



**IRREVOCABLE AND UNCONDITIONAL  
STANDBY LETTER OF CREDIT**

Market Participant Applicant:

Amount:

Termination Date: the earlier of (a) \_\_\_\_\_, 2011 (the "Stated Expiration Date") (as extended from time to time) and (b) the date which is thirty (30) days following receipt by you of a written notice from us in the form of Exhibit IV hereto

~~Expiration Date:~~

Date of Issuance:

Electric Reliability Council of Texas, Inc. (ERCOT)  
7620 Metro Center Drive  
Austin, Texas 78744  
Attn: Finance

To Whom It May Concern:

We hereby establish in your favor, effective immediately, our Irrevocable and Unconditional Standby Letter of Credit No. \_\_\_\_\_ ("Letter of Credit") which is available for payment upon your advice of demand to the attention of \_\_\_\_\_ by telephone at \_\_\_\_\_, or by fax at \_\_\_\_\_ and presentation to us by fax of: (i) your written demand for payment containing the text of Exhibit I and (ii) your statement containing the text of Exhibit II.

Funds may be drawn under this Letter of Credit, from time to time, in one or more drawings, in amounts not exceeding in the aggregate the amount specified above.

Upon presentation to us in conformity with the foregoing, we will, not later than the close of business on the next banking day after such presentation, but without any other delay whatsoever, irrevocably and without reserve or condition issue payment instructions to the Federal Reserve wire transfer system in proper form to transfer to the account at the bank designated by you in the demand, the full amount demanded by you in the same-day funds which are immediately available to you in Austin, Texas. We agree that if, on the ~~expiration-termination~~ date of this Letter of Credit, the office specified above is not open for business, this Letter of Credit will be duly honored if the specified statements are presented by you within three (3) full banking days after such office is reopened for business.

Payment hereunder shall be made regardless of: (a) any written or oral direction, request, notice or other communication now or hereafter received by us from the Market Participant Applicant or any other person except you, including without limitation any communication regarding fraud, forgery, lack of authority or other defect not apparent on the face of the documents presented by you, but excluding solely an effective written order issued otherwise than at our instance by a court of competent jurisdiction which order is legally binding upon us and specifically orders us not to make such payment; (b) the solvency, existence or condition, financial or other, of the Market Participant Applicant or any other person or property from whom or which we may be entitled to reimbursement for such payment; and (c) without limiting clause (b) above, whether we are in receipt of or expect to receive funds or other property as reimbursement in whole or in part for such payment. We agree that we will not take any action to cause the issuance of an order described in clause (a) of the preceding sentence. We agree that the time set forth herein for payment of any demand(s) for payment is sufficient to enable us to examine such demand(s)

and the related documents(s) referred to above with care so as to ascertain that on their face they appear to comply with the terms of this Letter of Credit and that if such demand(s) and document(s) on their face appear to so comply, failure to make any such payment within such time shall constitute dishonor of such demand(s) and this Letter of Credit.

The stated amount of this Letter of Credit may be increased or decreased, and the ~~expiration date~~ Stated Expiration Date of this Letter of Credit may be extended, by an amendment to this Letter of Credit in the form of Exhibit III. Any such amendment shall become effective only upon acceptance by your signature on a hard copy amendment.

You shall not be bound by any written or oral agreement of any type between us and the Market Participant Applicant or any other person relating to this Letter of Credit, whether now or hereafter existing.

We hereby engage with you that your demand(s) for payment in conformity with the terms of this Letter of Credit will be duly honored as set forth above. All fees and other costs associated with the issuance of and any drawing(s) against this Letter of Credit shall be for the account of the Market Participant Applicant. All of the rights of ERCOT set forth above shall inure to the benefit of your successors. In this connection, in the event of a drawing made by a party other than ERCOT, such drawing must be accompanied by the following signed certification:

The undersigned does hereby certify that \_\_\_\_\_ [drawer] \_\_\_\_\_ is the successor by operation of law to ERCOT, a beneficiary named in [Name of Bank] Letter of Credit No. \_\_\_\_\_ and we attach herewith copies of official documents proving our legal status as successor.

