Energy Choice Matters

October 10, 2008

Energy Future Holdings Estimates Ike Impact at $20-25 Million

TXU Energy parent Energy Future Holdings estimates that the effect of Hurricane Ike on its income from continuing operations before income taxes for the three months ended September 30, 2008 was approximately $20 to $25 million, primarily due to reduced volumes of power sold to retail customers in South Texas.

TXU estimates that it has an approximate 13% share of the South Texas residential retail electricity market, EFH reported in an SEC filing.

While there may be additional impacts in the fourth quarter, such amounts are not anticipated to be material to the EFH's results of operations for 2008, the company said.

EFH cannot determine the extent to which REPs in the ERCOT market may have been materially impacted by Hurricane Ike, and consequently cannot determine if potential REP failures will impact Oncor through unpaid wires charges, or TXU through market uplifts. A substantial portion of Oncor's accounts receivable is due from REPs other than TXU Energy, EFH noted. As of September 30, 2008, Oncor's net counterparty credit exposure to REPs other than TXU Energy is estimated to be less than $150 million. To date, Oncor has not experienced any material delays in cash payments from REPs. As of September 30, 2008, Texas Competitive Electric Holdings' (TCEH) net counterparty credit exposure to REPs, reflecting accounts receivable and net derivative asset positions arising from hedging and trading activities, is estimated to be less than $25 million. The amounts for Oncor and TCEH are reported net of collateral and rights of offset.

... Continued Page 4

Sempra Tries to Assuage Market of Future of RBS Joint Venture

Sempra Energy, "believes that RBS will continue to provide all ongoing funding and credit support for the joint venture as provided in the joint venture agreement," the energy holding company said in an SEC filing made in response to "numerous inquiries" regarding RBS.

On October 8, the United Kingdom announced that it would provide support to British banks, including RBS. RBS is Sempra Energy's joint venture partner in RBS Sempra Commodities, which in April 2008 acquired the commodities marketing and trading businesses previously operated as subsidiaries of Sempra Energy. The joint venture has $3.5 billion of net assets, including Sempra Energy's investment of $1.6 billion

As contemplated by the joint venture agreement, Sempra Energy, as a transitional measure, continues to provide back-up guarantees for a portion of RBS Sempra Commodities' trading obligations and certain credit facilities with third party lenders pending novation of the remaining trading obligations to RBS. The novation of the trading obligations to RBS is expected to be fully completed and Sempra Energy's guarantee of these obligations will terminate in the first half of 2009. As previously reported, RBS has agreed fully to indemnify Sempra Energy in respect of any liabilities that Sempra Energy may incur under the guarantees, Sempra said.

RBS Sempra Commodities' net trading liabilities and credit facilities supported by Sempra Energy's guarantees are:

- $1.1 billion of net trading liabilities consisting of guaranteed trading obligations net of collateral. The amount of guaranteed net trading liabilities varies from day to day with the value of the trading

... Continued Page 5

FirstEnergy Reports "Strong" Liquidity Position

FirstEnergy Corp. assured investors yesterday that despite "unprecedented volatility in the capital markets," FirstEnergy believes that its liquidity position remains strong.

"We expect our existing sources of liquidity to remain sufficient to meet our anticipated obligations and those of our subsidiaries, and that the successful execution of our planned long-term financings will further reinforce the stability of our financial position," the energy holding company said.

As of October 8, 2008, FirstEnergy and its subsidiaries have access to more than $4 billion of liquidity, of which approximately $1.7 billion is currently available. FirstEnergy and its subsidiaries do not have a commercial paper program and are not reliant on that market. Liquidity sources are (dollars in millions):

Company	Type	Maturity	Amount	Available
FirstEnergy	Revolving	Aug. 2012	$2,750	$408
FirstEnergy & FirstEnergy Solutions	Revolving	May 2009	300	300
FirstEnergy	Bank Lines	Various	120	20
FirstEnergy Generation	Term Loan	Oct. 2009	300	300
OH & PA Utilities	A/R Fin.	Various	550	532
Subtotal:			$4,020	$1,560
Cash:				101
Total:			$4,020	$1,661

FirstEnergy and certain subsidiaries are parties to a $2.75 billion revolving credit facility which is available through August 24, 2012. A total of 25 banks participate in this facility, with no one bank having more than 7.3% of the total commitments.

