



Item 4: Letter of Credit Issuer Limits

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Finance and 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 16.11.3, 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

- Number of issuers: 24
- Minimum computed limit: \$17.47 million
- Issuers with limit at \$750 million cap: 4
- Minimum current excess capacity: \$12.15 million
- Maximum excess capacity: \$730 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, 2018	Excess Capacity as of February 28, 2018	% Current Excess / Limit	Maximum LCs Issued, September 2017 - February 2018	Maximum Excess Capacity
Bank of America NA	750.00	25.90	724.10	97%	32.30	717.70
Bank of Nova Scotia	263.25	52.55	210.70	80%	53.10	210.15
Bank of Tokyo-Mitsubishi UFJ, Ltd. New York Branch	750.00	147.22	602.78	80%	157.22	592.78
Barclays Bank PLC	556.31	130.00	426.31	77%	157.00	399.31
BNP Paribas	735.85	65.15	670.70	91%	94.63	641.22
BOKF NA	17.47	0.20	17.27	99%	0.20	17.27
Canadian Imperial Bank	130.89	22.94	107.96	82%	22.94	107.96
Citibank NA	750.00	20.00	730.00	97%	20.00	730.00
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.	385.04	0.20	384.84	100%	0.20	384.84
Credit Suisse AG	268.73	50.60	218.12	81%	106.60	162.12
DNB Bank ASA	162.15	150.00	12.15	7%	150.00	12.15
KeyBank National Association	86.93	10.00	76.93	88%	10.00	76.93
Lloyds Bank PLC	472.13	85.80	386.33	82%	138.80	333.33
Mizuho Corporate Bank Ltd.	462.01	51.05	410.96	89%	73.05	388.96
Morgan Stanley Bank, N.A.(FI)	106.04	0.50	105.54	100%	0.50	105.54
MUFG Union Bank N.A.	100.15	8.00	92.15	92%	8.00	92.15
Natixis	122.54	86.90	35.63	29%	111.46	11.07
PNC Bank NA	211.59	41.00	170.59	81%	41.00	170.59
Societe Generale	440.61	135.00	305.61	69%	135.00	305.61
Sumitomo Mitsui Banking Corporation.	516.72	1.90	514.82	100%	1.90	514.82
Toronto-Dominion Bank, The (FI)	365.34	10.00	355.34	97%	10.00	355.34
Wells Fargo	750.00	47.80	702.20	94%	47.80	702.20

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Questions