

Attachment II

9 Application And Registration Procedure

9.1 Application

Each Customer requesting to schedule, take or provide any services under the ISO Services Tariff must apply to the ISO in writing at least sixty (60) days in advance of the month in which service is to commence. The ISO will consider requests for such services on shorter notice when feasible. Service commencement will depend on the ISO's ability to accommodate the request. To apply, the Customer shall complete and deliver a Service Agreement (in the form of Attachment A) and an Application to the ISO.

9.2 Completed Application

A Completed Application shall provide all of the information reasonably required by the ISO to permit the ISO to perform its responsibilities under the ISO Services Tariff. A Customer taking or providing service under the Tariff shall provide the ISO, upon application for service, with a list identifying its parent company as well as any Affiliate. The Customer shall notify the ISO within 30 days of the effective date of any change to the original list. Any Customer shall notify the ISO within 30 days of the effective date of any change to the original list. Any Customer shall respond within 10 days to a request by the ISO to update the list of Affiliates and/or parent company. In addition, a Customer and an applicant seeking to become a Customer shall inform the ISO of any Affiliates that are currently taking service or applying to take service under the Tariffs. The ISO shall treat the information provided in the Application as Confidential Information except to the extent that disclosure of the information is required by the ISO Services Tariff, by regulatory or judicial order or for reliability purposes pursuant to Good Utility Practice. The ISO also shall treat the information in conformity with the standards of

conduct contained in Part 37 of the Commission's Regulations and the Code of Conduct set forth in Attachment F to the ISO OATT.

9.3 Approval of Application and/or Notice of Deficient Application

The ISO will promptly review the Application, [including the information provided pursuant to Section 26.1.4 of Attachment K of the ISO Services Tariff](#), and may request additional information to determine whether the applicant meets the ISO's minimum financial and technical requirements. The ISO will notify the applicant within thirty (30) days of receipt of a Completed Application. If the ISO rejects an Application, the ISO shall provide a written explanation within fourteen (14) days of the rejection. The ISO will attempt to remedy minor deficiencies in the Application through informal communications with the applicant. If such efforts are unsuccessful, the ISO shall return the Application. [As set forth in Section 26.1.4 of Attachment K of the ISO Services Tariff, the ISO may reject an application if the ISO determines that the applicant's participation in the ISO Administered Markets presents an unreasonable credit risk.](#)

9.4 Filing of Service Agreement

The ISO will file Service Agreements with the Commission in compliance with applicable Commission regulations and the ISO Services Tariff.

26.1 Minimum Participation Criteria

26.1.1 General

To participate in the ISO-Administered Markets, in addition to satisfying any other eligibility requirements set forth in the ISO Tariffs, each Customer must satisfy, and at all times remain in compliance with, the following requirements:

- (a) **Risk Management.** Customer shall maintain current, written risk management policies and procedures that address those risks that could materially and adversely affect Customer's ability to pay its ISO invoices when due, including, but not limited to, credit risks, liquidity risks, and market risks.
- (b) **Training.** Each employee and agent that Bids or schedules in the ISO-Administered Markets on behalf of Customer shall have appropriate training and/or experience to transact on behalf of Customer in the ISO-Administered Markets. In addition, each employee and agent that Bids on Virtual Transactions or TCCs on behalf of Customer shall successfully complete the designated ISO-administered online training course on Virtual Transactions and/or TCCs one time, as applicable; provided, however, this requirement does not apply to a Transmission Owner as a result of its receipt of Net Auction Revenue.
- (c) **Operational Capabilities.** Customer shall have appropriate personnel resources and technical abilities to promptly and effectively respond to all ISO communications and directions related to settlements, billing, credit requirements, and other financial matters.
- (d) Financial Capabilities. Customer shall have appropriate experience and resources to satisfy its obligations to the ISO as they become due.

- (e) Capitalization. Customer, or its guarantor with the provision of an unlimited guaranty in compliance with Section 26.5.4 of this Attachment K, shall meet the minimum capitalization criteria set forth below or post additional security in accordance with the following:
- i. Maintain at least US \$10 million in assets or at least US \$1 million in tangible net worth as evidenced by Customer's or its guarantor's most recent audited annual financial statements; or
 - ii. If Customer is unable to meet the minimum capitalization criteria set forth in Section 26.1.1(d)(e)i of this Attachment K, post with the ISO either (1) \$200,000 to participate in any/all of the ISO-Administered Markets other than the TCC market, which security Customer may not use to support any ISO credit requirements, or (2) \$500,000 to participate in any/all of the ISO-Administered Markets including the TCC market, which security the Customer may not use to support any ISO credit requirements.

