

The Challenge

Financial Institutions: Dealing with Physical Energy Trading

Is your existing trading platform ready to support your newly acquired generation assets and entry in the physical business?

Financial trading applications are not physical energy applications

A fully compliant physical trading transaction system needs robust portfolio management, competitive transmission procurement, scheduling, settlement, and interfaces to meet operational, regulatory, and financial requirements from a single data repository. SoftSmiths' e-Merchant solution offers unmatched functionality designed to meet the physical energy trading requirements. Our applications provide generation management, transmission procurement, portfolio optimization, asset management and regional market support. Easily integrated into your existing application infrastructure

Physical power trading is fraught with complexities

Financial Institutions with sophisticated commodity trading, risk management, and monitoring culture deem like a perfect fit for physical energy trading. Banks and financial service companies have mature trading business processes supported by highly integrated technology infrastructure and know-how. With entrenched industrial and regulatory framework in place, the financial service institutions are working at advance levels of contract management, risk management, hedging, trading, clearing, and settlements. Would it be a smooth ride to transfer technology/processes/people over to the world of physical energy trading in North America. Not by the look of it.

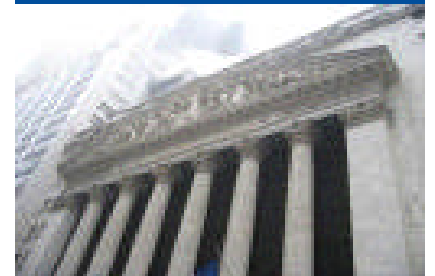
The real time nature of physical electricity trading and vastly varying participation environment within RTO/ISO footprint areas are couple of hidden surprises for the Financial Institutions. In addition, scheduling, dispatch, long settlement cycles, contract management and counterparty risks are few functional characteristics making participation in the physical energy markets challenging.

Operations in physical energy markets run under mission critical environment. The nature of operational risk, therefore, spans from pre-market planning to real-time and post-market settlements. The cycle of operational risk gets extended with long settlement timeline in the physical market. Other challenges Financial Institutions face are limited understanding of physical systems, book keeping rules in the industry, and the varying regulatory environment by geography.

SoftSmiths offers a unique value to Financial Institutions through its e-Merchant and e-Market Suites for physical trading and operational coherence in various markets in North America. SoftSmiths' systems encompass full functionality requirements including planning, scheduling, dispatch, transmission management, contract management, settlement, and integrated risk monitoring. In short, SoftSmiths offers intelligence and modular systems to make you 360 degree ready for physical energy trading challenge.

SoftSmiths' e-Merchant solution is specifically designed for meeting physical energy trading requirements in North America.

The e-Market suite is fine tuned to meet unique integration needs of financial institutions as they trade in physical energy markets



The Solution

Fully Compliant Physical Energy Trading System from SoftSmiths

e-Merchant

e-Merchant Power provides Load Forecasting, Resource & Portfolio Management, Real-time and Term Trading, Multi-Commodity Deal Capture, Net Position and "What-If" Impact Analysis, Volume and Mark-to-Market reporting, P&L reporting, Scheduling, Transmission Reservation and Electronic Tagging. In the Middle Office, e-Merchant capabilities include Operational and resource constraints, Risk Measurement, Controls and Monitoring, while the Back-office provides financial settlement, invoicing, payment tracking and reporting.

The e-Merchant Gas product suite is a collection of robust and easy-to-use interactive applications providing Front, Middle and Back-Office capabilities for Natural Gas Marketers, LDC, Utilities and Pipeline companies. e-Merchant Gas provides Deal Capture, Transportation Management, Storage Management and Risk Management. In the Middle Office, e-Merchant capabilities include Operational and resources constraints, Risk Measurement, Controls and Monitoring, Nominations and Pipeline Imbalances, while the Back-office provides Contract Management, Confirmations, Financial Settlement, Invoicing and reporting.

- e-Generation
- e-Forecaster
- e-Cal+

e-Market

SoftSmiths' e-Market solution allows market participants to interact with Independent System Operators (ISO) and Regional Transmission Organizations (RTO). Based on a flexible and adaptive application framework, e-Market facilitates seamless integration with transaction management and scheduling systems as well as easy tailoring to any regional market. e-Market provides the high horsepower capabilities needed for accurate shadow settlement, day ahead schedule communications, robust bidding logic, dispatch, LMP and FTR functionality. For Market Participants that interact with multiple regional markets, e-Market offers unmatched versatility to connect and communicate through a single application. Additional market interfaces can be easily added to present a very cost-effective solution resulting in a lower total cost of ownership.

e-Link

SoftSmiths' e-Link Application Programming Interface is a comprehensive business solution that facilitates the integration and alignment of information, and business processes across organizational and technology boundaries. e-Link easily integrates information and applications from virtually any source.

ETPS

The Electronic Tagging Portal Suite (ETPS) enables all entities (Generation Entities, Purchasing/Selling Entities, Control Area Operators and Transmission Providers) involved in energy delivery transactions to create, verify, approve, and manage transactions electronically. The E-Tagging Portal Suite includes three components: e-Agent, e-Authority and e-Approval, and is designed in compliance with the North American Electric Reliability Council (NERC) Electronic Tagging specifications.

Contact SoftSmiths for more information at 713-626-9184 or at mkt@softsmiths.com.

SoftSmiths' proven solutions and in-depth knowledge of the industry's business practices allow its customers to automate manual processes, eliminate redundancies, and increase business visibility across the enterprise to allow faster decision making and more informed decisions, thereby improving profitability, operational efficiencies and cash flow.



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