



# TRADING AUTHORITY POLICY

## July 1, 2021

## TABLE OF CONTENTS

---

<b>1. POLICY PURPOSE</b>	<b>1</b>
<b>2. TRADING AUTHORITY POLICY OBJECTIVES</b>	<b>1</b>
<b>3. PROCEDURAL REQUIREMENTS</b>	<b>1</b>
3.1 EXECUTION AUTHORITY	1
3.2 CONTRACT REQUIREMENTS	2
3.3 CREDIT REQUIREMENTS	4
3.4 TRADING ON PREMISES	4
3.5 DEAL CAPTURE	5
3.6 SPECULATION	5
3.7 NON-STANDARD COMMODITIES	5
3.8 APPROVAL FOR NEW COMMODITIES, NEW PRODUCTS AND NEW MARKETS	5
<b>4. TRADING AUTHORITY MATRICES</b>	<b>6</b>
4.1 BILATERAL ELECTRIC POWER AND TRANSMISSION TRANSACTION LIMITS	6
4.2 CAISO TRANSACTION LIMITS	8
4.3 NATURAL GAS TRANSACTION LIMITS	9
4.4 EMISSION ALLOWANCE AND EMISSION REDUCTION CREDIT TRANSACTION LIMITS	11
4.5 RENEWABLE ENERGY CREDIT TRANSACTION LIMITS	12
4.6 CARBON ALLOWANCE AND CARBON EMISSION OFFSET TRANSACTION LIMITS	13
4.7 LOW CARBON FUEL STANDARD TRANSACTION LIMITS	14
<b>5. ACKNOWLEDGEMENTS</b>	<b>15</b>
5.1 CLEAR AUTHORITY	15
5.2 VIOLATIONS AND SANCTIONS	15
5.3 POLICY EFFECTIVE	15
<b>6. APPENDICIES</b>	<b>16</b>
APPENDIX A - ACKNOWLEDGEMENT OF TRADING AUTHORITY	16
APPENDIX B - INSTRUMENT OF TRADING AUTHORITY DELEGATION	17

## 1. POLICY PURPOSE

---

The purpose of this Trading Authority Policy is to define the authority granted by the Glendale City Council to the City Manager and the Glendale Water and Power (GWP) General Manager to execute energy related transactions and to delegate trading functions to Glendale Water and Power staff within the limits defined in this policy. This Authority Policy is intended to supplement and complement the GWP Energy Risk Management Policy.

## 2. TRADING AUTHORITY POLICY OBJECTIVES

---

The objective of this Trading Authority Policy is to define:

- The commodities and products that can be transacted,
- The authorized lead time and term for each transaction,
- The authorized maximum price and volume,
- Counterparty contract and credit requirements,
- The process for approving new commodities, products or locations,
- The City Council's intentions regarding hedging and speculating, and
- Other relevant factors associated with due diligence in authorizing transactions to be executed.

## 3. PROCEDURAL REQUIREMENTS

---

The following defines procedural requirements that apply to all commodities and products transacted upon this Trading Authority Policy.

### 3.1 Execution Authority

The Glendale City Charter (the Charter), Article VI, Section 9, generally requires competitive bidding for contracts for the purchase of materials or products equal to or greater than \$50,000. However, Article VI, Section 9 of the Charter authorizes the City to dispense with competitive bidding where the City Council determines it is in the best interest of the City to do so and acts by resolution setting forth the reason for such action. It is in the City's best interest to dispense with competitive bidding for wholesale energy transactions as they must be completed in a rapidly changing market that is not structured to accommodate public entity bidding requirements. Wholesale energy transactions are related to energy supplied by one producer/marketer/utility to another for eventual resale to consumers.

On an annual basis, the General Manager requests that the City Council authorize the City Manager, or designee, to dispense with competitive bidding for wholesale energy transactions on the grounds that it is in the City's best interest in accordance with Article VI, Section 9 of the Charter. Such wholesale energy

transactions include electrical energy and capacity, ancillary services, transmission, renewable energy attributes, carbon allowances and carbon emission offsets, emission allowances and emission reduction credits, low carbon fuel standard credits, natural gas, transportation, imbalance and storage. This resolution includes any GWP gas scheduling services managed for GWP by a third party(ies).

