



Item 5: Letter of Credit Issuer Limits

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Finance & Audit Committee Meeting

ERCOT Public
October 10, 2016

Letter of Credit Issuer Limits

Protocol Section 16.11.2, Requirements for Setting a Counter-Party's Unsecured Credit Limit, incorporates letter of credit (LC) issuer limits determined by the long-term issuer rating and the Tangible Net Worth of the Issuer.

Protocol Section 16.11.2 requires ERCOT Board approval (upon TAC recommendation) when limits are being revised.

The F&A Committee has requested a semi-annual review of the letter of credit issuer concentration.

Letter of Credit Issuer Limits

LC issuer limits are determined as follows:

Issuer Rating ⁽¹⁾		Maximum Letter of Credit Issuer Limit as a % of Tangible Net Worth
Moody's	Fitch/S&P	
Aaa	AAA	1.00%
Aa1	AA+	.95%
Aa2	AA	.90%
Aa3	AA-	.85%
A1	A+	.80%
A2	A	.75%
A3	A-	.70%

⁽¹⁾ Determined in accordance with ERCOT Protocol Section 16.11.2, based on most recent audited financial statements.

In addition, each issuer is subject to an overall limit of \$750 million.

Letter of Credit Issuer Limits

ERCOT computed the issuer limits and reviewed outstanding LCs for the six months ending August 31, 2016.

Summary Statistics

- Number of issuers: 25
- Minimum computed limit: \$16.2 million
- Issuers with limit at \$750 million cap: 3
- Minimum current excess capacity: \$16.0 million
- Maximum excess capacity: \$740.5 million
- LC issuances in violation of limits: 0

Letter of Credit Issuer Limits

Detailed statistics

Letter of Credit Concentration Limits (\$ millions)

LC Issuer	Computed Issuer Limit	LCs Outstanding as of August 31, 2016	Excess Capacity as of August 31, 2016	% Current Excess / Limit	Maximum LCs Issued, March 2016 - August 2016	Limit o/(u) Maximum Issuance
BNP Paribas(FI)	\$720.2	\$119.0	\$601.2	83%	\$133.5	\$586.7
BOKF NA(FI)	\$16.2	\$0.2	\$16.0	99%	\$0.2	\$16.0
Bank of America NA(FI)	\$750.0	\$9.5	\$740.5	99%	\$9.5	\$740.5
Bank of Nova Scotia(FI)	\$263.7	\$46.2	\$217.6	83%	\$46.4	\$217.4
Bank of Tokyo-Mitsubishi UFJ, Ltd. New York Branch(FI)	\$718.9	\$25.0	\$693.9	97%	\$25.0	\$693.9
Barclays Bank PLC(FI)	\$617.5	\$117.1	\$500.4	81%	\$185.1	\$432.4
Canadian Imperial Bank(FI)	\$121.1	\$16.8	\$104.4	86%	\$59.3	\$61.9
Citibank NA(FI)	\$750.0	\$146.3	\$603.7	80%	\$158.3	\$591.8
Comerica Bank(FI)	\$50.8	\$2.0	\$48.8	96%	\$2.0	\$48.8
Cooperatieve Rabobank UA (FI)	\$362.9	\$0.5	\$362.4	100%	\$0.5	\$362.4
Credit Suisse AG(FI)	\$294.7	\$30.0	\$264.7	90%	\$30.0	\$264.7
DNB Bank ASA(FI)	\$142.0	\$70.0	\$72.0	51%	\$70.0	\$72.0
Deutsche Bank(FI)	\$512.3	\$1.5	\$510.8	100%	\$21.5	\$490.8
HSBC Bank USA NA (FI)	\$186.9	\$0.0	\$186.9	100%	\$30.0	\$156.9
KeyBank National Association(FI)	\$72.2	\$0.0	\$72.2	100%	\$0.0	\$72.2
Lloyds Bank PLC (FI)	\$508.1	\$78.8	\$429.3	84%	\$125.8	\$382.3
MUFG Union Bank N.A.(FI)	\$94.5	\$10.0	\$84.5	89%	\$13.0	\$81.5
Mizuho Corporate Bank Ltd.(FI)	\$505.0	\$20.5	\$484.4	96%	\$20.5	\$484.4
Natixis(FI)	\$120.9	\$4.5	\$116.4	96%	\$26.8	\$94.0
PNC Bank NA(FI)	\$210.0	\$41.0	\$169.0	80%	\$41.0	\$169.0
Societe Generale(FI)	\$432.4	\$1.2	\$431.2	100%	\$1.2	\$431.2
Standard Chartered(FI)	\$348.4	\$0.0	\$348.4	100%	\$0.0	\$348.4
Sumitomo Mitsui Banking Corporation (FI)	\$533.2	\$31.3	\$501.9	94%	\$32.3	\$500.9
Toronto-Dominion Bank, The (FI)	\$319.4	\$13.5	\$305.9	96%	\$30.0	\$289.4
Wells Fargo(FI)	\$750.0	\$34.3	\$715.7	95%	\$50.8	\$699.2

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Questions