



SUMMER 2011 NATURAL GAS REQUEST FOR OFFERS INSTRUCTIONS

JUNE 9, 2011

(REVISED & UPDATED JUNE 23, 2011)

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NATURAL GAS RFO INSTRUCTIONS

Southern California Edison Company (“SCE”) is seeking offers (“Offers”) for natural gas SoCal Border Fixed for Floating swaps (“Swaps”) from responding participants (“Respondents”). These Summer 2011 Natural Gas Request for Offers Instructions (“RFO Instructions”) describe the schedule, process and rules by which Respondents’ Offers must be submitted and evaluated in response to this Natural Gas Request for Offers (“RFO”), and set forth the terms and conditions of Respondents’ participation in this RFO. To participate in this RFO, a Respondent must have in place with SCE an ISDA Master Agreement, an ISDA Credit Support Annex, and a Confidentiality Agreement by the Qualification Date (as described in Section B.1). Unless the context otherwise specifies or requires, initially capitalized terms not defined in these RFO Instructions have the meanings ascribed to them in the applicable documents attached hereto.

In this RFO, SCE is soliciting procurement of Swaps up to the following notional quantities: (i) 140,000 MMBtus/day for the term of January 1, 2013 through June 30 2013; (ii) 30,000 MMBtus/day for the term of July 1, 2013 through June 30 2014; and (iii) 10,000 MMBtus/day for the term of July 1, 2014 – December 31, 2015. However, SCE reserves the right, in its sole discretion, to increase or decrease its target volume and to modify the solicited product in this RFO in any way.

A. FINANCIAL PRODUCTS SOLICITED

SCE is soliciting the Offers described in the following table:

Product ¹	Commodity Reference Price ²	Notional Quantity	Contract Term			RFO Auction Schedule ³
			Term	Start Date	End Date	
Fixed/Floating Swap	SoCal Border	Up to 10,000 MMBtus/day	18 months	July 1, 2014	December 31, 2015	8:00 AM PPT Auction #1
Fixed/Floating Swap	SoCal Border	Up to 30,000 MMBtus/day	12 months	July 1, 2013	June 30, 2014	8:30 AM PPT Auction #2
Fixed/Floating Swap	SoCal Border	Up to 140,000 MMBtus/day	6 months	January 1, 2013	June 30, 2013	9:00 AM PPT Auction #3

- (1) SCE will be the Fixed Price Payer and the Qualified Respondent will be the Floating Price Payer.
- (2) After the close of the RFO, SCE and the Qualified Respondent must clear the SWAP through CME Clearport under the NYMEX listing for commodity code XN: SoCal Swap (Platts IFERC) Futures.
- (3) RFO Auctions will take place on June 28, 2011. See Sections B.1 and B.5 for more details regarding the RFO schedule.