\_\_\_\_\_

\_\_\_\_\_  
[Name and Title]

Except so far as otherwise expressly stated herein, this Irrevocable and Unconditional Standby Letter of Credit is subject to the "Uniform Customs and Practices for Documentary Credits," International Chamber of Commerce, in effect on the date of issuance of this Letter of Credit.

Yours faithfully,

\_\_\_\_\_  
(Name of Issuing Bank)

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT I**

**DEMAND FOR PAYMENT**

Re: Irrevocable and Unconditional Standby Letter of Credit

No. \_\_\_\_\_ Dated: \_\_\_\_\_, \_\_\_\_\_

To Whom It May Concern:

Demand is hereby made upon you for payment to us of \$\_\_\_\_\_ by deposit to our account no. \_\_\_\_\_ at [Name of Bank]. This demand is made under, and is subject to and governed by, your Irrevocable and Unconditional Standby Letter of Credit No. \_\_\_\_\_ dated \_\_\_\_\_, \_\_\_\_\_ in the amount of \$\_\_\_\_\_ established by you in our favor for the account of \_\_\_\_\_ as the Market Participant Applicant.

DATED: \_\_\_\_\_, \_\_\_\_\_

Electric Reliability Council of Texas, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT II**

**STATEMENT**

Re: Irrevocable and Unconditional Standby Letter of Credit  
No. \_\_\_\_\_ Dated: \_\_\_\_\_, \_\_\_\_\_

To Whom It May Concern:

Reference is made to your Irrevocable and Unconditional Standby Letter of Credit No. \_\_\_\_\_  
dated \_\_\_\_\_, \_\_\_\_\_ in the amount of \$\_\_\_\_\_ established by you in our favor for the  
account of \_\_\_\_\_.

We hereby certify to you that \$\_\_\_\_\_ is due and owing to us by the Market  
Participant Applicant, under and in accordance with the ERCOT Protocols.

DATED: \_\_\_\_\_, \_\_\_\_\_.

Electric Reliability Council of Texas, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT III**  
**AMENDMENT**

Re: Irrevocable and Unconditional Standby Letter of Credit

No. \_\_\_\_\_ Dated: \_\_\_\_\_, \_\_\_\_\_

Beneficiary:

Electric Reliability Council of Texas, Inc. (ERCOT)  
7620 Metro Center Drive  
Austin, Texas 78744  
Attn: Finance

Market Participant Applicant:

[Name and Address]

To Whom It May Concern:

The above referenced Irrevocable and Unconditional Standby Letter of Credit is hereby amended as follows: by increasing / decreasing / leaving unchanged (*strike two*) the stated amount by \$ \_\_\_\_\_ to a new stated amount of \$ \_\_\_\_\_ or by extending the expiration date to \_\_\_\_\_ from \_\_\_\_\_. All other terms and conditions of the Irrevocable and Unconditional Letter of Credit remain unchanged.

This amendment is effective only when accepted by ERCOT, which acceptance may only be valid by a signature of an authorized representative.

Dated: \_\_\_\_\_

Yours faithfully,

\_\_\_\_\_  
[Name of Issuing Bank]

By: \_\_\_\_\_

Title: \_\_\_\_\_

ACCEPTED:

Electric Reliability Council of Texas, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT IV

TERMINATION

Re: Irrevocable and Unconditional Standby Letter of Credit

No. \_\_\_\_\_, Dated: \_\_\_\_\_

Electric Reliability Council of Texas, Inc. (ERCOT)

7620 Metro Center Drive  
Austin, Texas 78744  
Attention: Finance

To Whom It May Concern:

The undersigned, a duly authorized officer of \_\_\_\_\_, hereby advises you, with reference to the above referenced Irrevocable and Unconditional Letter of Credit (the "Letter of Credit") issued by the Bank in your favor, that the Letter of Credit will terminate thirty (30) days following the receipt by you of this Notice of Termination.

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Name of Issuing Bank]

\_\_\_\_\_  
By: \_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED:

Electric Reliability Council of Texas, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_