

1.0.1 Overall Principles

- 1.0.1.1 ~~The c~~Credit risks should not be shifted between a Supplier and Distribution Company without mutual agreement, appropriate compensation, or both.
- 1.0.1.2 Procedures for a Supplier and Distribution Company to establish creditworthiness with one another should be published so that applicants know the requirements prior to applying for credit.
- 1.0.1.3 Creditworthiness procedures for implementing retail access, evaluation of creditworthiness and granting of credit should be performed in a non-discriminatory manner, consistent with standard commercial practices.
- 1.0.1.4 Creditworthiness procedures should be efficient to minimize the time and effort required by the parties to start/maintain a working relationship.
- 1.0.1.5 The evaluation process and methodology for determining credit limits and risk exposure should be approved by the Applicable Regulatory Authority and clearly stated in the appropriate Governing Document

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1.1.1 ~~Initial Creditworthiness Determination~~ Initial -Unsecured Credit Limit Principles

- 1.1.1.1 ~~The Creditor should perform its credit evaluation and associated security calculation in a non-discriminatory manner (in 1.0.1.3)~~
- 1.1.1.2 ~~The evaluation process and methodology should be approved by the Applicable Regulatory Authority and clearly stated in the appropriate Governing Document (MOVE TO OVERALL)~~
- 1.1.1.3 The Creditor should be prepared to provide the rationale for its determination of the Applicant's level of unsecured ~~creditworthiness~~ credit limit.
- 1.1.1.4 ~~The Creditor should be prepared to provide the rationale for its determination of the risk exposure associated with the Applicant.~~

1.2 Reconsideration of Unsecured Credit Limit

1.2.1 Principles

- 1.2.1.1 ~~An Applicant should be granted an opportunity to challenge an unfavorable determination.~~
- 1.2.1.1 Deleted

1.2.1.2 Deleted

1.2.1.3 The frequency of ~~challenging creditworthiness determinations or requesting reconsideration,~~ absent a material change in the Applicant's credit rating or financial condition, should be limited to avoid overburdening the parties.

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- 1.2.1.4 Creditworthiness re-evaluations should be performed promptly.
- 1.2.1.5 Either party should have the ability to request a reevaluation of creditworthiness when the Applicant's credit situation changes significantly.
- 1.2.1.6 The procedures and criteria used to perform a re-evaluation of creditworthiness should be the same as used for the initial determination.
- 1.2.1.7 The Applicant should notify the Creditor promptly of any material adverse change in its credit rating or financial condition.
- 1.2.1.8 When the Creditor is the Distribution Company (or similar regulated entity), there should be an expedited process for the Applicant to bring their challenge of a creditworthiness determination before the applicable regulatory body.

1.3 Disqualification/Remedies

1.3.1 Principles

- 1.3.1.1 When an adverse change in a Applicant's credit standing causes the Applicant to no longer qualify for unsecured credit from the Creditor, the Creditor has the right to require security, prepayment, or a deposit as specified herein.
- 1.3.1.2 The amount of security required should be proportional to the value of the Creditor's exposure.
- 1.3.1.3 If the Creditor's exposure exceeds the value provided for by the current security provided by the Applicant, the Creditor may require additional security appropriate to the amount of additional exposure.
- 1.3.1.4 The Creditor should be able to reduce or terminate their business relationship with an Applicant who fails to maintain required security.

1.4 ~~Appropriate Credit~~ Determination of Risk Limits Exposure

1.4.1 Principles

- 1.4.1.1 Creditors may not unreasonably deny credit to an Applicant.
- 1.4.1.2 The Creditor should not unduly discriminate in extending credit to Applicants. Similarly situated Applicants should receive similar credit limits.
- 1.4.1.3 The Creditor should be prepared to provide the rationale for its determination of the Applicant's level of unsecured creditworthiness.
- 1.4.1.4 The Creditor should be prepared to provide the rationale for its determination of the risk exposure associated with the Applicant.

1.5 Security Instruments

1.5.1 Principles

- 1.5.1.1 Security instruments provide a means for a party to reasonably ensure that funds will be available to pay for acquired services in the event of default on payment for those services.
- 1.5.1.2 Creditors should provide alternative means for Applicants who do not qualify for unsecured credit to establish creditworthiness with the Creditor through conventional security instruments.

1.6 Calling on Security

1.6.1 Principles

- 1.6.1.1 Creditors should be able to call on the security posted by the Applicant when the Applicant defaults.
- 1.6.1.2 The Applicant should be provided with a reasonable cure period before the Creditor calls on the security.

1.7 Confidentiality

1.7.1 Principles

- 1.7.1.1 The information content of the creditworthiness process should be deemed confidential and not subject to public disclosure.
- 1.7.1.2 The fact that an Applicant has applied for credit with a Creditor should be deemed confidential and not subject to public disclosure.
- 1.7.1.3 Any Confidential Information Provided should be used only for the purpose of establishing the Applicant's financial status in order to enable the parties to enter into contracts for the products/services to be provided.
- 1.7.1.4 If non-public information must be disclosed to the Applicable Regulatory Authority steps should be taken to insure the confidentiality of the information should be maintained consistent with the Applicable Regulatory Authority's rules and regulations.
- 1.7.1.5 (Add statement about credit reporting?)

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