The ISO will independently verify that adequate capitalization is being maintained on an annual basis. In addition, if at any time a Customer that satisfied the capitalization requirement set forth in Section 26.1.1(d)(e) above by demonstrating compliance with the criteria set forth in Section 26.1.1(d)(e)i experiences a change in financial position such that Customer no longer satisfies these criteria, Customer shall notify the ISO promptly of this change in financial position and post the appropriate amount of security in accordance with Section 26.1.1(d)(e)ii of this Attachment K.

26.1.2 Annual Certification

Each Customer must demonstrate ongoing compliance with the minimum participation requirements set forth in Section 26.1.1 of this Attachment K by submitting to the ISO on or before April 30 of each year a notarized officer's certificate, signed by an authorized officer of Customer with signatory authority, in a form acceptable to the ISO, certifying that Customer is in compliance with each of the minimum participation requirements. Each NYISO applicant must submit an initial notarized officer's certificate with its Completed Application.

26.1.3 Verification of Risk Management Policies and Procedures

26.1.3.1 Scope

- (a) Each applicant applying to participate in the TCC market shall submit its risk management policies and procedures for verification prior to commencing any activity in the TCC market.
- (b) Each Customer that participates in the TCC market, except those Customers that solely own Grandfathered Rights, Grandfathered TCCs and/or Fixed Price TCCs, shall submit its risk management policies and procedures to the ISO annually by no later than April 30 of each calendar year.
- (c) Each Customer that participates in the TCC market and meets the criteria below shall be subject to annual verification:
 - i. does not solely own Grandfathered Rights, Grandfathered TCCs and/or Fixed Price TCCs, and
 - ii. has, for any month in the immediately preceding 36 months, had a concentration of negative or low positive TCCs. For purposes of this Section 26.1.3.1(c)(ii), a Customer shall be deemed to have a concentration of negative or low positive

TCCs if the net amount owed by the Customer to the ISO for “TCC Congestions Rents” on its consolidated invoices for the month is greater than \$0 or the net amount owed by the ISO to the Customer for “TCC Congestion Rents” on its consolidated invoices for the month is less than or equal to \$50,000.

- (d) For Customers that are not already subject to verification as detailed in Section 26.1.3.1(c), the ISO may select 10-20% of those Customers per year for review on a random basis. Customers randomly selected for risk management verification and satisfactorily verified shall be excluded from such verification based on a random selection for the subsequent two years.
- (e) A Customer notified by the ISO that it will be subject to verification shall, within two (2) business days of the Customer’s receipt of the ISO’s notice, submit to the ISO a copy of its current governing risk management policies and procedures.
- (f) Where a Customer has not made any material changes to its risk management policies and procedures since its last submission to the ISO, the Customer may submit a certificate to the ISO in lieu of resubmission of its risk management policies and procedures. The certificate must be in a form acceptable to the ISO, be signed by an authorized officer of the Customer, and state that the Customer’s risk management policies and procedures have not materially changed since its last submission.

26.1.3.2 Verification Standards and Process

The ISO will assess the Customer’s (or applicant’s) risk management policies and procedures to confirm those policies and procedures conform to the risk management standards

and practices set forth in this Section 26.1.3.2. Through such assessment, the ISO will verify that:

1. Customer's risk management framework is documented in a risk policy addressing market, credit and liquidity risks that have been approved by the Customer's risk management function, which includes appropriate corporate persons or bodies that are independent of the Customer's trading functions, such as a risk management committee, a designated risk officer, a Customer's board of directors or board committee, or, if applicable, a board of directors or board committee of a Customer's parent company.
2. Customer maintains an organizational structure with clearly defined roles and responsibilities that appropriately, and to the extent practical, segregate trading functions from risk management functions (*e.g.*, segregation of front, middle, and back office functions).
3. Customer has established delegations of authority specifying the transactions into which its traders are allowed to enter.
4. Customer ensures that its traders have adequate training and/or experience relative to their delegations of authority in the systems and markets in which they transact.
5. As appropriate, risk limits are in place to control risk exposures.
6. Reporting is in place to ensure that risks are adequately communicated throughout the organization.
7. Processes are in place for qualified independent review of trading activities.
8. As appropriate, there is periodic valuation or mark-to-market of risk positions.

A Customer subject to risk management verification and satisfactorily verified by the ISO shall inform the ISO of any material change in its risk management policies and procedures within five (5) business days of such change.

