Gap Risk: A Comparison of Credit Terms Across Master Trading Agreements

	Financial	Physical Natural Gas	Physical Power	
	ISDA® 1994 Credit Support Annex	NAESB® Credit Support Addendum	EEI® Collateral Annex	WSPP Collateral Annex
I. ASSIGNMENT / TRANSFER				
Is it Permitted?	See § 7 of the ISDA Master Agreement.	Yes. See Base Contract § 15.1 (2006) / § 14.1 (2002). No specific reference in the CSA. Base Contract terms would apply unless otherwise excluded under Special Provisions to the CSA: Yes, but requires prior written consent of the other, non-assigning party. Exceptions to this requirement are outlined below. Consent may not be unreasonably withheld or delayed. If an assignment/transfer occurs without prior written consent, the assignor shall remain principally liable for and shall not be relieved of or discharged from any obligations.	This Collateral Annex has been and is made solely for the benefit of the Parties and their permitted successors and assigns, and no other person, partnership, association, corporation or other entity shall acquire or have any right under or by virtue of this Collateral Annex. (Users should refer to the Master Agreement for "permitted successors and assigns" as they are not outlined in the Collateral Annex.) Paragraph 9(c).	CA is silent as to who is a permitted sucessor or assign (see § 10(c)). The WSPP Agreement (*i.e.*, the General Terms or "WA") provides for limitations on assignment (in § 14). Because the limitations in § 14 include certain reference to acceptable assurances, it suggests that in at least some situations assignment of the CA is not permitted without negotiation. Comment: To what extent such limitations of the WA apply to the CA is a question. *E.g.*, the CA states (in its opening paragraph) that it "is applicable to all transactions between the Parties conducted under the WSPP Agreement, including any amendments thereto...." The CA does not state that it is a part of the the WA. The WA (at § 35) states: "The Parties acknowledge and agree that all of their transactions, together with this Agreement and the related Confirmation(s) form a single, integrated agreement...", but this does not refer to the CA.
Exceptions to Prior Written Consent Requirement	See § 7 of the ISDA Master Agreement.	Yes. See Base Contract § 15.1 (2006) / § 14.1 (2002). No specific reference in the CSA. Base Contract terms would apply unless otherwise excluded under Special Provisions to the CSA. There are 2 exceptions listed under § 15.1. § 15.1(i) allows a party to transfer, sell, pledge, encumber or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, without prior written consent. § 15.1(ii) allows a party to transfer its interest in any parent or Affiliate by assignment, merger or otherwise, without prior written consent (similar to ISDA exception in § 7(a)).	Not included in EEI Collateral Annex -- see Master Agreement.	Not included in the WSPP Collateral Annex, see the WA.
Merger Without Assumption	See § 5(a)(viii) of the ISDA Master Agreement.	N/A	Not included in EEI Collateral Annex -- see Master Agreement.	Not included in the WSPP Collateral Annex, see the WA.
II. ADEQUATE ASSURANCES (VS. MARGINING RIGHTS)				
Adequate Assurances Under Law (*e.g.*, UCC 2-609)	May be applicable under physical/goods contracts unless waived by the parties in the Schedule.	No specific reference in the CSA. Base contract terms under § 10.1 would apply unless otherwise excluded under Special Provisions to the CSA.	Not included in EEI Collateral Annex -- see Master Agreement	Not included in the WSPP Collateral Annex, see the WA. Note that adequate assurances are not waived (*i.e.*, are generally available) under the WA.
Adequate Assurances Under Contract	N/A	No specific reference in the CSA. Base contract terms under § 10.1 would apply unless otherwise excluded under Special Provisions to the CSA.	Not included in EEI Collateral Annex -- see Master Agreement.	The WA has an adequate assurances-type provision in § 27 which has the heading "Creditworthiness". A breach of § 27 constitutes an EOD per § 22.1(d). The CA (in Part III of Coversheet) provides for optional elections to either (1) keep the WA Creditworthiness provision or (2) not apply it. If the election to keep the WA Creditworthiness provision is made, then it and related terms are modified such that the grace period to deliver assurances under the WA is tightened from 3 Business Days to 1 Business Day, and the limitation on the value of assurances is removed such that it is no longer limited to "a reasonable estimate of damages". Also, if in Part II of the Coversheet (Material Adverse Change or "MAC") of the CA, the 2nd option (a subjective MAC or "Section 27 Inclusion" as referred to in Part III of Coversheet) is chosen, then in Part III of Coversheet the parties must choose the 1st option (*i.e.*, to keep the WA Creditworthiness provision and make the related modifications). Creditworthiness assurances are treated differently than Performance Assurance. "Performance Assurance" is defined in CA § 1 and used throughout the CA, and it refers to what can be used to meet margin calls (or using the CA terminology, what it is that the Posting Party may transfer when the Beneficiary Party makes a demand for Performance Assurance in the amount of the Collateral Amount). Implications are that one can essentially elect to have adequate assurances and margining apply to WSPP transactions and that they are treated separately allowing for increased security.
Acceptable Forms of Adequate Assurances	N/A	No specific reference in the CSA. Base contract terms under § 10.1 would apply unless otherwise excluded under Special Provisions to the CSA.	Not included in EEI Collateral Annex -- see Master Agreement	LC, cash prepay, other collateral or security, or guaranty or other mutually agreeable form. (Definition of "Performance Assurance")
Transfer Timing for Adequate Assurances	N/A	No specific reference in the CSA. Base contract terms under Section 10.1 would apply unless otherwise excluded under Special Provisions to the CSA.	Not included in EEI Collateral Annex -- see Master Agreement	As elected by the parties in the Cover Sheet Elections.
Events of Default for Failure to Transfer Credit Protection	Event of Default only if margin failure continues for 2 Business Days after notice. Paragraph 7(i). *See also* § 5(a)(iii) of the Master Agreement (1992/2002).	The CSA has no separate definition of Event of Default and relies on the Event of Default language under § 10 of the Base Contract. Note there is a definition for "Credit Support Default" under CSA Paragraph 10 and "Letter of Credit Default" under CSA Paragraph 7(b).	Not included in EEI Collateral Annex -- see Master Agreement.	If election in CA to have adequate assurance apply is made (*i.e.*, Creditworthiness assurances in the WA to continue to apply despite fact that CA entered into), then failure to provide Creditworhtiness assurances within the (tightened) time frame constitutes an Event of Default per the WA. CA § 3 adds an additional Event of Default under § 22.1 of the WA: "(f) A Party fails to establish, maintain, transfer or extend Performance Assurance, or return Excess Performance Assurance, in any such case when required pursuant to the Parties' Collateral Annex."
III. SUSPENSION RIGHTS (PRE-TERMINATION)				
Contractual Right to Suspend Performance without Terminating Trades	Yes. Each of Pledgor's (under Paragraphs 3 and 5) and Secured Party's (under Paragraphs 3, 4(d)(ii), and 6(d)) obligations are subject to the following conditions precedent: (i) No Event of Default, Potential Event of Default, or Specified Condition has occurred and is continuing with respect to the other party; and (ii) No unsatisfied payment obligations relating to any Early Termination Date exists as the result of any Event of Default or Specified Condition with respect to the other party. Paragraph 4(a).	No reference to suspension in the CSA. Unless Special Provisions added, Base Contract § 10.2 would apply.	Not included in EEI Collateral Annex -- see Master Agreement	No explicit right to suspend performance of the CA. The WA provides for a right to "suspend performance of transactions" per § 22.2(a) of the WA, but it is more likely that "performance" refers to physical performance rather than financial performance (*see* § 33.1 (Performance) of the WA). Note that the under the CA the absence of Events of Default and Potential Events of Default are conditions precedent for the right to (1) demand performance assurance, (2) demand the return of performance assurance, and (3) substitute performance assurance; and the absense of any Event of Default (only) is a condition precedent to the right to receive interest on posted cash.
