



PSEG Long Island Aggregator Eligibility Requirements

AGGREGATOR ELIGIBILITY REQUIREMENTS

Aggregators must meet the following requirements in order to participate in PSEG Long Island's Commercial System Relief Program and the Distribution Load Relief Program (collectively the "Program"). These requirements do not apply to PSEG Long Island's customers who aggregate and enroll accounts at multiple locations where they own or operate the facilities.

Aggregators must be able to demonstrate that they can comply with each of the following requirements:

1. Aggregators must have systems and processes in place to be able to respond to demand response events pursuant to notification through PSEG Long Island's prescribed notification system;
2. Aggregators must have systems and processes in place to ensure that enrolled customers respond to demand response events within demand response Program-specific required time periods; and
3. Aggregators must have systems and processes in place to electronically submit enrollments to PSEG Long Island using the enrollment system established and modified by PSEG Long Island.

PSEG Long Island shall have the right to review aggregator eligibility and processes to ensure that these requirements are met.

Eligibility Operating Procedures and Additional Requirements

1. Unless indicated otherwise, Aggregators seeking to participate in the Program must meet all eligibility criteria by the application deadline to be eligible to submit enrollments. Each Aggregator must complete and submit an application package, which can be found on PSEG Long Island's website ("www.psegliny.com"), containing PSEG Long Island's Program Application.
2. If an Aggregator does not meet the required eligibility criteria by the enrollment deadline, it can submit enrollments for the next available enrollment deadline per the Dynamic Load Management tariff, as long as it has met the required eligibility criteria by the next deadline.
3. PSEG Long Island will advise the Aggregator, by e-mail, if the submitted information meets the Dynamic Load Management tariff requirements.
4. An Aggregator shall notify PSEG Long Island of any major changes in the information submitted within seven (7) calendar days of such change.
5. An Aggregator shall advise PSEG Long Island within seven (7) calendar days of

- any change in an enrolled customer's pledged load relief.
6. The load relief obligation and performance during any test or events shall be based on the original contract amount.
 7. Aggregators must provide PSEG Long Island with the name, title, phone number, and email address of each authorized customer enrolled in their program.
 8. Aggregators must accurately describe any services and products they offer to PSEG Long Island customers and may not engage in any form of misleading or deceptive marketing conduct as defined by State or Federal law, or by LIPA.
 - 8.1. Customer complaints concerning marketing practices will be investigated by PSEG Long Island or an Aggregator within seven (7) calendar days of receipt of the complaint.
 - 8.2. Complaints concerning marketing practices that cannot be resolved by PSEG Long Island or the Aggregator will be referred to the New York State Department of Public Service Office of Consumer Services.
 - 8.3. Aggregators found to be marketing non-existent services to PSEG Long Island customers or that are using deceptive marketing practices as determined by PSEG Long Island or the New York State Department of Public Service Office of Consumer Services may be suspended from enrolling new customers until the violations are corrected. Customers currently being served by the suspended Aggregator will be informed by PSEG Long Island of the availability of additional participating demand response Aggregators.
 - 8.4. If an Aggregator exits the Program during the Capability Period, PSEG Long Island may reach out to the Aggregator's customers and encourage them to participate in the Program.
 9. Aggregator requests to PSEG Long Island for customer information and usage data must be accompanied by a valid Letter of Authorization ("LOA") executed by the customer, containing the customer's name, address of the facility for which the information is being requested, the customer's PSEG Long Island electric account number, and a statement that the information being requested is for the purpose of participating in the Program.
 10. An Aggregator must maintain proof that each customer has been informed of its enrollment in the Program. If the Aggregator is unable to furnish such proof upon request by PSEG Long Island, payments to the Aggregator for that customer will be withheld until the Aggregator is able to provide the required proof. The burden of proof can be met by including the required information in the contract entered into with a customer and/or by any record of communication with a customer such as e-mail, fax, or recorded conversations.
 11. Aggregators must maintain legally binding customer contracts for customers

they enroll in the Program. An Aggregator may be required to provide to PSEG Long Island any contract for a customer that is part of the Aggregator's current year's capability period portfolio.

11.1. If proof of an Aggregator's customer contract is needed, PSEG Long Island will notify the Aggregator with a formal request through e-mail.

11.2. Aggregator shall provide the requested information to PSEG Long Island within seven (7) calendar days of the request.

12. If multiple Aggregators claim to have enrolled the same customer for the same Capability period, PSEG Long Island may review the customer's contract with one or more Aggregators to settle the dispute as to who has the right to represent a customer in PSEG Long Island's Program.

12.1 If only one Aggregator is able to provide a contract allowing it to enroll the customer in question into the Program that is in conflict, then that Aggregator will be permitted to represent that customer.

