

Energy Views: Are You Acting Prudently?

- To: Kevin Presto <presto_kevin@teneo-test.com>
 - Subject: Energy Views: Are You Acting Prudently?
 - From: ZE.PowerGroup.Inc. <ZE.PowerGroup.Inc.@mailman.enron.com@ENRON>
 - Date: Thu, 09 Apr 2009 14:49:29 +0000
-

[IMAGE] [IMAGE]

[IMAGE]

[IMAGE]

[IMAGE]

[IMAGE] [IMAGE]

[IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE]

[IMAGE] [IMAGE] [IMAGE] The Energy industry seems to be in a somewhat tenuous state.

As credit and accounting standards have come unglued the integrity of the biggest players is called into question. Accounting firms have claimed [IMAGE]

[IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE]

About ZE Energy Views [IMAGE] [IMAGE] In our continuous efforts to serve the industry, we have developed "Energy Views" as a platform to communicate with the industry on a regular basis in order to relate issues and views we believe to have industry wide relevance. We hope you find benefit from reading the emails.

Any and all feedback is welcome. [IMAGE] [IMAGE] [IMAGE] [IMAGE]

[IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE]

Having the Information and Doing Nothing About It [IMAGE] [IMAGE] It seems evident that Anderson, the government and Enron itself, had privy to a lot of financial data that clearly indicated the eventual collapse of Enron. Andersen contemplated dropping Enron as a client nearly one year ago because of concerns due to Enron's accounting methodology. The White House oversaw a study in October 2001 of economic repercussions of an Enron collapse. Sherron Watkins, a senior Enron Executive, wrote to Enron's chairman, Ken Lay, "I am incredibly nervous that we will implode in a wave of accounting scandals." last August 2001" The writing was clearly on the wall but most were unable to react to the intelligence. It all comes down to the lemming factor; we can see the cliff but just cannot avoid jumping. Many in the industry suffer badly from the chronic inability to react in a timely manner. This failure often results in severe negative economic impacts. Either policy is not in place to allow affirmative reaction or staff does not adhere to the policies that exist. Good corporate policy is the corner stone of sound market participation

[IMAGE] [IMAGE] [IMAGE] [IMAGE]

[IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE]

ZEPG Products [IMAGE] [IMAGE] [IMAGE] ZE Market Analyzer &

Data Management Suite [IMAGE] [IMAGE] [IMAGE] ZE Forward Price Views

[IMAGE] [IMAGE] [IMAGE] ZE Credit Risk Manager [IMAGE] [IMAGE]

[IMAGE] [IMAGE] [IMAGE]

[IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE]

About ZE PowerGroup [IMAGE] [IMAGE] ZE PowerGroup is a strategic consulting

firm that was incorporated to serve the emerging needs of an electric industry in transition. Our company now offers a full spectrum of services, from strategic planning and implementation through to technical analysis and energy trade and transaction software development. [IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE] their accounting practices to be "creative and aggressive" while their clients claim that their actions were "not unethical", with apparent stress on the "not" part. One now battered marketer has been specifically accused of "suspending the rules of corporate ethics and perhaps even put corporate morality on vacation". Words like scandal, allegations, suspicions and cover-up have become rank in the industry. CEOs have been asked to leave their positions, executives have been forcibly terminated while another commits suicide; and the investigations continue, including criminal ones. The situation is sobering. It seems like these last few years have been full of bubbles bursting as we all collectively share a cold bath of economic reality. The techs tumbled and the stock markets followed, the electricity market (at least in California) imploded, real bombs are exploding all over the place and the mightiest energy marketer has fallen; and it won't be getting back up. The biggest bankruptcy in US history will definitely leave its mark on all of us. To think, we thought the troubles of PG&E and the Cal-PX was big news. Arthur Levitt, former SEC boss, suggests that "Enron's collapse did not occur in a vacuum ? (and was) ? was partly a result of a culture of gamesmanship among go-go businesses that believe it's okay to bend the rules". This is a fundamental folly of the industry as people with limited energy knowledge (and integrity) play games with other people's money and not understanding or caring about the consequences. It is not surprising that the stock value of other marketers is also beginning to plummet. So the question of the day is: are you acting prudently? It is insufficient to assume that might is right or size is protection. Contracting with the largest does not secure your contract; no more than using the largest accounting firm ensures your books are right. We all leave a paper trail and that trail is visible in a moonless night during a California forced blackout, even if you order your accounting firm to delete the emails and shred the "evidence". In working with our clients, we have come to see that information does not receive its due respect. Perhaps it's the fault of the Internet and the information overload factor, but not respecting information is costly. We have witnessed "lost deals" and poor follow-up. We have seen the cost of not rigorously following corporate trade, risk credit procedures and surely we have seen the result of blind faith in the big guys. To this end we actively support our clients to equip themselves to effectively manage large amounts of market information. Energy market participants, more so than perhaps other industries, must heed the requirement for prudence. For many prudence is a forgotten tradition from the franchise days. Prudence in competitive markets, which all energy markets are to some degree, means a lot more now than it did in the franchise era. We are all under the purvey of the public, the investor and the regulators. Not to recognize this fact can have severe economic ramifications. Prudence now means having trade, risk and credit policies and procedures, having the tools to manage and analyze data and foremost, developing the ability to internally make the right judgment calls. Call us to see how ZE PowerGroup can help your organization to manage its operation in uncertain markets. For more information visit www.ze.com or call Paul Seo at 604-244-1672 or by email paul@ze.com [IMAGE]

[IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE] [IMAGE]
[IMAGE] [IMAGE]

[IMAGE] [IMAGE] You've received this newsletter because your email address is on our mailing list. We hope you find our mailings useful and insightful. However, if you'd like your name taken off the mailing list through our opt-out system, you can do so by clicking Delete Me From Your Database . (This will open your default mail application with the subject line already filled in.)

[IMAGE] [IMAGE] [IMAGE]

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