For each Customer subject to risk management verification, continued eligibility to participate in the ISO-Administered Markets is conditioned upon the ISO notifying the Customer of successful completion of the ISO's verification; *provided, however*, that if the ISO notifies the Customer in writing that the Customer's risk management policies and procedures did not satisfy the standards set forth in this Section 26.1.3.2, the Customer shall have 30 calendar days to submit revised risk management policies and procedures, which have been revised to address any deficiencies identified by the ISO, prior to the ISO declaring the Customer in default for failure to comply with the creditworthiness requirements of the ISO Tariffs. If, prior to the expiration of such 30 calendar days, the Customer demonstrates to the ISO that it has filed with the Commission an appeal of the ISO's risk management verification determination, then the Customer shall retain its transaction rights and not be declared in default for failure to comply with the creditworthiness requirements of the ISO Tariffs, pending the Commission's determination on the Customer's appeal.

The ISO may retain a third party to perform the review and verification function described in this Section 26.1.3.2. The ISO and any third party it may retain will treat as Confidential Information the documentation provided by a Customer under this Section 26.1.3.2, consistent with the applicable provisions of Attachment F to the ISO OATT.

The ISO shall have the right to charge a Customer subject to verification under this Section 26.1.3 for any costs incurred by the ISO related to the ISO's verification of the Customer's risk management policies and procedures.

26.1.4 ISO Review

A Customer or applicant seeking to become a Customer shall submit to the ISO any information or documentation reasonably required for the ISO to evaluate its experience and resources. If the ISO determines, based on its review of relevant information, that the applicant's participation in the ISO Administered Markets presents an unreasonable credit risk, the ISO may reject applicant's application, notwithstanding applicant's ability to meet other minimum participation criteria, registration requirements, and creditworthiness requirements. The ISO will provide the affected applicant with a written explanation of the reasons the ISO rejected the application. No action by the ISO pursuant to this Section 26.1.4 shall limit in any way the ISO's rights or authority under any other provisions of the ISO Tariffs or applicable law.

26.1.5 Additional Information

Each Customer shall submit to the ISO, upon request, any information or documentation reasonably required for the ISO to monitor and evaluate Customer's creditworthiness and compliance with requirements set forth in the ISO Tariffs, ISO Procedures, and/or ISO Agreements related to settlements, billing, credit requirements, and other financial matters.

26.2 Reporting Requirements

26.2.1 All Customers shall be required to comply with the reporting requirements in this Section 26.2.1

26.2.1.1 References

The ISO may require a Customer to provide references from one (1) bank and up to three (3) utilities. A Customer that does not have utility references, may substitute trade payable vendor references.

26.2.1.2 Prior Bankruptcy or Default

A Customer shall inform the ISO of any prior bankruptcy declarations or material defaults by the Customer or its predecessors, subsidiaries, or Affiliates occurring within the previous five (5) years.

26.2.1.3 Investigations

~~A~~ Unless prohibited by law, a Customer shall inform the ISO of the existence of any ongoing investigations of which the Customer is aware by the Securities and Exchange Commission, the Department of Justice, the Federal Energy Regulatory Commission, or the New York Public Service Commission which could have a material impact on the Customer's financial condition. Customer must take reasonable measures to obtain permission to disclose information related to a non-public investigation.

26.2.1.4 Material Change in Financial Status

A Customer shall inform the ISO of any material change in its financial status within five (5) business days, including but not limited to: (a) a downgrade of a long- or short-term debt rating by any ISO-approved rating agency; (b) placement on a negative credit watch by any ISO-

approved rating agency; (c) a bankruptcy filing, insolvency, or a default under any financing agreement; (d) resignation or termination of a key officer; (e) initiation of a lawsuit that could materially and adversely impact current or future financial performance; or (f) restatement of prior financial statements.

26.2.1.5 Change in Peak Load

A Load Serving Entity shall inform the ISO as soon as practicable if it expects its peak Load to increase by fifteen percent (15%) or more above its peak Load during the Prior Equivalent Capability Period.

26.2.1.6 Financial Statements

Customer shall keep on file with the ISO its most recent annual financial statements (including, but not limited to, balance sheet and income statement), which shall be submitted to the ISO annually within ten (10) days of such statements becoming available and within ninety (90) days of the end of the fiscal year of such Customer. If such financial statements are not audited, Customer shall submit with the financial statements a certification from an officer of the Customer, in a form acceptable to the ISO, certifying the accuracy of the financial statements.

