



Item 6: Letter of Credit Issuer Limits

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Finance & Audit Committee Meeting

ERCOT Public

April 3, 2017

Letter of Credit Issuer Limits

Protocol Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements, incorporates letter of credit (LC) issuer limits determined by the long-term issuer rating and the Tangible Net Worth of the Issuer.

Protocol Section 16.11.3 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%
Below A3	Below A-	Not accepted

⁽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 February 28, 2017.

Summary Statistics (01Sep2016-28Feb2017)

- Number of issuers: 25
- Minimum computed limit: \$16.2 million
- Issuers with limit at \$750 million cap: 4
- Minimum current excess capacity: \$16.2 million
- Maximum excess capacity: \$740 million
- LC issuances in violation of limits: 0

Letter of Credit Issuer Limits

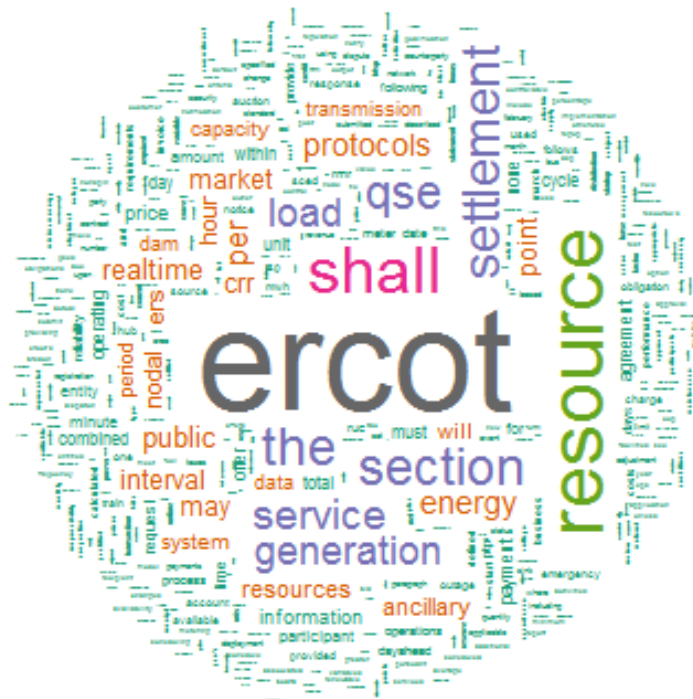
Detailed statistics

Letter of Credit Concentration Limits (\$ millions)

LC Issuer	Computed Issuer Limit	LCs Outstanding as of February 28, 2017	Excess Capacity as of February 28, 2017	% Current Excess / Limit	Maximum LCs Issued, September 2016 - February 2017	Limit o/(u) Maximum Issuance
Bank of America NA(GA)	750.00	50.30	699.70	93%	50.30	699.70
Bank of Tokyo-Mitsubishi UFJ, Ltd. New York Branch(FI)	750.00	43.66	706.34	94%	97.96	652.04
Citibank NA(FI)	750.00	10.00	740.00	99%	146.25	603.75
Wells Fargo(FI)	750.00	44.30	705.70	94%	44.30	705.70
BNP Paribas(GA)	720.19	115.35	604.84	84%	141.90	578.29
Barclays Bank PLC(FI)	617.54	111.00	506.54	82%	245.01	372.53
Sumitomo Mitsui Banking Corporation (FI)	533.17	1.30	531.87	100%	31.30	501.87
Lloyds Bank PLC (FI)	508.12	87.80	420.32	83%	122.80	385.32
Mizuho Corporate Bank Ltd.(FI)	504.99	42.05	462.95	92%	58.85	446.15
Deutsche Bank(FI)*	435.65	0.00	435.65	100%	1.50	434.15
Societe Generale(FI)	432.39	96.20	336.19	78%	97.20	335.19
Cooperatieve Rabobank U.A.(FI)	362.93	0.50	362.43	100%	0.50	362.43
Toronto-Dominion Bank, The (FI)*	357.60	0.00	357.60	100%	13.50	344.10
Standard Chartered(FI)*	348.39	0.00	348.39	100%	0.00	348.39
Credit Suisse AG (FI)	294.70	60.00	234.70	80%	60.00	234.70
Bank of Nova Scotia(FI)	279.70	56.15	223.55	80%	96.15	183.55
PNC Bank NA(FI)	210.01	41.00	169.01	80%	81.00	129.01
HSBC Bank USA NA (FI)	186.85	0.00	186.85	100%	0.00	186.85
Goldman Sachs Bank USA (FI)*	185.41	0.00	185.41	100%	40.00	145.41
DNB Bank ASA(FI)	141.96	100.00	41.96	30%	100.00	41.96
Canadian Imperial Bank(FI)	130.13	12.49	117.64	90%	20.56	109.57
Natixis(FI)	120.86	39.25	81.61	68%	39.25	81.61
MUFG Union Bank N.A.(FI)	94.50	8.00	86.50	92%	10.06	84.44
Comerica Bank(FI)	50.78	2.00	48.78	96%	2.00	48.78
BOKF NA(FI)*	16.20	0.00	16.20	100%	0.20	16.00

* No outstanding LC's issued as of Feb 28 2017

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Questions