

## **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, (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.