



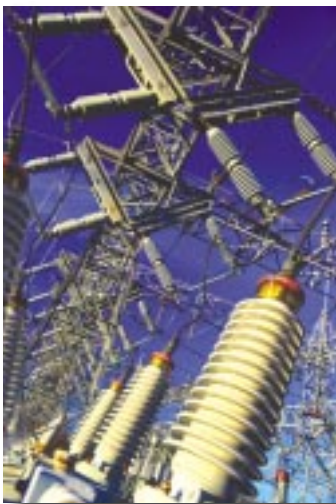
pMotion



The Future of Power Logistics

pMotion: An Intrinsic Power Logistics Solution

pMotion — a ground-breaking alternative to antiquated and orphaned scheduling systems — delivers the industry's first power logistics product that is an intrinsic component of a robust, risk-oriented straight-through-processing (STP) environment. What is an intrinsic component, and why does it matter? *pMotion* is an intrinsic component because, by its very nature, logistics functionality has always been a part of OpenLink's STP framework. We have designed and developed *pMotion* based on logistics requirements that are intrinsic to the full cycle of transaction management: from trade capture, risk management, logistics, operations, and settlements to accounting. It matters because, unlike existing scheduling offerings that were designed and developed based on "isolated" logistics needs and then "integrated" with other exogenous systems, *pMotion's* intrinsic approach is the optimal way to eliminate inefficiencies, increase productivity, and remove unnecessarily complicated patchworks of interfaces caused by these after-thought integration efforts. In other words, *pMotion's* intrinsic approach is the only way to lower the total cost of energy transaction management, as evidenced by the existing deployment of convoluted, "stitched-together" solutions at most energy firms.



Power markets are competitive, fast-paced, and ever-changing, especially with today's market challenges and tomorrow's evolving unknowns. To support the demanding front- to back-office requirements of energy players, *pMotion* complements Endur, OpenLink's proven trading, risk management, and transaction-processing environment for energy commodities. Empowering Endur with scheduling and related front- and back-office capabilities, *pMotion* completes OpenLink's comprehensive physical and financial power transaction processing functionality.

Now, energy market participants such as utilities, load-serving entities (LSEs), local distribution companies (LDCs), wholesalers, and asset-based marketers as well as financial institutions engaged in physical power trading can take full advantage of an innovative and complete straight-through-processing solution. And this is the future of power logistics.

A Changing Business

During the early days of power deregulation, initial investment in technology infrastructure was dominated by logistics requirements that were needed to support the new open-market model. As a result, many utility companies invested heavily in modifying or building internal scheduling systems to support these new scheduling and related back-office functions such as billing, accounting, and settlements. Some of these early in-house efforts, along with the expertise associated with them, fathered a new class of vendor systems; thus, a market of independent scheduling software systems was born.

Throughout deregulation's early phase, front-office trading requirements were very fluid and heavily influenced by either the scheduling infrastructure in use or existing expertise in natural gas trading. As a result, a wide range of power trading tools was developed and deployed, from scheduling-based system extensions and natural gas-derived solutions to a hodgepodge of spreadsheet facilities. However, as the power trading business entered its growth phase and trading requirements became more defined, mature, and distinct from those of scheduling, new risk-based analytical concepts were introduced and readily adopted.

Some of the more agile scheduling solution developers were quick to embrace these new concepts and were able to recast themselves as trading and risk solution vendors, while others remained exclusively focused on logistics. But, as a result of the "isolated-then-integrated" limitations, neither this group of software vendors nor in-house development efforts could truly provide effective solutions for the power markets. Consequently, energy firms have over time developed convoluted webs of workarounds and patch processes to address the many functional gaps.

Unique to OpenLink is the fact that it is not encumbered by legacy, isolated designs, making it the first vendor to offer an innovative, risk-oriented STP architecture that streamlines processes, eliminates inefficiencies, and provides the system foundation needed to adapt to future market changes.

...And New Opportunities

As the power markets enter a new era, it is this risk-oriented STP architecture that further highlights OpenLink's superior functionality. Unlike systems that evolved from either an isolated logistics-based or risk-biased framework, OpenLink's solution lays the most comprehensive foundation, covering every aspect of the transaction management lifecycle with equal attention. In fact, OpenLink's risk-oriented STP environment is a robust and consistent framework that eliminates hidden translation (e.g., converting from trade model into scheduling structure), exogenous integration (e.g., stitching together dissimilar systems), or convoluted facilities that are the result of a succession of re-engineering changes.