As of September 30, 2008, FirstEnergy had $420 million of bank credit facilities in addition to the $2.75 billion revolving credit facility, and subsequently obtained a new $300 million secured term loan facility with Credit Suisse to reinforce liquidity in light of the unprecedented disruptions in the credit markets.

FirstEnergy pointed to opportunities for favorable earnings growth from the anticipated transition to competitive generation markets in Ohio in 2009 and Pennsylvania in 2011 as allowing it to weather the volatile economic climate. A focus on maximizing generation output from existing assets rather than large, capital-intensive new-build projects; no speculative trading operations; and appropriate long-term commodity hedge positions were also touted as keys to the company's strategy.

Grid Files POR Agreement for KeySpan LDCs

National Grid submitted to the New York PSC a Billing Services, Purchase of Accounts Receivables and Assignment Agreement for its Brooklyn Union Gas Company (KeySpan Energy Delivery New York) and KeySpan Gas East (KeySpan Energy Delivery Long Island) LDCs, which was the product of a Commission-directed collaborative process (06-G-1185).

Grid said all but two ESCOs in the collaborative process supported the billing and POR agreement as filed. Grid intends to implement the program this month, ahead of an April 1, 2009 deadline.

Under the agreement, Grid will purchase without recourse all of an ESCO's accounts receivable occurring on or after the date of the agreement, and an ESCO's accounts receivable prior to the date of the agreement, provided that the ESCO Gas Charges arising from such gas sales appeared on a consolidated bill prior to the date of the agreement.

Receivables are to be remitted to ESCOs within 20 days, less:

- Billing and Payment Processing Fees equal to $0.76 for KEDNY and $0.65 for KEDLI for each customer;
- Gas Imbalance Charges;
- Capacity Release Charges; and
- Administration and miscellaneous fees (special meter reading, customer usage history fees, etc.).

A discount rate will be applied following the subtraction of such charges. The discount rate reflects the uncollectible expense and credit and collection expense components of the Merchant Function Charge (MFC) set forth in each LDC's Gas Adjustment Clause statement.

Eligible service classes for the billing and POR agreement are, at KEDNY:

SC 1 - Residential
SC 2 - Commercial
SC 3 - Multi-Family
SC 4A - High Load Factor
SC 4B - Year Round Air Conditioning
SC 7 - Seasonal
SC 21 - Baseload Distributed Generation

Eligible classes at KEDLI are:

127 - Residential General
137 - Residential Water Heating
147 - Residential Space Heating
158 - Multiple Dwelling Heating
159 - Multiple Dwelling Non-Heating
167 - Commercial Water Heating
177 - Commercial Space Heating
267 - Distributed Generation (High Load Factor)
277 - Year Round Space Conditioning
347 - Baseload Distributed Generation
357 - Baseload Distributed Generation
367 - Baseload Distributed Generation

Energy Plus Gets Texas License

Energy Plus' national rollout took a step forward yesterday as it was granted a REP certificate by the PUCT for the ERCOT market, after selling in New York for over a year (Matters, 9/8/08).

Energy Plus' New York strategy has included a large focus on affinity programs, and it has signed numerous trade and professional organizations to affinity-supply agreements.

With executive leadership hailing from the credit card and merchant service industries, Energy Plus has also emphasized co-brand marketing and reward programs, and has offered in New York plans that include frequent flyer miles on American Airlines, Continental, Delta, JetBlue, Northwest Airlines and US Airways, or Amtrak Guest Rewards or Marriott Rewards points.