Triggering Events	See clauses (i) and (ii) related to Contractual Right to Suspend Performance above. (For Events of Default or Potential Events of Default, see § 5 of the ISDA Master Agreement)	CSA Paragraph 10 references "Credit Support Default" (i) a party fails (or fails to cause its Custodian, as applicable) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it, and such failure continues for 1 Business Day after Notice of that failure is provided to that party; or (ii) a party fails to comply with or perform any material agreement or obligation provided for in this CSA, and such failure continues for 1 Business Day after Notice of that failure is provided to that party; or (iii) a party or its Custodian fails to comply with any of the obligations under Paragraph 8 herein and the failure continues for 1 Business Day after notice of the failure is given to that party. A Credit Support Default shall constitute and have the effect of an Event of Default set forth in § 10.2 (vi) of the Base Contract.	Not included in EEI Collateral Annex -- see Master Agreement	Not included in the WSPP Collateral Annex, see the WA.

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Time Limitation on Right to Suspend	N/A	No reference to suspension in the CSA.	Not included in EEI Collateral Annex -- see Master Agreement	Not included in the WSPP Collateral Annex, see the WA.
IV. COMMUNICATION WITH COUNTERPARTIES				
Notices	Generally, Paragraph 11(e) requires notices and demands be provided pursuant to the provisions of ISDA Master Agreement § 12 (as modified by the Schedule, if applicable), or as modified by Paragraph 13(k).	Effective on the Business Day that it is delivered via in person/courier, fax with exceptions if sent on non-busiensss day for the next business day, certified/registered mail, or electronic messaging system. CSA Paragraph 9. Any other Notice, including but not limited to, Notice of an Event of Default, must be given pursuant to § 9 of the Base Contract.	Not included in EEI Collateral Annex -- see Master Agreement	Contact information applicable to § 10(h) to be specified in Cover Sheet Elections Part VIII. § 10(h) provides that notices shall be in writing (unless provided otherwise) and shall be submitted by recognized overnight courier service or by fax. method / effective: • personally delivered / when received • fax / day transmitted (next Business Day if transmitted on a non-Business Day or if transmitted after 5 pm at place of receipt) if confirmation of transmittal received • sent for next day delivery to a domestic address by a nationally-recognized overnight courier or delivery service / next day • certified or registered mail, return receipt requested / day of receipt • other means / date actually received Notices in connection with an alleged breach or default hereunder (including an Event of Default) shall only be delivered personally or by a nationally-recognized overnight courier or delivery service. Note that notices must be submitted by 1 of 2 methods but the CA describes the effectiveness of 4+ methods. It also states that only 1 of 2 methods may be used for notices of breach, default or Event of Default under the CA, however it is not clear what this refers to since (1) what constitutes a "breach" under the CA is not identified, (2) no example is given of a default that is not an "Event of Default", and (3) as drafted, an "Event of Default" resulting from a failure in respect of Performance Assurance under the CA functions out of the WA not the CA (as § 3 of the CA amends the WA to add an additional Event of Default under the WA); also the CA defines Potential Event of Default as "an event which...with the giving of notice required under § 22.1 of the [WA]...would be an Event of Default" which is inconsistent with CA § 10(h).
V. NETTING				
Netting provision? Any limitations or conditions?	Yes, under Paragraph 3, netting is incorporated into the definition of Credit Support Amount (variation margin), which also nets any Independent Amounts (initial margin) that may apply to the parties. The Credit Support Amount is deemed to be zero if its calculation yields a negative amount.	Yes, netting is incorporated into the definition of Exposure.	The collateral requirement will be determined by the net aggregate sum of all Exposures for all the Transactions for each Party. The Party having the greater Exposure Amount at any time will be deemed to have a "Net Exposure" to the other Party equal to the Secured Party's Exposure Amount. Paragraph 3	Yes. See §§ 4(b) and 5(a). Obligations to transfer Performance Assurance (by the Posting Party) and Excess Performance Assurance (by the Beneficiary Party) are made on a net basis.
VI. SETOFF				
Setoff provision? Any limitations or conditions?	Yes, under Paragraph 8(a) and (b), each party may setoff against any Posted Collateral or its Cash equivalent held by it--as limited by the following: Secured Party: May not setoff if Pledgor has paid in full all of its Obligations. Pledgor: (i) May not setoff in the case of an Early Termination Date relating to less than all Transactions and (ii) May setoff only to the extent that Posted Collateral or the Interest Amount is not Transferred under Paragraph 8(b)(iii).	Secured Party may exercise its right of setoff against property of the Pledging Party in the possession of the Secured Party or amounts payable to the Pledging Party. Paragraph 12 Also ties back to the rights under the base contract to setoff against posted collateral with the exception of a Letter of Credit. Paragraph 13	In the event that (i) an Event of Default with respect to the Pledging Party has occurred and is continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party, then the Secured Party may exercise the right to setoff any Performance Assurance held by or for the benefit of the Secured Party against and in satisfaction of any amount payable by the Pledging Party in respect of any of its Obligations. Paragraph 7(a). If (i) an Event of Default with respect to the Secured Party has occurred and is continuing or (ii) and Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party, then: the Pledging Party may, to the extent that the Performance Assurance or the Interest Amount is not Transferred to the Pledging Party as required in the agreement, setoff amounts payable to the Secured Party against the Performance Assurance (other than Letters of Credit) held by the Secured Party. Paragraph 7(d)	§ 2(a) includes right of setoff in text relating to the grant of a security interest in Performance Assurance. § 7(a)(ii) gives the Beneficiary Party the right to setoff Performance Assurance posted to it against amounts owed to it. § 8(ii) gives the Posting Party the right to setoff amounts owed to it against Performance Assurance not returned to it in cases of an Event of Default or Early Termination.
VII. EVENTS OF DEFAULT/ TERMINATION EVENTS				
Failure to perform	Yes, under Paragraph 7(i) and (iii): Paragraph 7(i): Failure to Transfer Eligible Collateral, Posted Collateral, or the Interest Amount within 2 Local Business Days after notice of failure. Paragraph 7(iii): Failure to perform or comply with any obligation (other than those in Paragraphs 7(i) and (ii)) and such failure is not cured within 30 days after notice of the failure.	Yes. The failure to (i) make any transfer within 1 Business Day of notice of such failure, or (ii) failure to perform any material agreement or obligation within 1 Business Day of notice of such failure is a Credit Support Default under CSA Paragraph 10 and this constitutes an Event of Default.	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	Yes. In addition to § 22.1 of the WA, the Collateral Annex makes the failure to transfer Performance Assurance or Excess Performance Assurance an additional Event of Default. § 3.
Bankruptcy	Not included in ISDA CSA. *See* § 5(a)(vii) of the ISDA Master Agreement.	Not in CSA - See § 10.2(ii) and (iii) of Base Contract.	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	Not included in WSPP CA - see § 22.1 of the WA.
Failure to satisfy credit requirements	Yes, Paragraph 7(ii) states that an Event of Default occurs if a party fails to comply with any restriction or prohibition contained in the CSA with respect to any of the rights specififed in Paragraph 6(c). See also § 5(a)(iii) of the ISDA Master Agreement, which applies to: (1) failures of a party or Credit Support Provider to perform under or comply with Credit Support Document (following any grace period therein); (2) expiration or termination of a Credit Support Document before all ISDA obligations are satisfied without other party's consent; or (3) a party or its Credit Support Provider disaffirms, disclaims, repudiates or rejects or challenges the validity of a Credit Support Document.	Yes. CSA Paragraph 10 references "Credit Support Default" as: (i) a party fails (or fails to cause its Custodian, as applicable) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it, and such failure continues for 1 Business Day after Notice of that failure is provided to that party; or (ii) a party fails to comply with or perform any material agreement or obligation provided for in this CSA, and such failure continues for 1 Business Day after Notice of that failure is provided to that party; or (iii) a party or its Custodian fails to comply with any of the obligations under Paragraph 8 herein and the failure continues for 1 Business Day after notice of the failure is given to that party. Credit Support Default shall constitute and have the effect of an Event of Default set forth in § 10.2 (vi) of the Base Contract.	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	Not included in the WSPP CA - see § 22.1 of the WA.