This policy identifies the City Council authorized levels for the City Manager and GWP General Manager and explicitly gives the City Manager and GWP General Manager the authority to delegate authority levels to others. This will be done via a Trading Authority Delegation. The City Manager and GWP General Manager have the authority to modify authority levels set within the Trading Authority Delegation at their sole discretion as long as the delegated authority does not exceed their own authority per this Trading Authority Policy. A form of Trading Authority Delegation is attached to this Policy as Appendix B.

Execution Authority of the City Manager and the GWP General Manager is outlined by commodity in the authority matrix sections found below. The trading limits, with the exception of pricing, apply to both purchases and sales. Price limits apply to only purchases. Per Trading Day and Aggregate Limits, as applicable, are applied to gross amounts transacted in total, and not to buys and sells netted together.

Glendale Municipal Code Section 1.04.080 states: "Whenever a power is granted to or a duty is imposed upon a city officer by this code or any other ordinance of the city, the power may be exercised or the duty performed by an assistant or a deputy of the officer or by a person authorized pursuant to law by the officer, unless this code expressly provides otherwise."

### **3.2 Contract Requirements**

Transactions with counterparties shall only be permitted if GWP has:

- An active, valid, and executed agreement enabling such trading activity with that counterparty approved as to form by the City Attorney, or his or her designee.
- Long-form confirmations may be used as a valid agreement in lieu of a permanent agreement, when necessary, if approved by the City Manager or GWP General Manager and approved as to form by the City Attorney. A long-form confirmation is a confirmation that is used to confirm a transaction when no underlying enabling agreement exists between the parties. In addition to confirming the transaction details, the long-form confirmation may incorporate by reference the terms and conditions of the underlying enabling agreement to be executed. For example, a long-form confirmation for a physical power transaction may incorporate by reference the terms and conditions of the WSPP agreement.

Under this provision,

**City Attorney review/ stamp/ approval as to form is NOT required where:**

- (1) the transaction is less than 5 years in duration; and
- (2) the transaction is not one that requires City Manager or City Council approval under the Energy Risk Management Policy, Trading Authority Policy and Trading Authority Delegation; and
- (3) one or more of the following situations applies:

(a) For Agreements under the WSPP:

- Both parties are WSPP members, the parties execute a standard Confirmation agreement, and no modifications to the WSPP are made; or
- Both parties are WSPP members, the parties execute a standard Confirmation agreement, and any modifications to the WSPP are set forth in a valid, active, current agreement that has been previously approved as to form by the City Attorney's Office within the last 3 years;

(b) For Agreements under the NAESB:

- Both parties execute a standard Confirmation agreement; the parties have already entered into a NAESB Base Contract that was previously approved as to form by the City Attorney's Office; and any modifications to the NAESB are set forth in a valid, active, current agreement that has been previously approved as to form by the City Attorney's Office within the last 3 years.

Because the WSPP Agreement and NAESB Agreement are posted, FERC-approved, industry standard agreements, the WSPP and NAESB form agreements do not require approval as to form by the City Attorney's Office. However, the WSPP and NAESB cover sheet and any modifications to the WSPP and NAESB terms and conditions must be reviewed and approved as to form by the City Attorney's Office. If the enabling agreement, other than the standard form WSPP or NAESB, has not been reviewed in over 3 years, the City Attorney's Office must review the agreement to ensure the provisions are still valid/ active/ enforceable.