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B. RFO PROCESS

B.1 RFO Schedule

Gas RFO Schedule		
Milestone	Date and Time	Description
Launch	Thu, Jun 9, 2011	Natural Gas RFO Documents (as defined in Section B.2) will be posted on: http://www.sce.com/gasrfo .
Bidder Webex/Conference Call	Tue, Jun 14, 2011 (starts at 10:00 AM PPT)	<p>To join the Webex online meeting:</p> <ol style="list-style-type: none"> 1. Go to https://sce.webex.com/sce/k2/j.php?ED=153557047&UID=1192913522&RT=MiM0 2. Enter your name and email address. 3. Enter the session password: gas 4. Click "Join Now". 5. Follow the instructions that appear on your screen. <p>To join the audio conference:</p> <ol style="list-style-type: none"> 1. Call the toll-free #: 1-(866)-469-3239 2. Enter Access Code: 804-434-769 <p>Note: A replay of the call will be available from June 15, 2011 to June 28, 2011 at www.sce.com/gasrfo.</p>
Submission of Notice of Intent to Offer and Draft Materials	Thu, Jun 16, 2011 (due by 5:00 PM PPT)	<p>Respondent must submit to SCE, in electronic format, the following documents (see Section B.3 for additional information):</p> <ol style="list-style-type: none"> (1) Completed Notice of Intent to Offer (Attachment SCE-1); (2) Draft Confidentiality Agreement (Attachment SCE-2); (3) Draft ISDA Schedule (Attachment SCE-3); (4) Draft Paragraph 13 of the ISDA Credit Support Annex (Attachment SCE-4); and (5) Completed Swap Clearing Information (Attachment SCE-5). <p>Note: All "Draft" documents (2-4 above) are only applicable if the Respondent does not already have those documents in place with SCE.</p>
Qualification Date	Mon, Jun 20, 2011 (due by 5:00 PM PPT)	<p>SCE must have on file the following:</p> <ol style="list-style-type: none"> (1) Fully executed Confidentiality Agreement; and (2) Fully executed ISDA Agreement and Credit Support Annex (including Schedule and Paragraph 13). <p>Note: Respondents who fail to submit these materials will be disqualified from participation in this RFO.</p>
Notice of Qualification	Tue, Jun 21, 2011 (notification by 5:00 PM PPT)	SCE will send notices of qualification to all Qualified Respondents via email.
RFO Indicative Price and Maximum Volume Limits Date	Mon, Jun 27, 2011 (due by 9:00 AM PPT)	<p>Each Qualified Respondent must provide to SCE its indicative price and Maximum Volume Limit (as defined in Section B.5.2) for the Swaps it will be offering in the RFO close. In addition, SCE will conduct a connectivity test with all Qualified Respondents to ensure the relevant instant messaging system(s) ("IM") is functioning between the parties.</p> <p>Note: The indicative price provided by Respondent will have no bearing on whether or not the Respondent's Offer is selected by SCE in this RFO.</p>
RFO Auctions, Closing and Final Award Selections	Tue, Jun 28, 2011 (starting at 8:00 AM, 8:30 AM, and 9:00 AM PPT)	<p>Only Qualified Respondents may participate in the RFO closing process. SCE will conduct each auction and close the RFO according to the following schedule:</p> <ul style="list-style-type: none"> • Auction #1: 8:00 – 8:20 AM PPT for July 1, 2014 - December 31, 2015 ("Auction #1"); • Auction #2: 8:30 – 8:50 AM PPT for July 1, 2013 – June 30, 2014 ("Auction #2"); and • Auction #3: 9:00 – 9:20 AM PPT for January 1, 2013 - June 30, 2013 ("Auction #3"). <p>Note: SCE will select successful Offers and confirm the selection with the selected Respondent(s) via IM and a recorded phone call. See Section B.5.2 and Attachment A for additional information.</p>
Clearing of Offers	Tue, Jun 28, 2011 (by close of business for NYMEX)	<p>Swap award(s) will be submitted and cleared through CME Clearport on the same day. See Section C. for additional information.</p> <p>Note: While we anticipate that each auction will be no longer than 20 minutes, the auction may be much shorter in time duration. Therefore, participants are strongly encouraged to give their most aggressive bids as early as possible.</p>

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B.2 RFO Documentation

SCE’s documents for this RFO (“Natural Gas RFO Documents”) are posted at: <http://www.sce.com/gasrfo>.

All comments to the Natural Gas RFO Documents must be submitted by Respondent in Microsoft Word format, marked to show changes against the posted original, if applicable. Executed documents must be submitted in PDF format. Respondent must send hard copies of all original executed documents for delivery no later than the next business day after the date electronic versions are required. See Section B.3 for additional details on the submission procedures for the Natural Gas RFO Documents.

