



Item 5: Letter of Credit Issuer Limits

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Finance & Audit Committee Meeting

ERCOT Public

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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%

⁽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, 2017

Summary Statistics

- Number of issuers: 22
- Minimum computed limit: \$50.0 million
- Issuers with limit at \$750 million cap: 4
- Minimum current excess capacity: \$37.9 million
- Maximum excess capacity: \$740.0 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, 2017	Excess Capacity as of August 31, 2017	% Current Excess / Limit	Maximum LCs Issued, March 2017 - August 2017	Maximum Excess Capacity
Bank of America NA	750.00	28.30	721.70	96%	50.30	699.70
Bank of Nova Scotia	263.25	41.15	222.10	84%	51.15	212.10
Bank of Tokyo-Mitsubishi UFJ, Ltd. New York Branch	750.00	50.22	699.78	93%	99.69	650.31
Barclays Bank PLC	556.31	90.00	466.31	84%	158.00	398.31
BNP Paribas	735.85	81.67	654.18	89%	95.13	640.72
Canadian Imperial Bank	130.89	11.99	118.90	91%	12.61	118.28
Citibank NA	750.00	10.00	740.00	99%	10.00	740.00
CoBank ACB	72.88	35.00	37.88	52%	35.00	37.88
Comerica Bank	50.96	2.00	48.96	96%	2.00	48.96
Cooperatieve Rabobank U.A.	362.93	0.20	362.73	100%	0.50	362.43
Credit Suisse AG	268.73	82.60	186.12	69%	100.00	168.72
DNB Bank ASA	162.15	100.00	62.15	38%	100.00	62.15
Goldman Sachs Bank USA	196.70	40.00	156.70	80%	40.00	156.70
HSBC Bank USA NA	187.90	0.00	187.90	100%	0.00	187.90
Lloyds Bank PLC	472.13	73.80	398.33	84%	131.80	340.33
Mizuho Corporate Bank Ltd.	462.01	65.05	396.96	86%	73.05	388.96
MUFG Union Bank N.A.	100.15	8.00	92.15	92%	8.00	92.15
Natixis	122.54	36.46	86.07	70%	72.60	49.93
PNC Bank NA	211.59	40.00	171.59	81%	41.00	170.59
Societe Generale	440.61	95.00	345.61	78%	96.20	344.41
Sumitomo Mitsui Banking Corporation	516.72	1.90	514.82	100%	1.90	514.82
Wells Fargo	750.00	44.80	705.20	94%	44.80	705.20

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Questions