**City Attorney review/ stamp/ approval as to form IS required in any one of the following situations:**

- The agreement does not fall under the WSPP or NAESB;
- In the case of a WSPP Agreement, one of the parties is not WSPP-enabled;

- If the agreement is a WSPP Agreement, the agreement includes modifications to WSPP standard form agreement. These modifications could be included in a long-form confirmation, a “Master Confirmation” document, a “Special Conditions” document, exhibits, addendums, amendments, and such;
- If the agreement is a NAESB Contract, the agreement includes modifications to the NAESB standard form contracts. These modifications could be included in a long-form confirmation, a “Master Confirmation” document, a “Special Conditions” document, exhibits, addendums, amendments, and such; The confirmation adds legal terms and conditions (beyond the confirm standard form, which would typically only include the specifics of the deal such as counterparties, price, product, delivery point, term, etc.);
- There are questions or concerns regarding the legal terms and conditions, signatory or levels of authority required, or any questions whether the deal falls within the Risk Management Policy.

### 3.3 Credit Requirements

Counterparty trading credit limits, trading restrictions, and other Credit Policy provisions shall not be intentionally exceeded or violated. *(Note: Since credit exposures are a function of not only positions traded, but also a function of market pricing and volatility, credit exposure to a counterparty may unintentionally exceed a credit limit purely due to changes in the forward market.)*

Entering into transactions with a counterparty that has total credit exposure greater than or equal to its open line of credit and the total of any security currently provided will not be allowed unless approved by the City Manager, the GWP General Manager, or the ERMIC.

Entering into transactions with a counterparty that violate current trading restrictions will not be allowed unless approved by the City Manager, the GWP General Manager, or the ERMIC.

### 3.4 Trading on Premises

All bilateral trades must be executed via a recorded communication method such as a voice recorded communication line, instant messaging, or an online broker account that is maintained and controlled by personnel who are independent of the trading function. Off-premise trading may be authorized by the City Manager or GWP General Manager, but should be via a recorded communication method, if possible. Email confirmations can serve as a permitted communication recording method.

### 3.5 Deal Capture

Any transaction(s) executed by GWP employee or agent must be accurately captured in the corresponding Allegro system, the same working day or shift, to facilitate the nightly import and export process.

### 3.6 Speculation

No speculative trading activities shall be permitted, and no speculative trading positions shall be initiated. Speculation is the opposite of hedging. A speculator holds no offsetting position(s) in the spot market and deliberately initiates price risk in order to reap potential rewards.

### 3.7 Non-Standard Commodities

The City Council must approve any transaction that involves commodities not listed in this Trading Authority Policy.

### 3.8 Approval for New Commodities, New Products and New Markets

The purpose of defining a process for the introduction of a new commodity, new product, or new market is to ensure that the associated exposures are thoroughly reviewed and understood by the ERMC, GWP management, and GWP Staff. Within the commodities that have been approved by City Council, the ERMC must approve the use of all new products or the entry into new commodity markets (e.g. trading venues) before the execution of any such transaction. For new commodities, the ERMC must recommend any such commodity for approval by City Council before the execution of any such transaction.

The following transaction types are not new to GWP and therefore do not require the review and approvals described within this Section 3.8 if they are bilateral or within previously used trading venues: (1) a physical spot or forward bilateral capacity, energy, ancillary service or transmission transaction; (2) a physical spot or forward natural gas, imbalance, storage or transportation transaction, or related gas scheduling services; (3) an over-the-counter (OTC) physical option (calls or puts); (4) a CAISO authorized pool transaction, as noted in Section 4.2; (5) emission allowance and emission reduction credit transaction, as noted in Section 4.4; (6) a renewable energy credit transaction; (7) a carbon allowance or carbon emission offset transaction; (8) an over-the-counter (OTC) financial transaction; (9) an exchange-traded transaction; or (10) a low carbon fuel standard credit transaction.

## 4. TRADING AUTHORITY MATRICES

A vital control element in the management of risk is the development of and adherence to transaction limits. Limits ensure that trading and hedging activity is appropriate and controlled at various levels of position aggregation and duration of transactions. The limits are established in consideration of overall portfolio strategies, market conditions, and risk tolerance levels.

### 4.1 BILATERAL ELECTRIC POWER AND TRANSMISSION TRANSACTION LIMITS

The following sets transaction limits, definitions, and procedural requirements for power and transmission transactions.

