

PSC No: 120 - Electricity
New York State Electric and Gas Corporation
Initial Effective Date: December 1, 2003

Leaf No. 84
Revision: 0
Superseding Revision:

GENERAL INFORMATION

16. Customer Advantage Program - General Retail Access: (Cont'd.)

E. ESCO or DC Participation: (Cont'd.)

7. Creditworthiness Standards: (Cont'd.)

(c) Credit Exposure/Security Calculation

If the ESCO meets the credit requirements in Section (b), or a DC receives a waiver as set forth in Section (e) below, no security may be required. If the ESCO does not meet the credit requirements in Section (b), or the DC does not qualify for a waiver of the requirements of Section (e), security in an amount equal to the Credit Exposure may be sought and provided in a form as set forth in Section (d) below.

Credit Exposure - Electric Imbalances

The maximum security associated with the electric imbalance risk of the utility may be no more than as determined by: (a) the maximum daily quantity (kWh) of an ESCO's Eligible Customers' projected aggregate consumption (or DC projected consumption) over the next 12 consecutive months; (b) priced at the highest month's average daily spot market price, for the area in which the ESCO's Eligible Customers (or the DC) are located, during the previous 12 consecutive months; and (c) times 30 days. If an average daily spot market price is not available for the previous 12 consecutive months, the average shall be for the period in which such data does exist. If the NYISO is not operational, the spot price will be the average wholesale market clearing price for the area. When the NYISO is operational, the spot price will be the Locational Based Marginal Price ("LBMP").

(d) Security Instruments

Upon notification by NYSEG that an ESCO/DC has failed to satisfy the credit requirements or, subsequently, while providing service to Eligible Customers, no longer satisfies the credit requirements, such ESCO/DC may still obtain or retain credit approval from NYSEG if it pays any outstanding balance due NYSEG for services rendered and elects to provide one of the following, as mutually agreed by the parties:

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York