MAY 2-3, 2013
AUSTIN, TEXAS
OMNI AUSTIN HOTEL DOWNTOWN

HOSTED BY

CRA Charles River Associates

OVERVIEW & LEARNING OBJECTIVES

Welcome to the May 2013 NAPCO meeting! NAPCO's objective is to provide the highest quality forum to network with peers as well as promoting educational advancement in credit/risk-related practical knowledge. The learning objectives of this meeting are to:

- Take away insight on the operational impact of Dodd-Frank and what others are doing to be in compliance.
- Identify key considerations of choosing a FCM and the ongoing management of credit risk associated with this relationship.
- Understand some of the issues that ERCOT and other ISOs have been facing in recent years.
- Examine the various bankruptcy developments and the implications and impact they may have in managing credit risk.
- Assess the key credit risk metrics used in measuring risk.
- Gain a broad understanding of the structured competitive bidding processes.

PROGRAM EVENTS

Wednesday Night, May 1, 2013 – COCKTAILS & NETWORKING EVENT:

Time: 6:00 p.m. to 8:00 p.m.

Omni Austin Downtown Hotel – Bouquets Room

Event Sponsored by:
Brown McCarroll, LLP
Caerus Energy, LLC
Ernst & Young
Fulbright & Jaworski, LLP

Thursday Night, May 2, 2013 – NETWORKING DINNER:

Time: Cocktails start at 6:30 p.m., Dinner from 7:00 p.m. to 9:00 p.m.

Lamberts Downtown Barbeque
401 West 2nd Street, Austin, TX 78701

Cocktails Sponsored by:
Charles River Associates, Inc
RMG Financial Consulting, Inc
The Alliance Risk Group, LLC

EDUCATIONAL CREDITS

NAPCO is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417. Website: www.nasba.org

CPE CREDITS

Upon completion of this meeting, program participants interested in receiving CPE credits will receive a certificate of completion. Participants must be in attendance for the entirety of the conference to be eligible for the full amount of CPE Credits.

Delivery Method: Group Live
Prerequisites: No perquisites are required for the educational seminars
Advanced Preparation: No advanced preparation is required for the seminars.
CPE Credits: Earn up to 10.5 CPE

ABOUT OUR HOST & SPONSORS

Founded in 1965, Charles River Associates (CRAI) is a leading consulting firm that provides economic, financial, and business management expertise. Headquartered in Boston, the firm has offices internationally and most recently has opened a Houston office. CRAI uses a combination of industry experience and rigorous, fact-based analysis in order to provide clients with clear, implementable solutions to complex business problems. www.crai.com

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Brown McCarroll LLP is a Texas-based law firm offering comprehensive legal services to individuals and businesses in Texas and throughout the nation. The firm's Bankruptcy and Restructuring Group in conjunction with its Commercial Litigation and Electricity and Energy practices is especially equipped to assist clients with nearly any issue that may arise in the power credit industry. Whether in the context of bankruptcy (creditor or debtor) or litigation, Brown McCarroll advises its clients on how best to protect their interests and advocates their positions in courts, before agencies, and in arbitrations nationwide.
www.brownmccarroll.com

Caerus Energy, LLC (Caerus) is an energy marketing and trading company based in Dallas, TX. Caerus' primary focus is trading wholesale natural gas, electricity, renewable energy, and fuels with utilities, municipalities, and large commercial/industrial customers around the U.S. Caerus is enabled with some of the largest energy companies in North America with access to physical and financial energy solutions in all major markets around the country. Caerus is a Dodd Frank compliant Eligible Contract Participant and can bring meaningful credit support to its trading and marketing activities.
www.caerusenergy.com

Ernst & Young (EY) is a global leader in assurance, tax, transaction and advisory services. Worldwide, its 167,000 people are united by their shared values and an unwavering commitment to quality. EY makes a difference by helping its people, its clients and its wider communities achieve their potential. EY refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.
www.ey.com

Fulbright & Jaworski, LLP (Fulbright) has one of the most robust bankruptcy and insolvency practices in Texas and throughout the southwestern U.S. Its Bankruptcy and Insolvency group benefits from the firm's international presence in many of the world's financial and energy centers where they are unrivaled in terms of experience in electric and public utility work. On June 3, Fulbright will combine with Norton Rose to create Norton Rose Fulbright, a top 10 global legal practice both in gross revenue and number of lawyers. The combination will expand the firm's global platform as a premier global legal organization offering bankruptcy and insolvency experience and expertise across the world.
www.fulbright.com

For over a decade, RMG Financial Consulting (RMG) has provided credit reports, credit scoring and credit risk consulting services to clients throughout North America and overseas. As a trusted advisor, RMG helps its clients to assess and manage their credit risks through counterparty evaluation, contract negotiation support, systems support, policy development, compliance review and other consulting services with a primary focus in the energy industry.
www.rmgfinancial.com

The Alliance Risk Group, LLC (Alliance) is an organization comprised of highly respected and knowledgeable risk professionals that provide expert services to the energy industry. Alliance specializes in Dodd-Frank advisory and analysis, compliance services, chief risk officer services, and credit/risk IT solutions. Alliance also provides services that help companies efficiently manage their capital and collateral requirements.
www.theallianceriskgroup.com

As a small token of thank you for their generosity, please visit all our sponsors' websites for more information on the services and products they provide.