Title	Product	Per Transaction Limits				Per Trading Day Limits		Aggregate Limits	
		Term	Lead Time	MW Size	\$/MWH	Total MWH	Total \$	Total MWH	Total \$
City Council	Electric Power and Trans	No Limit	No Limit	No Max.	No Max.	No Max.	No Max.	No Max.	No Max.
City Manager and GWP General Manager	Electric Power and Trans	> 2 Years ≤ 5 Years	≤ 5 Years	100	\$100	2,190,000	\$150 Million	4,380,000	\$300 Million
		≤ 2 Years		No Max.	No Max.				

#### 4.1.1 Bilateral Electric Power and Transmission Transaction Limits Matrix Explanations

- Transaction Limits represent the MW volume per hour and dollars/MWH for each transaction executed.
- Per Trading Day Limits represent the total MWh volume and dollars for all transactions executed in a trading day.
- Aggregate Limits represent the sum total MWh volume and dollars for all open forward transactions with all counterparties.
- Lead time represents the time period from the date a trade is executed to the start of the trade.
- The dollar limits are based upon electric power only and do not include transmission, however, the Term, Lead Time, and Quantity limits do apply to transmission.
- To the extent the transaction price can be identified separately for energy and renewable energy attributes, the energy portion of any bundled (energy and renewable energy attribute) transaction must be monitored against the limits above, while the renewable energy attribute portion of



any bundled transaction must be monitored against the renewable energy credits authority matrix.

- Authorized products include spot and forward electric power and transmission, including both physical and financial derivatives, as well as bilateral capacity and bilateral ancillary services. Financial derivatives may be OTC or exchange traded products.

#### **4.1.2 Authorized Delivery Locations**

Trading at delivery locations that are normal to the daily course of business for GWP to the extent transmission is available, is authorized as follows:

##### **Unrestricted Delivery Locations**

- WECC including CAISO

Trading at any other delivery locations shall be prohibited unless approved by the City Manager, GWP General Manager, or GWP ERMCM.

#### **4.1.3 Firmness of Power**

The product firmness of all transactions must be provided for in an executed agreement between GWP and the appropriate counterparty. Sales commitments must never be more “firm” than the supply source, including the purchase side of back-to-back sales, swaps or spreads, unless the sale can be resupplied by GWP generating resources or sufficient and timely reserves that are exclusive of reserves for the single largest contingency. Transaction(s) cannot reduce system reliability and must be logged in detail including specific resupply resource(s). The City Manager or GWP General Manager can provide pre-approved authority to sell power that is more “firm” than the supply source without sufficient and timely reserves.

#### **4.1.4 Transmission Service Firmness and Volume**

Transmission purchase(s) must be at least of “equal” firmness to the energy component of the associated transmission purchase(s). If firm transmission is unavailable, less-firm transmission can be used as long as there are sufficient reserve resources to supplement curtailed schedule(s) caused by transmission priority. Utilization of less-firm transmission cannot reduce system reliability and must be logged in detail including specific reserve resource(s). The City Manager or GWP General Manager can provide pre-approved authority to purchase power that is more “firm” than the associated transmission without sufficient reserve resources.

When a transmission purchase is related to a fixed-volume energy

transaction, the volume of the transmission purchase shall not exceed the energy component of the associated transmission purchase.

## 4.2 CAISO Transaction Limits

The following sets transaction limits, definitions, and procedural requirements for CAISO transactions.

Title	Product	CAISO Per Transaction Limits (up to)			
		Delivery Lead Time	Term	MW Size	\$/MWh
City Council	All CAISO Products	No Limit	No Limit	No Max	No Max
City Manager and General Manager	Imports/Exports	As required by CAISO	$\leq 1$ Week	No Max	No Max
	Ancillary Service Awards				
	Inter SC Energy Transactions				
	Generation Awards	None	None	None	None
	Demand Awards				
	Virtual Transaction Awards				
	Congestion Revenue Rights	As required by CAISO	$\leq 1$ Year	No Max	No Max

