certain Investor-Owned Utilities' Demand Response Programs, Pilots, and Budgets for the Years 2024-2027*. In that Decision, the Commission approved SCE's 2024-2027 ELRP budget and adopted certain program modifications, including changes to the method for ELRP settlements for Group B (D.23-12-005, Attachment 2).

These Terms and Conditions of the ELRP pilot conform with the ELRP program parameters for "Group B" ELRP participants set forth in D.21-03-056, D.21-12-015, D.23-12-005, and their respective Attachments, and may change in whole or in part subject to CPUC approval. The ELRP will be administered by each IOU in its respective service territory. Any changes made to the ELRP Terms and Conditions will be published in revisions to this document and/or posted to SCE's website and/or its ELRP Program Administrator's website. Other documents supporting the ELRP will be made available and updated from time to time at SCE's website and/or its ELRP Program Administrator's website. SCE has engaged Olivine, Inc., using the ClimateResponse™ Technology Suite to be the Program Administer for the ELRP at this time. Information on ELRP is available at elrp.sce.com.

The ELRP pilot provides financial incentives to eligible participants that provide demand load reductions, or demand response, during times of potential or actual stress on the California Independent System Operator (CAISO) transmission system. The ELRP pilot became available on May 1, 2021 and is currently scheduled to end on October 31, 2027.

The ELRP does not provide capacity or enrollment incentives; rather, incentives are in the form of a non-penalty pay-for-performance energy payment for a customer's verified incremental load reduction. The ELRP load reduction capacity is not eligible for Resource Adequacy (RA), nor to be included in the California Energy Commission (CEC) peak forecast framework. ELRP does not have any CAISO market obligations.

Acceptance of Terms and Conditions

All third-party entities are requested to affirm intent to participate in ELRP and to accept these Terms and Conditions for ELRP participation.

Group B

ELRP eligible participants are divided into two sub-groups under Group B with both subgroups comprised of market integrated Proxy Demand Response resources as shown.

- Sub-Group B.1 – Third-Party DR Provider (DRP)
- Sub-Group B.2 – Capacity Bidding Program (CBP)

Sub-Group B.1

Third-party DRPs involved with Sub-Group B.1 are requested to affirm intent to participate in ELRP,¹ including acceptance of Terms and Conditions and any agreements that may be developed to support third-party DRP participation in ELRP and may be able to receive courtesy ELRP event notifications.² Otherwise, Third-party DR Providers must accept Terms and Conditions and any agreements that are developed by the time they submit their invoices for processing by SCE.

Sub-Group B.2

Capacity Bidding Program (CBP) Aggregators or Participants involved with Sub-Group B.2 are requested to accept the Terms and Conditions and any Agreements³ that may be developed to support CBP enrollment in ELRP.

¹ Affirmation of intent to participate in ELRP requires executing the *Provisional Agreement for BIP Aggregators and “Group B” Participants in the Emergency Load Reduction Program*.

² Event notifications do not replace event triggers in these Terms and Conditions. It is the third-party DRP’s responsibility for ensuring that ELRP events for its ELRP invoices meet the requirements in these Terms and Conditions. ELRP Program Administrators, including SCE and Olivine, are not responsible for providing any costs associated with equipment or Communications that might aid participation in ELRP, including but not limited to devices, internet service, or text messages.

³ Agreements include the *Provisional Agreement for BIP Aggregators and “Group B” Participants in the Emergency Load Reduction Program*.

1 Program Eligibility and Enrollment

1.1 Program Participant Criteria

All customers must be located in SCE's service territory and must have an SCE-approved interval meter or SmartConnect™ meter that can measure energy consumption, at least hourly, and if applicable, can measure exported energy.⁴

1.1.1 Sub-Group B.1. – Third-Party DRPs

A third-party DRP with a market-integrated PDR resource is eligible to participate in ELRP.

1.1.1.1 Application Process for Sub-Group B.1.

Sub-Group B.1 applicants can enroll into the ELRP by contacting the Program Administrator, at support@elp.sce.com.

At the time of enrollment, or at designated times during the ELRP pilot, Group B participants will list the Proxy Demand Resources (PDRs) that will participate in ELRP and nominate an estimated target load reduction quantity (August) to be achieved during an ELRP event by each participating PDR resource.

If applicable, third-party DRPs will be asked to provide information about their customers' back-up generation (BUG), including: (1) location (address), (2) type of fuel used (e.g., diesel, natural gas, battery, etc.), (3) the nameplate capacity of the generator, and (4) the minimum notification time required to dispatch the generator that may be used during ELRP events at the time of invoicing.