Leveraging OpenLink's STP environment, every group within the enterprise is able to view the same consistent set of intelligent data. Whether it is traders keeping track of real-time positions, schedulers tracking net unscheduled positions against the net trading positions, risk analysts monitoring positions and limits, credit staff checking counterparty exposures, or back-office personnel processing payments, when any one person commits to a deal action, everyone within the enterprise chain is automatically notified in real time. No more waiting for batch updates, manual procedures, or time delays. Hence, no missed opportunities, scheduling inaccuracies, human error, tied-up resources, disputed settlements, or — most important — wasted money.

All interaction happens seamlessly because *pMotion* is an intrinsic component of our risk-oriented, straight-through-processing architecture. *And that is the future of power logistics software, delivered today.*

For bookouts, *pMotion* readily displays all relevant data in its match management facility and supports both embedded and user-definable bookout rules. Schedulers can perform hourly, daily, weekly, and monthly direct bookouts (purchases and sales involving a single counterparty) and indirect bookouts (involving multiple counterparties in a daisy chain), even down to five-minute intervals.

Invoices and Settlements

pMotion's Settlements Desktop Module supports the most flexible and dynamic invoice generation and processing capabilities, including client-specific invoice generation, adaptive netting facilities, workflow management on invoice processing, and the ability to monitor and report on all invoice adjustments. Leveraging OpenLink's risk-oriented STP architecture and its common trade model, *pMotion* can customize the invoice generation process — for specific clients, as needed — with high-level or detailed trade data, such as index-pricing formulas, variable volumes, structured fees, bookout details, TLR cuts, and others. Rounding out the Settlements Desktop is the support for multiple and concurrent data output in a number of different formats. No matter what the power deal structure, *pMotion* creates corresponding settlement statements and allows for the seamless creation and sending of "carbon copy" invoices to related parties and/or software systems (e.g., exporting data to support an online billing platform), based on specific client requirements.

Intrinsic Front-office Capabilities

Offering unparalleled, intrinsic front-office capabilities, *pMotion* provides consistent real-time position management services to both traders — especially hourly trading staff — and schedulers. When a scheduled delivery is cut, if time permits, both the schedulers and the hourly traders can immediately look for possible resolutions because of this shared, real-time view. The result is an effective joint mechanism for furthering inter-group efficiency and managing expected operational variances.

Users can customize their real-time position views, displaying individual or net positions for physical, transmission, and option deals by increments (hourly, daily, weekly, monthly) and by status (cut, booked-out, scheduled, exercised, expired, and

unscheduled). With full filtering and sorting capabilities, these facilities display power positions by regional/control area and location, product type, time zone, option moneyness, and instrument type. Direct deal capture also is available from *pMotion*'s scheduling screen and triggers real-time updates for both the scheduler's and the trader's position views.



Power position page displaying, by hour, the net total unscheduled position at NYISO.



Power position page displaying, by hour, the net total trading position at NYISO.

A "Stand-not-Alone" Logistics Solution



While truly optimized when used as an intrinsic component of OpenLink's risk-oriented STP environment, *pMotion* also can function as a standalone logistics solution. Through the use of extensive integration capabilities and associated tools such as embedded real-time interface facilities, OpenConnect XML services, and a wide range of integration development tools, *pMotion* stands ready to interface with various third-party or internal systems. But, better defined as a "stand-not-alone" solution, *pMotion*, supported by OpenLink's risk-oriented STP backbone, allows clients to easily enable specific STP services (e.g., credit and market risks), should the need arise.

OpenLink prides itself in delivering world-class technology solutions, and *pMotion* is no exception. Developed and supported through in-depth market knowledge, talented design capabilities, and proven technology expertise, *pMotion* can be used as an intrinsic component of Endur or as a "stand-not-alone" solution. Whichever deployment is selected, *pMotion* provides the unparalleled logistics framework necessary to manage today's physical power transaction lifecycle and the tools to adapt to the ever-changing markets of tomorrow.

For more information, please contact us today at info@olf.com

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