

NAESB Creditworthy Standards Development Process

Draft proposal by the representatives of the following:

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II. C. Types of Credit Alternatives:

z10 For the Service Requester (SR) to receive initial service or to continue service from a Transportation Service Provider (TSP), the SR should be (1) creditworthy in accordance with TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ standard (z11), (2) current on all undisputed payments to the TSP for service, and (3) otherwise in compliance with the TSP's service agreement.

z11. In the event the Service Requester (SR) is determined to be non-creditworthy by a Transportation Service Provider (TSP), at the SR's option the SR should provide one or more of the following forms of credit alternative(s) to receive initial service or continue to receive service:

- (i) guarantee;
- (ii) an irrevocable letter of credit; or
- (iii) prepayment of service.;

Such credit alternatives(s) should be commercially reasonable and acceptable to the TSP, provided that TSP's acceptance should not be unreasonably withheld. The TSP and SR will mutually agree that the SR may provide other forms of credit alternatives, including but not limited to security interest(s) and cash security deposit(s). An entity that provides a guarantee or an irrevocable letter of credit must be deemed creditworthy by the TSP in accordance with the TSP's tariff.

z12. The value of any form of credit alternative(s) identified in NAESB WGQ standard [z10] and provided by a Service Requester (SR) to the Transportation Service Provider (TSP) in order for SR to receive or continue to receive service, shall not exceed the cost of providing three months of service to the SR.

z13. The Transportation Service Provider (TSP) should pay interest to the Service Requester (SR) on all of the SR's prepayments or cash security deposits held by the TSP. Alternatively, the TSP should give the SR the option to designate an escrow account where the TSP may gain access to payments for TSP's services provided to the SR in the event the SR fails to make such payments.

C. 1. Customer Initiated Creditworthiness Reevaluation

z14. A Service Requester (SR) that has furnished credit assurance(s) identified in NAESB WGQ Proposed Standard Z.11 to the Transportation Service Provider (TSP) may initiate a credit status re-evaluation by the TSP at any time, provided that the SR's reevaluation request cannot be made earlier than 30 days after the previous credit evaluation unless a substantial event has occurred that, in the opinion of the SR, would lead to a change in the SR's credit status.

z15. A Transportation Service Provider (TSP) should provide the SR with written notification of its re-evaluated credit determination within [x] business days. (NOTE – no more than the amount of time as initial evaluation process).