

FORM B1

**United States Bankruptcy Court
District of Maryland (Greenbelt Division)**

Voluntary Petition

Name of Debtor (if individual, enter Last, First, Middle): PG&E National Energy Group, Inc.	Name of Joint Debtor (Spouse) (Last, First, Middle): N/A
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names): PG&E Diversified Investments, Inc.	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names): N/A
Soc. Sec./Tax I.D. No. (if more than one, state all): 94-3316236	Soc. Sec./Tax I.D. No. (if more than one, state all): N/A
Street Address of Debtor (No. & Street, City, State & Zip Code): 7600 Wisconsin Avenue Bethesda, Maryland 20814	Street Address of Joint Debtor (No. & Street, City, State & Zip Code): N/A
County of Residence or of the Principal Place of Business: See Schedule 1 annexed hereto	County of Residence or of the Principal Place of Business: N/A
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address): N/A

Location of Principal Assets of Business Debtor (if different from street address above):

Direct or indirect ownership interests in electric power generating plants and related assets in various states throughout the United States. The stock certificates are located in Rockville, Maryland.

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

- Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.
- There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

- Individual(s)
- Corporation
- Partnership
- Other _____
- Railroad
- Stockbroker
- Commodity Broker

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

- Chapter 7
- Chapter 9
- Sec. 304 - Case ancillary to foreign proceeding
- Chapter 11
- Chapter 12
- Chapter 13

Nature of Debts (Check one box)

- Consumer/Non-Business
- Business

Filing Fee (Check one box)

- Full Filing Fee attached
- Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

- Debtor is a small business as defined in 11 U.S.C. § 101
- Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

- Debtor estimates that funds will be available for distribution to unsecured creditors.
- Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

THIS SPACE IS FOR COURT USE ONLY

Estimated Number of Creditors	1-15	16-49	50-99	100-199	200-999	1000-over
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Estimated Assets							
\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1 million	\$1,000,001 to \$10 million	\$10,000,001 to \$50 million	\$50,000,001 to \$100 million	More than \$100 million
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Estimated Debts							
\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1 million	\$1,000,001 to \$10 million	\$10,000,001 to \$50 million	\$50,000,001 to \$100 million	More than \$100 million
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Voluntary Petition

(This page must be completed and filed in every case)

Name of Debtor(s):
PG&E National Energy Group, Inc.

Prior Bankruptcy Case Filed Within Last 6 Years (If more than one, attach additional sheet)

Location
Where Filed: N/A

Case Number:
N/A

Date Filed:
N/A

Pending Bankruptcy Case Filed by any Spouse, Partner or Affiliate of this Debtor (If more than one, attach additional sheet)

Name of Debtor:
See Schedule 2

Case Number:

Date Filed:

District:

Relationship:

Judge:

Signatures

Signature(s) of Debtor(s) (Individual/Joint)

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Debtor

X _____
Signature of Joint Debtor

Telephone Number (if not represented by attorney)

Date

X _____
Signature of Attorney for Debtor(s)

Paul M. Nussbaum, Esq. (No. 04394)
Martin T. Fletcher, Esq. (07608)
Whiteford, Taylor & Preston
Seven Saint Paul Street, Suite 1400
Baltimore, Maryland 21202-1626
(410) 347-8700

Matthew A. Feldman, Esq.
Shelley C. Chapman, Esq.
Willkie Farr & Gallagher
787 Seventh Avenue
New York, NY 10019-6099
(212) 728-8000

July 8, 2003
Date

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Authorized Individual

John C. Bapoulis
Printed Name of Authorized Individual

Vice President & Treasurer
Title of Authorized Individual

July 8, 2003
Date

Exhibit A

(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11)

Exhibit A is attached and made a part of this petition.

Exhibit B

(To be completed if debtor is an individual whose debts are primarily consumer debts)

I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter.