1.1.2 Sub-Group B.2. – CBP Aggregators

Third-party aggregators (Aggregators) or self-aggregated customers (Participants) participating in SCE's Capacity Bidding Program (CBP) are eligible to participate in ELRP. A service account is only eligible to participate in ELRP if the account has been nominated and bid during the ELRP operating month.

⁴ Participation under these Terms and Conditions is subject to meter or meter programming availability. SCE is not required to install an interval meter and communication equipment or a SmartConnect™ meter to provide remote read capability if the installation is impractical or not economically feasible. Interval Metering equipment must be in operation for at least 15 calendar days prior to participation in ELRP. Direct Access (DA) and Community Choice Aggregation (CCA) customers shall be responsible for all costs incurred by SCE when the DA or CCA customer uses a third-party (i.e., external) Meter Data Management Agent (MDMA) and/or a third-party Meter Service Provider (MSP).

1.1.2.1 Application Process for Sub-Group B.2.

Sub-Group B.2 applicants can enroll into the ELRP by contacting the Program Administrator, support@elrp.sce.com.

At the time of enrollment, or at designated times during the ELRP pilot, CBP participants will list CBP nominated accounts that will participate in ELRP and provide an estimated target load reduction quantity (based on August potential) to be achieved during an ELRP event for those CBP nominated accounts.

At the time of enrollment, or at designated times during the ELRP pilot, the CBP Aggregator or Participant will be asked, if applicable, to provide information about their customer's BUG, including: (1) location (address), (2) type of fuel used (e.g., diesel, natural gas, battery, etc.), (3) the nameplate capacity of the generator, and (4) the minimum notification time required to dispatch the generator that may be used during ELRP events.

2 Program Parameters

2.1 Program Availability

The ELRP has the following program parameters for all participants subject to these Terms and Conditions.

- Program Availability
 - May – October
 - Seven (7) days per week
 - 4 p.m. to 9 p.m. (Pacific Time Zone)
- Event Duration
 - 1-hour minimum; 5-hour maximum
- Annual Dispatch Limit
 - Up to 60 hours
- Consecutive Day Dispatches
 - No constraints (limits)

2.2 Program Trigger

The ELRP shall be activated after the CAISO issues or declares an “Energy Emergency Alert (EEA)”. The EEA process is defined by CAISO Operating Procedure 4420.⁵ Group B participants utilize Day-Ahead (DA) Alert and Day-Of (DO) triggers for ELRP.

2.3 Group B Notification

An ELRP event for Group B participants is activated after the CAISO issues or declares a DA Alert or DO trigger. The start time and duration are specified in the CAISO Alert notice and is limited to the parameters set forth in [Section 2.1](#) “Program Availability” above. Parties that have affirmed their intent to participate, including acceptance of these Terms and Conditions and any agreements would be eligible to receive courtesy ELRP notifications⁶ from the Program Administrator (Olivine).

2.4 Test Events

Group B is not subject to ELRP Test Events.

⁵ The EEA declarations under the North American Electric Reliability Corporation (NERC) EEA standards are EEA Watch (day-ahead and day-of), EEA-1, EEA-2, and EEA-3.

⁶ ELRP Program Administrators, including SCE and Olivine, are not responsible for providing any costs associated with equipment or Communications that might aid participation in ELRP, including but not limited to devices, internet service, or text messages.

3 Compensation

Participation during an ELRP event is entirely voluntary, and no financial penalties will result from not achieving load reduction during the event.

Incremental load reduction (ILR) is defined as the load reduction achieved during an ELRP event incremental or relative to the non-event applicable baseline and/or any other existing commitment. Only ILR is eligible for compensation under ELRP. If there is insufficient data that impacts the ability to calculate ILR, the account may not receive an incentive or may be excluded from ILR calculations.

Any load reduction technology may be used during an ELRP event to achieve ILR.

Prohibited Resources,⁷ except those operated by non-residential customers located in a Disadvantaged Community (DAC),⁸ may be used when permitted by a Governor's Executive Order and in compliance with Rule 21 and other applicable regulations and permits during an ELRP event to achieve ILR, including during the overlapping period with an independently triggered event in a dual-enrolled DR program, but only for achieving load reduction incremental to any other existing commitment (e.g., under a dual-enrolled DR program).

If applicable, SCE may withhold a Participant's ELRP incentives until data or information about the customers' back-up or onsite generation resources (i.e., Prohibited Resources) is provided. Participants will be asked to provide information about the location, type of fuel used, the capacity of the generator, and the minimum notification time required to dispatch the generator that may be used during ELRP events.

