ADDRESSING LOCAL CAPACITY REQUIREMENTS THROUGH CUSTOMER CENTRIC PROGRAMS

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AGENDA

• Introduction
• What is Local Capacity Requirements (LCR)
• LCR Offer Examples
• Who Benefits from LCR
• Conclusion
• Q&A
WHAT IS LOCAL CAPACITY REQUIREMENTS (LCR)?

Due to the continuing retirement of once-through-cooling generation facilities in Southern California, there is a projected shortage of power to meet local needs. As a result, SCE launched a solicitation in 2013 to select implementers for procuring resources to meet these needs.

With the introduction of LCR, behind the meter (BTM) business owners and end-users have the potential to participate in current and future wholesale markets. Implementers can share contract revenues, to financially encourage participation.

Similar initiatives are anticipated to emerge in other LCR territories as markets evolve.

“Some areas were planned in a manner that consciously relied on local generation to supplement transmission capacity into the local area to satisfy demand and reliability requirements.”

-California ISO
Addressing Local Capacity Requirements

LCR GEOGRAPHY

Moorpark
Los Angeles Basin
Orange County
### West LA Basin

<table>
<thead>
<tr>
<th>Seller</th>
<th>Resource Type</th>
<th>MWs</th>
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<tbody>
<tr>
<td>Advanced Microgrid Solutions</td>
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<td>AES</td>
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<td>AES</td>
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<td>NRG</td>
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<td>Stem</td>
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### Moorpark

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- **7 different resource types**
- **421.8 MW of behind-the-meter capacity**
LCR OFFER EXAMPLES- BATTERY STORAGE & ENERGY EFFICIENCY
LCR BATTERY STORAGE

Battery storage solution providers develop integrated advanced energy storage systems at host client facilities. Host clients may receive guaranteed savings in exchange for a fixed services fee.

Host Customer Benefits
- Energy bill savings
- Control over energy consumption
- Enhanced sustainability
- Increased resiliency
- Improved demand response

Revenue Streams from
- Utility contracts
- Government incentives
- Shared savings with the host client
Addressing Local Capacity Requirements

LCR BATTERY STORAGE

Demand Management

Utility Dispatch
LCR ENERGY EFFICIENCY (EE)

EE implementers may provide incentives for energy efficiency (EE) technologies. Select commercial and industrial customers are financially encouraged to reduce their load and contribute to LCR.

Customer Benefits:
• Energy bill savings
• Enhanced incentives
• Equipment upgrades

Peak Load Reduction
• Monday thru Friday
• 2:00 – 5:00 PM
• June to October
EXAMPLE LCR EE MEASURES

HVAC

LIGHTING

PROCESS
## TRADITIONAL EE PROGRAMS VS. LCR EE

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<tr>
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<tr>
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WHO BENEFITS FROM LCR
Addressing Local Capacity Requirements

Customer Centricity

Increased Reliability
Achieves local capacity requirement goals.

Customer Participation
End-users take advantage of limited funding that can result in reduced electricity bills.

Shared Revenues
Contract revenues are shared with customers to financially encourage participation.

Accelerated Adoption
Enhanced incentives can increase customer exposure to advanced technologies.

Utility
Customer
Tech provider
LCR Implementer

CUSTOMER CENTRICITY
LCR CUSTOMER VALUE PROPOSITION

End-User

• Competitive Marketplace
• Verified Savings
• Broader Eligibility for Measures
• Economically Compelling

Technology & Service Providers

• New Opportunities to Market
WHAT’S THE CATCH?

Geographically Limited

Understanding Commitment
• Financial
• Time

Offer Level Uncertainty

Load Profile Restrictions

Processing Time
QUESTIONS?