



[Date]

[Counterparty name]  
[Counterparty address]

**Attention: [Counterparty contact]**

Re: Commodity Option/ Agreement # [internal reference number]  
Royal Bank of Canada ("Party A")/ [counterparty name] ("Party B")

Dear Sirs:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2005 ISDA Commodity Derivative Definitions (as published by the International Swaps and Derivatives Association, Inc.) and as amended and supplemented from time to time are incorporated into this Confirmation. In the event of any inconsistency between those definitions and the provisions of this Confirmation, this Confirmation shall govern.

1. This Confirmation supplements, forms part of and is subject to, the ISDA Master Agreement dated [date of agreement] as amended and supplemented from time to time (the "Agreement"), between you and us. All provisions contained in the Agreement shall govern this Confirmation except as expressly modified below.

2. The terms of the particular Transaction to which this Confirmation relates to is a Daily Option, the terms of which are as follows:

**General Terms:**

Commodity:	Electricity
Trade Date:	[transaction trade date]
Effective Date:	[transaction effective date]
Termination Date:	[transaction termination date]
Buyer:	[Party A / Party B]
Seller:	[Party A / Party B]
Hourly Quantity:	[amount/volume]
Total Notional Quantity:	[amount/volume]
Option Style:	[American / European / Bermuda / Asian]
Option Type:	[Put / Call]
Strike Price per Unit:	[option exercise price] per MWh
Business Day(s):	[cities for determining valid business days]
Notional Quantity per Calculation Period:	The product of: A. total number of hours as specified in the Settlement Period(s) occurring during the relevant Calculation Period; and B. the Hourly Quantity
Calculation Period(s):	Each calendar day, from and including the Effective Date, to and including the Termination Date.
Settlement Period(s):	All settlements shall be related to the hours ending 0800-2300 Monday through Friday Eastern Prevailing Time ("EPT"), excluding NERC Holidays.
Contract Settlement:	Applicable

Settlement Date(s): The 10th Business Day of the month following the relevant Calculation Period, subject to adjustment in accordance with the Following Business Day Convention.

Rounding: For purposes of the calculation of the Floating Price, all numbers shall be rounded to four decimals.

**Premium:**

Premium per Unit: [premium payable] per MWh

Total Premium: [total premium to be paid]

Premium Payment Date(s): [payment date for premium]

Premium Payer: [Party A / Party B]

**Procedure for Exercise:**

Exercise Period: From [time/date] to [time/date] [if applicable to type of option].

Expiration Date(s): [date option expires]

Expiration Time: [time option expires on Expiration Date]

Notification of Exercise: Buyer must notify Seller via telephone by Expiration Date(s) and the Expiration Time noted above

Automatic Exercise: [Applicable / Not applicable]

**Floating Amount Details:**

Floating Price: [price]

Commodity Reference Price: [reference price as selected from ISDA Commodity Definitions or otherwise agreed]

Unit: MWh

Specified Price: [reference price as selected from ISDA Commodity Definitions or otherwise agreed]

Delivery Date: Each applicable date within the Settlement Period

Pricing Date(s): For the applicable Calculation Period, each applicable calendar day during the Settlement Period for the hours referenced therein.

Method of Averaging: [arithmetical mean or other agreed method]

**Market Disruption Events & Disruption Fallbacks:**

[list any applicable Market Disruption Events from ISDA Commodity Definitions or define others]

Disruption Fallbacks: [maximum number of days of disruption before next applicable Market Disruption Event may apply]

Business Day Convention: [business day convention for dates falling on days that are not Business Days], which shall apply any date referred to in the Confirmation that falls on a day that is not a Business Day other than the dates referred to in regard to the Pricing Dates which need not be Business Days.

**Calculation Agent:** [Party A], whose determinations and calculations shall be binding on the parties hereto in absence of manifest error.

**Additional Provision:** If confirmations are exchanged only matched terms, and the terms of any applicable master agreement, are binding.

**Account Details:**

Payments to Party A: [payment delivery information]

Payments to Party B: [payment delivery information]

**Offices:**

The Office of Party A for the Transaction is: Royal Bank of Canada [contact details]

The Office of Party B for the Transaction is: [counterparty contact details]

This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing transaction to which this Confirmation relates and which indicates your agreement to those terms.

Yours sincerely,  
**Royal Bank of Canada**

Confirmed as of the date first written by:  
[counterparty name]

\_\_\_\_\_  
[name]  
[title of authorized signatory]

\_\_\_\_\_  
Authorized Signing Officer

\_\_\_\_\_  
Authorized Signing Officer