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Party consolidates, amalgamates, merges or transfers assets	Not included in ISDA CSA - see §§ 5(a)(viii) and 7(a) of the ISDA Master Agreement.	Not in NAESB CSA - see Base Contract § 15.	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	Not included in the WSPP CA.
Default under specified transaction	Not included in ISDA CSA - see § 5(a)(v) of the ISDA Master Agreement.	Not in NAESB CSA - see Base Contract § 10.2.	N/A	N/A
Cross Default	Not included in ISDA CSA - see § 5(a)(vi) of the ISDA Master Agreement.	Not in NAESB CSA - see Base Contract § 10.2.	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	N/A
Failure by Party's Guarantor	Not included in ISDA CSA - see § 5 of the ISDA Master Agreement .	Not in NAESB CSA - see Base Contract § 10.2.	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	Not included in WSPP CA - see § 22.1 of the WA.
False representation or warranty	Not included in ISDA CSA - see § 5(a)(iv) of the ISDA Master Agreement.	N/A	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	Not included in the WSPP CA - see § 22.1 of the WA.
Rejection of Guaranty	Not included in ISDA CSA - see § 5(a)(iii) of the ISDA Master Agreement.	N/A	Not included in EEI Collateral Annex -- see Master Agreement Article 5.	Not included in the WSPP CA - see § 22.1 of the WA.
Credit Event Upon Merger	Not included in ISDA CSA - see § 5(b)(v) of the ISDA Master Agreement.	Not in NAESB CSA - see Base Contract § 10.2.	N/A	N/A
Additional Termination Event	N/A	N/A	N/A	N/A
VIII. CREDIT AND COLLATERAL TRIGGERS				
Adequate Assurance of Performance	N/A	Not in NAESB CSA - see Base Contract §10.1.	Not included in EEI Collateral Annex -- see Master Agreement Article 8.	Not included in the WSPP CA - see § 27 of the WA.
Collateral Thresholds	"Independent Amount" (initial margin) is negotiated and defined in Paragraph 13(b)(iv). "Threshold" is negotiated and defined in Paragraph 13(b)(iv). Threshold is frequently ratings-based or is defined with reference to a percentage of a party's shareholder equity. "Minimum Transfer Amount" is negoiated and defined in Paragraph 13(b)(iv).	Paragraph 3	Paragraph 10(I)(A & B) for Party A & B with two selection boxes for each party. If the first section box is selected, then an amount is to be inserted. If the second box is selected, the collateral threshold amount(s) must be inserted alongside an agency rating(s). *See also* Master Agreement Article 8. Paragraph 10(I)(A&B) supersedes and replaces Master Agreement Articles 8.	Two optional elections for Collateral Thresholds based on a credit ratings table are provided for as follows: (1) threshold = amount specified for the applicable credit rating by S&P, Moody's, and Fitch (and if not all equivalent, then the lower rating to apply); or (2) threshold = amount specified for the applicable credit rating by S&P, Moody's, and Fitch (and if not all equivalent, then the higher 2 shall apply). § 4.
Downgrade Event	N/A	N/A	Not included in EEI Collateral Annex -- see § 8.1/8.2(d) of the Master Agreement.	N/A
Financial Information	N/A	N/A	Not included in EEI Collateral Annex -- see Master Agreement § 8.1/8.2(a).	N/A
IX. COLLATERAL CHARACTERISTICS				
A. Collateral Generally				
Eligible Collateral and Valuation	Specified in Paragraph 13.	As defined on the Cover Sheet.	Specified on the Cover Sheet.	"Performance Assurance" may be (i) Cash, (ii) a Letter of Credit, or (iii) other security acceptable to the Beneficiary party. *See* definition of "Performance Assurance". Valuation is not expressly addressed, but the Collateral Annex implies that Cash and Letters of Credit are valued at the face amount thereof.
Grant of Security Interest	Each party, as the Pledgor, grants a first priority security interest, lien on and right of setoff against all Posted Collateral transferred to the other party, as the Secured Party, under the CSA. Paragraph 2.	To secure its obligations under the Base Contract and all outstanding transactions, each party, as the Pledging Party, hereby grants to the other party, as the Secured Party, a present and continuing first-priority security interest in, and lien on (and right of setoff against), all Posted Collateral (other than Letters of Credit) Transferred to the Secured Party hereunder. Paragraph 13(a). Also referred to under Paragraph 5(b) and (c) if a collateral subsitution or transfer to a Custodian has occurred.	As security for the prompt and complete payment of all amounts due or that may now or hereafter become due from a Party to the other Party and the performance by a Party of all covenants and obligations to be performed by it pursuant to this Collateral Annex, the Agreement, all outstanding Transactions and any other documents, instruments or agreements executed in connection therewith, each Party hereby pledges, assigns, conveys and transfers to the other Party, and hereby grants to the other Party a present and continuing security interest in and to, and a general first lien upon and right of set off against, all Performance Assurance which has been or may in the future be Transferred to, or received by, the other Party and/or its Custodian, and all dividends, interest, and other proceeds from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any or all of the foregoing and each Party agrees to take such action as the other Party reasonably requests in order to perfect the other Party's continuing security interest in, and lien on (and right of set off against), such Performance Assurance. Paragraph 2.	Each Party grants to the other Party a present and continuing security inerest in an to, and a general first len upon and right of set off against, all Performance Assurance which has been or may be transferred to the other Party or a Custodial Bank. § 2(a).
Calculation of Collateral Requirement				
Exposure definition	The amount that would be payable to a party as if all Transactions were being terminated as of the relevant date/time of Exposure determination. Paragraph 12.	The Net Settlement Amount, as calculated by the Secured Party in good faith and in a commercially reasonable manner, that the Pledging Party would owe to the Secured Party if an Early Termination Date had been designated as of the date of such calculation as provided for in § 10 of the Base Contract; provided that such calculations shall be at the mid point between the bid price and the offer price. Paragraph 2.	The net amount of the amounts that are owed or otherwise accrued and payable between the Parties plus the mark-to-market exposure. Paragraph 1.	Exposure is not defined, but collateral obligations are determined with respect to the Termination Payment that would be owed by a Party were an early termination to occur on the calculation date. § 4(c)
Collateral Requirement calculation	Delivery: If the Delivery Amount equals or exceeds the Pledgor's Minimum Transfer Amount, the Pledgor transfers Eligible Credit Support with a value at least equal to the Delivery Amount. "Delivery Amount" is defined as the positive difference between (i) the Credit Support Amount, minus (ii) the Value of the Posted Credit Support held by the Secured Party. The Delivery Amount is rounded up as specified by the parties in Paragraph 13(b)(iv)(D). Paragraph 3(a). Return: If the Return Amount equals or exceeds the Secured Party's Minimum Transfer Amount, the Secured Party transfers Eligible Credit Support to the Pledgor with a value at least equal to the Return Amount. "Return Amount" is defined as the positive difference between (i) the Value of Posted Credit Support held by Secured Party, minus (ii) the Credit Support Amount. The Return Amount is rounded down as specified by the parties in Paragraph 13(b)(iv)(D). Paragraph 3(b). "Credit Support Amount" = (i) Secured Party's Exposure, plus (ii) Pledgor's Independent Amount, minus (iii) Secured Party's Independent Amount, minus (iv) Pledgor's Threshold. If the Credit Support Amount is negative, it is deemed to be zero (0).	On any Business Day, the "Collateral Requirement" for a party (the "Pledging Party") means the Secured Party's Exposure minus the sum of: (a) the Pledging Party's Collateral Threshold; plus (b) the Value of all Posted Collateral then held by the party other than the Pledging Party (the "Secured Party"), and any accrued Interest Amount that has not yet been Transferred to the Pledging Party; provided, however, that, the Collateral Requirement of the Pledging Party will be deemed to be zero (0) whenever the calculation of such Pledging Party's Collateral Requirement yields a number less than zero (0). Paragraph 3.	The Secured Party's Net Exposure minus the sum of: (1) the Pledging Party's Collateral Threshold; plus (2) the amount of Cash previously Transferred to the Secured Party, the amount of Cash held by the Secured Party as Performance Assurance as a result of drawing under any Letter of Credit, and any Interest Amount that has not yet been Transferred to the Pledging Party; plus (3) the Collateral Value of each LC and any other form of Performance Assurance (other than Cash) maintained by the Pledging Party for the benefit of the Secured Party; provided however, that the Collateral Requirement of a Party will be deemed to be zero whenever the calculation of such Party's Collateral Requirement yields a number less than zero. Paragraph 3(b).	The following rounded up to the nearest integral multiple of the Rounding Amount (if not less than zero): (Posting Party's WA § 22 Termination Payment + Posting Party's damages under WA § 21.3 + any further amounts due by Posting Party for rendered performance) minus (currently posted Performance Assurance + Posting Party's Collateral Threshold).