### 4.2.1 CAISO Transaction Limits Matrix Explanations

- Generation Award Limits are per generating unit. A Generation Award is defined as the amount of energy a market participant is required to generate within the market after submitting a generation offer for the supply of Energy and/or Ancillary Services, including Self Schedules, submitted by Scheduling Coordinators for generating resources, conveyed through a three part offer to either the DA or RT CAISO Markets.
- Demand Award Limits are per each load location. A Demand Award is defined as the energy awarded to a market participant according to the amount submitted in the DA market via a demand bid that indicates the MWh of Energy the Scheduling Coordinator is willing to purchase, the price at which it is willing to purchase the specified Energy, and the applicable Trading Hours for which the energy will be purchased.
- Import and Exports are by location and are each monitored separately. Imports are defined as energy located outside the ISO Controlled Grid that is imported in to the CAISO Controlled Grid via an energy award and electronic tag. Exports are defined as energy located within the ISO

Controlled Grid that is exported out of the CAISO Controlled Grid via an energy award and electronic tag.

- Inter SC Energy Transactions are each monitored separately. Inter SC Transactions are defined as transactions occurring between bilateral counterparties to accommodate bilateral transactions within the CAISO.
- Limits for Ancillary Service Awards apply to the Regulation and Operating (Spinning and Non-Spinning) Reserve Market. Ancillary Services are defined as Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.
- Only Congestion Revenue Rights that are bought and sold via the long-term, annual and monthly auctions or in the secondary market are monitored per the limits above. This excludes congestion revenue rights allocated in the Annual Allocation.

#### 4.3 NATURAL GAS TRANSACTION LIMITS

The following sets transaction limits, definitions, and procedural requirements for natural gas and gas transportation transactions.

Title	Product	Per Transaction Limits				Aggregate Limits	
		Term	Lead Time	Daily MMBtu Volume	\$/MMBtu	Total MMBtu	Total \$
City Council	Natural Gas & Transport	No Limit	No Limit	No Max.	No Max.	No Max.	No Max.
City Manager and GWP General Manager	Natural Gas & Transport	> 2 Years ≤ 5 Years	≤ 5 Yrs.	10,000	\$10	6,000,000	\$24 Million
		≤ 2 Years		No Max.	No Max.		

##### 4.3.1 Natural Gas Transaction Limits Matrix Explanations

- Transaction Limits represent the MMBtu volume per day and dollars/MMBtu for each transaction executed.
- Aggregate Limits represent the total MMBtu volume and dollars for all forward transactions.
- Lead time represents the time period from the date a trade is executed to the start of the trade.

- The dollar limits are based upon natural gas only and do not include transportation, however, the Term, Lead Time, and Quantity limits do apply to transportation.
- Authorized products include physical natural gas, imbalance, transportation and storage as well as financial natural gas derivatives, including financial basis transactions. Financial natural gas derivatives may be OTC or exchange traded products.

#### **4.3.2 Authorized Delivery Locations**

Physical natural gas transactions may only be executed for delivery at GWP facilities or at delivery locations in which an approved transportation agreement is in place to transport the natural gas to GWP facilities.

Financial natural gas transactions may only be executed at the following locations:

- Henry Hub
- SoCal Border
- San Juan Basin
- Permian Basin
- AECO
- SoCal Citygate
- PG&E Citygate

Trading at any other locations shall be prohibited unless transportation is available in the event physical delivery is deemed necessary.

#### **4.3.3 Natural Gas Firmness**

The product firmness of all trades must be provided for in an executed agreement between GWP and the appropriate counterparty. Sales commitments must never be more firm than the supply source unless pre-approved by the City Manager or GWP General Manager.

#### **4.3.4 Transportation Firmness**

Natural gas purchases should be delivered using the most firm transportation available, unless pre-approved by the City Manager or GWP General Manager.

#### 4.4 EMISSION ALLOWANCE AND EMISSION REDUCTION CREDIT TRANSACTION LIMITS

The following sets transaction limits, definitions, and procedural requirements for Emission Allowance and Emission Reduction Credit (ERC) transactions.

