

The EMC reviews and submits this *Policy* for Board of Directors approval, which shall be documented in the minutes of the applicable Board meeting. Changes to this *Policy* likewise must be approved by the Board of Directors. EMC is responsible for communicating with, seeking guidance, and providing updates and reports as needed to the Board of Directors. EMC responsibilities include:

- Reviewing the risk tolerance and risk limits
- Reviewing limits of authority delegated to management
- Systemic and procedural adequacy to identify, monitor, and manage risks
- Maintaining internal control system adequacy
- Compliance monitoring

The EMC meets monthly to provide policy-level and strategic direction for management of the energy supply portfolio (including PSE-owned or controlled resources) and to review and approve the acquisition or disposition of significant resources and contracts. The EMC receives monthly reports from Energy Operations with respect to the assessment and management of PSE's energy portfolio risks. The EMC Charter "*Charter*" details the membership, roles and responsibilities of the EMC. The EMC retains meeting minutes documenting decisions made. The EMC adopts, amends and oversees the *Procedures*. The EMC shall submit annually to the Board of Directors a report showing in reasonable summary the financial performance of the energy portfolio and giving a brief account of the energy supply related operations for the year in which the report relates.

2.3.4 VP of Energy Supply Responsibilities

VP of Energy Supply chairs the EMC and oversees Front Office and power/gas resource acquisition activities listed in section 4.1.

2.3.5 Senior VP and Chief Financial Officer Responsibilities

Senior VP and Chief Financial Officer is a member of the EMC and oversees Middle Office and Back Office activities described in section 4.2.

3.0 ENERGY PORTFOLIO MANAGEMENT

3.1 Risk Management Objectives

PSE will manage its energy supply portfolios to achieve three primary objectives:

- Ensure physical energy supplies are available to serve retail customer requirements
- Manage portfolio risks to serve retail load efficiently while limiting undesired impacts or risks (Specific risks controlled by this *Policy* are maintained in Appendix A)
- Optimize the capacity value of PSE energy supply assets.

The Company is expressly not engaged in the business of assuming risk for the sake of earning speculative trading revenues. Therefore, wholesale market transactions will be focused on maintaining adequate energy supply for the Company's energy portfolio,