⁷ Effective January 1, 2019, the following list of resources are prohibited in providing load reduction during demand response events: distributed generation technologies using diesel, natural gas, gasoline, propane, or liquefied petroleum gas, in topping cycle Combined Heat and Power (CHP) or non-CHP configuration (Prohibited Resources). The following resources are exempt from the prohibition: pressure reduction turbines and waste-heat-to-power bottoming cycle CHP, resources powered by fuel (e.g., renewable gas, renewable diesel, or biodiesel) that has received renewable certification from the California Air Resources Board, as well as energy storage resources not coupled with fossil fueled resources. Per D.21-03-056 Attachment 1 (p. 9, Footnote 3), as directed in Resolution E-4906 (see Ordering Paragraphs 45 and 47 at 104), customers previously using a prohibited resource fuel may switch the resource to a renewable fuel that has met CARB certification. Allowable fuels are those that have met the agency's [Low Carbon Fuel Standard \(LCFS\) Tier 2 Pathway](#).

⁸ Pursuant to Section 39711 of the Health and Safety Code, Disadvantaged Communities are defined as (1) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation and (2) Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment. See also Health and Safety Code Section 116426.

3.1 Incentive Rate

The ELRP Compensation Rate (ECR) is \$2 per kilowatt-hour (\$2/kWh).

3.2 Incentive Calculation

Compensation for load reduction delivered during an ELRP event is determined by calculating the product of ILR and ECR. The ILR is determined using the prescribed baseline per [Section 3.2.1.](#) and the ILR settlement methodology per [Section 3.2.2.1.](#) for Sub-Group B.1. and [Section 3.2.2.2.](#) for Sub-Group B.2. Payments associated with Group B varies between B.1. and B.2. as described in [Section 3.2.3.](#)

3.2.1 Baseline Methodology for Group B (B.1. and B.2.)

3.2.1.1 Baseline Methodology for Sub-Group B.1 (Third Party DRPs)

To construct the ELRP baseline for measuring a sub-group B.1 PDR's ILR contribution during an ELRP event, the applicable CAISO baseline can be modified to account for the following:

- 1) Count net exports to the distribution grid by customer locations within the PDR aggregation that comply with Rule 21 and other applicable permits;
- 2) Exclude prior days with other ELRP events when selecting the set of "nonevent, but similar" days used to calculate the baseline;
- 3) Exclude applicable preceding hours with either CAISO market awards or another ELRP event on the day of the ELRP event when calculating the same-day adjustment (SDA) to the calculated baseline in Step 2 above; and
- 4) Allow the SDA in Step 3 to be no greater than 100%.

3.2.1.2 Baseline Methodology for Sub-Group B.2 (CBP Aggregators)

To construct the ELRP baseline for measuring a Sub-group B.2 Aggregation's ILR contribution during an ELRP event, the applicable CBP baseline will be modified to account for the following:

- 1) Count net exports to the distribution grid by customer locations within the CBP aggregation that comply with Rule 21 and other applicable permits;

- 2) Exclude prior days with other ELRP events when selecting the set of “non-event, but similar” days when calculating the baseline;
- 3) Exclude hours with either CBP events or another ELRP event on the day of the ELRP event from the same-day adjustment (SDA) hours, and
- 4) Since the Energy Baseline (EB) and Adjusted Energy Baseline (AEB) in SCE’s Schedule CBP do not account for weekend and holiday events, a 4-in-4 similar day baseline and 3-in-5 similar day baseline will apply for CBP non-residential and residential accounts, respectively.

3.2.2 ILR Settlements Calculation for Group B (B.1 and B.2)

Settlements for eligible Group B participants will be calculated in the manner described below.

3.2.2.1 *Settlement Calculation for Sub-Group B.1 (Third Party DRPs)*

For participation in ELRP under Sub-Group B.1., a DRP must construct a PDR Portfolio consisting of only 1) PDRs with RA assignment or PDRs without RA assignment (but not both), and 2) PDRs limited to SCE’s service territory.

The CAISO settled aggregated load during an ELRP event may be modified to count net energy exported to the distribution grid by any customer location within the PDR aggregation, subject to each customer’s *net* exporting limit under its Rule 21 interconnection agreement and adherence to each customer’s Net Energy Metering tariff, as applicable.

Following an ELRP event, the DRP’s scheduling coordinator (SC) is responsible for determining the following:

- 1) ELRP Event Performance (total load reduction during the ELRP Event) of each PDR in the DRP’s PDR Portfolio by applying the applicable ELRP modified baseline to the PDR’s modified aggregated load settled during the ELRP event.