If a Customer does not routinely prepare financial statements, Customer shall submit equivalent financial information annually, as required in the paragraph above, with a certification from an officer of the Customer certifying the accuracy of the financial information submitted, in forms acceptable to the ISO.

The ISO may grant an extension for the provision of the required financial information under this Section 26.2.1.6 upon a showing of good cause.

26.2.2 Customers Requesting Unsecured Credit

In addition to the reporting requirements in Section 26.2.1., above, a Customer requesting Unsecured Credit, including a request for an Equivalency Rating, shall be required to comply with the reporting requirements of this Section 26.2.2.

26.2.2.1 Financial Statements

A Customer requesting Unsecured Credit shall provide to the ISO audited annual financial statements from the most recent three (3) years and its recent quarterly financial statement. Thereafter, the Customer shall provide audited annual financial statements to the ISO within ten (10) days of such statements becoming available and within ninety (90) days of the end of each fiscal year and shall provide quarterly financial statements to the ISO within sixty (60) days of the end of each quarter. The ISO may grant an extension for the provision of quarterly and annual financial statements upon a showing of good cause.

26.2.2.2 Publicly-Traded Customer

A publicly-traded Customer shall provide financial statements on Form 10-K and 10-Q, respectively. A publicly-traded Customer shall also provide Form 8-K reports within five (5) business days of their issuance. Information available on EDGAR shall be deemed provided by a Customer that directs the ISO to obtain it there.

26.2.2.3 Privately-Held Customer

A Customer that is not publicly-traded shall provide financial statements that include a balance sheet including a statement of stockholders' equity, an income statement, a statement of cash flow, notes to the financial statement, and an unqualified auditor's opinion.

26.2.2.4 Government Entities

Notwithstanding Section 26.2.2.1 of this Attachment K, government entities that do not normally prepare quarterly financial statements shall not be required to provide them to qualify for Unsecured Credit.

26.5 Unsecured Credit

A Customer may use Unsecured Credit to satisfy any part of its Operating Requirement or Bidding Requirement other than (i) any credit requirement for bidding on or holding TCCs, (ii) the Projected True-Up Exposure Component, (iii) the Former RMR Generator Component, or (iv) a withdrawing Customer's required collateral. Affiliate guarantees are considered a form of Unsecured Credit.

Upon written request of a Customer, the ISO shall determine the amount of Unsecured Credit to be granted to the Customer, if any, in accordance with the ISO's creditworthiness requirements. Upon a Customer's written request, the ISO will provide a written explanation for any changes in the amount of the Customer's Unsecured Credit.

26.5.1 Eligibility

A Customer may be eligible to receive Unsecured Credit if the Customer meets the following criteria:

- (i) Creditworthiness
 - (a) is an Investment Grade Customer,
 - (b) is an Unrated Customer that is deemed an Investment Grade Customer pursuant to an Equivalency Rating, or
 - (c) provides an Affiliate guarantee in compliance with Section 26.5.4 of this Attachment K;

AND

- (ii) Payment History
 - (a) has actively participated in the ISO-Administered markets and paid when due all of its invoices during the immediately preceding six months, or

(b) has actively participated in the markets of another independent system operator or regional transmission organization and has paid when due all of its invoices during the immediately preceding six months. Any Customer relying on its payment history in another market to fulfill the requirement of this Section 26.5.1(ii) must provide evidence satisfactory to the ISO of such payment history.

Notwithstanding the foregoing, a Customer otherwise eligible for Unsecured Credit that fails to respond to the ISO's request to update the Customer's list of Affiliates, within the time frame provided by Section 9.2 of the ISO Services Tariff, shall not be eligible for Unsecured Credit.

26.5.2 Market Concentration Cap

A Customer's Unsecured Credit shall not exceed fifty million dollars (\$50M) (the "Market Concentration Cap"). Moreover, the maximum amount of Unsecured Credit extended to a group of Customers that are Affiliates shall not exceed, in the aggregate, the Market Concentration Cap.

26.5.3 Determination of Unsecured Credit

26.5.3.1 Starting Point

The starting point for determining the amount of Unsecured Credit to be granted to an Investment Grade Customer, except as provided otherwise in Section 26.5.3.6 of this Attachment K, shall be a percentage of its Tangible Net Worth, as indicated on the matrix contained in Table K-1, subject to the Market Concentration Cap.

