Potential Credit Risk - Stress Scenarios

Credit Working Group Meeting

25 Apr 2008

Stress Scenarios – Base Case

Credit Loss Distributions - Base Case												
Loss Statistics	Base Case (Millions $)			Base Case with Higher Market Event Sensitivity and Price Jump (Millions $)			Base Case with More Volume Escalation (Millions $)			Base Case With Default Correlation at 100% (Millions $)		
Expected Loss	3.0			6.6			5.0			2.8		
Median Loss	0.2			0.6			0.3			< 0.1		
90.0%	8.3			20.9			9.6			3.8		
95.0%	15.8			36.6			21.3			18.7		
99.0%	42.6			84.2			101.9			54.5		
99.9%	99.8			190.8			221.9			121.1		
% Change from Base Case at 99.9%				91.2%			122.1%			21.3%		
Input Assumptions												
Market Event Sensitivity												
Gen/Trade/Public Power/Mixed	20%			100%			20%			20%		
Small Retailer / Large Retailer	50%			100%			50%			50%		
Volume Escalation During Market Events												
	Gen	**SR**	**Other**	**Gen**	**SR**	**Other**	**Gen**	**SR**	**Other**	**Gen**	**SR**	**Other**
No Volume	10%	5%	0%	10%	5%	0%	10%	5%	0%	10%	5%	0%
Historic	50%	20%	50%	50%	20%	50%	50%	20%	50%	50%	20%	50%
20%	30%	40%	40%	30%	40%	40%	10%	0%	20%	30%	40%	40%
40%	9%	10%	9%	9%	10%	9%	10%	0%	10%	9%	10%	9%
70%	0%	0%	0%	0%	0%	0%	10%	0%	10%	0%	0%	0%
100%	1%	25%	1%	1%	25%	1%	10%	75%	10%	1%	25%	1%
Price Jump Parameters												
Raw likelihood of jumps	7.0%			7.0%			7.0%			7.0%		
Percent of common jumps	80%			80%			80%			80%		
Mean jump size	80.0			120.0			80.0			80.0		
99th percentile jump size	375.0			600.0			375.0			375.0		
% of jumps in 1dayseries	75%			75%			75%			75%		
%of jumps in 3 dayseries	20%			20%			20%			20%		
% of jumps in 6dayseries	5%			5%			5%			5%		
Default Correlation												
	Various - 0% to 30%			Various - 0% to 30%			Various - 0% to 30%			100.0%		

Stress Scenarios – Current Case

Credit Loss Distributions - Current Case												
Loss Statistics	Current Case with Guarantees and LCs held at Oct 2007 (Millions $)			Current Case with Higher Market Event Sensitivity and Price Jump (Millions $)			Current Case with More Volume Escalation (Millions $)			Current Case with Default Correlation at 100% (Millions $)		
Expected Loss	0.7			2.5			1.9			1.0		
Median Loss	< 0.1			0.2			< 0.1			< 0.1		
90.0%	1.4			5.3			2.7			1.0		
95.0%	4.0			14.2			6.8			5.0		
99.0%	10.9			40.2			38.2			22.9		
99.9%	29.8			123.5			152.1			52.3		
% Change from Corresponding Base Case at 99.9%	-70.0%			-67.3%			-69.8%			-68.8%		
Input Assumptions												
Market Event Sensitivity												
Gen/Trade/Public Power/Mixed	20%			100%			20%			20%		
Small Retailer / Large Retailer	50%			100%			50%			50%		
Volume Escalation During Market Events												
	Gen	**SR**	**Other**	**Gen**	**SR**	**Other**	**Gen**	**SR**	**Other**	**Gen**	**SR**	**Other**
No Volume	10%	5%	0%	10%	5%	0%	10%	5%	0%	10%	5%	0%
Historic	50%	20%	50%	50%	20%	50%	50%	20%	50%	50%	20%	50%
20%	30%	40%	40%	30%	40%	40%	10%	0%	20%	30%	40%	40%
40%	9%	10%	9%	9%	10%	9%	10%	0%	10%	9%	10%	9%
70%	0%	0%	0%	0%	0%	0%	10%	0%	10%	0%	0%	0%
100%	1%	25%	1%	1%	25%	1%	10%	75%	10%	1%	25%	1%
Price Jump Parameters												
Raw likelihood of jumps	7.0%			7.0%			7.0%			7.0%		
Percent of common jumps	80%			80%			80%			80%		
Mean jump size	80.0			120.0			80.0			80.0		
99th percentile jump size	375.0			600.0			375.0			375.0		
% of jumps in 1dayseries	75%			75%			75%			75%		
%of jumps in 3 dayseries	20%			20%			20%			20%		
% of jumps in 6dayseries	5%			5%			5%			5%		
Default Correlation												
	Various - 0% to 30%			Various - 0% to 30%			Various - 0% to 30%			100.0%		