Collateral Threshold	Thresholds are negotiated by the parties in Paragraph 13 (b)(iv) and are frequently either a fixed amount or ratings-based.	With respect to a party, the amount, if any, set forth in the elections on Page 1 for such party; provided, however, that the Collateral Threshold for a party that is a Defaulting Party shall be zero (0) upon the occurrence and during the continuance of an Event of Default. Paragraph 2.	Negotiated by the Parties in Paragraph 10, they are either a fixed amount or ratings based, provided that the occurence and continuation of an Event of Default or Potential Event of Default brings the threshold to zero.	Negotiated by the Parties in the Cover Sheet, they are either a fixed amount (subject to MAC), ratings based (subject to MAC), or the amount of a guaranty up to at a fixed amount.
Rounding Amount	Rounding is negotiated by the parties and set forth in Paragraph 13(b)(iv). If no Rounding Amount is specified then there is no Rounding Amount.	Rounding Amount is negotiated by the Parties and set forth in the elections on Page 1.	As negotiated by the Parties and set forth in Paragraph 10.	An amount may be specified for each party in Part V of the Cover sheet. Per the definition of "Rounding Amount" in § 1, if no amount is specified, then the amount shall be zero.
Minimum Transfer Amount	Minimum Transfer Amount is negotiated by the parties and set forth in Paragraph 13(b)(iv).	The amount set forth in the elections on Page 1 for a party. Paragraph 2.	As negotiated by the Parties and set forth in Paragraph 10.	The parties specify Minimum Transfer Amounts in Part IV of the Cover Sheet. Per the definition in § 1, if no amount is specified, then such amount shall be zero.
B. Independent Amount / Initial Margin				
Fixed Independent Amount	Independent Amount is negotiated by the parties and set forth in Paragraph 13(b)(iv).	N/A	As negotiated by the Parties and set forth in Paragraph 10(III).	N/A
Floating Independent Amount	Independent Amount is negotiated by the parties and set forth in Paragraph 13(b)(iv).	N/A	As negotiated by the Parties and set forth in Paragraph 10.	N/A
Partial Floating Independent Amount	Independent Amount is negotiated by the parties and set forth in Paragraph 13(b)(iv).	N/A	As negotiated by ther Parties and set forth in Paragraph 10(III).	N/A

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Independent Amount (included in Collateral Requirement or separate?)	Yes. Independent Amount is accounted for in the calculation of Credit Support Amount. *See* Paragraph 3.	N/A	Depends upon the election of Fixed IA (separate), Full Floating IA (included) or Partial Floating IA (separate, but IA only required when a Party has a Collateral Requirement).	N/A
Delivery of Performance Assurance				
Calculation Date	Any Valuation Date. Paragraph 3.	Any Business Day. Paragraph 3.	Any Local Business Day on which a Party chooses or is requested by the other Party to make the determinations referred to in Paragraphs 3, 4, 5 or 8 of this Collateral Annex. Paragraph 1.	The Collateral Requirement is calculated as of the date of the Demand Notice. Collateral Annex § 4(c).
Valuation Date	Valuation Date is negotiated by the parties and set forth in Paragraph 13(c)(ii) .	Contingent on Demand Date and Demand Date is as set forth in Paragraph 2 Definitions - "Demand Date" shall mean, with respect to a party's (i) demand for the Transfer of Eligible Collateral pursuant to Paragraph 4, (ii) demand for Reduction or Substitution of Posted Collateral pursuant to Paragraph 5, and/or (iii) demand for Disputed Calculations pursuant to Paragraph 6: (a) the date on which a demand is made, if such demand is received prior to the Notification Time on a Business Day; or (b) the following Business Day if a demand is made on a non-Business Day or after the Notification Time on a Business Day.	N/A	N/A
Notification Time	Notification Time is negotiated by the parties and set forth in Paragraph 13(c)(iv).	Notification Time is negotiated by the Parties and set forth on the Cover Sheet.	11:00, New York time, on any Calculation Date or any different time specified in the Paragraph 10 Cover Sheet. Paragraph 1.	Any Business Day prior to 1:00 p.m. New York time (and no more than once daily). Collateral Annex § 4(a).
Eligibility (of Secured Party) to call for Performance Assurance	Secured Party may demand the Transfer of Eligible Credit Support. *See* Paragraph 4(b). Note that Pledgor's obligation to do so under Paragraphs 3 and 5 are subject to the following conditions precedent: (i) No Event of Default, Potential Event of Default, or Specified Condition has occurred and is continuing with respect to the other party; and (ii) No unsatisfied payment obligations relating to any Early Termination Date exists as the result of any Event of Default or Specified Condition with respect to the other party. Paragraph 4(a).	Option A is the Close of Business the day after the demand date and Option B is an agreed upon date between the parties. Option A - On any Business Day on which (i) no Credit Support Default with respect to the Secured Party has occurred and is continuing, (ii) no Event of Default with respect to the Secured Party has occurred and is continuing, (iii) no Early Termination Date has occurred or been designated by the Pledging Party for which there exist any unsatisfied payment obligations, and (iv) the Pledging Party's Collateral Requirement equals or exceeds its Minimum Transfer Amount, the Secured Party may demand, by Notice to the Pledging Party, that the Pledging Party Transfer to the Secured Party Eligible Collateral having a Value on the date of Transfer at least equal to the Pledging Party's Collateral Requirement. Paragraph 4.	On any Calculation Date on which: (a) no Event of Default or Potential Event of Default has occurred and is continuing with respect to the Secured Party, (b) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party for which there exist any unsatisfied payment Obligations, and (c) the Pledging Party's Collateral Requirement equals or exceeds its Minimum Transfer Amount, then the Secured Party may demand that the Pledging Party Transfer to the Secured Party, and the Pledging Party shall, after receiving such notice from the Secured Party, Transfer, or cause to be Transferred to the Secured Party, Performance Assurance for the benefit of the Secured Party, having a Collateral Value at least equal to the Pledging Party's Collateral Requirement. Paragraph 4.	Beneficiary Party may demand the transfer of Performance Assurance subject to the following conditions precedent: (i) No Event of Default or Potential Event of Default has occurred or is continuing where the Beneficiary Party is the Defaulting Party or the potentially Defaulting Party; and (ii) No Early Termination has occurred or been designated with respect to the Beneficiary Party. § 4(a)(i)-(ii).
Delivery time by Pledging Party of Performance Assurance	If demand made on or before the Notification Time, one (1) Local Business Day. If demand made after the Notification Time, two (2) Local Business Days. Paragraph 4(b).	Option A calls for delivery by the Close of Business the day following the Demand Date and Option B allows for a negotiated delivery timeline for the number of business days beyond the original Demand Date. Paragraph 4.	Unless otherwise agreed in writing by the Parties, (i) Performance Assurance demanded of a Pledging Party on or before the Notification Time on a Local Business Day shall be provided by the close of business on the next Local Business Day and (ii) Performance Assurance demanded of a Pledging Party after the Notification Time on a Local Business Day shall be provided by the close of business on the second Local Business Day thereafter. Paragraph 4.	The Posting Time is negotiated by the Parties and included in Part IV(C) of the Cover Sheet Elections. If the Posting Time is the same day as the Demand Notice, and the Demand Notice is delivered after 1:00 p.m. New York time, then the Posting Time is 24 hours after the Demand Notice time. Cover Sheet Elections Part IV(C).