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	7.5%
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%

26.5.3.2 Adjustment to Starting Point

The ISO shall conduct a Credit Assessment of the Customer and shall determine the amount of Unsecured Credit that it shall grant to the Customer by adjusting the Customer's starting point in accordance with the following table:

Starting Point Adjustment

Score Bucket	Public Score Range	Private Score Range	Starting Point Adjustment
1	0.00 – 0.33	0.00 – 0.31	0%
2	0.34 – 0.40	0.32 – 0.39	-20%

3	0.41 – 0.45	0.40 – 0.43	-50%
4	0.46 – 0.50	0.44 – 0.48	-80%
5	0.51+	0.49+	-100%

26.5.3.3 Adjustment to Unsecured Credit

- (a) In the event of a change in a Customer's (1) Tangible Net Worth, and/or (2) agency rating, the ISO shall recalculate the Customer's starting point and Unsecured Credit amount in accordance with Sections 26.5.3.1 and 26.5.3.2 of this Attachment K.
- (b) The ISO may conduct a Credit Assessment of a Customer at any time and adjust the amount of Unsecured Credit granted to the Customer in accordance with the following table:

**Unsecured Credit Adjustment
Current Credit Assessment Score Bucket**

Prior Credit Assessment Score Bucket	Score Bucket	1	2	3	4	5
	1	0%	-20%	-50%	-80%	-100%
	2	25%	0%	-38%	-75%	-100%
	3	100%	60%	0%	-60%	-100%
	4	400%	300%	150%	0%	-100%
	5	N/A	N/A	N/A	N/A	N/A

26.5.3.4 Restoration of Unsecured Credit

A Customer that is subject to a 100% reduction of Unsecured Credit shall not be eligible for Unsecured Credit again until the Customer demonstrates two consecutive quarters of

financial performance that would otherwise have qualified the Customer for Unsecured Credit in accordance with Sections 26.5.3.1 and 26.5.3.2 of this Attachment K.

26.5.3.5 Credit Assessment

- (a) In performing a Credit Assessment, the ISO shall evaluate specified indicators of credit risk pertaining to a Customer, which indicators will vary depending on whether the Customer is categorized by the ISO as a private entity or a public entity. The ISO shall categorize a Customer as private or public, for Credit Assessment purposes, in accordance with the following criteria:

Primary Criteria	Secondary Criteria	Credit Assessment Category
Standalone public trading company	None	Public
Subsidiary of a public company with its parent company as guarantor	None	Public
Subsidiary of a public company	With assets greater than US\$10B	Public
Subsidiary of a public company	Contributes 50% or more of its parent company's revenues or accounts for 50% or more of its assets	Public
Subsidiary of a public company	Contributes less than 50% of its parent company's revenues or represents less than 50% of its assets	Private
Does not satisfy the criteria listed above	None	Private

- (b) The ISO shall determine the Credit Assessment score for a Customer based upon the market and financial indicators and weightings, as appropriate, set forth below.

Public Entity Indicators	Weight
▪ Market Indicators	
• Absolute CDS Spread	21.3%
• Relative Stock Decline from 3 month high	4.3%
• Stock Return Volatility (3 month std. deviation)	12.7%
▪ Size	
• Total Assets	12.7%
▪ Performance	
• Retained Earnings/Assets	8.5%
▪ Debt Coverage	
• Total Debt/EBITDA	12.7%
▪ Leverage	
• Debt/(Total Debt + Equity)	8.5%
▪ Liquidity	
• Cash/Assets	4.3%
▪ Qualitative Assessment	15.0%

Private Entity Indicators	Weight
▪ Performance	
• Return on Assets	17.5%
• Profit Margin	10.5%
▪ Debt Coverage	
• Total Debt/EBITDA	17.5%
▪ Leverage	

- Total Debt/Total Assets 17.5%
 - Liquidity
 - Cash/Assets 7.0%
 - Qualitative Assessment 30.0%
- (c) If one or more of the indicators listed above does not exist for a Customer, then the ISO shall, in its sole discretion, reallocate the weight attributed to that indicator either (1) to the remaining indicators proportionately, or (2) entirely to the qualitative assessment indicator.
- (d) The qualitative areas evaluated shall include, but shall not be limited to, the following (as applicable): (1) Affiliate financial and market indicators, (2) ratemaking ability and legal right to fully recover end-user costs, (3) industry characteristics, (4) risk policies and procedures, (5) management quality, (6) ability to access funding in difficult market conditions, and (7) historical relationship and payment history with the ISO. A Transmission Owner that can recover end-user costs pursuant to authority granted by the PSC will receive a qualitative assessment score of no worse than five.