X _____
Signature of Attorney for Debtor(s) Date

Exhibit C

(To be completed if debtor is an individual whose debts are primarily consumer debts)

Does the debtor own or have possession of my property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

Yes, and Exhibit C is attached and made a part of this petition.
 No

Signature of Non-Attorney Petition Preparer

I certify that I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110, that I prepared this document for compensation, and that I have provided the debtor with a copy of this document.

Printed Name of Bankruptcy Petition Preparer

Social Security Number

Address

Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

X _____
Signature of Bankruptcy Petition Preparer

Date

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 156.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)**

)	
In re:)	Chapter 11
)	
PG&E National Energy Group, Inc.,)	Case No. 03-____(____)
)	
Debtor.)	
)	

EXHIBIT "A" TO VOLUNTARY PETITION

1. The Debtor's securities are registered under Section 12 of the Securities Exchange Act of 1934. The SEC file number is 333-66032.

2. Unless expressly stated otherwise herein, the following financial data refers to the latest available information detailing the unaudited financial condition of the Debtor, on a stand-alone basis, as of May 31, 2003:

a) Total assets:	\$1,830,871,544
b) Total debts (including debts listed in 2.c below)	\$1,785,861,315 ¹
c) Debt securities held by more than 500 holders	None ²
d) Number of shares of preferred stock	None
e) Number of shares of common stock	1,000 shares authorized, issued and outstanding
f) Approximate number of holders of common stock	1 Holder of Record ³

¹ This amount excludes guarantee claims.

² The Debtor does not have an updated list of holders, but based on information available to the Debtor, the Debtor believes the number of holders is less than 500.

³ PG&E Corp. is the sole shareholder of PG&E National Energy Group, LLC, which owns 97% of PG&E National Energy Group, Inc. The other 3% is owned by various entities, primarily by General Electric and Lehman Brothers.

3. Comments, if any: The Debtor has one outstanding series of public debt securities, the number of holders of which the Debtor believes is less than 500.

4. Description of Business: The Debtor is a holding company that owns directly or indirectly nearly 200 subsidiaries (collectively, the "Company"). The Company is an integrated energy company with a strategic focus on power generation, natural gas transmission and wholesale energy marketing and trading in North America.

SCHEDULE 1

PG&E National Energy Group, Inc. is incorporated in Delaware, and maintains its headquarters in Montgomery County, Maryland.

SCHEDULE 2

Pending Bankruptcy Case Filed by any Partner or Affiliate of Debtor PG&E National Energy Group, Inc.

A) Concurrently herewith, each of the following entities, in addition to the Debtor, has filed a voluntary petition and a motion with the Court seeking the joint administration of their respective chapter 11 cases in the United States Bankruptcy Court for the District of Maryland:

PG&E Energy Trading - Power, L.P.
PG&E Energy Trading Holdings Corporation
PG&E Energy Trading - Gas Corporation
PG&E ET Investments Corporation

B) Concurrently herewith, the following entity has filed a voluntary petition for relief under chapter 11, but will not seek joint administration with the Debtor:

USGen New England, Inc.

C) On April 6, 2001, Pacific Gas and Electric Company (the "Utility"), an affiliate of the Debtor, filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court of the Northern District of California, Case No. 01-30923. The Utility's chapter 11 case is pending before the Honorable Dennis A. Montali.

United States Bankruptcy Court

District of Maryland

In re PG&E National Energy Group, Inc.
Debtor

Case No. _____
Chapter 11

LIST OF CREDITORS HOLDING 30 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 30 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101(30), or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 30 largest unsecured claims.

