

ERCOT Seller's Choice Product

Version 1.0 – April 27, 2007

©2007 by the Edison Electric Institute

ALL RIGHTS RESERVED UNDER U.S. AND FOREIGN LAW, TREATIES AND CONVENTIONS. AUTOMATIC LICENSE – PERMISSION OF THE COPYRIGHT OWNERS IS GRANTED FOR REPRODUCTION BY DOWNLOADING FROM A COMPUTER AND PRINTING ELECTRONIC COPIES OF THE WORK. NO AUTHORIZED COPY MAY BE SOLD. WHEN USED AS A REFERENCE, ATTRIBUTION TO THE COPYRIGHT OWNERS IS REQUESTED.

EEI-ERCOT Seller's Choice Product

"EEI-ERCOT Seller's Choice"- Firm(LD), provided that on a daily basis, Seller shall have the right to designate as the Delivery Point for this product any Congestion Zone within the Electric Reliability Council of Texas ("ERCOT") Control Area, subject to the terms below.

If Seller is to deliver Energy on a day that follows a Business Day, Seller shall use commercially reasonable efforts to designate the relevant Congestion Zone to Buyer on the relevant Business Day prior to the day(s) of Energy flow no later than thirty (30) minutes before the ERCOT day-ahead scheduling deadline ("Initial Designation Deadline I"). If Seller fails to designate a Congestion Zone by the Initial Designation Deadline I, Buyer shall use commercially reasonable efforts to contact Seller in order to request that Seller designate the relevant Congestion Zone at least fifteen (15) minutes before the ERCOT day-ahead scheduling deadline ("Final Designation Deadline I"). However, Buyer shall not be considered to be in breach under this Product if Buyer fails to contact Seller.

If Seller is to deliver Energy on a day that does not follow a Business Day, Seller shall use commercially reasonable efforts to designate the relevant Congestion Zone to Buyer on the Business Day prior to the day(s) of Energy flow no later than 2:15 p.m. Central Prevailing Time ("CPT") ("Initial Designation Deadline II"). If Seller fails to designate a Congestion Zone by the Initial Designation Deadline II, Buyer shall use commercially reasonable efforts to contact Seller in order to request that Seller designate the relevant Congestion Zone no later than 2:30 p.m. CPT on the Business Day prior to such day(s) of Energy flow ("Final Designation Deadline II"). However, Buyer shall not be considered to be in breach under this Product if Buyer fails to contact Seller.

Other than as set forth herein, the Product shall be scheduled in accordance with the ERCOT Protocols.

Unless otherwise agreed between the Parties, Seller shall be permitted to split its delivery of the Contract Quantity in whole MWs among one or more of the Congestion Zones in effect as of the date of delivery but Seller may not split the delivery hours among the Congestion Zones and the delivery of the Product must be for all applicable delivery hours for each selected Congestion Zone on such day. For example, if Seller chooses to split its delivery of the Product among one or more Congestion Zones on a given day, Seller may not also split or vary the hours for delivery of the Product (i.e., , in a HE 0700 – HE 2200 EEI-ERCOT Seller's Choice Transaction, Seller may not schedule the Product from HE 0700 – HE 1200 to the North Congestion Zone and then from HE 1300 – HE 2200 to the South Zone, but must schedule HE 0700 – HE 2200 for all selected Congestion Zones).

If Seller fails to designate the relevant Congestion Zone for the relevant day(s) by the relevant Final Designation Deadline, then:

- (A) the Congestion Zone(s) for the relevant day(s) of Energy flow shall automatically default to the ERCOT South Congestion Zone as it is configured on the day that Seller failed to perform; and

(B) Seller shall be responsible for all direct costs, if any, incurred by Buyer (including, but not limited to, any ERCOT mis-match fees assessed to Buyer) due to Seller's failure to timely schedule for such day.

For clarification, any failure by Seller to deliver the Product shall be governed by Section 4.1 of the Agreement.

On or after the Texas Nodal Market Implementation Date, Seller shall be able to designate any Trading Hub or Hub within the ERCOT Control Area as the Delivery Point. For the avoidance of doubt, Seller and Buyer shall have the same rights and obligations regarding the timeframes and methods for designating a Trading Hub or Hub as are referenced above for designating a particular Congestion Zone as the Delivery Point. Further, if Seller fails to designate the relevant Trading Hub or Hub for the relevant day(s) by the relevant Final Designation Deadline, then:

(A) the Trading Hub or Hub for the relevant day(s) of Energy flow shall automatically default to the "South 345 kV Hub (South 345)" as it is configured on the day that Seller failed to perform; and

(B) Seller shall be responsible for all direct costs, if any, incurred by Buyer (including, but not limited to, any ERCOT mis-match fees assessed to Buyer) due to Seller's failure to timely schedule for such day.

Delivery Point designations shall be made in any method agreeable to Buyer and Seller including, but not limited to, telephone, facsimile, "instant messaging" or other electronic means.

Terms used but not defined herein shall have the meaning ascribed to them in the ERCOT Protocols or the ERCOT Nodal Protocols, as amended from time to time. Further, the intent and understanding among the Parties is that ERCOT will continue to recognize bilateral transactions for settlement purposes during the Delivery Period. To the extent that ERCOT imposes a market redesign that does not settle bilateral transactions, or otherwise materially alters one or both of the Parties' rights or obligations under this Product, then the Parties agree to promptly work together in good faith to reform the delivery terms of this Transaction to restore, as nearly as possible, the original economic intent of the Parties as contemplated in the ERCOT Protocols in effect as of the Trade Date.