B.3 Complete Offer Submittal Package

SCE will only consider Offers that are submitted in accordance with the schedule and procedures set forth in Section B.1. through this Section B.3, as follows:

Document Submission Procedures				
Due Date	Documents Required	Submission Via		
		Hard Copy ¹	E-mail to	
			SCE	Copy to Independent Evaluators
Notice of Intent to Offer and Draft Materials June 16, 2011 (due by 5:00 PM PPT)	1. Completed Notice of Intent to Offer		X	X
	2. Draft Confidentiality Agreement, if an existing agreement is not already in place		X	X
	3. Draft ISDA Schedule, if an existing agreement is not already in place		X	X
	4. Draft ISDA Paragraph 13 Credit Support Annex and Guaranty, if an existing agreement is not already in place		X	X
	5. Draft Completed Swap Clearing Information Form, with Respondent’s information filled out		X	X
Qualification Date June 20, 2011 (due by 5:00 PM PPT)	1. Executed Confidentiality Agreement, if an existing agreement is not already in place	X	X	X
	2. Executed ISDA Schedule and ISDA Master Agreement, if an existing agreement is not already in place	X	X	X
	3. Executed ISDA Paragraph 13 Credit Support Annex and Guaranty, if an existing agreement is not already in place	X	X	X

¹ If hard copies are required, then they will be due via overnight mail no later than 12:00 P.M. (PPT) on the day after the indicated due date or via hand delivery by 5:00 P.M. (PPT) on the due date.

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B.4 Contact Information

B.4.1 SCE

1. Questions relating to this RFO should be addressed to SCE by e-mail at GasRFO@sce.com or by telephone to Rajdeep Roy at (626) 302-1636 or Marci Palmstrom at (626) 302-8214.
2. Hard copies of all executed documents must be sent by overnight mail or hand delivered to:

Rajdeep Roy, Natural Gas RFO
Southern California Edison Company
G.O. 1, Quad 1-C
2244 Walnut Grove Avenue
Rosemead, California 91770
3. Electronic copies of documents in PDF format, or Microsoft Word must be sent to:

GasRFO@sce.com

B.4.2 Independent Evaluators

1. Questions regarding the integrity of the evaluation and RFO process may be referred to the Independent Evaluators. The Independent Evaluators may be contacted at the following e-mail addresses:

rl@levitan.com (Richard Levitan)
rlc@levitan.com (Richard Carlson)
2. ELECTRONIC COPIES OF ALL NATURAL GAS RFO DOCUMENTS MUST BE SENT TO THE INDEPENDENT EVALUATORS AT THE ABOVE E-MAIL ADDRESSES. ALL COMMUNICATION E-MAILS WITH SCE MUST HAVE THE INDEPENDENT EVALUATORS CARBON COPIED (CC).

B.5 RFO Milestones

B.5.1. Counterparty Qualification

On the Qualification Date (Monday, June 20, 2011 by 5:00 PM Pacific Prevailing Time (“PPT”)), the Natural Gas RFO Documents, as outlined in Section B.1 and Section B.3, for the Qualification Date are due.

On Tuesday, June 21, 2011 by 5:00 PM PPT, Respondents that have satisfied the requirements set forth in these RFO Instructions (“Qualified Respondents”) will receive confirmation from SCE, via email, of their qualification to participate in this RFO.

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B.5.2. RFO Closing Process

On the RFO Indicative Price and Maximum Volume Limits Date (Monday, June 27, 2011 by 9:00 AM PPT), SCE’s financial traders will contact each Qualified Respondent via IM to obtain the indicative price and Maximum Volume Limit (as defined below) with respect to the Swaps that the Respondent intends to Offer on the RFO closing date. The indicative price provided by Respondent will have no bearing on whether or not the Respondent’s Offer is selected by SCE in this RFO. Therefore, the indicative price should be representative of an Offer(s) that Qualified Respondents would submit as if the RFO was closing on that day.

As part of this RFO and pursuant to three separate auctions, SCE will solicit Swaps up to the following notional quantities: (i) 10,000 MMBtus/day for Auction #1; (ii) 30,000 MMBtus/day for Auction #2; and (iii) 140,000 MMBtus/day for Auction #3.

