

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. 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.

~~**Table K-1—Tangible Net Worth Credit Matrix**~~

Customer Rating	Starting Point for Determining Unsecured Credit
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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%