Care of Performance Assurance	The Secured Party will exercise reasonable care to assure the safe custody of all Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto. Paragraph 6(a).	The Secured Party will exercise reasonable care to assure the safe custody of all Cash held by it as Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Cash, including, without limitation, any duty to enforce or preserve any rights pertaining thereto. Paragraph 8(d).	Except as otherwise provided in Paragraph 6(a)(iii) and beyond the exercise of reasonable care in the custody thereof, the Secured Party shall have no duty as to any Performance Assurance in its possession or control or in the possession or control of any Custodian or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Performance Assurance in its possession, and/or in the possession of its agent for safekeeping, if the Performance Assurance is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Performance Assurance, or for any diminution in the value thereof, by reason of the act or omission of any Custodian selected by the Secured Party in good faith except to the extent such loss or damage is the result of such agent's willful misconduct or negligence. Unless held by a Custodian, the Secured Party shall at all times retain possession or control of any Performance Assurance Transferred to it. The holding of Performance Assurance by a Custodian for the benefit of the Secured Party shall be deemed to be the holding and possession of such Performance Assurance by the Secured Party for the purpose of perfecting the security interest in the Performance Assurance. Paragraph 6(c).	Generally, the Beneficiary Party has no duty as to any Performance Assurance in its possession or control or in the possession or control of any Custodial Bank or as to the preservation of rights against prior parties or any other rights. *See* Collateral Annex § 6(e).
Reduction and Substitution of Performance Assurance				
Eligibility of Pledging Party to request a reduction in Performance Assurance	Pledgor may demand the Transfer of the Return Amount to the extent the amount posted exceeds the amount required to be posted and the Minimum Transfer Amount. Paragraph 3(b). Note that Secured Party's obligation to do so under Paragraphs 3, 4(d)(ii), 5, and 6(d) are subject to the following conditions precedent: (i) No Event of Default, Potential Event of Default, or Specified Condition has occurred and is continuing with respect to the other party; and (ii) No unsatisfied payment obligations relating to any Early Termination Date exist as the result of any Event of Default or Specified Condition with respect to the other party. Paragraph 4(a).	On any Business Day a Pledging Party may demand, by Notice to the Secured Party, a reduction in the amount of Posted Collateral previously provided by the Pledging Party for the benefit of the Secured Party, and the Secured Party shall comply with said demand, provided that after giving effect to the demanded reduction in Posted Collateral, (i) the Pledging Party shall have a Collateral Requirement of zero (0) as of the date the Secured Party would be required to return the requested Posted Collateral, (ii) no Credit Support Default with respect to the Pledging Party has occurred and is continuing, (iii) no Event of Default with respect to the Pledging Party has occurred and is continuing, and (iv) no Early Termination Date has occurred or been designated by the Secured Party for which there exist any unsatisfied payment obligations under the Base Contract. Paragraph 5(a).	On any Local Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to Cash), a Pledging Party may request a reduction in the amount of Performance Assurance previously provided by the Pledging Party for the benefit of the Secured Party, provided that, after giving effect to the requested reduction in Performance Assurance, (i) the Pledging Party shall in fact have a Collateral Requirement of zero; (ii) no Event of Default or Potential Event of Default with respect to the Pledging Party shall have occurred and be continuing; and (iii) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party for which there exist any unsatisfied payment Obligations. The amount of Performance Assurance required to be reduced shall be rounded down to the nearest integral multiple of the Rounding Amount. Paragraph 5(a).	From time to time, on any Business Day prior to 1 p.m. New York time (but no more than weekly with respect to Letters of Credit and daily with respect to Cash or a Deposit Account with the Custodial Bank), a Posting Party may demand that the Beneficiary Party reduce Performance Assurance in an amount equal to the Excess Performance Assurance. §5(a)
Calculation of reducing Performance Assurance	The Return Amount for any Valuation Date is equal to the amount by which (i) the Value of all Posted Credit Support held by the Secured Party *exceeds* (ii) the Credit Support Amount. Paragraph 3(b).	The amount of the Posted Collateral reduction shall be made by the Secured Party if such amount equals or exceeds the Secured Party's Minimum Transfer Amount; provided however, such amount actually returned by the Secured Party shall be rounded down to the nearest integral multiple of the Rounding Amount. Paragraph 5(a).	The amount of Performance Assurance returned is equal to the amount by which the collateral posted exceeds the Collateral Requirement. Paragraph 5(a).	"Excess Performance Assurance" is an amount, calculated as of the date of the demand and rounded down to the nearest integral multiple of the Rounding Amount, which is equal to (x) less (y), but no less than zero, where: (x) is the amount of Performance Assurance previously provided by or credited to the Posting Party for the benefit of the Beneficiary Party and not released as of the time the Posting Party made the demand, plus the Collateral Threshold applicable to the Posting Party, and (y) is the Termination Payment, if any, that would be owed to the Beneficiary Party.
Secured Party's obligation to return Performance Assurance	Pledgor may demand the Transfer of the Return Amount. *See* Paragraph 4(b). Note that Secured Party's obligation to do so under Paragraphs 3, 4(d)(ii), 5, and 6(d) are subject to the following conditions precedent: (i) No Event of Default, Potential Event of Default, or Specified Condition has occurred and is continuing with respect to the other party; and (ii) No unsatisfied payment obligations relating to any Early Termination Date exists as the result of any Event of Default or Specified Condition with respect to the other party. Paragraph 4(a).	The amount of the Posted Collateral reduction shall be made by the Secured Party if such amount equals or exceeds the Secured Party's Minimum Transfer Amount; provided however, such amount actually returned by the Secured Party shall be rounded down to the nearest integral multiple of the Rounding Amount. Paragraph 5(a).	On any Local Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to Cash), a Pledging Party may request a reduction in the amount of Performance Assurance previously provided by the Pledging Party for the benefit of the Secured Party, provided that, after giving effect to the requested reduction in Performance Assurance, (i) the Pledging Party shall in fact have a Collateral Requirement of zero; (ii) no Event of Default or Potential Event of Default with respect to the Pledging Party shall have occurred and be continuing; and (iii) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party for which there exist any unsatisfied payment Obligations. The amount of Performance Assurance required to be reduced hereunder shall be rounded down to the nearest integral multiple of the Rounding Amount. The Pledging Party shall have the right to specify the means of effecting the reduction in Performance Assurance. Paragraph 5(a).	On any day a Posting Party may demand the return of Excess Performance Assurance. The Beneficiary Party shall comply with the demand by transferring, or causing the transfer of, Cash to the Posting Party or reducing the amount(s) of outstanding Letter(s) of Credit the Posting Party previously posted, provided, however, that a Beneficiary Party shall not have an obligation to transfer or cause the transfer of Excess Performance Assurance until the Excess Performance Assurance exceeds the Minimum Transfer Amount, at which time the Posting Party shall transfer the entire amount of the Excess Performance Assurance to the Posting Party. §5(a)
Timing to return Performance Assurance	If demand is made on or before the Notification Time, one (1) Local Business Day. If demand is made after the Notification Time, two (2) Local Business Days. Paragraph 4(b).	As elected in either Option A or B in Paragraph 5. Option A dictates the Close of the Next Business Day from the Demand Date and Option B is the number of business days following the Demand Date as agreed upon by the parties.	Unless otherwise agreed in writing by the Parties, (i) if the Pledging Party's reduction demand is made on or before the Notification Time on a Business Day, then the Secured Party shall have 1 Local Business Day to effect a permitted reduction in Performance Assurance and (ii) if the Pledging Party's reduction demand is made after the Notification Time on a Local Business Day, then the Secured Party shall have 2 Local Business Days to effect a permitted reduction in Performance Assurance, in each case, if such reduction is to be effected by the return of Cash to the Pledging Party. Paragraph 5(a).	As specified by the Parties in the Reduction Deadline section of the Cover Sheet.