Each Qualified Respondent must provide to SCE volume limits that are no greater than the notional quantity set forth in the immediately preceding sentence (“Maximum Volume Limit”), which must be in increments of (i) 10,000 MMBtus/day for Auction #1, (ii) 10,000 MMBtus/day for Auction #2, and (iii) 20,000 MMBtus/day for Auction #3 (“Lot Sizes”), as described in the “Volume Limits” table below. The Maximum Volume Limit selected by the Qualified Respondent will be the maximum volume that could be awarded to the Qualified Respondent for each respective auction.

Volume Limits		
Auction	Notional Volume (MMBtus/day)	Lot Sizes (MMBtus/day)
#1	10,000	10,000
#2	30,000	10,000
#3	140,000	20,000

Qualified Respondents may not bid on multiple volumes in a single auction. Each Qualified Respondent must select its Maximum Volume Limit, in the increments defined above, for each auction.

NOTHING SHALL PROHIBIT SCE FROM AWARDING A VOLUME LESS THAN THE MAXIMUM VOLUME LIMIT, PROVIDED THE AWARDED VOLUME IS IN INCREMENTS OF THE APPROPRIATE LOT SIZES FOR EACH RESPECTIVE AUCTION.

On the RFO closing date (Tuesday, June 28, 2011), SCE’s financial traders will contact all Qualified Respondents via IM to request that the Qualified Respondents submit their Offers with respect to the Swaps being solicited in this RFO. The auctions will begin as follows:

Auction #1: 8:00 A.M. (PPT) for July 2014 – December 2015;

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Auction #2: 8:30 A.M. (PPT) for July 2013 – June 2014; and

Auction #3: 9:00 A.M. (PPT) for January 2013 – June 2013.

It is anticipated that each auction will be less than 20 minutes in duration. The opening and close of each auction for this RFO will be designated by a broadcast message from SCE via IM. SCE will confirm awards with successful Respondents, if any, on a recorded phone line (“Notification Process”). Additional details on the RFO closing process are provided in Attachment A to these RFO Instructions.

C. CLEARING SWAP TRANSACTIONS

Final awards for the Swaps offered by Qualified Respondents and accepted by SCE in this RFO will be submitted to CME ClearPort for clearing purposes and transferred to an authorized clearing agent of NYMEX after the Notification Process. **Qualified Respondents and SCE will clear the awarded product under commodity code XN: Social Swap (Platts IFERC) Futures.** Each awarded Respondent agrees to clear the awarded Swap(s) through CME ClearPort and abide by the Respondent’s Representations, Warranties and Covenants, Section H, within these RFO Instructions. The Swap Clearing Information Form is included as Attachment SCE-5.

D. INDEPENDENT EVALUATOR

In accordance with applicable CPUC decisions, SCE is using Independent Evaluators. The Independent Evaluators for this RFO are Richard Levitan and Richard Carlson of Levitan Consulting. The role of the Independent Evaluator is to ensure a fair and accurate process. Additional information regarding the Independent Evaluators is set forth in Section B.4.2.

E. CONFIDENTIALITY

With respect to SCE, information provided by Respondent to SCE for purposes of this RFO will be subject to (i) a fully executed Confidentiality Agreement with SCE substantially in the form of Attachment SCE-2, and (ii) all applicable CPUC disclosure requirements including, without limitation, CPUC D.06-06-066. Respondent shall (a) have previously executed a Confidentiality Agreement with SCE, which Confidentiality Agreement is still in full force and effect as of Respondent’s submission of the Notice of Intent to Offer, or (b) submit a fully executed Confidentiality Agreement to SCE at its earliest convenience, but in any case by the Qualification Date. Confidentiality Agreements must be fully executed prior to negotiations of enabling agreements and guarantees (as applicable).

