

SCHEDULE 18 – ATTACHMENT L

Creditworthiness Procedures

I. Overview

The creditworthiness of each Transmission Customer seeking MTF Service must be established before receiving service from the MTF Provider. The MTF Provider shall make this credit review in accordance with procedures based on specific quantitative and qualitative criteria to determine the level of secured and unsecured credit required from the Transmission Customer. A summary of the MTF Provider's Creditworthiness Requirements are described in this Attachment L to Schedule 18. ~~The specific credit review criteria shall be described~~ Detailed information regarding the MTF Provider's Creditworthiness Requirements is available in the MTF Provider's Business Practices as posted on the MTF Transmission Provider Page on the OASIS.

II. Financial Information

Transmission Customers requesting MTF Service will be required to provide credit rating and financial information as part of the Credit Application for MTF Service. Required information ~~will~~may include: (a) all current credit rating reports from commercially accepted credit rating agencies including Standard and Poor's Inc. ("S&P"), Moody's Investors Service ("Moody's"), and Fitch Ratings ("Fitch"); (b) financial statements audited by a registered independent auditor; and (c) references from banks and utilities/vendors. ~~The specific financial information required is described in the MTF Provider's Credit Application and Business Practices, as posted on the MTF Transmission Provider Page on the OASIS.~~

III. Creditworthiness Requirements and Process

Transmission Customers, rated and un-rated, will be required to meet the creditworthiness requirements specified in this Attachment L to Schedule 18 and the MTF Business Practices.

Credit rating and financial information provided by Transmission Customers that would be used to establish creditworthiness include investment grade ratings for senior unsecured long-term debt and ratio analyses of audited financial statements. If the Customer does not meet the MTF Provider's creditworthiness requirements, the MTF Provider (at its discretion) may establish a credit limit for that Customer equal to the financial assurance (*i.e.*, the security deposit) required from all Transmission Customers, as specified in this Attachment L to Schedule 18 and the MTF Provider's Business Practices ~~and as described in Section IV below.~~

The MTF Provider shall use the following criteria in reviewing the creditworthiness of Transmission Customers:

1. The Transmission Customer must meet and maintain the credit and financial assurance requirements applicable to market participants as established by ISO New England Inc.; and
2. The Transmission Customer must not be in default of any amounts owed to any MTF Providers.

If the Transmission Customer does not qualify using the above requirements, the MTF Provider may consider other qualitative factors on a case-by-case basis. The specific factors will depend upon the MTF Provider's Business Practices, and may include billing history and the Transmission Customer's anticipated use of the MTF service.

A. Procedure for Determining Creditworthiness

The MTF Service Credit Application is posted on the MTF Provider's OASIS and is available for download. The Credit Application may be submitted along with the Application for MTF Transmission Service. Because the amount of time required to complete the credit review varies widely, it is recommended that credit applications be submitted at least ten (10) business days before the Transmission Customer takes service

for the first time. As part of the credit review process, the MTF Provider will assign a credit limit to each Transmission Customer. For a customer that holds a below investment grade rating from either S&P, Moody's or Fitch, or is not rated by any of those three rating agencies, the assigned credit limit will be the amount of the security deposit posted by such customer. For a customer that is rated by one or more of S&P, Moody's or Fitch and holds an investment grade rating from each agency that rates that customer, the credit limit will be established using standard commercial practices on a case-by-case basis based on an estimate of the customer's anticipated use of MTF Service.

IV. Financial Assurance

All Transmission Customers requesting MTF Service are required to submit a security deposit to the MTF Provider. ~~The specific security deposit amounts are specified in the MTF Provider's Business Practices, as posted on the MTF Transmission Provider Page on the OASIS.~~
For customers executing a Blanket MTF Transmission Service Agreement, the minimum security deposit shall be \$100,000.00, provided, however, that customers may choose to provide a higher security deposit. For customers executing a transaction-specific MTF Transmission Service Agreement, the security deposit requirement shall be determined on a case-by-case basis, the maximum security deposit that may be charged is equal to the cost of the Reserved Capacity over the MTF for the duration of the specific transaction. Security deposits will be held in separate accounts. Account statements will be provided to the customer on an annual basis upon request.

V. Credit Levels

Transmission Customers meeting the above Creditworthiness Requirements will be extended credit based on levels specified in the MTF Provider's Business Practices. Transmission

Customers that do not meet the MTF Provider's creditworthiness requirements will not receive unsecured credit from the MTF Provider.

The MTF Provider will monitor the credit status of all approved customers and may modify credit limits (higher or lower) for such customer to the extent that company circumstances or service changes occur. In the event that a customer is downgraded such that it holds a below investment grade rating from S&P, Moody's or Fitch, or is not rated by any of the three agencies, the customer's credit limit shall be immediately reduced to the amount of security deposit posted by that customer.

VI. Contesting Creditworthiness Determination

Should the MTF Provider reject a credit application, the MTF Provider will provide the customer the reasons for the rejection and an opportunity to revise and resubmit the credit application to address the identified deficiencies. Transmission Customers may also contest the MTF Provider's determination of creditworthiness by submitting a written request for re-evaluation within the time specified in the MTF Provider's Business Practices. Such request should provide information supporting the basis for a request to re-evaluate a Transmission Customer's creditworthiness. The MTF Provider will review and respond to the request under the procedures outlined in this Attachment L to Schedule 18 and the MTF Provider's Business Practices.

VII. Procedures for Changes in Credit Levels and Collateral Requirements

The MTF Provider will immediately notify customers of any modifications to credit limits or required security deposits. Upon request, the MTF Provider will provide customers a written explanation for any change in credit limits or required security deposits, including an opportunity to cure any credit deficiencies within a specified time period.

~~The MTF Provider shall provide reasonable advance notice of changes to the credit levels and/or collateral requirements. A Customer may request the MTF Provider to provide an explanation of the reasons for the change. The specific procedures for changes in credit levels and collateral~~

~~requirements are detailed in the MTF Provider's Business Practices, as posted on the MTF Transmission Provider Page on the OASIS.~~

VIII. Posting Collateral Requirements

In the event that the MTF Providers revises the level of collateral required (e.g., security deposit) as a result of changes to the Transmission Customer's financial information, the MTF Provider's criteria, or other events that result in the Transmission Customer being determined to be non-creditworthy, the Transmission Customer shall have the opportunity to cure such deficiency consistent with the procedures in this Attachment L to Schedule 18 and the MTF Provider's Business Practices, as posted on the MTF Transmission Provider Page on the OASIS.

IX. Additional Requirements

Along with the above criteria for determining creditworthiness, the MTF Provider may require the Transmission Customer to fulfill additional conditions under the MTF Provider's Business Practices, as posted on the MTF Transmission Provider Page on the OASIS.