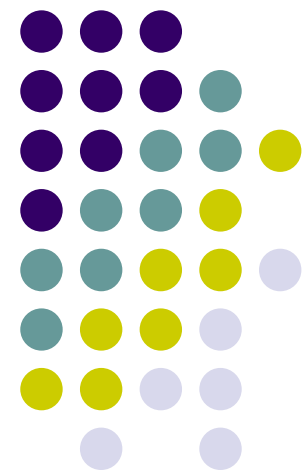


Explanation of Proposed WSPP Agreement Amendments

OC Meeting Fall 2008

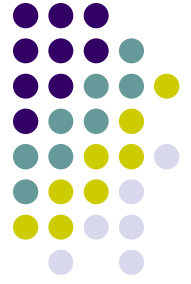
Arnie Podgorsky
Wright & Talisman, PC
August 18, 2008



Non-Performance Potentially Attributable to Multiple Contracts

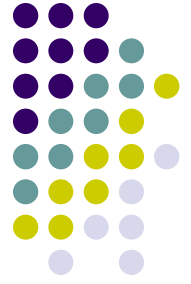


- The problem
 - Sec 21(a)(1) or (2) provides for damages calculation for non-performance (contract price versus replacement price or resale price). If multiple confirms apply to same date/hour/delivery point, the Agreement does not identify which confirm was not performed (and, therefore, which price is used in the damages calculation).
 - Disputes have arisen among some members; said to be difficult to resolve (no contractual guidance) and to be stacking up.



Multiple Contracts...

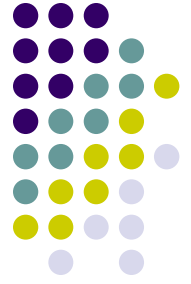
- The struggle for a solution
 - Many member representatives worked long and hard to attain consensus on a workable solution to the issue.
 - The Damages Working Group (of Contract Subcommittee) initiated proposals, defined the problem, and developed a resolution concept.
 - The Contract Subcommittee reviewed and hammered out several proposals; it achieved strong consensus on the proposed approach.



Multiple Contracts...

- The proposed solution
 - Counterparties in good faith seek to agree on which Confirm applies to the non-performed transaction, but if no agreement, the following procedures apply.
 - Performing party: 3 steps
 - First, categorize both the Confirms for the hour/date/delivery point, and the non-performed transactions, as real-time, day-ahead, or forward. Any confirm not RT or DA is a forward.

Multiple Contracts...



- Second, (a) match (identify) RT Confirms with RT non-performed transactions (and excess Mwh slide over to DA), (b) match DA Confirms with DA non-performed transactions (and excess Mwh slide over to Forward) and (c) match forward to forward.
- Third, calculate damages in accordance with matches.



Multiple Contracts...

- When would this Amendment apply (and when not)?
This amendment will apply only if and when:
 - There is non-performance.
 - There are multiple transactions with identical dates, times, delivery points, and counterparties.
 - Some (not all) of these transactions are not performed.
 - Affected parties have not agreed upon which transactions were cut.
- Questions; Comments; Ayes; Nays?

Technical Correction to Recall Language in Schedule C



- Schedule C refers to recall language. Some see an implication in that language that the Schedule or your Confirm allows recall.
- The amendment would make clear that any recall language is as agreed, and if there is no agreed recall there is no recall right.
- This would be a technical correction to resolve potential ambiguity.
- Aye? Nay?

Thank you

Thank you for your attention to these important WSPP matters and the vote.

