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Methods for Hedging that Reduced Market Exposure to the Uri Storm Conditions for both Gas and Power

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ReedSmith
Driving progress
through partnership

Special Thanks

This presentation would not have been possible without the mentoring and input of Craig Enochs. Thank you!

Roadmap – Winter Storm Uri Impacts on:

- **Power**
 - Generator / PPA Offtaker View
 - Retail / End User View
- **Gas**
 - Movement of gas

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Power



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Generator / PPA Offtaker View

- **Key Issues**

- Description of the Product
- Force Majeure
- Liquidated Damages and Replacement Obligations

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Description of the Product

Issue: Misalignment between PPA and EEI Product Definitions

- Different or more ambiguous description of excuses to performance.
- Different or unclear descriptions of the generation asset or assets where unit contingent obligations are intended.
- Loose PPA language in general that makes it unclear whether the obligation is firm or unit contingent.
- Take-Aways:
 - Precision is key
 - Alignment is key where performance up/down stream is dependent on another deal.

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