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F. GENERAL INFORMATION and RESERVATION OF RIGHTS

- F.1 SCE may, in its sole discretion, enter into transactions with one or more Respondents submitting Offers that will provide the best value to its customers. Such transactions shall not exceed the Maximum Volume Limit as specified by the Respondent or be less than the Lot Sizes, as described in Section B.5.2.
- F.2 Respondents are required to meet all the terms and conditions of this RFO to be eligible to compete in the solicitation process. Respondents are required to submit all requested information and follow all instructions contained in these RFO Instructions, including, without limitation, providing documentation according to the structure specified in Section B.3.
- F.3 Notwithstanding anything to the contrary contained herein or in any other document referenced herein, by participating in this RFO, Respondent agrees to all terms, conditions, representations, warranties, and covenants in these RFO Instructions. Other than the representations, warranties, and covenants made by Respondent and the executed Confidentiality Agreement between SCE and Respondent, submittal of any document pertaining to this RFO is not intended to, and does not, constitute a binding agreement of, or establish any obligation of, SCE.
- F.4 At any time during this RFO, SCE reserves the right and at its sole discretion, to abandon this RFO, to change any dates specified for this RFO, to change the basis for the evaluation of Offers, to terminate further participation in this RFO by any party, to accept any Offer, to enter into any agreement, to evaluate the qualifications of any Respondent or the terms and conditions of any Offer, to reject any or all Offers, to prohibit or limit mutually exclusive Offers, to change any form or document used in this RFO, to waive any irregularities, or otherwise to modify this RFO in anyway, without notice and without assigning any reasons and without liability of Edison International, Inc., SCE or any of their respective subsidiaries, affiliates, employees, officers, directors, other agents, or representatives.
- F.5 SCE shall have no obligation to consider any Offer by a Respondent. SCE will not reimburse any Respondent for any of its expenses related to this RFO under any circumstances, regardless of whether this RFO proceeds to a successful conclusion or is abandoned, and regardless of whether or not SCE enters into a transaction with the Respondent.
- F.6 The establishment, update, or modification of any regulatory requirement which potentially impacts SCE's decision regarding selection of Offers (which determination shall be made in SCE's sole discretion) may result in SCE revising any portion of any document related to this RFO, including, without limitation, the elimination of one or more products sought hereunder and/or revising the schedule set forth in these RFO Instructions.

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G. RESPONDENT'S WAIVER OF CLAIMS AND LIMITATION OF REMEDIES

By submitting an Offer, Respondent acknowledges and agrees that it is knowingly, voluntarily, and completely waiving any rights under statute, regulation, state or federal constitution, or common law to assert any claim, complaint, or other challenge in any regulatory, judicial, or other forum, including, without limitation, the CPUC (except as expressly provided below), the FERC, the Superior Court of the State of California ("State Court"), or any U.S. District Court ("Federal Court") concerning or related in any way to this RFO or any documents related to this RFO, including, without limitation, all exhibits, attachments, and appendices thereto ("Waived Claims"). Respondent further acknowledges and agrees that if it asserts any Waived Claim at the CPUC, FERC, State Court, or Federal Court, or otherwise in any forum, to the extent that Respondent's Offer has not already been disqualified, SCE is entitled to automatically disqualify such Offer from further consideration in this RFO or otherwise, and further, SCE may elect to terminate this RFO.

By submitting an Offer, Respondent further acknowledges and agrees that the sole forum in which Respondent may assert any challenge with respect to the conduct or results of this RFO is at the CPUC and that: (1) the sole means of challenging the conduct or results of this RFO is a complaint filed under Article 3, Complaints and Commission Investigations, of Title 20, Public Utilities and Energy, of the California Code of Regulations; (2) the sole basis for any such complaint shall be that SCE allegedly failed in a material respect to conduct the solicitation in accordance with these RFO Instructions; and (3) the exclusive remedy available to Respondent in the case of such a complaint shall be an order of the CPUC that SCE conduct again any portion of this RFO that the CPUC determines was not previously conducted in accordance with this RFO or any of the documents related to this RFO (including exhibits, attachments, and appendices). Respondent expressly waives any and all other remedies, including, without limitation, compensatory and/or exemplary damages, restitution, injunctive relief, interest, costs and/or attorneys' fees. Unless SCE elects to do otherwise in its sole discretion, during the pendency of such a complaint, this RFO and any related regulatory proceedings related to this RFO will continue as if the complaint had not been filed, unless the CPUC issues an order suspending this RFO or SCE has elected to terminate or suspend this RFO or any portion thereof.

