

Letter of Credit FAQ's

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 for Readiness Deposits?

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 use as the readiness deposit.

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

Yes. Any deviations from the standard letter of credit must be made in accordance with the Manual 14H and identified via tracked changes in Microsoft Word. PJM requires a draft letter of credit be emailed to SystemPlanning.Admin@pjm.com. **For AE1-AG1 projects, PJM requires a draft letter of credit be emailed within 30 days of the Transition Date for review.** Please include the project queue number in the subject line when submitting the document for approval by PJM. Once approved, upload a copy of the executed letter to Queue Point and overnight the signed original letter of credit to:

PJM Interconnection

Attn: Interconnection Projects

2750 Monroe Blvd.

Audubon, PA 19403

What do we use as the expiration date 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 transition, the Project Identifier refers to the Queue Position assigned to projects in the AE1 through AG1 queues.

For new projects submitted after the Transition date, the Queue Point Reference number may be used as the Project Identifier Number.