**ADVICE AND CONFIRMATION OF**

**IRREVOCABLE NON-TRANSFERRABLE STANDBY LETTER OF CREDIT**

**FOR MARKET PARTICIPATION**

|  |  |
| --- | --- |
|  |  |

DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

CONFIRMING BANK LETTER OF CREDIT CONFIRMATION NUMBER: \_\_\_\_\_\_\_\_\_\_\_\_\_

ISSUING BANK LETTER OF CREDIT REFERENCE NUMBER: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ADVISING AND CONFIRMING BANK:**[INSERT BANK NAME]**

**[INSERT STREET ADDRESS]**

**[INSERT SUITE/FLOOR, ETC.]**

**[INSERT CITY, STATE, ZIP CODE]**

**[INSERT TO WHOSE ATTENTION/DEPARTMENT NOTICES SHOULD BE DIRECTED]**

BENEFICIARY:

PJM SETTLEMENT, INC. AND/OR PJM INTERCONNECTION, L.L.C.

2750 MONROE BOULEVARD

AUDUBON, PA 19403

ATTN: CREDIT RISK & COLLATERAL MANAGEMENT

EMAIL: credit\_hotline@pjm.com

ISSUING BANK:

**[INSERT BANK NAME]**

**[INSERT STREET ADDRESS]**

**[INSERT SUITE/FLOOR, ETC.]**

**[INSERT CITY, STATE, ZIP CODE]**

**[INSERT TO WHOSE ATTENTION/DEPARTMENT NOTICES SHOULD BE DIRECTED]**

AMOUNT: US$**XXXXXX** (**XXXXXXX** AND 00/100 U.S. DOLLARS)

To Whom It May Concern:

We, ***[insert name and address of advising and confirming bank]***(“Confirming Bank”), at the request of ***[insert name and address of issuing bank]*** (“Issuer”), hereby advise and confirm to PJM Settlement, Inc. and/or PJM Interconnection, L.L.C. (individually or collectively, as the context might require, “Beneficiary”), and for the account of ***[insert Applicant’s name and address]*** (“Applicant”) in the maximum aggregate amount of $***[insert dollar amount]***, of the opening of the above-referenced Irrevocable Non-Transferrable Standby Letter of Credit (the “Letter of Credit”) issued by Issuer in Beneficiary’s favor. The authenticity and form of the Letter of Credit has been reviewed and confirmed by the Confirming Bank and found to be in order. A copy of the Letter of Credit is attached hereto; the original has been forwarded directly to the Beneficiary by the Issuer.

Kindly examine the Letter of Credit to determine whether the terms and conditions meet the Beneficiary’s requirements. If the Beneficiary finds the terms and conditions of the Letter of Credit unacceptable, please contact the above-named Applicant and request the Applicant to instruct the Issuer to amend the Letter of Credit as appropriate.

This advice and confirmation and the Letter of Credit should be considered the operative instruments for as long as the Letter of Credit remains in force.

It is a condition of this confirmation that we shall maintain a corporate debt rating not less than “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. In the event that we do not maintain the minimum corporate debt rating required thereby, you may demand payment from Confirming Bank at the address above, of the remaining balance of the Letter of Credit upon presentation of your written demand for payment.

Confirming Bank undertakes to pay Beneficiary’s demand for payment in the currency and for an amount available under the Letter of Credit and completed as indicated and presented to Confirming Bank at the following place for presentation: ***[address of place for presentation]***, on or before the expiration date.

If any payment demand is presented on a business day and such presentation is made at our counters on or before 10:00 a.m. ***[insert time zone of Issuer - Eastern, Central, Mountain or Pacific]*** Prevailing Time, we shall satisfy such drawing request on the same business day. If the payment demand is received at ourcounters after 10:00 a.m. ***[insert time zone of Issuer - Eastern, Central, Mountain or Pacific]*** Prevailing Time, we will satisfy such payment demand on the next business day. For the purposes of this section, a business day means a day, other than a Saturday or Sunday, on which the Federal Reserve Bank of New York is not authorized or required to be closed. Disbursements shall be in accordance with the instructions of Beneficiary.

This confirmation expires at this office on *[****insert date of signing plus 12 months****]*. It is a condition of this confirmation that it shall be automatically extended, without amendment, for successive periods of one year from the expiration date, or any future expiration date, unless at least ninety (90) calendar days prior to the then current expiration date the Beneficiary receives notice from the Confirming Bank that Confirming Bank has elected not to extend this confirmation for an additional period. Any such notice that Confirming Bank sends to Beneficiary advising of its election not to extend this confirmation in no way affects the Issuer’s obligation to Beneficiary under the Letter of Credit. Upon receipt of such notice, Beneficiary may draw on this confirmation within the sixty (60) days prior to the then relevant expiry date by presenting one or more payment demands to Confirming Bank for an aggregate amount up to the unused balance of this confirmation.

Presentation of any payment demand under this confirmation may be presented in person, or may be sent to us by courier, overnight mail, registered mail, or via email with a confirming copy of such email sent after the drawing by certified mail, to the address set forth above, or such other address as may hereafter be furnished by us. Other notices concerning this confirmation may be sent by similar communications facility to the respective addresses set forth above. Notice provided in person or sent by courier shall be effective upon presentation. Notices sent via registered mail, overnight mail or email shall be deemed effective upon receipt of the registered mail, overnight mail, or email by the recipient party.

Payments by Confirming Bank under this confirmation shall be made by wire transfer to Beneficiary pursuant to the wire instructions specified in Beneficiary’s demand for payment.

Except so far as otherwise expressly stated herein, this confirmation shall be subject to and construed in accordance with International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (“ISP98”), and as to matters not governed by ISP98 or as required by the laws of the Commonwealth of Pennsylvania, governed by the substantive laws of the Commonwealth of Pennsylvania without giving effect to its conflict of laws principles. The courts located in the County of Montgomery, Pennsylvania shall have exclusive jurisdiction over any action arising out of or relating to the Letter of Credit or this confirmation.

This confirmation may not be transferred or assigned by Confirming Bank without the written consent of Beneficiary*.*

Beneficiary shall not be deemed to have waived any rights under this confirmation unless it or its authorized agent shall have signed a written waiver. No such waiver, unless expressly stated therein, shall be effective as to any transaction that occurs subsequent to the date of the waiver nor as to any continuance of a breach after the waiver.

We hereby undertake to duly honor at sight all of your drafts drawn and presented to Confirming Bank by you as specified in the above-referenced Letter of Credit as a primary obligation of the Confirming Bank, without regard to, or a prior requirement of, notice to the Issuer of the above-referenced Letter of Credit.

We represent that Applicant is not an affiliate of Confirming Bank.

Confirming Bank will not make payment under the Letter of Credit to any person who is listed on a United Nations, European Union or United States of America sanctions list, nor to any person with whom the issuing bank is prohibited from engaging in transactions under applicable United States federal or state anti-boycott, anti-terrorism, anti-money laundering, or trade or economic sanctions laws.

All commissions, fees and charges in connection with the Letter of Credit shall be borne by Applicant, Issuer or Confirming Bank.

***[ADVISING AND CONFIRMING BANK]***

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*(Authorized Officer Signature)*

***[insert typed name of authorized officer]***

***[insert title of authorized officer]***