12.2 If more than one Aggregator is able to provide a valid contract allowing it to enroll the customer in question into the Program that is in conflict, then the final authorization will be at the customer's discretion.

12.3 If no Aggregator is able to provide a valid contract for the customer, then the program enrollment that is in conflict for those Aggregators will be rejected.

12.4 If payments were made for all or part of the current year's capability period to an Aggregator that was found to not have a valid contract with a customer, then the payments for that year, or part of that year, may be adjusted to reflect only enrollments for which that Aggregator processes a valid contract.

13. Non-compliance with one or more of the Aggregator Requirements or Eligibility Operating Procedures set forth in this document may result in the denial or revocation of an Aggregator's eligibility to participate in PSEG Long Island's Program.

Aggregator Credit Requirements

1. An Aggregator, or its Guarantor, as appropriate, shall meet the Minimum Credit Rating from Standard & Poor’s or Moody’s as set forth below **or** post security in accordance with the following:

Aggregator and/or Guarantor Credit Requirements	
Aggregators/Guarantors must satisfy one (1) of the requirements	Minimum Required Level
Letter of Credit with PSEG Long Island or	Reservation payment (\$/kW/mo) multiplied by cumulative kW contracted load reduction multiplied by 5 (number of months in Capability Period)

2. **Letter of Credit.** An Aggregator shall provide a Letter of Credit to satisfy the Aggregator Credit Requirements; that Letter of Credit must be in the form attached hereto as Attachment A (“Letter of Credit”).

- 2.1. PSEG Long Island may return or agree to cancel the Letter of Credit by the end of the calendar year after the end of the Capability Period. PSEG Long Island reserves the right to draw down the penalty amount from the Letter of Credit.

3. **Failure to comply with Aggregator Credit Requirements.** If an Aggregator fails to comply with the Aggregator Credit Requirements outlined above, PSEG Long Island reserves the right to suspend reservation and performance payments for the Aggregator’s entire portfolio for the program until the Aggregator is in compliance with the Aggregator Credit Requirements.

If payment to an Aggregator is suspended due to noncompliance with the Credit Requirements, the Aggregator shall nonetheless continue to comply with all other terms of the Dynamic Load Management program. Once the Aggregator successfully re-establishes compliance, the Aggregator’s portfolio will be paid reservation and performance payments starting in the next full month in which the Aggregator participates. The Aggregator will also be paid retroactively for payments that were due while the Aggregator’s portfolio was suspended.

4. **Exiting the Program.** If an Aggregator exits the Program (such that the Aggregator will no longer notify customers of demand response Events), the Aggregator shall notify PSEG Long Island in writing 30 calendar days in advance of exiting the Program if the Aggregator’s exit date falls within the Capability Period.

- 4.1. Upon: (i) receiving an exit notification from an Aggregator; or (ii) an Aggregator failing to comply with the Aggregator Eligibility Criteria, PSEG Long Island will inform the Aggregator's current customers (if the exit takes place during a Capability period) or its customers from the previous capability period and other participating Aggregators of the Aggregator's intention to exit PSEG Long Island's Program.
- 4.2. If an Aggregator exits during a Capability Period, its approved enrolled customers will have the opportunity to enroll with a different Aggregator that is participating in the Capability Period.
5. PSEG Long Island reserves the right to draw upon an Aggregator's Letter of Credit if the Aggregator fails to pay PSEG Long Island customers.
6. Aggregators shall demonstrate compliance with the Aggregator Credit Requirements on an annual basis.

Attachment A – Letter of Credit

1. Security.

- (a) Letter of Credit. After receiving approval for an Aggregator's Dynamic Load Management portfolio from PSEG Long Island, if the Aggregator selects the letter of credit (the "**Letter of Credit**") option under the Aggregator Financial Requirements, Aggregator shall cause a **Letter of Credit** in the amount specified in Section 1 of the Aggregator Credit Requirements (the "**Minimum L/C Amount**"), for the benefit of PSEG Long Island and satisfying the "**Letter of Credit Requirements**" set forth in Section 1(b) of this Attachment A, to be furnished to PSEG Long Island, by May 1st of each Capability Period. The Letter of Credit may be drawn against by PSEG Long Island (partial drawings shall be permitted) for the failure to remain an active Aggregator (including maintaining compliance with all Aggregator Eligibility Criteria) during a Capability Period for which that Aggregator has committed load reduction in PSEG Long Island's Program or the failure to provide a substitute Letter of Credit pursuant to Section 1(c) of this Attachment A (either a "**Failure**" or "**Event of Default**"). The Letter of Credit shall have an expiration date no earlier than (or be renewed or amended, or replaced with a substitute Letter of Credit, to have an expiration date no earlier than the end of the Capability period year (as such term is defined in the LIPA Tariff in which that Aggregator is participating) (the "**Required L/C Expiration Date**").
- (b) Letter of Credit Requirements. The Letter of Credit shall be an Irrevocable, Standby Letter of Credit issued by an Eligible Bank (the "**Issuer**"), which, has counters for presentment and payment located in PSEG Long Island's service territory or accepts Requests to Draw (as defined below) via fax, and which Letter of Credit is in the form of Attachment A
- (c) Substitute Letter of Credit. If, at any time prior to the Required L/C Expiration Date, the Issuer suffers a Downgrade Event or such Issuer repudiates its obligations under the Letter of Credit, or fails to honor or pay against the Letter of Credit in accordance with the terms of the Letter of Credit, Aggregator shall cause to be furnished to PSEG Long Island a substitute Letter of Credit from a separate Issuer within five (5) Business Days after PSEG Long Island has provided written notice to Aggregator demanding such substitute Letter of Credit.