	Financial	Physical Natural Gas	Physical Power	
	ISDA® 1994 Credit Support Annex	NAESB® Credit Support Addendum	EEI® Collateral Annex	WSPP Collateral Annex
Ability to substitute collateral? Conditions to substitute?	Substitute collateral must be in the form of Eligible Collateral. In Paragraph 13(e)(ii), the parties may elect that the Pledgor must obtain the Secured Party's consent for any subsitution. Paragraph 4(d).	Except when: (i) a Credit Support Default with respect to the Pledging Party has occurred and is continuing, or (ii) an Event of Default with respect to the Pledging Party has occurred and is continuing, or (iii) an Early Termination Date has occurred or been designated by the Secured Party for which there exist any unsatisfied payment obligation under the Base Contract, the Pledging Party may substitute for existing Posted Collateral new Eligible Collateral of equal or greater Value (provided that, if such substitute Eligible Collateral is of a type not designated as Eligible Collateral in the elections on Page 1 herein, then the substitution may not occur unless the Secured Party consents to such substitution). Paragraph 5(b).	Except when (i) an Event of Default or Potential Event of Default with respect to the Pledging Party shall have occurred and be continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party for which there exist any unsatisfied payment Obligations, the Pledging Party may substitute Performance Assurance for other existing Performance Assurance of equal Collateral Value upon 1 Local Business Day's written notice (provided such notice is made on or before the Notification Time, otherwise the notification period shall be 2 Local Business Days) to the Secured Party; provided, however, that if such substitute Performance Assurance is of a type not otherwise approved by this Collateral Annex, then the Secured Party must consent to such substitution. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (i) the substitute Performance Assurance is Transferred simultaneously or has been Transferred to the Secured Party and/or its Custodian prior to the release of the Performance Assurance to be returned to the Pledging Party and the security interest in, and general first lien upon, such substituted Performance Assurance granted pursuant hereto in favor of the Secured Party shall have been perfected as required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and (ii) after giving effect to such substitution, the Collateral Value of such substitute Performance Assurance shall equal the greater of the Pledging Party's Collateral Requirement or the Pledging Party's Minimum Transfer Amount. Each substitution of Performance Assurance shall constitute a representation and warranty by the Pledging Party that the substituted Performance Assurance shall be subject to and governed by the terms and conditions of this Collateral Annex, including without limitation the security interest in, general first lien on and right of offset against, such substituted Performance Assurance granted pursuant hereto in favor of the Secured Party pursuant to Paragraph 2. Paragraph 5(b).	Substitution of Performance Assurance is permitted, provided no Event of Default or Early Termination has occurred with respect to the Posted Party, and provided further than any Substitute Performance Assurance is equal in value to the Performance Assurance subsituted therefor. §5(c)
Timing for substituted collateral	Subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support, unless otherwise specified in Paragraph 13. Paragraph 4(d)(ii).	As elected in either Option A or B in Paragraph 5. Option A dictates the Close of the Next Business Day from the request date and Option B is as agreed upon by the two parties.	Upon the Transfer to the Secured Party and/or its Custodian of the substitute Performance Assurance, the Secured Party and/or its Custodian shall Transfer the relevant replaced Performance Assurance to the Pledging Party within 2 Local Business Days. Paragraph 5(b).	The Posting Party must give notice of the substitution to the Beneficiary Party no later than 5 p.m. New York time 2 Business Days before the substitution is intended to occur. §5(c)
Margining Disputes				
Dispute language (Y/N?)	Yes. *See generally* Paragraph 5.	Yes as detailed in Paragraph 6.	Yes, as detailed in Paragraph 8(a)(b)	Yes. *See generally* Collateral Annex § 9.
Time to declare a dispute	A Disputing Party may notify the other party and the Valuation Agent of a dispute no later than the close of business on the Local Business Day following (i) the date a demand is made under Paragraph 3 or (ii) the date of Transfer. Paragraph 5.	As elected in either Option A or B in Paragraph 6. Option A dictates the Close of Business on the Demand Date and Option B is as agreed upon by the two parties.	No later than the Notification Time on the first Local Business Day. Paragraph 8(a), (b).	Not later than 4:00 p.m. on the date a demand is made to transfer Performance Assurance or Excess Performance Assurance. §9(i).
Time to resolve dispute	Resolution Time is negotiated by the parties and set forth in Paragraph 13.	As elected in either Option A or B in Paragraph 6. Option A dictates within a back and forth and 5 day business window following the demand date. Option B is the result of the agreement between to two parties on the timeline.	Second Business Day following the date the demand is made. Paragraph 8(a), (b).	The Parties are to promptly negotiate in good faith to resolve the dispute within 1 Business Day of the dispute. If the dispute relates to the Termination Payment or damages calculation, the result of the recalculation process and Dealer quotes shall be reconciled and the appropriate amounts transferred by the next Business Day after the recalculation. § 9
Dispute resolution process	Unless agreed to by the parties in Paragraph 13(f)(iii), see Paragraph 5. (i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by: (A) utilizing any calculations of Exposure for the Transactions (or Swap Transactions) that the parties have agreed are not in dispute; (B) calculating the Exposure for the Transactions (or Swap Transactions) in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; provided that if four quotations are not available for a particular Transaction (or Swap Transaction), then fewer than four quotations may be used for that Transaction (or Swap Transaction); and if no quotations are available for a particular Transaction (or Swap Transaction), then the Valuation Agent's original calculations will be used for that Transaction (or Swap Transaction); and (C) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support. (ii) In the case of a dispute involving the Value of any Transfer of Eligible Credit Support or Posted Credit Support, the Valuation Agent will recalculate the Value as of the date of Transfer pursuant to Paragraph 13. Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.	Both the Pledging and Secured Party are given the opportunity to dispute Elligible Value Calculations and to come up with their own references to reach an average of the Exposure calculations obtained by both parties. If either party cannot obtain quotations to value exposure, then the Secured Party's calculations shall control. This dispute process can continue for up to the 5th business day following the original dispute date with the difference in collateral provided by the disputing party once resolved. Paragraph 6(a), (b).	Average of quotes received by each party. Paragraph 8(a), (b).	The Parties are to promptly negotiate in good faith to resolve the dispute within 1 Business Day of the dispute. If the dispute relates to the Termination Payment or damages calculation, the Parties may each obtain up to 4 quotes from Dealers on similar energy-related transactions. The result of the recalculation process and Dealer quotes (a simple average of the Dealer quotes obtained) shall be reconciled and the appropriate amounts transferred by the next Business Day after the recalculation. §9
Process for unresolved disputes	If unable to resolve the dispute through consultation: (1) In the case of a dispute related to a Delivery Amount or Return Amount: The Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date (*i.e.*, the Valuation Date of the dispute) using (i) non-disputed figures, as relevant, (ii) four quotations at mid-market from reference Market-makers for disputed amounts, as appropriate, and (iii) Paragraph 13 procedures for calculating Value, if disputed. (2) In the case of a dispute related to the Value of any Transfer of Eligible or Posted Credit Support, the Valuation Agent will calculate in accordance with the procedures set forth in Paragraph 13. *See* Paragraph 5(i)-(ii).	In the event agreed upon quotations cannot be reached, the Secured Party's calculations shall control. Paragraph 6(a), (b).	N/A	N/A
Pay undisputed amount or full requested amount	Disputing Party must pay the undisputed amount in accordance with the same timeline related to the time to declare a dispute. Paragraph 5 preamble.	While under dispute as listed in Paragraph 6(a) the Pledging Party after providing notice of the dispute to the Secured Party must provide collateral in an amount equal to its on Collateral Requirement calculation in accordance with Paragraph 3.	The undisputed amount is paid, then the full amount is paid if the dispute is not resolved. Paragraph 8(a)	The disputing party must make payment of the undisputed portion as determined by its own calculation of either the Performance Assurance demanded or Excess Performance Assurance demanded by the other Party. §9(ii)-(iii)
C. Holding and Using Collateral				
Eligibility to Hold Collateral	Generally, the qualifications to hold and use Posted Collateral are negotiated and set forth in Paragraph 13(g). Subject to Paragraph 13(g), the Secured Party's obligations to Transfer are satisfied by Transfer to a designated Custodian. Paragraph 6(b).	The Secured Party or its Custodian will be entitled to hold Cash provided that the following conditions, as applicable, are satisfied: (1) the Secured Party is not a Defaulting Party, (2) the Secured Party or its Credit Support Provider, if applicable, meets the Eligibility Requirements to Hold Cash requirements set forth in the elections on the Cover Sheet, (3) Cash shall be held only in any jurisdiction within the United States, and (4) the Custodian meets the Custodian Requirements set forth in the elections on the Cover Sheet. If a party or its Custodian is not eligible, or subsequently becomes ineligible, to hold Posted Collateral pursuant to this Section, then it shall be considered a "Downgraded Party" or a "Downgraded Custodian", as the case may be, and Posted Collateral shall be maintained in accordance with Paragraph 8(e). Paragraph 8(a).	As negotiated by the Parties in Paragraph 10.	As negotiated by the Parties in Parts VII and VIII of the Cover Sheet Elections.