Respondent further acknowledges and agrees that if Respondent asserts any Waived Claim, SCE shall be entitled to seek immediate dismissal of Respondent's claim, complaint, or other challenge, with prejudice, by filing a motion to dismiss (or similar procedural device) supported by the language in this Section, and that Respondent will not challenge or oppose such a motion to dismiss. Respondent further acknowledges and agrees that if it asserts any Waived Claim, and if SCE successfully has that claim dismissed or transferred to the CPUC, Respondent shall pay SCE's full costs and expenses incurred in seeking such dismissal or transfer, including, without limitation, attorneys' fees and expenses.

Respondent further acknowledges and agrees to indemnify and hold SCE harmless from any and all claims asserted by any other party in response to the assertion of any Waived Claim by Respondent for reasonable costs and expenses, including, without limitation, reasonable

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attorneys' fees, incurred by SCE or as a result of a Respondent's complaint to a filing at the CPUC resulting from this RFO.

Except as expressly provided in the documents related to this RFO, nothing herein, including, without limitation, Respondent's waiver of any Waived Claims as set forth above, shall in any way limit or otherwise affect the rights and remedies of SCE.

H. RESPONDENT'S REPRESENTATIONS, WARRANTIES AND COVENANTS; BINDING OFFER

By submitting an Offer, Respondent makes the following representations, warranties and covenants to SCE, which representations, warranties and covenants shall be deemed to be incorporated in their entirety into each of Respondent's Offers. Respondent thus acknowledges and agrees to be bound by the conditions of this RFO, including, without limitation, the following representations, warranties and covenants, in submitting Respondent's Offers:

1. Respondent has read, understands and agrees to be bound by all terms, conditions, and other provisions of the Natural Gas RFO Documents;
2. Respondent has had the opportunity to seek independent legal and financial advice of its own choosing with respect to this RFO, the Natural Gas RFO Documents, and these RFO Instructions, including, without limitation, any attachments hereto;
3. Respondent acknowledges and agrees that, in SCE's evaluation of Offers pursuant to this RFO, SCE reserves the right to disqualify a Respondent that is unwilling or unable to meet SCE's requirements of this RFO, as determined by SCE in its sole discretion;
4. Respondent has obtained all necessary authorizations, approvals, and waivers (including, without limitation, any authorization, approval and waiver Respondent must obtain with NYMEX or its clearing agent) required by Respondent: (a) to submit its Offer; and (b) to enter into a transaction pursuant to the terms set forth in these RFO Instructions and the Call Option Clearing Information Form (SCE-5);
5. Respondent's Offers comply with all applicable laws and regulations;
6. Respondent has not engaged, and covenants that it will not engage, in any communications with any other actual or potential participant in this RFO concerning this solicitation, price terms in Respondent's Offer, or related matters, and has not engaged in collusion or other unlawful or unfair business practices in connection with this RFO;
7. If Respondent is deemed eligible by SCE to submit an Offer, Respondent agrees to follow the RFO Closing Instructions as outlined in Attachment A, and any Offer submitted by Respondent is a binding Offer, unless refreshed or withdrawn by the Respondent, subject only to SCE's acceptance, in SCE's sole discretion;