Name of creditor and complete mailing address, including zip code	Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Indicate if claim is contingent, unliquidated, disputed, or subject to setoff	Amount of claim [if secured, also state value of security]
1. Wilmington Trust Company as Indenture Trustee	1100 North Market Street Wilmington, DE 19890 Attn: Steve Cimalore Tel: 302-636-6058 Fax: 302-636-4143	Indenture (10.375% Senior Notes due May 16, 2011)		1,108,147,876 (as of 5/31/03)
2. JP Morgan Chase	JP Morgan Chase 270 Park Avenue New York, NY 10017 Attn: Agnes L. Levy, Managing Director Tel: 212-270-0420 Fax: 917-464-8909	Revolving Credit Facility		660,488,071 (as of 5/31/03)
3. Citibank, N.A.	Citigroup 388 Greenwich Street New York, NY 10013 Attn: Greg Frenzel, Director Tel: 212-723-3106 Fax: 212-723-3964	Guarantee Obligation (La Paloma)		379,057,054 (as of 5/31/03)
4. Societe Generale	Societe Generale 1221 Avenue of the Americas New York, NY 10020 Attn: Nina Ross, Director, Asset Recovery Management Tel: 212-278-7024 Fax: 212-278-6460	Guarantee Obligation (GenHoldings)		354,720,386 (as of 5/31/03)
5. Cogentrix	Caledonia Generating, LLC 9405 Arrowpoint Boulevard Charlotte, NC 28273 Attn: President Copy: General Counsel Tel: 704-525-3800 Fax: 704-529-1006	Guarantee Obligation (Caledonia)	Unliquidated	250,000,000* (as of 5/31/03)
6. Citibank, N.A.	Citigroup 388 Greenwich Street New York, NY 10013 Attn: Greg Frenzel, Director Tel: 212-723-3106 Fax: 212-723-3964	Guarantee Obligation (Lake Road)		235,329,585 (as of 5/31/03)
7. Societe Generale	Societe Generale 1221 Avenue of the Americas New York, NY 10020 Attn: Nina Ross, Director, Asset Recovery Management Tel: 212-278-7024 Fax: 212-278-6460	Guarantee Obligation (PG&E NEG Construction Company LLC)		205,000,000 (as of 5/31/03)

Debtor(s)

LIST OF CREDITORS HOLDING 30 LARGEST UNSECURED CLAIMS

(Continuation Sheet)

8.	Southaven Power, LLC	Southaven Power, LLC 9405 Arrowpoint Boulevard Charlotte, NC 28273 Attn: General Counsel Tel: 704-525-3800 Fax: 704-529-1006	Guarantee Obligation (Southaven)	Unliquidated	175,000,000* (as of 5/31/03)
9.	Orion (Reliant)	Liberty Electric Power, LLC 133880 Dulles Corner Lane Herndon, VA 20171-4600 Attn: Vice President and General Counsel Tel: 703-561-6788 Fax: 703-561-7303	Guarantee Obligation (Liberty)	Unliquidated	150,000,000* (as of 5/31/03)
10.	JP Morgan Chase	JP Morgan Chase 270 Park Avenue New York, NY 10017 Attn: Agnes L. Levy, Managing Director Tel: 212-270-0420 Fax: 917-464-8909	Guarantee Obligation (ETH Facility One)		25,162,000 (as of 5/31/03)
11.	General Electric Company	General Electric Company 1 River Road Schenectady, NY 12345 Attn: Dan Rowley, General Counsel Tel.: 518-385-1407 Fax: 518-385-9051	Guarantee Obligation (PG&E NEG Construction Company, LLC)		22,721,300 (as of 5/31/03)
CONTINGENT LIABILITIES:					
12.	Mitsubishi Heavy Industries	Mitsubishi Heavy Industries, Ltd. Mitsubishi Heavy Industries America, Inc. 610 Crescent Executive Court Lake Mary, FL 32746 Attn: General Counsel Fax: 321-397-9674 Headquarters: 100 Colonial Center Parkway Lake Mary, FL 32746 Tel: 407-688-6100 Fax: 407-688-6481	Guarantee Obligation (PG&E NEG Construction Company, LLC)	Contingent Unliquidated Disputed	75,000,000* (as of 5/31/03)
13.	TXU Energy Trading Company	1717 Main Street Suite 2000 Dallas, TX 75201 Attn: Credit Department Tel: 214-875-9000 Fax: 214-875-9064	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	65,000,000* (as of 5/31/03)
14.	New York Independent System Operator	5172 Western Turnpike Altamont, NY 12009 Attn: Ray Salter Tel: 518-356-6060 Fax: 518-356-6146	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	50,000,000* (as of 5/31/03)
15.	Aquila Energy Marketing Corporation	1100 Walnut Street, Suite 3300 Kansas City, MO 64106 Attn: Vice President, Credit Risk Management Tel: 816-527-1000 Fax: 816-467-8257	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	40,000,000* (as of 5/31/03)
16.	Duke Energy Trading & Marketing, LLC	5400 Westheimer Court Houston, TX 77056 Attn: Credit Manager Tel: 713-627-5400 Fax: 713-627-4849	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	40,000,000* (as of 5/31/03)

