

26.120 Material Adverse Change

The amount of Unsecured Credit granted to a Customer, if any, and the amount of the Customer’s Operating Requirement shall be subject to change, at the discretion of the ISO, in the event that there is a material adverse change affecting the risk of nonpayment by the Customer, which includes, but is not limited to: (a) a material change in financial status pursuant to Section 26.2.1.4 of this Attachment K, (b) a downgrade of an Equivalency Rating, (c) a significant change in the Customer’s “Expected Default Frequency (EDF)” as determined by Moody’s KMV CreditEdge, (d) a significant variation in the Customer’s Credit Assessment, (e) a significant increase in a Customer’s credit default swap (CDS) spreads, or (f) a significant decline in a Customer’s market capitalization. In the event the ISO invokes its rights pursuant to this Section 26.12, the ISO will provide the affected Customer with a written explanation of the reasons the ISO declared a material adverse change.

Table K-1 Tangible Net Worth Credit Matrix

Customer Rating				Starting Point for Determining Unsecured Credit
Senior Long-term Unsecured Debt Rating		Issuer Rating or Equivalency Rating		(% of Tangible Net Worth)
S&P, Fitch, and Dominion	Moody’s	S&P, Fitch, Dominion, and NYISO	Moody’s	
A+ or higher	A1 or higher	AA- or higher	Aa3 or higher	
A	A2	A+	A1	6.5%
A-	A3	A	A2	5.0%

BBB+	Baa1	A-	A3	4.0%
BBB	Baa2	BBB+	Baa1	2.5%
BBB-	Baa3	BBB	Baa2	1.5%
BB+ or lower	Ba1 or lower	BBB- or lower	Baa3 or lower	0%