

## **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.

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(d) 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:

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i. Maintain US \$10 million in assets or US \$1 million in tangible net worth as evidenced by Customer's or its guarantor's most recent audited financial statements; or

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ii. If Customer is unable to meet the minimum capitalization criteria set forth in Section 26.1.1(d)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.

In addition, if at any time a Customer that satisfied the capitalization requirement set forth in Section 26.1.1(d) above by demonstrating compliance with the criteria set forth in Section 26.1.1(d)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)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 Customer must submit an initial notarized officer's certificate that complies with this Section 26.1.2 by October 1, 2011. Moreover, each NYISO applicant must submit an initial notarized officer's certificate with its Completed Application.

### **26.1.3 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.

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