Gap Risk: A Comparison of Credit Terms Across Master Trading Agreements

	Financial	Physical Natural Gas	Physical Power	
	ISDA® 1994 Credit Support Annex	NAESB® Credit Support Addendum	EEI® Collateral Annex	WSPP Collateral Annex
Failure to meet Eligibility Requirements	If the Secured Party or its Custodian fails to satisfy the conditions to hold Posted Collateral, it will cause the Transfer of such Posted Collateral to a Custodian that does meet the qualifications within 5 Local Business Days after demand. Paragraph 6(b).	If a party is not eligible to hold Cash as set forth in the elections on Page 1, then such Cash shall be held in a Collateral Account in accordance with the provisions of Paragraph 8(e). Paragraph 8(a)(i).	If a Party is not entitled to hold Cash, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to such Party and Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B). Paragraph 6(a)(i).	If an Eligible Beneficiary Party fails to satisfy the conditions set forth in Collateral Annex § 6(a)(i)(w)-(z), a "Downgrade Event" has occurred and the "Downgraded Party" is no longer eligible to hold Performance Assurance in the form of Cash. *See* §6(a)(iv)
Use of Collateral	Subject to Paragraph 13 (and without limiting the applicability of Paragraphs 3, 4(d)(ii), 5, 6(d), and 8), and as long as the Secured Party is not a Defaulting Party or an Affected Party, the Secured Party may do any of the following: (i) use the Posted Collateral free from any claim or right of the Pledgor (including by sale, pledge, rehypothecation, *etc.*); and (ii) register any Posted Collateral in the Secured Party's, its Custodian, or nominee's name. Paragraph 6(c)	Notwithstanding the provisions of applicable law, if the Secured Party is eligible to hold cash in accordance with Paragraph 8(a), is not a Defaulting Party and no Early Termination Date has occurred or been designated by the Pledging Party as a result of an Event of Default with respect to the Secured Party, then the Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Cash it holds, free from any claim or right of any nature whatsoever of the Pledging Party, including any equity or right of redemption by the Pledging Party. Paragraph 8(b).	Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to the Secured Party and no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party for which there exist any unsatisfied payment Obligations, then the Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise use in its business any Cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of the Pledging Party, including any equity or right of redemption by the Pledging Party. Paragraph 6(a)(ii).	An Eligible Beneficiary Party may hold Cash only within the United States and has the right to sell, pledge, rehypothecate, assign, invest, use, commingle, or otherwise use in its business any Cash that it holds as Performance Assurance. §6(a)(ii)
Custodian/Collateral Account required? When?	Separate account is not required, but the parties may negotiate for such in Paragraph 13(g).	Specifically as tied to cash. Credit Rating Event listed as cause. *See* Paragraph 8(e).	Yes. If the Secured Party or its Custodian fails to satisfy any conditions for holding Cash as set forth in the Agreement or in the Paragraph 10 Cover Sheet or if the Secured Party is not entitled to hold Cash at any time, then the Secured Party will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(ii)(B).	Yes, as a condition precedent to being qualified as an Eligible Beneficiary Party, an account control agreement must be in place between the Beneficiary Party, the Posting Party, and the Custodial Bank. §6(a)(i)(z)
Transfer of Collateral to Custodian Account (following ineligibility to hold collateral)	If the Secured Party or its Custodian fails to satisfy the conditions to hold Posted Collateral, it will cause the Transfer of such Posted Collateral to a Custodian that does meet the qualifications within 5 Local Business Days after demand. Paragraph 6(b)(i).	Yes - Paragraph 8(e).	If the Secured Party or its Custodian fails to satisfy any conditions for holding Cash as set forth in the Agreement or in the Paragraph 10 Cover Sheet or if the Secured Party is not entitled to hold Cash at any time, then the Secured Party will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(ii)(B).	Upon a "Downgrade Event" (a Beneficiary Party becoming ineligible to hold Performance Assurance), all Cash must be transferred to a Custodial Bank. §6(a)(iv)
Custodian/Collateral Account criteria	Negotiated by the parties in Paragraph 13(g).	Custodian Requirements are an election to be agreed upon on Election page 1.	"Qualified Institution" means a commercial bank or trust company organized under the laws of the United States or a political subdivision thereof, with (i) a Credit Rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's, or (b) "A-" by S&P or "A3" by Moody's if such entity is rated by either S&P or Moody's but not both, and (ii) having a capital and surplus of at least $1,000,000,000. Paragraph 1.	Custodial Bank must be a Qualified Institution, which is a U.S. or Canadian commercial bank or trust company having a capital surplus of at least $1 billion (USD), and a credit rating from both S&P or Moody's, respectively, of "A-" and"A3" (if rated by both), or if not rated by both, then "A-" or "A3", respectively. The Parties may also otherwise agree in writing upon a Qualified Institution. *See* definition of "Qualified Institution."
Interest to be paid on Collateral as Posted Collateral	Yes, equal to the Cash amount multiplied by the Interest Rate multiplied by 360 at the time specified in Paragraph 13. *See* definition of "Interest Amount" in Paragraph 12.	Yes, so long as no Event of Default with respect to the Pledging Party has occurred and is continuing, and no Early Termination Date (for which any unsatisfied payment obligations of the Pledging Party exist) has occurred or been designated as the result of an Event of Default with respect to the Pledging Party and to the extent that an obligation to Transfer Posted Collateral would not be created or increased by the Transfer, the Secured Party will upon written request Transfer to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to the Cash (all of which may be retained by the Secured Party), the Interest Amount on the third Business Day of each calendar month. Paragraph 8(c).	So long as no Event of Default with respect to the Pledging Party has occurred and is continuing, and no Early Termination Date for which any unsatisfied payment obligations of the Pledging Party exist has occurred or been designated as the result of an Event of Default with respect to the Pledging Party and to the extent that an obligation to Transfer Posted Collateral would not be created or increased by the Transfer, the Secured Party will upon written request Transfer or cause to be Transferred to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to the Cash (all of which may be retained by the Secured Party), the Interest Amount on the later of the third Business Day of each calendar month or the third Local Business Day of the first month after the last month to which such invoice relates. Paragraph 6(a)(iii).	If Cash is held by the Beneficiary Party, and provided no Event of Default or Early Termination has occurred with respect to the Posting Party, the Posting Party must invoice the Beneficiary Party each month for the interest that has accrued on the Cash at the Interest Rate (negotiated under the Cover Sheet Elections). § 6(a)(v). If Cash is held by the Custodial Bank, and provided no Event of Default or Early Termination has occurred with respect to the Posting Party, interest is paid by increasing the amount of Performance Assurance posted to the account, unless the Beneficiary Party directs the payment be made to the Posting Party directly. § 6(b)(iii).