Debtor(s)

LIST OF CREDITORS HOLDING 30 LARGEST UNSECURED CLAIMS

(Continuation Sheet)

17.	Tractebel Energy Marketing, Inc.	1177 West Loop South Suite 800 Houston, TX 77027 Attn: Director of Credit Tel: 713-552-2501 Fax: 713-548-5153	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	40,000,000* (as of 5/31/03)
18.	TXU Electric Company	1717 Main Street Suite 2000 Dallas, TX 75201 Attn: Craig Gilchrist Tel: 214-875-9000 Fax: 214-875-9050	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	32,500,000* (as of 5/31/03)
19.	Allegheny Energy Supply Company, LLC	4350 Northern Pike Monroeville, PA 15146-2841 Attn: Contract Administration Tel: 412-858-1600 Fax: 412-856-2913	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	25,000,000* (as of 5/31/03)
20.	Citibank, N.A.	Citigroup 388 Greenwich Street New York, NY 10013 Attn: Greg Frenzel, Director Tel: 212-723-3106 Fax: 212-723-3964	Guarantee Obligation (Energy Trading)	Contingent Unliquidated	25,000,000* (as of 5/31/03)
21.	Citibank, N.A.	Citigroup 388 Greenwich Street New York, NY 10013 Attn: Greg Frenzel, Director Tel: 212-723-3106 Fax: 212-723-3964	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	25,000,000* (as of 5/31/03)
22.	Duke Energy Trading & Marketing, L.L.C.	Duke Energy Trading & Marketing LLC 10777 Westheimer Suite 650 Houston, TX 77042 Attn: Controller Fax: 713-260-1825	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	24,000,000* (as of 5/31/03)
23.	Exelon Energy Company	Exelon Energy Company Attn: Vice-President 2315 Enterprise Drive Westchester, IL 60154 Fax: 708 236-7903	Guarantee Obligation (Energy Trading)	Contingent, Unliquidated	20,000,000* (as of 5/31/03)
24.	Massey Coal Sales Company, Inc.	Massey Coal Sales Company, Inc. Attn: President 4 North Fourth Street Richmond, VA 23219 Fax: 804-788-1811	Guarantee Obligation (Energy Trading)	Contingent Unliquidated	20,000,000* (as of 5/31/03)
25.	Pinnacle West Capital Corporation	Pinnacle West Arizona Public Service Company ATTN: Credit Department 400 North Fifth Street Mail Station 9855 Phoenix, AZ 85004 COPY: APS Law Department Mail Station 9820 Fax: 602-250-3393	Guarantee Obligation (Energy Trading)	Contingent Unliquidated	20,000,000* (as of 5/31/03)
26.	ConocoPhillips Company	ConocoPhillips Company Adams Tower 403 Cheyenne Tulsa, Oklahoma 74104 Fax: 281-293-5880	Guarantee Obligation (Energy Trading)	Contingent Unliquidated	15,000,000* (as of 5/31/03)