26.5.3.6 Public Power Entities

The following additional provisions shall apply to the determination of a Customer's Unsecured Credit:

- (a) A Public Power Entity shall qualify for one million dollars (\$1M) in Unsecured Credit, without regard for its Tangible Net Worth or Credit Assessment.
- Municipal electric systems that operate through a joint action agency or a similar

municipal affiliation agreement may aggregate their Unsecured Credit amounts of one million dollars (\$1M) per member such that the joint action agency will have an Unsecured Credit amount, subject to the Market Concentration Cap, equal to the total of the Unsecured Credit amounts of each individual member. Each such agency will qualify for such aggregated Unsecured Credit treatment subject to the ISO's review of the particular affiliation agreement and the ISO's review of documentation submitted by the agency to demonstrate that it has been formed under the pertinent sections of the New York State Municipal Law.

- (b) In lieu of a one million dollar (\$1M) grant of Unsecured Credit, a Public Power Entity may request Unsecured Credit based on its Tangible Net Worth and Credit Assessment. In such case, the ISO will consider the Public Power Entity a private entity for Credit Assessment purposes.

26.5.4 Affiliate Guarantees

26.5.4.1 Eligibility

An Affiliate guarantor shall be subject to the ISO's financial assurance requirements as if the Affiliate guarantor were a Customer and shall be assigned a level of Unsecured Credit, if any.

26.5.4.2 Use for Satisfaction of Minimum Capitalization Requirements

A Customer may use an Affiliate guarantor's financial statements to satisfy the capitalization requirement set forth in Section 26.1.1(ed) of this Attachment K if (i) no other Customer relies on the Affiliate guarantor's financial statements to satisfy the capitalization requirement, and (ii) the Customer provides an unlimited Affiliate guarantee that satisfies the requirements set forth in Section 26.5.4.3 of this Attachment K. If a Customer provides an Affiliate guarantee solely to satisfy its capitalization requirement, the Affiliate guarantor,

notwithstanding Section 26.5.4.1 of this Attachment K, shall not be subject to the ISO financial assurance requirements.

26.5.4.3 Form of Affiliate Guarantee

An Affiliate guarantee must be in a form acceptable to the ISO and issued by an Investment Grade U.S. or Canadian Affiliate. A Customer's failure to provide a source of collateral in an amount sufficient to (i) secure its obligations to the ISO and/or (ii) as applicable, secure its capitalization requirement pursuant to Section 26.1.1(ed) of this Attachment K, fifty (50) days prior to the termination of an Affiliate guarantee, which source of collateral shall be guaranteed to remain in effect for a period of not less than one (1) year, shall be a condition of default enabling the ISO to immediately demand payment under the Affiliate guarantee in the amount required to meet Customer's ISO credit requirements, and/or, as applicable, the amount required to secure Customer's capitalization requirement.

26.5.5 Requests for Changes, Appeals

Requests for changes to the amount of a Customer's Unsecured Credit shall be made in writing to the ISO Credit Manager. Appeals of any decision regarding a Customer's Unsecured Credit shall be made in writing to the ISO's Chief Financial Officer and shall include all necessary supporting documentation. The Chief Financial Officer shall determine all appeals within ten (10) business days.

26.14 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) Customer's failure to timely cure its default under the ISO Tariffs or the tariffs of another independent system operator or regional transmission organization, (c) the issuance of a notice of alleged violation or show cause order, imposition of a sanction or other administrative order by the Federal Energy Regulatory Commission, the Commodity Futures Trading Commission, Environmental Protection Agency, New York State Public Service Commission, New York State Department of Environmental Conservation or any other regulatory body, independent system operator, or regional transmission organization, including the ISO, which could have a material adverse effect on the Customer's financial condition, (d) a downgrade of an Equivalency Rating, (e) a significant change in the Customer's "Expected Default Frequency (EDF)" as determined by Moody's KMV CreditEdge, (f) a significant variation in the Customer's credit evaluation, (g) a significant increase in a Customer's credit default swap (CDS) spreads, ~~or~~ (h) a significant decline in a Customer's market capitalization, or (i) an event or circumstance indicating that the Customer may present an unreasonable credit risk to the ISO Administered Markets, which may be identified based on the material Customer provides to the ISO pursuant to Section 26.1.4 of Attachment K of the ISO Services Tariff. In the event the ISO invokes its rights pursuant to this Section 26.14, the ISO will provide the affected Customer with a written explanation of the reasons the ISO declared a material adverse change.