D. Letters of Credit				
E. Exercising Rights Against Performance Assurance				
F. Pledging Party Rights				
Secured Party Event of Default	If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then (except in the case of an Early Termination Date relating to less than all Transactions (or Swap Transactions) where the Secured Party has paid in full all of its obligations that are then due under Section 6(e) of this Agreement): (i) the Pledgor may exercise all rights and remedies available to a pledgor under applicable law with respect to Posted Collateral held by the Secured Party; (ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support, if any; (iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount to the Pledgor; and (iv) to the extent that Posted Collateral or the Interest Amount is not so Transferred pursuant to (iii) above, the Pledgor may: (A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and (B) to the extent that the Pledgor does not Set-off under (iv)(A) above, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral held by the Secured Party, until that Posted Collateral is Transferred to the Pledgor. Paragraph 8(b)	If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default with respect to the Secured Party, then: (i) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount, if any, to the Pledging Party; and (ii) the Pledging Party may do any one or more of the following: (x) exercise any of the rights and remedies of a pledgor with respect to the Posted Collateral, including any such rights and remedies under law then in effect; (y) to the extent that the Posted Collateral or the Interest Amount is not Transferred to the Pledging Party as required in (i) above, setoff amounts payable by the Pledging Party to the Secured Party against the Posted Collateral held by the Secured Party or to the extent its rights to setoff are not exercised, withhold payment of any remaining amounts payable by the Pledging Party, up to the value of any remaining Posted Collateral held by the Secured Party, until the Posted Collateral is Transferred to the Pledging Party; and/or (z) exercise rights and remedies available to the Pledging Party under the terms of any Letter of Credit. Paragraph 12 (b).	In addition to the provisions of Paragraph 7(a), if at any time (i) an Event of Default with respect to the Secured Party has occurred and is continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party, then: (1) the Secured Party will be obligated immediately to Transfer all Performance Assurance (including any Letter of Credit) and the Interest Amount, if any, to the Pledging Party; (2) the Pledging Party may do any one or more of the following: (x) exercise any of the rights and remedies of a pledgor with respect to the Performance Assurance, including any such rights and remedies under law then in effect; (y) to the extent that the Performance Assurance or the Interest Amount is not Transferred to the Pledging Party as required in (1) above, setoff amounts payable to the Secured Party against the Performance Assurance (other than Letters of Credit) held by the Secured Party or to the extent its rights to setoff are not exercised, withhold payment of any remaining amounts payable by the Pledging Party, up to the value of any remaining Performance Assurance held by the Secured Party, until the Performance Assurance is Transferred to the Pledging Party; and (z) exercise rights and remedies available to the Pledging Party under the terms of any Letter of Credit; and (3) the Secured Party shall be prohibited from drawing on any Letter of Credit that has been posted by the Pledging Party for its benefit. Paragraph 7(d)(1)-(3).	If at any time (a) an Event of Default has occurred and is continuing where the Beneficiary Party is the Defaulting Party, or (b) an Early Termination has occurred or been designated with respect to the Beneficiary Party for which the Beneficiary Party has not satisfied all of its Obligations, then the Posting Party may exercise the following rights: (i) the Beneficiary Party is obligated to transfer all Performance Assurance and interest to the Posting Party; (ii) All rights and remedies of a pledgor, indcluding those under law (iii) if not transferred to the Posting Party under (i) above, the Posting Party may exercise setoff rights or withhold payment of any remaining amounts due to the Beneficiary Party; (iv) exercise rights and remedies available to the Posting Party under any Letter of Credit; (v) exercise rights and remedies available to the Posting Party under the WSPP Agreement; or (vi) the Beneficiary Party is prohibited from drawing on any Letter of Credit posted on its behalf. § 8(i)-(iii).
X. MISCELLANEOUS				
Pledging Party Representations	Each party represents to the other party (which representations will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that: (i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien; (ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2; (iii) upon the Transfer of any Eligible Collateral to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the controlof the Pledgor involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and (iv) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2. Paragraph 9.	Each party continuously represents and warrants to the other party that: (a) it has the power and authority under the law of the jurisdiction of its organization or incorporation and under its organizational and constituent documents to grant to the Secured Party a valid, enforceable, first-priority security interest in, and lien on, all Posted Collateral (other than Letters of Credit) that it Transfers as the Pledging Party, and has taken all necessary actions to authorize the granting and perfection of that security interest and lien; (b) as of each date on which it, as the Pledging Party, Transfers Eligible Collateral to the Secured Party or to any agent of the Secured Party for the benefit of the Secured Party (or, in the case of after-acquired Posted Collateral, at the time the Secured Party or its agent acquires rights therein), it has title to, and will be the sole owner of such Eligible Collateral, free and clear of any security interest, lien, pledge, charge, encumbrance, or other interests or restrictions other than the security interest granted to the Secured Party hereby; (c) the Secured Party will have a valid and perfected first-priority security interest in, and lien on, all Posted Collateral (other than Letters of Credit) upon receipt thereof; (d) the performance by it of its obligations under this CSA will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted pursuant to this CSA; and (e) in connection with the delivery, issuance, renewal, substitution, or increase (as the case may be) which constitutes a Transfer of a Letter of Credit, such Letter of Credit is the legal, valid and binding obligation of the Issuer thereof, enforceable in accordance with its terms. Paragraph 11	On each day on which Performance Assurance is held by the Secured Party and/or its Custodian, the Pledging Party hereby represents and warrants that: (i) the Pledging Party has good title to and is the sole owner of such Performance Assurance, and the execution, delivery and performance of the covenants and agreements of the Collateral Annex do not result in the creation or imposition of any lien or security interest upon any of its assets or properties, including, without limitation, the Performance Assurance, other than the security interests and liens created under the Agreement and the Collateral Annex; (ii) upon the Transfer of Performance Assurance by the Pledging Party to the Secured Party and/or its Custodian, the Secured Party shall have a valid and perfected first priority continunbg secuirty interest therein, free of any liens, claims or encumbrances, except those liens, security interests, claims or encumbrances arising by operation of law that are given priority over a perfected security interest; and (iii) it is not and will not become a party to or otherwise be bound by any agreement, other than the Agreement and the Collateral Annex, which restricts in any manner the rights of any present or future holder of any of the Performance Assurance. Paragraph 9(b).	On each day on which Performance Assurance is held under the Collateral Annex by the Beneficiary Party and/or its agent, or by the Custodial Bank under the Deposit Account Agreement, the Posting Party hereby represents and warrants that: (i) good and marketable title to all Performance Assurance and the execution and delivery of the Collateral Annex does not result in the creation of any lien on any of the Posting Party's assets except as provided under the Collateral Annex; (ii) upon transfer of Performance Assurance, the Beneficiary Party will have a valid and perfected first priority continuing security interest therein, free of any liens or encumbrances; (iii) It is not and will not in the future be bound to any agreement that restricts the rights of any current or future holder of any Performance Assurance with respect thereto; and (iv) no approval or authorization by governmental authority is required to grant or perfect the security interest granted. § 10(b).

	Financial	Physical Natural Gas	Physical Power	
	ISDA® 1994 Credit Support Annex	NAESB® Credit Support Addendum	EEI® Collateral Annex	WSPP Collateral Annex
Taxes	N/A	N/A	The Pledging Party shall pay on request and indemnify the Secured Party against any taxes (including without limitation, any applicable transfer taxes and stamp, registration or other documentary taxes), assessments, or charges that may become payable by reason of the security interests, general first lien and right of offset granted under this Collateral Annex or the execution, delivery, performance or enforcement of the Agreement and this Collateral Annex, as well as any penalties with respect thereto (including, without limitation costs and reasonable fees and disbursements of counsel). The Parties each agree to pay the other Party for all reasonable expenses (including without limitation, court costs and reasonable fees and disbursements of counsel) incurred by the other in connection with the enforcement of, or suing for or collecting any amounts payable by it under, the Agreement and the Collateral Annex. Paragraph 9(d).	N/A