

Attachment B: Proposed Changes to Section XI of the Energy Risk Management Policy

XI. AUTHORIZED TRANSACTING PRODUCTS

Products allowed for electric transactions include energy, capacity, transmission, and ancillary services. Products allowed for natural gas transactions include energy, transportation, and storage. The Utilities Risk Oversight and Coordinating Committee (UROCC) is responsible for authorizing all products and commodity types as further detailed in the Energy Risk Management Guidelines. At this time, only physical transacting products are approved for energy. Transacting in products not approved by the UROCC are strictly prohibited. Financial products are explicitly prohibited unless expressly approved by the UROCC and the City Council. All transactions must follow certain requirements as described throughout this Policy. Key elements of CPAU's transaction policy are as follows:

Deleted: Transactions of products not approved by the Risk Oversight Committee are strictly prohibited.

- All transactions must be committed to by authorized transacting personnel.
- All transactions must be with approved counterparties with executed and Council approved contracts.
- All transactions must be with counterparties with adequate available credit.
- All transactions must be committed over recorded phone lines or via electronic mail.
- All transactions must be Approved Transaction Types.
- All transactions must be consistent with Risk Management Policy as described in this document, as well as Risk Management Guidelines and Procedures.

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Failure to observe the above minimum requirements when executing energy transaction is a violation of Policy and is subject to disciplinary action.