Debtor(s)

LIST OF CREDITORS HOLDING 30 LARGEST UNSECURED CLAIMS

(Continuation Sheet)

27.	Coral Energy Resources, L.P.	Coral Energy Holding, L.P. 909 Fannin, Suite 700 Houston, Texas 77010 Fax: 713-265-3843	Guarantee Obligation (Energy Trading)	Contingent Unliquidated	15,000,000* (as of 5/31/03)
28.	ISO New England	ISO New England One Sullivan Road Holyoke, Massachusetts 1040 Fax: 413-535-4204	Guarantee Obligation (Energy Trading)	Contingent Unliquidated	15,000,000* (as of 5/31/03)
29.	Societe Generale	Societe Generale 1221 Avenue of the Americas 11th Floor New York, NY 10020 Attn: Robert Preminger Fax: 212-278-5703 Tel: 212-278-6136/6148	Guarantee Obligation (Millennium)	Contingent Unliquidated	15,000,000* (as of 5/31/03)
30.	Tennessee Valley Authority	Tennessee Valley Authority 400 West Summit Hill Drive Knoxville, Tennessee 37914-1499 Fax: 865-632-3212	Guarantee Obligation (Energy Trading)	Contingent Unliquidated	15,000,000* (as of 5/31/03)

*Maximum potential liability. Any actual amount owed may be significantly lower.

Penalty for making false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.

July 7, 2003

RESOLUTIONS OF THE BOARD OF DIRECTORS

OF

PG&E NATIONAL ENERGY GROUP, INC.

(the "Company")

Chapter 11 Filing

WHEREAS, as a result of the financial condition of the Company and certain of its indirect wholly-owned subsidiaries, to wit, PG&E Energy Trading Holdings Corporation, PG&E Energy Trading – Gas Corporation, PG&E ET Investments Corporation and PG&E Energy Trading – Power, L.P. (collectively, the "Additional Filers" and together with the Company, the "Debtors"), the Board of Directors has engaged counsel and financial advisors to provide advice to the Company regarding its obligations to its creditors and equity holders;

NOW THEREFORE, it is hereby:

RESOLVED, that, in the judgment of the Board of Directors, it is desirable and in the best interests of the Company and the Additional Filers and its and their creditors, stockholders, partners, employees and other interested parties that a petition be filed by each of the Debtors seeking relief under the provisions of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and it is further

RESOLVED, that the filing by each of the Debtors of a petition for relief under chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the District of Maryland or such other court as otherwise determined by any of the President, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, any Assistant Secretary, any Assistant Treasurer and any Assistant Controller of the Company (together, the "Authorized Officers") be, and it hereby is, authorized and approved; and it is further

RESOLVED, that each of the Authorized Officers, and such other officers of the Company or the Additional Filers, as applicable, as any Authorized Officer shall from time to time designate, be and each hereby is authorized, empowered and directed to execute on behalf of the Company and the Additional Filers a petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland or such other court as otherwise determined by any such Authorized Officer.

General

RESOLVED, that from and after the date hereof all action heretofore taken by any of the Authorized Officers, or by any individual who currently holds or has held any of said

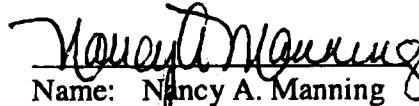
offices, in furtherance of the foregoing is hereby ratified, adopted, approved and confirmed; and it is further

RESOLVED, that the Assistant Secretary or Secretary of the Company be, and hereby is, authorized, empowered and directed to certify that the foregoing recitals and resolutions of the Board of Directors were duly adopted as of the date hereof and to insert, or cause to be inserted, these recitals and resolutions in the records of proceedings of the Board of Directors of the Company.