		Per Transaction Limits				Aggregate Limits	
Title	Product	Term	Lead Time	Total Allowances	\$/Allowance	Total Allowances	Total \$
City Council	SO <sub>2</sub> and NO <sub>x</sub> Emission Allowances	No Limit	No Limit	No Max	No Max	No Max	No Max
City Manager and General Manager	SO <sub>2</sub> and NO <sub>x</sub> Emission Allowances	As Required	As Required	As Required	Market	As Required	As Required

		Per Transaction Limits				Aggregate Limits	
Title	Product	Term	Lead Time	Total Credits	\$/Credit	Total Credits	Total \$
City Council	Emission Reduction Credits	No Limit	No Limit	No Max	No Max	No Max	No Max
City Manager and General Manager	Emission Reduction Credits	As Required	As Required	As Required	Market	As Required	As Required

##### 4.4.1 Emission Allowance and Emission Reduction Credit Transaction Limits Matrix Explanations

- Under the Acid Rain Program, one allowance is equivalent to one ton of SO<sub>2</sub> or NO<sub>x</sub>. Under the ERC, one credit can be equivalent to one pound of pollutant reduction per day or one ton of pollutant reduction per year. Under SCAQMD Reclaim program, SO<sub>2</sub> or NO<sub>x</sub> may be purchased and sold by dollars per pound.
- Per Transaction represent the total quantity in allowances or credits and dollars/allowance or dollars/credit for each transaction executed.

- Aggregate Limits represent the sum total quantity in allowances or credits and dollars for all forward transactions.
- Lead time represents the time period from the date a trade is executed until actual transfer of the certified emission allowance(s) or credit(s) confirmed in the Allowance Management System (AMS).
- Maximum trading limits (As Required) and market execution prices (Market) will be based on meeting emission compliance requirements for the Grayson Power Plant or other GWP emitting resources as reflected in the Transaction Limits Matrix.
- Authorized emission allowances and credits include Particles Oxidation Catalysts (POC), Volcano Smog (VOG), Volatile Organic Compound (VOC) Reactive Organic Gas (ROG), Particulate Matter (PM2.5 & PM10), Sulfur Dioxide (SO<sub>2</sub>), and Nitrogen Oxide (NO<sub>x</sub>).
- Participation in the Emission Auction is not governed or limited by the Trading Authority Policy. Due to varying compliance needs and market complexities, auction strategies will be reviewed by the ERMC and approved in writing by GWP management.

#### 4.5 RENEWABLE ENERGY CREDIT TRANSACTION LIMITS

The following sets transaction limits, definitions, and procedural requirements for renewable energy credit (REC) transactions.

Title	Product	Per Transaction Limits				Aggregate Limits	
		Term	Lead Time	Total REC Units	\$/REC Unit	Total REC Units	Total \$
City Council	RECs	No Limit	No Limit	No Max.	No Max.	No Max.	No Max.
City Manager and General Manager	RECs	> 2 Years ≤ 5 Years	≤ 5 Years	876,000	\$50	2,190,000	\$50 Million
		≤ 2 Years		No Max	No Max		

##### 4.5.1 Renewable Energy Credits Transaction Limits Matrix Explanations

- The matrix above addresses authority for REC transactions that are stand-alone transactions (from power), or where the price of such RECs are unbundled from the price of power. Bilateral power trades with renewable energy attributes bundled in the power price will be monitored against the bilateral power matrix.

- Per Transaction Limits represent the total units and dollars/unit for each REC transaction executed.
- Aggregate Limits represent the sum total units and dollars for all open forward transactions with all counterparties and on all trading venues.
- Lead time represents the time period from the date a trade is executed until:
  - the start of the delivery obligation in the case of forward RECs to be generated, or
  - the actual transfer of standalone RECs occur in WREGIS for certified RECs that have been banked or generated.

#### 4.6 CARBON ALLOWANCE AND CARBON EMISSION OFFSET TRANSACTION LIMITS

The following sets transaction limits, definitions, and procedural requirements for carbon (CO<sub>2</sub>e) allowances and carbon emission offsets.