Energy Plus met PUCT financial requirements via unused cash resources of at least $100,000.

Md. PSC Accepts Updated Supplier Coordination Tariffs with Dec. Effective Date

The Maryland PSC accepted modified electric supplier coordination tariffs from Baltimore Gas & Electric, Pepco, Delmarva and Allegheny Power to implement new enrollment and EDI timelines and processes as embodied in RM17 (Matters, 8/5/08).

The Commission's letter orders to each utility called for the changes to be effective December 15, 2008, rather than March 1, 2009, as the utilities requested. Competitive suppliers had urged a December effective date because the utilities reported no significant costs from the changes (Matters, 9/3/08).

Among other things, the revised tariffs implement the change in the enrollment and drop window to 12 days before a meter read (versus the current 17 and 35 days, respectively), and eliminate the non-residential rescission period. A new EDI transaction to allow for the electronic correction of enrollment errors is to be developed as well.

Under the tariffs, suppliers must complete customer cancellation requests within two business days. Non-residential customers must wait three business days after requesting cancellation from their supplier before asking the utility to initiate such cancellation. Residential customers will not have the right to ask the utility to cancel their competitive service and return to bundled service.

Briefly:

Lehman Bankruptcy Forces Juice Energy from Illinois Market

Citing the Lehman Brothers Holdings bankruptcy, Juice Energy asked to surrender its alternative retail electric supplier license to the Illinois Commerce Commission. Lehman had guaranteed Juice's credit obligations, and Juice said it was terminating operations in Illinois. Juice had received authority to sell to ComEd customers using more than 15,000 kWh annually in April of this year, and reported that it had no customers in Illinois. Juice said it was also terminating its agreements with PJM Interconnection. Illinois, Texas and New York had been the only three markets Juice had actively been marketing in. No public filings have been made by Juice with regards to its Texas or New York licenses recently.

CenterPoint Enrollment Backlog at 52,000

CenterPoint Energy dispatched 14,185 enrollment orders Thursday, whittling the enrollment order backlog to 52,561.

Pulse Electric Gets REP Certificate

Clearview Electric's CEO has been granted another REP certificate by the PUCT for new start-up Pulse Electric (Matters, 7/29/08). Francis McGovern, CEO of Clearview since 2006, is also CEO of Pulse, which intends to "leverage" distribution channels in place for competitive local exchange carrier Quality Telephone, where McGovern is also CEO after founding the CLEC with operations in 25 states in 1997. Clearview markets a pre-paid type product in the Oncor and CenterPoint areas with a true-up after six months. Clearview also offers service in New York primarily through the ConEd and NiMo ESCO Referral Programs, with a variable rate after the introductory discount, and sells in Connecticut as well. Pulse Electric met the REP credit requirements through unused cash resources of at least $100,000.

PUCT Grants Weir Investments REP Certificate

Weir Investments Fund, led by two executives who got backoffice vendor EP Solutions off the ground, received a REP certificate from the PUCT yesterday. CEO Doug Weir was formerly CFO at Toreador Resources, an oil and gas company which funded development of EP Solutions in 2004, a vendor offering various EDI, billing and other backoffice solutions for REPs. Weir Investments met PUCT financial requirements via unused cash resources of at least $100,000.