PROGRAM AGENDA

THURSDAY, MAY 2, 2013

7:30 a.m. to 9:00 a.m. **Breakfast and Registration in the AUSTIN ROOM**

9:00 a.m. to 10:30 a.m. **An Introduction to Standard Credit Risk Metrics**

Speaker: **Kevin Kindall,** *ConocoPhillips*

As regulation becomes increasingly tighter, effective risk management is all the more important. This presentation will introduce the suite of standard counterparty risk metrics and show how to estimate them. Problems frequently encountered by practitioners will be highlighted and addressed.

10:15 a.m. to 10:30 a.m. **Morning Break**

10:45 a.m. to 12:00 p.m. **FCM Considerations in a Dodd Frank World**

Speakers: **Morgan Davies and Michael Prokop,** *The Alliance Risk Group*

With the recent widely publicized failures of Futures Commission Merchants (FCM) including MF Global and Peregrine, entities are questioning long held beliefs on the absolute soundness of their accounts and dollars with FCMs used to transact futures and other cleared swaps. This session will explore the function and regulatory environment of FCM and the different domestic exchange models, key considerations of choosing a FCM and ongoing oversight and credit risk management of the FCM relationship.

12:00 p.m. to 1:00 p.m. **Lunch in the BOUQUETS ROOM**

1:00 p.m. to 1:30 p.m. **NAPCO Business Meeting**

1:30 p.m. to 3:00 p.m. **IPP Bankruptcies and Restructuring**

Panelists: **Paul Turner,** *Reed Smith;* **Michael Tribolet,** *Wells Fargo Bank*

This session will address the current rash of restructurings given a number of IPP bankruptcies. Panelists will provide insight on what solutions are expected and how companies can protect themselves from credit risk.

3:00 p.m. to 3:15 p.m. **Afternoon Break**

3:15 p.m. to 5:00 p.m. **Practical Considerations Associated with the Dodd-Frank Act (Roundtable Discussion)**

Facilitated by: **Abdullah Khan and Thomas Lord,** *Ernst & Young*

This session is intended to provide a forum for attendees to ask questions and discuss their experiences associated with the implementation of the Dodd-Frank Act (DFA). This discussion will be led by members of Ernst & Young's DFA team and will focus on the operating issues and practical questions surrounding reporting, mandatory clearing and other compliance issues of the DFA.

THURSDAY EVENING, May 2, 2013

6:30 p.m. to 9:00 p.m. Group dinner at **Lamberts Downtown Barbeque**

Sponsored cocktails start at 6:30 p.m. Dinner begins at 7:00 p.m.

Dinner is included in the cost of registration fee.

PROGRAM AGENDA

FRIDAY, MAY 3, 2013

7:30 a.m. to 9:00 a.m. **Breakfast in the AUSTIN ROOM**

9:00 a.m. to 10:30 a.m. **Energy Auctions**

Speaker: **Brad Miller,** *Charles River Associates*

Structured competitive bidding processes are used increasingly to buy and sell energy. Successful auctions require appropriate bidding designs, qualification criteria (including credit), and implementation processes. These principles, along with examples, will be presented.

10:15 a.m. to 10:30 a.m. **Morning Break**

10:45 a.m. to 12:00 p.m. **Credit Challenges from the ISO Perspective**

Speaker: **Mark Ruane,** *Electric Reliability Council of Texas (ERCOT)*

This session will address the primary issues that ERCOT has been facing, including regulatory issues (the impact of higher price caps, CFTC, visibility of defaults), market conditions (stakeholder process drives much of credit processes, market credit quality), and technical issues (difficult to explore areas such as PFE).

12:00 p.m. **Meeting adjourned**

ADDITIONAL INFORMATION

North American Power Credit Organization (NAPCO) is facilitated by RMG Financial Consulting, Inc (RMG).

THANK YOU's

In addition to thanking all of our speakers, NAPCO, RMG and Charles River Associates would like to thank you, the May 2013 meeting attendees, for your participation at this meeting. Thank you!

