



Subject: Net Surplus Compensation and Changes to Net Energy Metering (NEM)

Dear Customer:

On October 11, 2009, Assembly Bill 920 (AB 920 – Huffman – Solar and Wind Generation) was signed into law. One provision of the law that directly affects you as a Southern California Edison (SCE) NEM customer is a requirement that SCE offer you compensation for any net surplus electricity generated over the 12-month period known as your NEM account's Relevant Period.

Your Relevant Period is based on the date your renewable energy generation system is interconnected to SCE's system. Under previous law, at the end of your Relevant Period, SCE reconciled your electricity consumption against your accrued energy credits for the previous 12 months, and canceled (or "zeroed out") any remaining surplus energy credits. AB 920 changes the NEM program by providing compensation for your remaining surplus energy credits.

On June 9, 2011, in accordance with Assembly Bill AB 920, the California Public Utilities Commission (CPUC) issued Decision 11-06-016 (Decision) which adopts a Net Surplus Compensation (NSC) Rate used to calculate the compensation for NEM customers who have surplus energy credits remaining at the end of their Relevant Periods. In accordance with AB 920 and the CPUC Decision, you are eligible to receive compensation for your net surplus energy credits in 2011. Your account is already enrolled in the NSC program, but you may now select how you will receive that compensation.

In accordance with the CPUC Decision, SCE will use a simple rolling average of day-ahead default load aggregation point electricity prices from 7:00 a.m. to 5:00 p.m., corresponding to your Relevant Period, to establish the NSC rate to be used for calculating your compensation. You must generate excess kWhs to be eligible for NSC. Customers of Community Choice Aggregators and Energy Service Providers are not eligible to receive payments from SCE for any NSC. The NSC Rate will be posted electronically on a monthly basis at www.sce.com/AboutSCE/Regulatory/tariffbooks/ratespricing/nscr.htm.

The enclosed Net Energy Surplus Electricity Compensation Selection form allows you to self-certify your facility as a Qualifying Facility under the Public Utility Regulatory Policies Act of 1978, and make your compensation selection. You may change your selection at the end of any Relevant Period. To receive NSC, you must choose Box 1 and *either* Box 2 or Box 3 on the form. More details are listed on the next page:

1. By checking Box 1, you confirm and acknowledge that you are opting to receive NSC, and your renewable generating facility is subject to the Public Utility Regulatory Policies Act of 1978, which is exempt from certification at the Federal Energy Regulatory Commission
2. By checking Box 2, you elect to receive a check at the end of your Relevant Period for your net surplus energy. SCE will perform the normal reconciliation of your account at the end of your Relevant Period, and will calculate your compensation for any surplus energy in accordance with the CPUC Decision. SCE will then send you a check for the compensation amount reduced by any amount you owe SCE. At that point, your account will be zeroed out and your new Relevant Period will begin on your next regularly-scheduled meter read date.
3. By checking Box 3, you elect to roll over your NSC credit to your next Relevant Period. SCE will perform the normal reconciliation of your account, calculate your compensation for any surplus energy (as described above), and apply the monetary value of the net surplus energy compensation toward your next Relevant Period. At this point, your account will be zeroed out and your new Relevant Period will begin on your next regularly- scheduled meter read date. SCE will maintain your NSC credit indefinitely until it is fully applied to your electric bill charges or your account is closed. If your account is closed, SCE will return any unused credit in your account by check to the mailing address identified on your account. You may switch from NSC payment to rollover, or vice versa, on an annual basis at the end of any Relevant Period.

For more detailed information you may review the rate schedule at [**www.sce.com/scheduleNEM**](http://www.sce.com/scheduleNEM).

We are available to assist you with any questions you may have regarding your new options. Please feel free to contact SCE Customer Service, Monday through Friday, from 8:00 a.m. to 5:00 p.m.:

Residential NEM Customers
866-701-7868

Business NEM Customers
866-701-7869

Sincerely,

Southern California Edison



**Net Energy Metering (NEM)
Net Surplus Compensation Rate Selection Form**

Customer Information (as it appears on your monthly SCE statement):	
Customer or Business Name	
Street Address	
City, State, Zip	
Phone	
Service Account #	

Net Surplus Compensation Rate (NSCR):

Southern California Edison has enrolled your account in the Net Surplus Compensation program which allows you to receive compensation when your generating system produces more energy than you have consumed during your relevant period. You have the option to receive your compensation in a form of a check or to apply your compensation toward future electric charges. The NSCR is determined by using a simple rolling average of the day-ahead "default load aggregation point" electricity prices from 7 a.m. to 5 p.m., corresponding to the customer's 12-month relevant period. The NSCR will be posted on a monthly basis at:

<http://www.sce.com/AboutSCE/Regulatory/tariffbooks/ratespricing/nscr.htm>

In order to receive Net Surplus Compensation (NSC), I certify that my generating facility is a Qualifying Facility pursuant to the Public Utility Regulatory Policies Act of 1978 that is exempt from certification filing at the Federal Energy Regulatory Commission.

Net Surplus Compensation Option: (please check one box below):

I elect to receive a check for my NSC at the end of my relevant period. SCE will perform a normal reconciliation and zero out the account.

I elect to roll over any credit for my NSC to my next relevant period. SCE will perform a normal reconciliation and zero out my account. Any NSC credit will be carried over into the next relevant period and applied to my future electricity bills.

By completing and returning this form to SCE, I confirm the above NSC payment selections. I understand that the terms of my selections are subject to any future changes directed by legislature, the California Public Utilities Commission, or applicable law. I understand that I can change my compensation selection once every 12 months.

For your convenience, if required, this form will be mailed to you by SCE.

Customer Signature:	
Signature	
Print Name	
Date	

Please return this form to:

**Net Energy Metering – NSCR
Southern California Edison Company
GO5-D2
1515 Walnut Grove Avenue
Rosemead, CA 91770-9810**