- 2) ILR of each PDR by subtracting the CAISO scheduled award quantities, inclusive of day-ahead market (DAM) and real-time market (RTM), from the PDR's ELRP Event Performance. If the total market award for the PDR during the ELRP event is zero, then ILR of the PDR equals the ELRP Event Performance.
- 3) The ELRP Event Compensation due for each PDR by adding all interval-specific ELRP Compensations across all applicable intervals of the ELRP event, subject to the following:

- a) The interval-specific ELRP Compensation in each applicable interval of the ELRP event is obtained by subtracting 1) any CAISO market payments for any portion of the load reduction counted in the interval-specific ILR exceeding Market Eligible Capacity (MEC), defined below, and 2) the interval-specific CAISO Opportunistic Revenue (COR), defined below, from 3) the interval-specific Product of the ECR and the interval-specific ILR (see illustration below).

If the interval-specific ILR is negative, then the interval-specific ELRP Compensation is set to zero in that interval.

If the interval-specific COR is greater than the interval-specific Product, then the interval-specific ELRP Compensation is set to zero in that interval.

- b) The interval-specific COR is the product of the interval-specific Market Eligible Capacity (MEC), defined below based on the interval-specific CAISO Market Event Performance (MEP) determined under applicable CAISO market baseline, and the interval-specific CAISO Opportunistic Price (COP), defined below (see illustration below).

- i. Market Eligible Capacity (MEC):

If the total CAISO scheduled award quantity in an interval is non-zero:

1. And if the interval-specific MEP is less than or equal to the total CAISO scheduled award quantity in the interval, then the interval-specific MEC is set to zero.
2. And if the interval-specific MEP is greater than the total CAISO scheduled award quantity in an interval and less than or equal to the Qualifying Capacity (QC)⁹ of the PDR in that interval, then the interval-specific MEC is equal to the interval-specific MEP minus the interval-specific total CAISO scheduled award quantity.
3. And if the interval-specific MEP is greater than the Qualifying Capacity (QC) of the PDR in that interval, then the interval-specific MEC is equal to the interval-specific QC of the PDR minus the interval-specific total CAISO scheduled award quantity.

If the total CAISO scheduled award quantity in an interval is zero, then the interval-specific MEC is set equal to the QC of the PDR in that interval.

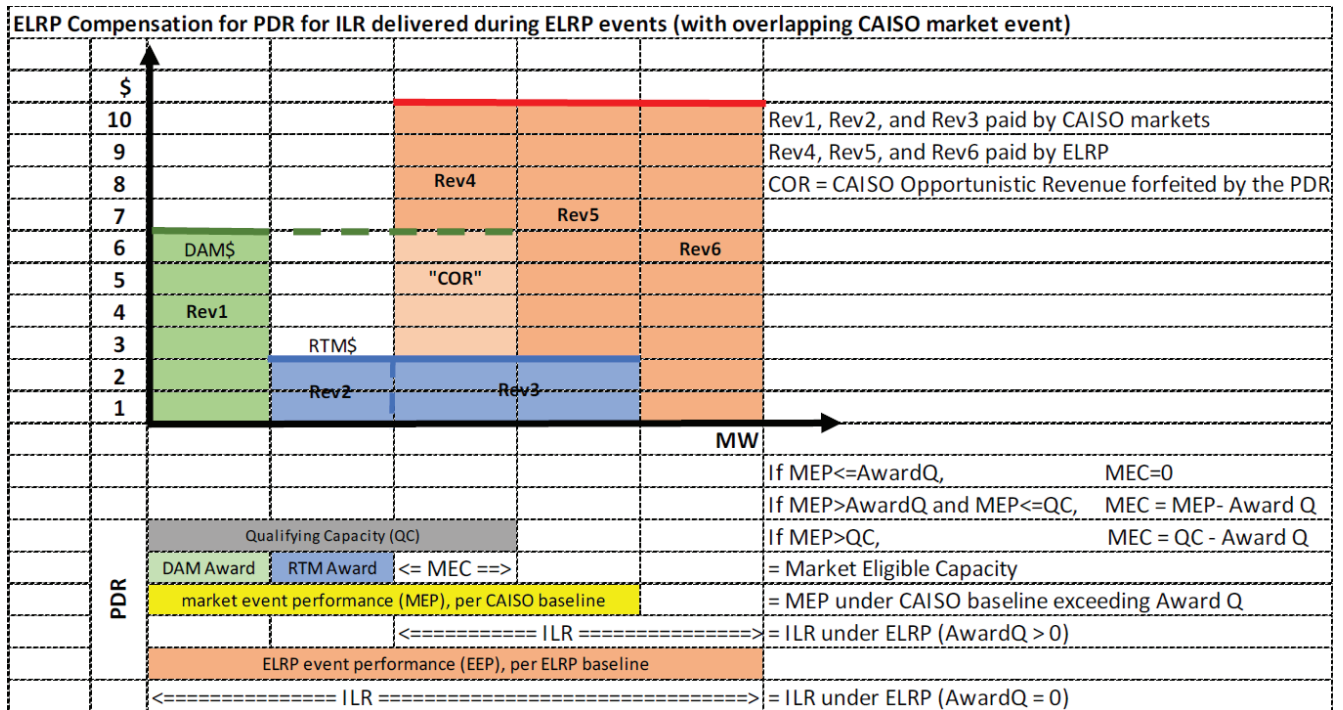
If the PDR has no assigned QC in the above cases, then the QC is replaced by the PDR's "PMin" parameter on record in the CAISO Master File applicable to the interval. Additionally, if the PMin value is less than the total CAISO scheduled award quantity in an interval, then the interval-specific MEC is set to zero.

