



Letter of Credit Review and Helpful references

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- A **non-executed** Letter of Credit (LoC) draft using the template must be submitted by **August 9** (30 days of the Transition Date) for PJM review and approval
 - All submitted Drafts are required to be redlined
 - Final Drafts are expected to be complete versions
- Any amendments to the final LoC provided in Queue Point will need to be posted during the 5 business day cure period.
 - Zip the LoC and amendment together
 - Extensions will not be provided to resolve changes to the LoC
- The applicant name may be a parent company, but paragraph one must reference the Interconnection Customer name

- Issuing Bank must meet PJM tariff requirements
 - Bank must have a minimum corporate debt rating of “A” by Standard & Poor’s or Fitch Ratings, or “A2” from Moody’s Investors Service. PJM will consider the lowest applicable rating to be the rating of the bank.
 - Must be U.S.-based bank or U.S. branch of foreign bank with required rating
- PJM template: [Readiness Deposit Letter of Credit](#)
- All edits must be redlined
- Edits limited to three approved provisions

Provision	Common Edits
Pennsylvania law applies to all matters not covered by ISP98	New York law when Issuing bank based in New York
Presentation of payment demand reflecting Issuer's communication procedures	Including email address and fax number of issuing bank (but without changing or adding conditions to effectiveness of payment demand)
Sanctions, anti-boycott, antiterrorism, or anti-money laundering language	Standard alternative language of Issuing bank may be acceptable



Unacceptable Letter of Credit Provisions

Provision	Common Edit	Reason Rejected
Automatic renewal language	Deletion or replacement with final expiration date	Violates Attachment Q
Issuer credit rating requirement	Deletion or modification	Violates Attachment Q
Presentment of payment demand	Requires phone call as condition to the effectiveness of presentment	Outside of PJM's sole control
Changes in payment terms from one to two business days	Three or more business days	Maintain consistency across letters of credit which supports equal treatment of PJM counterparties and minimizes risk of inconsistent documents

- [Transition Procedure Document](#) - Summarizes the Transition Period Rules. See Tariff, Part VII for more details
- [Transition Readiness Education Video](#) - Overview of the readiness requirements and the Queue Point tool
- [Interconnection Process Reform FAQs](#)
- [Readiness Deposit Letter of Credit](#)
- [Issuing Financial Institutions](#) - Reference list
- [Letter of Credit FAQs](#)



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