

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: March 1, 2004
Issued under the authority of the PSC in Case Nos. 02-E-0198 and 02-G-0199, issued and effective March 7, 2003

Leaf No. 160.13
Revision: 0
Superseding Revision:

GENERAL INFORMATION

11. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

- vi. RG&E's credit evaluation must be completed within ten (10) calendar days after RG&E receives the completed application. RG&E will provide the rationale for its credit determination and the calculation supporting the credit limit and any resulting security requirement (as discussed in Section 11.D.7(c)). RG&E will perform its credit evaluation and associated security calculation in a non-discriminatory manner.

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

- i. An advance deposit or prepayment;
- ii. A standby irrevocable letter of credit issued by a bank, or other financial institution with at least an "A" bond rating;
- iii. Security interest in collateral found to be satisfactory to RG&E;
- iv. A guarantee, acceptable to RG&E, by another party or entity with a satisfactory credit rating of at least "BBB" by S&P, "Baa2" by Moody's or "BBB" by Fitch;
- v. Upon a mutual agreement between RG&E and the ESCO, a Lockbox Mechanism as described in Section 11.D.7(f) below (not applicable to Direct Customers).
- vi. A surety bond from an insurance company with a long-term financial strength of at least an "A" rating; or,
- vii. Other mutually acceptable means of providing or establishing adequate security.

If the rating of a bank or financial institution or an insurance company from whom an ESCO/DC has obtained a letter of credit or surety bond falls below an "A" rating, the ESCO/DC must provide notice to RG&E of the same, and shall have five (5) calendar days to obtain a substitute letter of credit or surety bond from a bank or financial institution or an insurance company with at least an "A" rating.

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