ii. CAISO Opportunistic Price (COP):

COP is set equal to the ECR.

⁹ The QC value is defined as the Supply Plan quantity.

iii. Portfolio Level Net Event Compensation across all PDRs in the DRP's Portfolio.



3.2.2.2 Settlements Calculation for Sub-Group B.2. (CBP Aggregators and Participants)

The following steps are used for calculating the settlement amount for a CBP aggregation:

- 1) Determine the ELRP Event Performance (total incremental load reduction during the ELRP event) for each Resource by applying the applicable ELRP modified baseline to the aggregation's load.
- 2) Determine the ELRP ILR for each Resource by subtracting the CBP nomination from the Resource's ELRP Event Performance. If a CBP Resource was not dispatched during the ELRP event, then the ILR of the aggregation equals the ELRP Event Performance.
- 3) The ELRP Event Compensation due for each Resource is calculated by adding all interval-specific ELRP Compensations across all applicable intervals of the ELRP event, subject to the following:

The interval-specific ELRP Compensation in each applicable interval of the ELRP event is obtained by subtracting any CBP energy payments for

any portion of the load reduction counted in the ELRP interval-specific ILR from the interval-specific Product of the ECR and the interval-specific ELRP ILR. If the interval-specific ILR is negative, then the interval-specific ELRP Compensation is set to zero in that interval.

3.2.3 Payment for Group B (B.1. and B.2.)

Eligible Group B participants will be compensated in the manner described below.

3.2.3.1 Payment for Sub-Group B.1.

To receive ELRP compensation, the third-party DRP shall submit an aggregate invoice for the Cumulative Portfolio Level Net Event Compensation of each PDR Portfolio for May-June-July (First Quarter) period by September 30 and for August-September-October (Second Quarter) by December 31 of the program year for each of its PDR Portfolio to SCE's organization responsible for administering Demand Response Auction Mechanism (DRAM) invoices or ELRP Administrator (Olivine). Invoices and related information can be submitted directly to Olivine using the [secure upload link](#) that will be provided to them and send an email notifying the Olivine (elrp-general@olivineinc.com) and SCE (sce3rdpartyDRP@sce.com).

The Cumulative Portfolio Level Net Event Compensation of a PDR Portfolio over one Quarter is determined by summing the Portfolio Level Net Event Compensation across all ELRP events in that Quarter. Any impact on DRAM performance, if applicable, is the responsibility of the seller. The invoice shall be accompanied with the supporting data for each event, including but not limited to PDR-specific ELRP Event Performance, ILR, applicable market awards during the event, applicable CAISO market payments for load reductions counted in the ILR, and ELRP Event Compensation.¹⁰ SCE may audit and verify the invoice as needed. SCE will settle the invoice within 60 days of the invoice date absent the need for additional information, which would set the 60 days from the time all additional information is received in order to

¹⁰ An invoice template will be provided to third-party DRPs for invoice processing and audit.

process the invoice. In case of an audit, the 60 day period is frozen until there is resolution to SCE's satisfaction.

The ELRP Minimum Invoice Threshold is set at zero at this time.

3.2.3.2 Payment for Sub-Group B.2.

SCE will be responsible for calculating ELRP baselines and settlements and issuing payments to CBP Aggregators and/or Participants pursuant to these Terms and Conditions.