Title	Product	Per Transaction Limits				Aggregate Limits	
		Term	Lead Time	Total CO <sub>2</sub> e	\$/CO <sub>2</sub> e	Total CO <sub>2</sub> e	Total \$
City Council	CO <sub>2</sub> e	No Limit	No Limit	No Max.	No Max.	No Max.	No Max.
City Manager and General Manager	CO <sub>2</sub> e	> 2 Years ≤ 5 Years	≤ 5 Years	1,000,000	\$50	3,000,000	\$50 Million
		≤ 2 Years		No Max	No Max		

##### 4.6.1 Carbon Allowances and Carbon Emission Offsets Transaction Limits Matrix Explanations

- The matrix above addresses authority for Carbon Allowances and Carbon Emission Offsets.
- Per Transaction Limits represent the total allowance/offset volume and dollars/CO<sub>2</sub>e for each Carbon Allowance or Carbon Emission Offset transaction executed.
- Aggregate Limits represent the total allowance/offset volume and dollars for all forward Carbon Allowance or Carbon Emission Offset transactions.
- Lead time represents the time period from the date a trade is executed until the actual transfer of the certified Carbon Allowances or Carbon Emission Offsets occur in CITSS.
- Participation in the Carbon Auction is not governed or limited by the Trading Authority Policy. Due to varying compliance needs and market

complexities, auction strategies will be reviewed by the ERM and approved in writing by GWP management.

#### 4.7 LOW CARBON FUEL STANDARD (LCFS) CREDIT TRANSACTION LIMITS

The following sets transaction limits, definitions, and procedural requirements for Low Carbon Fuel Standard (LCFS) Credit transactions.

Title	Product	Per Transaction Limits				Aggregate Limits	
		Term	Lead Time	Total LCFS Credits	\$/LCFS Credit	Total LCFS Credits	Total \$
City Council	LCFS	No Limit	No Limit	No Max	No Max	No Max	No Max
City Manager and General Manager	LCFS	> 2 Years ≤ 5 Years	≤ 5 Years	50,000	\$1000	300,000	\$100 Million
		≤ 2 Years		No Max	No Max		

##### 4.7.1 Low Carbon Fuel Standard (LCFS) Credit Transaction Limits Matrix Explanations

- The matrix above addresses authority for Low Carbon Fuel Standard Credits
- Per Transaction Limits represent the total credits and dollars/credit for each Low Carbon Fuel Standard Credit transaction executed.
- Aggregate Limits represent the total credits and dollars for all forward transactions.
- Lead time represents the time period from the date a trade is executed until actual transfer of the certified LCFS credit(s) confirmed in the LCFS Reporting Tool (LRT).



## **5. ACKNOWLEDGEMENTS**

---

### **5.1 Clear Authority**

Any situation where authority is in question from a “clearly authorized” standpoint should be reviewed and authorized by the City Council.

### **5.2 Violations and Sanctions**

Violations of this Trading Authority Policy must not occur. Should it be deemed that non-compliant incidents did occur; the Energy Risk Manager will report such incidents to the Energy Risk Management Committee. Should the Energy Risk Management Committee deem that a violation has occurred, the GWP General Manager, at his or her discretion, will report incident(s) and responsible party(ies) according to the GWP Trading Sanctions Policy.

### **5.3 Policy Effectiveness**

This Trading Authority Policy is in effect upon the City Council’s approval and shall remain in effect until a replacement policy has been approved by the City Council superseding this Trading Authority Policy.

**APPENDIX A**

---

**ACKNOWLEDGEMENT OF TRADING AUTHORITY POLICY****Compliance Statement**

I hereby acknowledge receipt and review of GWP's Trading Authority Policy and Appendix B: Instrument of Trading Authority Delegation dated July 1, 2021.

I further acknowledge that this Trading Authority Policy defines the standards of GWP's energy risk management efforts that I am required to comply with.

If I become aware of non-compliance with the Trading Authority Policy, I will report such non-compliance to the Energy Risk Manager, GWP Management, or any member of the ERM.

---

Signature

---

Type or Print Name

---

Title

---

Date

## **APPENDIX B**

---

### **INSTRUMENT OF TRADING AUTHORITY DELEGATION**