



Surety Bonds

Credit Subcommittee

March 14, 2018

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- Standard form of bond
- Enforcement of payment timeframe
- Common law vs. UCP/ICC
- Legal venue
- Acceptance at other ISOs/RTOs
- Administrative burden for PJM to review and accept
- Issuer requirements
- Diversity – limits on bond size and/or issuer volume

- Bonds are currently accepted for market activity at:
 - NYISO
 - ERCOT
 - \$10MM limit per bond; \$100MM limit per issuer
- Both
 - Utilize LC-type form with no changes allowed
 - Require immediate payment upon presentment
 - Allow Surety Bonds to be used for any purpose for which an LC is accepted

- PJM is initiating a legal review of the issues raised
- PJM welcomes suggestions on possible requirements, and will present all suggestions at the next discussion of this issue
- Links to NYISO and ERCOT surety bond forms:
 - http://www.nyiso.com/public/webdocs/markets_operations/service_s/financial_services/credit/Credit/Credit/NYISO_Standard_Surety_Bond_final_FINAL.doc
 - http://www.ercot.com/content/wcm/lists/89582/Surety_Bond.docx