NAPCO and RMG would also like to thank Charles River Associates for hosting the May 2013 NAPCO meeting. In particular, we'd like to thank Loretta Cross and Tina Ibraheem for their contributions in finding suitable locations and making arrangements for the meeting! Please join us in thanking our host! Please also join us in thanking all our sponsors for their generous support and in providing a positive environment to network and learn!

In addition, we'd like to thank all the members of our education committee, particularly Jim Barnes of Portland General Electric, Loretta Cross of Charles River Associates, Mark Holler of Tenaska Power Services and Tanya Rohauer of Calpine Corporation, for their time and commitment to finding quality speakers for the meeting! Their participation is invaluable to the success of the meeting!

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COMPLAINT RESOLUTION

NAPCO reserves the right to alter this program without prior notice. Please note that the opinions of the speakers are entirely their own and do not necessarily represent those of NAPCO, RMG Financial, or the Host Company. Any meeting related complaints should be directed to the acting NAPCO Chairperson: **Mark Oosterman** of Sacramento Municipal Utility District at (916) 732-5675 or mark.oosterman@smud.org for prompt action and resolution. NAPCO is a member run organization. All complaints will be addressed at the discretion of the NAPCO Executive Committee.

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PRESENTATION MATERIALS

Presentation materials from this program that have been made available to us by the speakers will be posted on the NAPCO/RMG website. Please note that not all presentations can be distributed to attendees and/or posted to the website due to the sensitive nature of the materials or for various other legal reasons.

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EVALUATION FORMS

Your input is important to us for the development of future programs and agendas! Please remember to fill out the meeting evaluation form!

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Please visit us at:
www.rmgfinancial.com/napco

ABOUT OUR SPEAKERS

NAPCO and Charles River Associates would like to thank all of our speakers for taking time out of their busy schedules to prepare and deliver their presentations. Their participation enables NAPCO to continue to offer a high quality educational program at a very reasonable registration fee. In addition, we would like to thank the volunteers of the NAPCO Education Committee for their time in finding great speakers! Thank you!

MORGAN DAVIES
Managing Director, Central Region, THE ALLIANCE RISK GROUP

Morgan Davies brings more than 20 years of experience in the areas of risk management primarily in the energy and financial services industries. Mr. Davies has been responsible for leading and developing credit risk practices and liquidity enhancing structures for leading energy companies (IPP, regulated utility, unregulated utility subsidiary) and has significant Big 5 public accounting experience within the financial services industry. Mr. Davies has been actively involved in major initiatives of the Committee of Chief Risk Officers including co-Chairing the White Paper Market Clearing in the Energy Industry. In shaping reforms on credit and liquidity issues in the ISO/RTO markets, Mr. Davies has spoken before key regulators including the FERC and CFTC. Mr. Davies is a CPA in South Carolina and a Chartered Accountant in Canada, and holds a double major BA in Management Economics from the University of Guelph in Ontario.

KEVIN KINDALL
Director of Quantitative Analysis, Commercial Division, CONOCOPHILLIPS

Kevin Kindall is the Director of Quantitative Analysis for the Commercial Division of ConocoPhillips. His group is responsible for all aspects of derivatives pricing, trading support, and risk management for both the front and middle offices. Prior to his current role, Mr. Kindall served as a member of the Research Group at Enron. He has a Ph.D. in Physics from Clemson University, and a Masters in Computational Finance from Carnegie Mellon University.

ABDULLAH KHAN
Senior Manager, ERNST & YOUNG

Mr. Khan is a Senior Manager in the Assurance Practice of Ernst & Young in Houston with over 14 years of experience in the utilities, financial services and oil and gas industries. He has advised clients in the area of Dodd-Frank, financial re-engineering, valuation, ETRM vendor selection and implementation, due diligence, regulatory compliance, and business process redesign and control development in North America, Europe and the Middle East. Mr. Khan as Bachelor of Business Administration in Finance and Marketing from the University of Houston and a Masters of Business Administration (with a concentration in Finance and Accounting) from the University of St. Thomas.

THOMAS (TOM) LORD
Executive Director, ERNST & YOUNG

Mr. Lord is an Executive Director within Ernst & Young's Financial Accounting Advisory Services practice. He has more than 35 years of leadership experience in the energy sector with a focus on the business development, marketing, trading, compliance, regulatory affairs and risk control segments of the industry. His latest focus has been the strategy, process change and implementation requirements for adopting increasingly sophisticated trade surveillance monitoring infrastructure for oversight of futures, swaps and physical trading in commodity markets. Mr. Lord has a Masters of Science in Mechanical Engineering and a Bachelor of Arts in Government from Cornell University. He also holds a JD from the University of Denver Sturm College of Law.