If at any time prior to the Required L/C Expiration Date, PSEG Long Island draws upon the Letter of Credit, then Aggregator, within five (5) Business Days after such drawing, shall cause to be furnished to PSEG Long Island a substitute Letter of Credit, which has a total amount available for future drawings when taken together with the initial Letter of Credit (if applicable) that is no less than the

Minimum LC Amount. Should Aggregator fail to furnish a substitute Letter of Credit to PSEG Long Island within the time specified in, and as otherwise required by, this Agreement, then PSEG Long Island, in its sole discretion and in addition to any other rights or remedies that may be available to it, shall be entitled to draw down the entire remaining amount of the Letter of Credit and utilize the cash obtained as a result of such draw down as security for a Failure or an Event of Default.. Aggregator shall remain liable for any amounts owing to PSEG Long Island and remaining unpaid after the application of the amounts so drawn by PSEG Long Island.

- (d) All fees and costs associated with the Letter of Credit are the responsibility solely of Aggregator and in no event may the Issuer reduce the amount of a Letter of Credit by deducting therefrom any fees incurred by Aggregator.

Definitions:

“Credit Rating” means with respect to an Aggregator (or its Guarantor, as the case may be), on any date of determination, the respective ratings then assigned to such Aggregator’s (or its Guarantor, as the case may be) unsecured, senior long-term debt (not supported by third party credit enhancement) or current corporate credit rating (whichever is lower) or if such entity is a financial institution, its long term unsecured unsubordinated deposits by Moody's Investor's Service, Inc. (Moody's) or by Standard & Poor's Rating Services (S&P), or their respective successors. In the event of an inconsistency in ratings by S&P and Moody's (a “split rating”), the lowest rating assigned shall control. In the event a Party is rated by only S&P or Moody's, but not both, then the Credit Rating of the applicable rating agency shall apply.

“Minimum Credit Rating” means a Credit Rating of at least (i) “BBB- by S&P and “Baa3 ” by Moody's, if such entity is rated by both S&P and Moody's or (ii) BBB- “ by S&P and “Baa3” by Moody's, if such entity is rated by either S&P or Moody's, but not both.

“Downgrade Event” means the Issuer of the Letter of Credit fails to maintain the Eligible Bank Rating.

“Eligible Bank” means a commercial bank or trust company organized under the laws of the United States: (i) with senior unsecured debt rating of at least “A3” by Moody's and “A-” by S&P, if such entity is rated by both S&P and Moody's or (ii) “A-” by S&P or “A3” by Moody's, if such entity is rated by either S&P or Moody's, but not both; (ii) with a capital surplus of at least ten billion dollars (\$10,000,000,000); and (iii) that is otherwise acceptable to Company in its sole discretion.

“Guarantor” means any guarantor of Contractor's obligations hereunder that is acceptable to Company in its sole discretion.

“Guaranty” means the guaranty issued by Guarantor substantially in the form as provided in Attachment B or such form as otherwise agreed to by Company.

“Moody's” means Moody's Investors Service, Inc. or its successor.

“S&P” means the Standard & Poor's Rating Services (a division of McGraw-Hill Financial, Inc.) or its successor.

ATTACHMENT A – Letter of Credit Form

FORM OF LETTER OF CREDIT

IRREVOCABLE, TRANSFERABLE, STANDBY LETTER OF CREDIT

Date: _____

Amount: \$ _____

Letter of Credit No.

Beneficiary: [INSERT NAME AND ADDRESS OF BENEFICIARY]

Ladies and Gentlemen:

We (the “Issuer”) hereby establish our irrevocable, transferable, standby Letter of Credit No. _____ in your favor and for the account and at the request of [NAME OF APPLICANT] (the “Applicant”), whereby we irrevocably authorize you to draw on us from time to time at sight prior to the expiration hereof, and in the manner provided herein, up to _____ Dollars (\$ _____ USD). Multiple and partial drawings are permitted. Funds under this Letter of Credit will be available to you upon your presentation of a drawing certificate, executed by one of your duly authorized representatives, in the form of Attachment A, “Drawing Certificate”.