BP Energy to Settle ERCOT Protocol Violations

BP Energy Company would pay a $132,567 administrative penalty to the PUCT relating to Responsive Reserve and QSE reporting violations under a settlement filed by BP and Staff (36256). The penalty is for violations of ERCOT Protocols §§ 5.5.1, 6.5.4, and 8.2.2, stemming from a forced outage of a generating unit for which BP was scheduling, but not affiliated with BP. One of BP's QSE entities had a Responsive Reserve Service (RRS) obligation of 45 MW for several hours on March 22, 2007, but was only providing 12 MW of RRS due to the forced outage. Failure to provide the scheduled RRS was a violation of ERCOT Protocol § 6.5.4 while BP's failure to update its Resource Plan for nearly six hours after the resource outage was a violation of ERCOT Protocol § 5.5.1, Staff said. BP's QSE did not enter the outage in the Outage Scheduler because it believed it had a good-faith agreement with the operators of the generating unit that they, not BP, were responsible for entering the outage, but ERCOT requires that QSEs are responsible for all communications with ERCOT. Thus BP's failure to provide immediate verbal notification of the outage and subsequently enter it into the Outage Scheduler is a violation of ERCOT Protocol § 8.2.2, Staff noted.

Direct Energy Business Applies to Use CPL, WTU Trade Names in Texas

Direct Energy Business, formerly Strategic Energy (REP certificate 10011), applied at the PUCT to add that trade names CPL Business and WTU Business to its certificate.

Mass. Munis File Complaint to End Berkshire Power RMR Agreement

Massachusetts Municipal Wholesale Electric Company, along with several other Bay State munis, filed a complaint at FERC to terminate the Reliability Must Run agreement between Berkshire Power Company and ISO New England. Munis claimed that cost-of-service rate treatment is no longer needed to keep the Berkshire facility in operation, and argued that the generator is recovering sufficient market revenues to cover its facility costs.

EFH ... from 1

As of October 6, EFH had cash and cash equivalents and capacity available under its credit facilities of approximately $4.0 billion for its competitive businesses, including approximately $946 million available to fund certain generation construction expenditures as incurred. The amount of liquidity available to the competitive businesses does not include the unlimited capacity (as it relates to defined volumes of natural gas hedges) of TCEH's commodity collateral posting facility.

As previously disclosed, the available liquidity amounts include unfunded commitments from subsidiaries of bankrupt Lehman Brothers Holdings. Such unfunded commitments consist of approximately $91 million under the TCEH revolving credit facility and approximately $16 million under the TCEH delayed draw term loan facility.

TCEH's commodity collateral posting facility, an uncapped senior secured revolving credit facility, funds cash collateral posting requirements for a significant portion of the positions in the company's long-term hedging program not otherwise secured by a first-lien in the assets of TCEH. The aggregate principal amount of this facility is determined by the exposure arising from higher forward market prices, regardless of the amount of such exposure, on a portfolio of certain natural gas hedging transaction volumes. Including those hedging transactions where margin deposits are covered by borrowings under the TCEH commodity collateral posting facility, at September 30, 2008, more than 95% of the company's long-term natural gas hedging program transactions was secured by a first-lien interest in the assets of TCEH that is pari passu with the TCEH senior secured credit facilities. The effect of this structure is a significant reduction in the company's liquidity exposure associated with collateral requirements for such hedging transactions. None of the counterparty arrangements in the company's long-term hedging program require additional collateral postings in the event of downgrades in the company's credit ratings.

Sempra ... *from 1*

obligations and related collateral.

- $500 million under a three-year revolving credit facility expiring in May 2009.

Sempra Energy has also guaranteed $344 million of the $1.72 billion of commitments to RBS Sempra Commodities under an additional credit facility. Extensions of credit under the facility are limited to and secured by a borrowing base consisting of receivables, inventories and other joint venture assets that are valued at varying percentages of current market value. At September 30, 2008, the value of the borrowing base assets exceeded $3 billion. The facility will be reduced and expire as the borrowing base assets are transferred to RBS as contemplated by the joint venture agreement.

Sempra Energy and its subsidiaries have committed, three-year revolving credit lines expiring in August 2011 totaling $4.3 billion with syndicates of 18 banks, including RBS which has a commitment of $426 million. These lines are available to support commercial paper and general liquidity requirements. Commercial paper and other borrowings and letters of credit outstanding under these credit lines at October 8, 2008 were $1.8 billion. An additional $200 million of short-term debt of EnergySouth, recently acquired by Sempra Energy, matures in November 2008.