BRAD MILLER
Vice President, Practice Leader of Auctions & Competitive Bidding, CHARLES RIVER ASSOCIATES

Dr. Miller is head of CRA's Auctions and Competitive Bidding consulting practice. He specializes in applied game theory and auction theory, microeconomics, industrial organization, network industries, market restructuring, and public policy. He advises on auction and market design, implementation, monitoring, participation, bidder support and strategy, software and electronic trading platforms, and regulatory and litigation support. Dr. Miller has been instrumental in successful projects in commodities, electricity, telecommunications, oil & gas, broadcast, airline, environment, railroad, defense, health care, and other industries in several countries including the United

ABOUT OUR SPEAKERS

States, Australia, Brazil, Canada, Germany, Mexico, The Netherlands, New Zealand, Nigeria, Switzerland, and the United Kingdom. His clients include industry corporations and organizations, regulated companies, and international, national, state, and provincial government agencies. Dr. Miller has a PhD in Economics from the University of California at Berkeley, a Masters of Science in Public Policy Analysis from the University of Rochester, and a Bachelor of Science in Physics and Computer Science from Purdue University.

MICHAEL PROKOP

Managing Director, THE ALLIANCE RISK GROUP

Michael Prokop began his commodity brokerage career in New York in 1985, where he became a partner in the Merrill Lynch Energy Group. In 1991, he moved to Houston to form a merchant banking and brokerage operation for a division of the National Commercial Bank of Saudi Arabia. Mr. Prokop then joined Amerex in 1994 where he helped form the natural gas basis brokerage desk for the company. Mr. Prokop also founded and oversaw the company's market data business as well as managed the firm's clearing, regulatory and legislative affairs, and marketing activities. After a sixteen year career at Amerex, in September of 2010, he moved on to become the Managing Director of Energy Products at the CME Group with personnel reporting to him in Houston, New York, Chicago, London, Calgary, and Singapore. He has recently moved on to a career of consulting where his current responsibilities as a Director of the Committee of Chief Risk Officers, a Director of the Global Energy Management Institute at the University of Houston's C.T. Bauer School of Business, a member of the Energy and Environmental Advisory Committee at the CFTC, and a member of The Greater Houston Partnership for Environmental Affairs position him well to advise clients on how to manage risk in today's energy market.

MARK RUANE

Vice President of Credit and Enterprise Risk Management, ELECTRIC RELIABILITY COUNCIL OF TEXAS (ERCOT)

Mark Ruane was named vice president of credit and enterprise risk management for the Electric Reliability Council of Texas (ERCOT) in February 2011. Prior to joining ERCOT, Mr. Ruane was the Group Trading Risk Manager for the Electricity Supply Board (ESB), Ireland's premier electricity utility. Prior to ESB, Mr. Ruane worked in various consulting roles through Accenture in the United States and globally, with a focus on risk management issues for RTOs and electricity providers. Mr. Ruane holds a master's of business administration in finance and accounting from the University of Houston and has more than 20 years experience in the risk management field.

MICHAEL TRIBOLET

Managing Director, WELLS FARGO BANK

Michael Tribolet is a Managing Director and heads the underwriting for Wells Fargo Bank's Power and Utility Group in U.S. Corporate Banking. He is responsible for the underwriting of credit and industry analytics within the group. Mr. Tribolet has 25 years corporate banking experience. This included eight years in relationship management, six years in credit restructuring and the remainder in credit underwriting. He was Corporate Representative on the Official Unsecured Creditors Committee for Pacific Gas & Electric (chairing finance subcommittee). Since 1992, Mr. Tribolet has specialized in the energy industry to include exploration and production, midstream, independent power generation, regulated utilities and commodity derivatives. Mr. Tribolet is a fourth generation Arizonan and holds a Bachelor of Science in Finance from the University of Arizona. He and his wife and their two children reside in Houston.

PAUL TURNER

Partner, REED SMITH

Paul Turner is a partner in the firm's Energy & Natural Resources Group, where he focuses his practice on the fast-changing and evolving energy and commodity markets—principally the physical and financial trading of energy commodities. He has been involved in the regulatory and commercial restructuring of the energy industry, and the ongoing changes to the physical, futures and derivatives markets. Over the past several years, Mr. Turner has played a key role in significant litigation and commercial matters related to commodity contracts, forward contracts and derivatives for major energy companies and retail electric providers. He has represented numerous clients in some of the largest energy and commodity company bankruptcies, including the bankruptcies of Lehman, The SemGroup, Enron, Mirant and NEGT Energy Trading (formally PG&E Energy Trading). He has advised energy companies on numerous transactional issues and has worked on the sale of energy-related companies, assets and portfolios – including for trading companies and REPs. Mr. Turner also advises clients on the implementation of Dodd-Frank and on inquiries and investigations by the Commodity Futures Trading Commission (CFTC). Mr. Turner received his law degree from the University of Virginia School of Law and his Bachelor of Arts from the University of Chicago.