Presentation may be made for payment (in immediately available funds by wire transfer to the account of the Beneficiary designated in the Drawing Certificate) at the office of Issuer located at [ADDRESS OF ISSUER] (the “Presentation Office”) on any Business Day. A “Business Day” shall mean any day other than Saturday, Sunday or any day on which commercial banking institutions in [CITY IN WHICH PRESENTATION OFFICE IS LOCATED] are authorized or required by law to close.

If a Drawing Certificate is presented at the Presentation Office on or before [10:00 a.m.], _____ Time, on a Business Day, we will pay to the Beneficiary (as directed in the Drawing Certificate) the amount demanded therein in immediately available funds by wire transfer to the account of the Beneficiary designated in the Drawing Certificate, no later than [5:00 p.m.], _____ Time, on the same Business Day. If a Drawing Certificate is presented at the Presentation Office after [10:00 a.m.], _____ Time, on a Business Day, we will pay to the Beneficiary (as directed in the Drawing Certificate) the amount demanded therein in immediately available funds by wire transfer to the account of the Beneficiary designated in the Drawing Certificate, no later than [1:00 p.m.], _____ Time, on the next succeeding Business Day.

Any payment made hereunder shall be made without setoff or counterclaim. The Issuer hereby waives any rights of subrogation that it may acquire at law or in equity as a result of making any payment hereunder.

Faxed document(s) are acceptable.

Except as hereafter provided, this Letter of Credit shall remain in full force and effect until the 5:00 p.m.

_____ Time on _____, 20 . This Letter of Credit shall be automatically renewed after _____, 20_ for successive one (1) year periods unless we provide Beneficiary with not less than sixty (60) days prior Written Notice that we elect not to renew this Letter of Credit.

This Letter of Credit shall be freely transferable by the Beneficiary hereunder on one or more occasions in whole, but not in part, and any such transfer shall be effective upon Written Notice thereof to the Issuer.

The obligation of the Issuer to make payment under this Letter of Credit is independent of, and is not conditioned upon, the payment of any fee. All fees and other costs chargeable by the Issuer in connection with this Letter of Credit are for the account of the Applicant and shall not in any manner be a liability or responsibility of the Beneficiary.

This Letter of Credit (which includes the attached Form of Drawing Certificate) sets forth in full the terms of our undertaking and such undertaking shall not in any way be modified, amended or amplified by reference to any document or instrument referred to herein, or in which this Letter of Credit is referred to, or to which this Letter of Credit relates, and no such reference shall be deemed to incorporate herein by reference any document or instrument.

This Letter of Credit is issued subject to the International Standby Practices, I.C.C. Publication 590 ("ISP98"), except to the extent that the terms hereof are inconsistent with the provisions of ISP98, including but not limited to Rule 5.01ai of ISP98, in which case the terms of this Letter of Credit shall govern, and as to matter not addressed by the ISP98 shall be governed and construed in accordance with the laws of the State of New York and applicable U.S. Federal law.

We hereby (A) irrevocably submit to the jurisdiction of the New York state courts or Federal District Court in New York for the purpose of any suit, action or other proceeding arising out of this Letter of Credit, and (B) to the extent permitted by law, hereby irrevocably waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding any claim that we are not subject to the jurisdiction of the above-named courts, that suit, action or proceeding is improper or that this Letter of Credit may not be enforced in or by such court.

By:

ATTACHMENT A

FORM OF DRAWING CERTIFICATE

(DATE)

[NAME AND ADDRESS
OF ISSUER]

Attention:

Re: Irrevocable, Transferable, Standby Letter of Credit No. _____

Dated _____

Ladies and Gentlemen:

1. Any capitalized terms used and not otherwise defined herein shall have the meanings set forth in the above-referenced letter of credit (the "Letter of Credit").
2. The undersigned certifies that the undersigned is an authorized representative of [INSERT NAME OF BENEFICIARY], the beneficiary of the Letter of Credit, and hereby further certifies as follows:
 - (a) [INSERT NAME OF BENEFICIARY] is the beneficiary of the Letter of Credit (the "Beneficiary"), and hereby demands the payment of U.S. \$_____ to the following account:
[Insert wire instructions (to include name and account number of the Beneficiary)]
 - (b) The amount demanded in this Drawing Certificate does not exceed the amount of the Letter of Credit on the date hereof.
 - (c) Pursuant to the terms and provisions of that certain [STATE CONTRACT BETWEEN BENEFICIARY AND APPLICANT TO WHICH THIS LETTER OF CREDIT RELATES], Beneficiary is entitled to the draw of the funds requested under this Drawing Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Drawing Certificate as of the ____ day of _____, _____.

[INSERT NAME OF BENEFICIARY]

By: _____