Certification

I, Nancy A. Manning, the duly elected and qualified Assistant Secretary of PG&E National Energy Group, Inc. (the "Company"), a Delaware corporation, do hereby certify and declare that I have examined the attached recitals and resolutions adopted by the Board of Directors of the Company (consisting of Frank V. Battle, Jr., Thomas B. King, Bruce R. Worthington, G. Brent Stanley and Peter A. Darbee), at a special meeting of the Board of Directors, duly called and held on July 7, 2003 at 5:00 p.m. (Eastern Daylight Time), and that such recitals and resolutions have not been amended, modified or rescinded and remain in full force and effect.

IN TESTIMONY WHEREOF, I, Nancy A. Manning, have hereto set my hand
this 7th day of July, 2003.


Name: Nancy A. Manning
Title: Assistant Secretary

July 8, 2003

RESOLUTIONS OF THE BOARD OF DIRECTORS

OF

PG&E NATIONAL ENERGY GROUP, INC.

(the "Company")

Chapter 11 Filing

WHEREAS, the Board of Directors desires to approve and ratify all actions taken by the Board of Directors and the Authorized Officers (defined below) in connection with the preparation for the filing by each of the Company and certain of its indirect wholly-owned subsidiaries, to wit, PG&E Energy Trading Holdings Corporation, PG&E Energy Trading – Gas Corporation, PG&E ET Investments Corporation and PG&E Energy Trading – Power, L.P. (collectively, the "Additional Filers" and together with the Company, the "Debtors") of a petition seeking relief under the provisions of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, pursuant to Article IV, Section 1 of the Company's Bylaws, the Board of Directors may elect such officers, in addition to those expressly set forth in the Company's Bylaws, as the Board of Directors may from time to time deem appropriate or necessary; and

WHEREAS, the Board of Directors desires to elect certain employees of Alvarez & Marsal, Inc. to serve as restructuring officers of the Company in connection with its chapter 11 case;

NOW THEREFORE, it is hereby:

RESOLVED, that all action heretofore taken by the Board of Directors and any of the President, the Chief Restructuring Officer, the Associate Restructuring Officer, any Assistant Restructuring Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer and any Assistant Controller of the Company (together, the "Authorized Officers") in connection with the preparation for the filing by each of the Debtors of a petition seeking relief under the provisions of chapter 11 the Bankruptcy Code be, and it hereby is, ratified, adopted, approved and confirmed; and it is further

RESOLVED, that each of the Authorized Officers be, and each hereby is, authorized, empowered and directed to execute and file on behalf of the Debtors all schedules, petitions, lists, documents, pleadings, affidavits and other papers as required to accompany the petitions or seek entry of first-day orders, or as otherwise necessary or appropriate in connection with the filing and administration of the chapter 11 cases; and it is further

RESOLVED, that the plan of reorganization (the "Plan") provided to the Board is hereby approved with such changes therein and additions thereto as may be approved or deemed necessary or appropriate by an Authorized Officer; and it is further

RESOLVED, that each Authorized Officer is authorized and empowered to execute on behalf of the Company a plan of reorganization substantially in the form, and containing the material terms and conditions, of the Plan; and it is further

RESOLVED, that, subject to order of the bankruptcy court, Joseph A. Bondi is hereby elected to serve as a Director, President and Chief Executive Officer and Chief Restructuring Officer of the Company, effective as of the date on which the bankruptcy court approves such election, until his successor is chosen and qualified or until his death, resignation or removal and that he shall have such powers and perform such duties as may be set forth in the Bylaws or, as Chief Restructuring Officer, as may from time to time be assigned to him by the Board of Directors or as provided in any such order; and it is further

RESOLVED, that, subject to order of the bankruptcy court, William H. Runge, III is hereby elected to serve as the Chief Financial Officer and Associate Chief Restructuring Officer of the Company, effective as of the date on which the bankruptcy court approves such election, until his successor is chosen and qualified or until his death, resignation or removal and that he shall have such powers and perform such duties as may from time to time be assigned to him by the Board of Directors or the Chief Restructuring Officer or as provided in any such order; and it is further

