

Letter of Credit Frequently Asked Questions

Which banks will you accept a letter of credit from?

The letter of credit will only be accepted from U.S.-based financial institutions or U.S. branches of foreign financial institutions that have a minimum corporate debt rating of “A” by Standard & Poor’s or Fitch Ratings, or “A2” from Moody’s Investors Service, or an equivalent short term rating from one of these agencies. PJM will consider the lowest applicable rating to be the rating of the financial institution. If the rating of a financial institution providing a letter of credit is lowered below A/A2 by any rating agency, then PJM may require the Participant to provide a letter of credit from another financial institution that is rated A/A2 or better, or to provide a cash deposit. If a letter of credit is provided from a U.S. branch of a foreign institution, the U.S. branch must itself comply with the terms of this credit policy, including having its own acceptable credit rating. Any questions regarding whether a financial institution is acceptable or not should be addressed to credit_hotline@pjm.com.

Is there a standard letter of credit template to use?

The draft letter of credit must be completed using the template language available on the [PJM New Service Requests](#) web page under Business Forms & Instructions. Please note that PJM maintains various forms of letter of credit, be sure to use the form letter of credit that is specifically designated for the individual project’s agreement type. The current letter of credit template types posted are: **GIA/EPA/UCSA** Letter of Credit, **ISA** Letter of Credit, and **Readiness Deposit** Letter of Credit.

Is there a standard amendment template to use?

The draft amendments must be completed using the template language available on the PJM New Service Requests web page under Business Forms & Instructions. Please note that PJM maintains various forms of amendment, be sure to use the form amendment that is specifically designated for your amendment needs. The current amendment template types posted are: **Expiration Date** Amendment, **Increase** Amendment, **Reduction** Amendment, and **Project Developer Name** or **Applicant Name** Amendment.

Do we need to send a draft letter of credit or amendment before signing?

Yes. Any deviations from the standard letter of credit or amendment must be made in accordance with the Manual 14H and identified via tracked changes in Microsoft Word. PJM

requires a draft letter of credit or amendment be emailed to SystemPlanning.Admin@pjm.com. Please include the queue number or project identifier in the subject line when submitting the document for approval by PJM. **We recommend giving PJM at least 10 business days before the letter of credit is due for our Credit team to review the draft. Failure to submit a legally binding LOC in accordance with the PJM requirements before the required date could result in termination and withdrawal of your project.** Once approved, upload a copy of the executed letter or amendment to Queue Point and overnight the signed original letter of credit or amendment to:

PJM Interconnection

Attn: Interconnection Projects

2750 Monroe Blvd.

Audubon, PA 19403

What is the expiration date/tenor that PJM requires on the letter of credit?

The date **must be** the issue date plus 365 days (example: issue date 8/1/23 expiration date: 7/31/24).

What is my Project Identifier Number?

For TC1 & TC2 projects, the Project Identifier refers to the Queue position (Queue#) previously assigned to projects through the AH1 Queue.

For new projects submitting in Cycle 1, the Queue Point Reference number may be used as the Project Identifier Number.

Why should I include my bank contact information when returning letters or credit and amendments?

Including your bank representative contact in your email correspondence allows PJM to communicate with the bank directly, and avoids miscommunication in having all three parties present.

Once the amendment is reviewed and deemed acceptable by PJM and the issuing bank, our Finance team will sign and certify the acceptance of the amendment.