**Required of ALL Electric Generation Suppliers regardless of operating as a supplier, broker, marketer, or aggregator.**

**Electric Generation Supplier (EGS) License Letters of Credit**

 EGSs operating as Suppliers are required to provide a financial security instrument that is the greater of $250,000 or 10% of Gross Receipts, unless it has previously received Commission approval for a reduced level from the greater of $250,000 or 10% of Gross Receipts down to the greater of $250,000 or 5% of Gross Receipts.

 EGSs operating exclusively as Brokers/Marketers are required to provide a financial security instrument in the amount of $10,000.

The security instrument must name the Pennsylvania Public Utility Commission as the obligee or beneficiary, and must contain the following unmodified language:

THIS LETTER OF CREDIT IS WRITTEN in accordance with Section 2809(c)(1)(i) of the Public Utility Code, 66 Pa. C.S. 2809(c)(1)(i), to assure compliance with applicable provisions of the Public Utility Code, 66 Pa. C.S. 101, et seq. and the rules and regulation of the Pennsylvania Public Utility Commission by the Principal as a licensed electric generation supplier; to ensure the payment of Gross Receipts Tax as required by Section 2810 of the Public Utility Code, 66 Pa. C.S. 2810; to ensure the payment of annual fees as authorized by Act 155 of 2014; to adhere to the requirements of the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1 et seq. and 52 Pa.Code 75.1 et seq.; and to ensure the supply of electricity at retail in accordance with contracts, agreements or arrangement. Payment of claims shall have the following priority: (I) The Commonwealth of Pennsylvania; (II) Electric Distribution Companies for the reimbursement of Gross Receipts Tax; and (III) Private Individuals. Proceeds of the LETTER OF CREDIT may not be used to pay any penalties or fines levied against the Principal for violations of the law, or for the payment of any other tax obligations owed to the Commonwealth of Pennsylvania.

 The **ORIGINAL** bond or other financial instrument must be submitted by overnight delivery to the Secretary of the Pennsylvania Public Utility Commission, 400 North Street, Keystone Building, Harrisburg, PA 17120.

Continuous Letter of Credit

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| --- | --- | --- |
| **ISSUING BANK, HEREINAFTER SURETY:**[Bank Name][Bank Address] | **IRREVOCABLESTANDBYLETTER OF CREDIT** | **NUMBER** |
| **PLACE OF ISSUE, HEREINAFTER SURETY LOCATION:**[Bank Location] | **AMOUNT:** USD $\_\_\_\_\_\_\_\_\_UP TO AN AGGREGATE THEREOF |
| **APPLICANT:** | **BENEFICIARY:**PENNSYLVANIA PUBLIC UTILITY COMMISSION400 NORTH STREETHARRISBURG, PA 17120 |
| **DATE OF ISSUE:**[Date of Issue] | **PLACE AND DATE OF EXPIRY:**[Expiration Date]AT OUR COUNTERS |
| **PARTIAL DRAWINGS PERMITTED** | **CREDIT AVAILABLE WITH:**[Bank Name][Bank Division][Bank Address]**BY: PAYMENT**AGAINST PRESENTATION OF DOCUMENTSDETAILED HEREIN AND DRAFTS AT SIGHT**DRAWN ON:**[Bank Name][Bank Location] |

LADIES/GENTLEMEN,

WE HEREBY ISSUE OUR IRREVOCABLE LETTER OF CREDIT NO. ***[LETTER OF CREDIT NUMBER]*** IN YOUR FAVOR FOR THE ACCOUNT OF ***[APPLICANT NAME]***, HEREINAFTER PRINCIPAL,FOR AN AGGREGATE AMOUNT UP TO USD \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ US DOLLARS). THIS LETTER OF CREDIT WILL EXPIRE ON ***[MONTH DAY, YEAR]****.*

THIS LETTER OF CREDIT IS WRITTEN in accordance with Section 2809(c)(1)(i) of the Public Utility Code, 66 Pa. C.S. 2809(c)(1)(i), to assure compliance with applicable provisions of the Public Utility Code, 66 Pa. C.S. 101, et seq. and the rules and regulation of the Pennsylvania Public Utility Commission by the Principal as a licensed electric generation supplier; to ensure the payment of Gross Receipts Tax as required by Section 2810 of the Public Utility Code, 66 Pa. C.S. 2810; to ensure the payment of annual fees as authorized by Act 155 of 2014; to adhere to the requirements of the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1 et seq. and 52 Pa.Code 75.1 et seq.; and to ensure the supply of electricity at retail in accordance with contracts, agreements or arrangement. Payment of claims shall have the following priority: (I) The Commonwealth of Pennsylvania; (II) Electric Distribution Companies for the reimbursement of Gross Receipts Tax; and (III) Private Individuals. Proceeds of the LETTER OF CREDIT may not be used to pay any penalties or fines levied against the Principal for violations of the law, or for the payment of any other tax obligations owed to the Commonwealth of Pennsylvania.

Continuous Letter of Credit (Continued)

THE SAID AMOUNT IS AVAILABLE BY DRAFTS ON US BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("PUC") AT SIGHT ACCOMPANIED BY THE PUC'S LETTER REQUESTING PAYMENT UNDER THIS CREDIT AND PURPORTEDLY SIGNED BY EITHER AN OFFICER OF THE PUC OR THE SECRETARY OF THE PUC. SUCH LETTER FROM THE PUC SHALL INCLUDE THE PRINCIPAL’S NAME, A STATEMENT OF THE AMOUNT OWED THE PUC, AND A STATEMENT THAT "SUCH AMOUNT IS DUE TO THE PUC PURSUANT TO THE PUBLIC UTILITY CODE, THE GROSS RECEIPTS TAX, THE ANNUAL FEES, THE REQUIREMENTS OF THE ALTERNATIVE ENERGY PORTFOLIO STANDARDS ACT, OR ELECTRICITY SUPPLY OBLIGATIONS OF PRINCIPAL’SLICENSE TO OFFER, RENDER, FURNISH OR SUPPLY ELECTRICITY OR ELECTRIC GENERATION SERVICES TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA; AND, THAT PRINCIPAL FAILED TO PAY THAT AMOUNT."

PARTIAL DRAWINGS ARE PERMITTED UNDER THIS CREDIT.

THIS LETTER OF CREDIT EXPIRES AT THIS OFFICE AT OUR CLOSE OF BUSINESS ON ***[MONTH DAY, YEAR]***.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED FOR PERIODS OF ONE YEAR EACH FROM THE PRESENT OR ANY FUTURE EXPIRY DATE, UNLESS WE NOTIFY YOU IN WRITING AT LEAST 90 DAYS PRIOR TO SUCH EXPIRY DATE THAT WE ELECT NOT TO FURTHER EXTEND THIS LETTER OF CREDIT UPON RECEIPT OF SUCH NOTICE, YOU MAY DRAW ON THIS LETTER OF CREDIT, UP TO THE UNUSED BALANCE, BY PRESENTATION OF YOUR SIGHT DRAFT DRAWN ON SURETY, AT SURETY LOCATION, ON OR BEFORE THE THEN RELEVANT EXPIRY DATE.

EACH DRAFT MUST BE MARKED TO INCLUDE THE SURETY NAME, SURETY LOCATION, AND LETTER OF CREDIT NUMBER.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE “UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600".

WE HEREBY AGREE WITH YOU THAT YOUR DRAFTS DRAWN HEREUNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED TO US AT OUR ADDRESS SHOWN ABOVE BEFORE OUR CLOSE OF BUSINESS ON THE ABOVE MENTIONED DATE.

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