RESOLVED, that, subject to order of the bankruptcy court, each of the individuals set forth immediately below is hereby elected to serve as an Assistant Restructuring Officers of the Company, effective as of the date on which the bankruptcy court approves such election, until his or her successor is chosen and qualified or until his or her death, resignation or removal and each shall have such powers and perform such duties as may from time to time be assigned to him or her by the Board of Directors or the Chief Restructuring Officer or as provided in any such order:

Thomas Baldasare
Emmett O. Bergman
Robert Moore
Cory Schupp
Wesley Weinhart
Erin Clark
David Charne
Robert Strauss;

and it is further

RESOLVED, that the Company retain on behalf of itself and the Additional Filers the law firms of Willkie Farr & Gallagher and Whiteford, Taylor & Preston L.L.P. to render legal services to and to represent the Debtors in connection with the chapter 11 cases and in any and all related matters in connection therewith; and it is further

RESOLVED, that the Company retain on behalf of itself and the Additional Filers the financial advisory and investment banking firm of Lazard Freres & Co. LLC to provide financial advisory, investment banking and related services to the Debtors in connection with the chapter 11 cases and in any and all related matters in connection therewith; and it is further

RESOLVED, that the Company retain on behalf of itself and the Additional Filers the restructuring advisory firm of Alvarez & Marsal, Inc. to provide restructuring advisory and related services to the Debtors in connection with the chapter 11 cases and in any and all related matters in connection therewith; and it is further

RESOLVED, that the Company retain on behalf of itself and the Additional Filers the accounting firm of Deloitte & Touche LLP to provide audit and related services to the Debtors and various of the Company's subsidiaries; and it is further

RESOLVED, that each of the Authorized Officers be, and each hereby is, authorized, empowered and directed to retain on behalf of the Debtors such other professionals as any such officer may deem necessary or appropriate, upon such terms and conditions as any such officer or officers shall approve, to render services to the Debtors in connection with the chapter 11 cases and with respect to other matters in connection therewith.

General

RESOLVED, that if at any time the office of the President of the Company shall not be filled, or in the event of the temporary absence or disability of the President, the Vice President and General Counsel of the Company and the Executive Vice President of the Company shall each have the powers and duties of the President; and it is further

RESOLVED, that each of the Authorized Officers be, and each hereby is, authorized, empowered and directed to take any and all further actions and to execute and deliver any and all such further instruments and documents and to pay all expenses (subject to bankruptcy court approval where necessary or appropriate) in order to carry out fully the intent and accomplish the purposes of the recitals and resolutions adopted herein; and it is further

RESOLVED, that from and after the date hereof all action heretofore taken by any of the Authorized Officers, or by any individual who currently holds or has held any of said offices, in furtherance of the foregoing is hereby ratified, adopted, approved and confirmed; and it is further

RESOLVED, that the Assistant Secretary or Secretary of the Company be, and hereby is, authorized, empowered and directed to certify that the foregoing recitals and resolutions of the Board of Directors were duly adopted as of the date hereof and to insert, or cause to be inserted, these recitals and resolutions in the record of proceedings of the Board of Directors of the Company.

Certification

I, Nancy A. Manning, the duly elected and qualified Secretary of PG&E National Energy Group, Inc. (the "Company"), a Delaware corporation, do hereby certify and declare that I have examined the attached recitals and resolutions adopted by the Board of Directors of the Company (consisting of Frank V. Battle, Jr., Henry J. Murphy and Sanford L. Hartman), at a special meeting of the Board of Directors, duly called and held on July 8, 2003 at 7:00 a.m. (Eastern Daylight Time), and that such recitals and resolutions have not been amended, modified or rescinded and remain in full force and effect.

IN TESTIMONY WHEREOF, I, Nancy A. Manning, have hereto set my hand this 8th day of July, 2003.



Name: Nancy A. Manning

Title: Secretary