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8. The information submitted by Respondent to SCE in connection with this RFO and all information and documents submitted as part of this RFO as described in these RFO Instructions, are true and accurate as of the date of Respondent's Offer submittal. Respondent also covenants that it will promptly update such information upon any material change thereto;
9. Respondent acknowledges and agrees that:
 - a. SCE may rely upon all Respondent's representations, warranties, and covenants in this RFO (including, without limitation, the documents submitted by Respondent in accordance with Section B.3 and in any Offer submitted by Respondent); and
 - b. SCE may disclose information as set forth in the Confidentiality Agreement; and
10. Respondent agrees to be legally bound by the terms of a transaction upon SCE's acceptance of Respondent's Offer ("Transaction"). Promptly after SCE's acceptance of a Swap product, SCE shall provide to NYMEX Clearport the Transaction information for each Transaction. Respondent acknowledges and agrees that upon receipt of information verifying the Transaction information from NYMEX Clearport, it shall immediately confirm and accept the Transaction with NYMEX Clearport. Respondent shall endeavor to act as promptly as possible to complete all actions necessary to effectuate the Transaction(s) and clearing of the Transaction(s) through NYMEX Clearport. Should a Transaction not clear NYMEX Clearport by the close of business on the Transaction date, Respondent shall endeavor to clear the Transaction on the following business day.

RESPONDENT ACKNOWLEDGES AND AGREES THAT ANY BREACH BY RESPONDENT OF ANY OF THE REPRESENTATIONS, WARRANTIES AND COVENANTS IN THESE RFO INSTRUCTIONS AND ALL OTHER NATURAL GAS RFO DOCUMENTS, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO SCE UNDER APPLICABLE LAW, SHALL CONSTITUTE GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH RESPONDENT, AND, DEPENDING ON THE NATURE OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THIS RFO IN ITS ENTIRETY.

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LIST OF ATTACHMENTS

NOTICE OF INTENT TO OFFER

SCE-1 Non-Binding Notice of Intent to Offer

QUALIFICATION DOCUMENTS

SCE-2 Confidentiality Agreement

SCE-3 Schedule to 2002 ISDA Master Agreement

SCE-4 Paragraph 13 to ISDA Credit Support Annex

TRANSACTION DOCUMENTS

SCE-5 Swap Clearing Information Form

RFO CLOSING INSTRUCTIONS

Attachment A to these RFO Instructions

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Attachment A - RFO Closing Instructions

Only Qualified Respondents to this RFO may participate in the RFO closing process on Tuesday, June 28, 2011. All Qualified Respondents must follow the rules and guidelines as specified in these RFO Closing Instructions. Respondents violating these RFO Closing Instructions may be subject to immediate disqualification.

A. THE PRODUCT(S):

Fixed/Floating SoCal Border Swaps

- Term & Quantity:
 - Auction #1: July 1, 2014 – December 31, 2015 (Up to 10,000 MMBtus/Day)
 - Auction #2: July 1, 2013 – June 30, 2014 (Up to 30,000 MMBtus/Day)
 - Auction #3: Jan 1, 2013 – June 30, 2013 (Up to 140,000 MMBtus/Day)

B. THE PLATFORM:

SCE will utilize the Yellow Jacket instant message application to solicit Offers from Qualified Respondents. Yellow Jacket gives SCE the ability to broadcast IM messages to a large group of Qualified Respondents simultaneously to ensure an open, fair, and competitive process. All Qualified Respondents are required to have AOL IM for their appropriated personnel who will participate in the RFO closing process. Qualified Respondents are not required to have Yellow Jacket to participate in this RFO.

C. THE OFFER:

Qualified Respondents to this RFO must submit conforming Offers that meet the following requirements:

- Offers will be *binding* until cancelled or modified by the Qualified Respondent.
- Only a *single Offer price* may be active at any time, and any newly placed Offer will replace an existing Offer.
- Offers must be placed by specifying the *price only* for the volume corresponding to the Maximum Volume Limit as specified by the Qualified Respondent on the RFO Indicative Price and Maximum Volume Limits Date. However, SCE reserves the right to award any amount up to that Maximum Volume Limit in increments of the defined Lot Sizes in Section B.5.2 at that price.
- Offers shall not include volumes. Offers that do so will be rejected.
- Each Offer price must be specified in units of dollars and can only extend to *three decimal places*, and Offers greater than three decimal places will be rejected.
 - Examples of conforming Offers: \$5.124, @5.124 and 5.124 all mean a Swap price of \$5.124.
- If a Qualified Respondent is required to submit additional text with any Offer, such text will need to be removed from the Qualified Respondent's AOL IM platform prior to the close of each auction.

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D. THE PROCESS:

Auction #1 will begin at 8:00 A.M. (PPT), Auction #2 at 8:30 A.M. (PPT), and Auction #3 at 9:00 A.M. (PPT). While it is anticipated that each auction will take less than 20 minutes to complete, the auction may be much shorter in duration. Therefore, Qualified Respondents are strongly encouraged to give their most aggressive bids as early as possible.

SCE will start each auction with a broadcast message to all Qualified Respondents via an IM that the RFO solicitation for the respective auction has begun.

Qualified Respondents should then submit their Offer to SCE. SCE will evaluate all Offers and may broadcast a target price for all Qualified Respondents to consider and to improve their current Offer. This Offer/feedback process may be iterative until the winning Offer(s) (if any) has been selected. During the closing process, Qualified Respondents may cancel or modify their Offer at any time before SCE's acceptance thereof.

After the winning Offer(s), if any, has been selected and the selected Respondent(s) are notified, SCE will end the auction with a broadcast message to all Respondents stating that the auction has closed.

E. THE AWARD:

SCE will make awards, if any, in the appropriate Lot Sizes and up to the Maximum Volume Limit for each auction, as further described in Section B.5.2. Each selected Respondent, if any, will not be awarded a volume below the Lot Sizes defined in Section B.5.2 or above the Maximum Volume Limit for each auction as specified by the Respondent on the RFO Indicative Price and Maximum Volume Limits Date.

SCE will select the winning Offer(s) and notify the successful Respondent(s) via IM. Immediately after the notification(s) via IM, SCE will confirm the transaction via a recorded phone call. After all auctions are completed by 9:30AM PPT, SCE and each successful Qualified Respondent from each auction will work together to promptly clear all transactions through NYMEX clearport on the same trade day, as described in Section C.

F. QUESTIONS AND ANSWERS:

Q1: Will I be able to ask questions during the closing process?

A1: No, questions will not be responded to during the RFO closing process. Please review the terms, conditions and products of this RFO and ask any questions prior to the RFO close.

Q2: Will SCE provide any feedback on the current low offer?

A2: SCE will not provide any feedback on the current low offer or information on any other offers. SCE may provide target price feedback to Qualified Respondents for their consideration so that they can improve any Offer.

Q3: Can I specify that my Offer is for all or nothing and not get partial fills?

NATURAL GAS RFO INSTRUCTIONS

A3: No, Respondents should consider partial fills in increments of the Lot Sizes defined in Section B.5.2 of the RFO Instructions, but not to exceed the Respondent's Maximum Volume Limit for each auction, prior to submitting any Offers.

Q4: Can I offer tiered pricing for different quantities in my Offer?

A4: No, Respondents may only place one Offer for the quantity associated with the Respondent's Maximum Volume Limit for each product at any given time during the RFO close.

Q5: What happens if IM fails during the closing process?

A5: If SCE loses connection to all Qualified Respondents at any time during the RFO close, the entire solicitation (for the product being solicited at the time of the failure) will either be (i) cancelled or (ii) rescheduled, at SCE's discretion. Respondents are solely responsible for their own connection to AOL IM, and the loss of connectivity of individual Qualified Respondents shall not be deemed a reason to cancel or reschedule SCE's RFO.

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