****

**INSTRUCTIONS**

**SECURITY POSTING – LETTERS OF CREDIT**

A Letter of Credit (“LOC”), subject to the criteria listed below, is an acceptable form of Financial Security (“Security”) for meeting the requirements of LS Power Grid California’s Transmission Owner Tariff or the California Independent System Operator’s (“CAISO”) generator interconnection procedures as applicable. LS Power Grid California’s standard form of the LOC is provided starting on page 2 of this document. All fields shown in yellow highlighting must be completed.

LS Power Grid California’s criteria for accepting an LOC includes the following:

1. The issuing bank must have a credit rating of A or better by Standard and Poor’s, or, A2 or better by Moody’s; and,
2. The issuing bank must be a United States bank or a United States branch of a foreign bank.

LS Power Grid California’s standard practice is to review all Security to ensure acceptability, which will include the issuer’s acceptability, as discussed above, as well as the acceptability of the Security’s terms and conditions. Using LS Power Grid California’s standard forms, without modification, will ensure that the terms and conditions of the Security are acceptable to LS Power Grid California. If the issuer seeks modification to any of the conditions, LS Power Grid California recommends that prior to submission, a draft of the Security should be sent to your LS Power Grid California Project Manager and to the following email address: lsptreasury@lspower.com. Please allow at least five (5) Business Days for LS Power Grid California’s review of the draft Security.

Either a representative from CAISO or LS Power Grid California’s Project Manager has sent you an email that specified the posting due date for the Security. LS Power Grid California must receive acceptable Security on or before this date. All Security is to be delivered to LS Power Grid California at the following address:

LS Power Grid California, LLC

Attn: Treasury Dept

1 Tower Center Blvd, 21st Floor

East Brunswick, NJ 08816

Questions about posting the Security should be directed to your LS Power Grid California Project Manager.

**FORM OF STANDBY LETTER OF CREDIT**

[Issuing bank’s letterhead]

IRREVOCABLE STANDBY LETTER OF CREDIT NO.: [*INSERT NO.*]

ISSUE DATE:

CONTRACT NO.: []

PROJECT NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FOR THE PURPOSE OF: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ISSUING BANK:

ISSUING BANK NAME

ADDRESS

CITY, STATE, XXXXX-XXXX

FACSIMILE NO. (FAX): [*INSERT FAX NUMBER*]

EMAIL ADDRESS: [*INSERT EMAIL ADDRESS*]

ATTENTION:

BENEFICIARY:

LS POWER GRID CALIFORNIA, LLC

ONE TOWER CENTER BLVD, 21ST FLOOR

EAST BRUNSWICK, NJ 08816

EMAIL ADDRESS: LSPTREASURY@LSPOWER.COM

ATTENTION: TREASURY DEPARTMENT

AVAILABLE AMOUNT: [*INSERT AMOUNT IN WORDS AND NUMBERS*]

EXPIRATION DATE: [*INSERT DATE*]

AT THE REQUEST AND FOR THE ACCOUNT OF [*INSERT NAME OF ACCOUNT PARTY OR ACCOUNT PARTY ON BEHALF OF COUNTERPARTY*], LOCATED AT [*INSERTADDRESS OF ACCOUNT PARTY*], [*INSERT NAME OF ISSUING BANK*] LOCATED AT[*INSERT PLACE OF ISSUANCE*] (“WE” OR “US”), ISSUE THIS IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER [*INSERT REFERENCE NO*.] IN FAVOR OF LS POWER GRID CALIFORNIA, LLC, LOCATED AT ONE TOWER CENTER, 21ST FLOOR, EAST BRUNSWICK, NJ 08816 ( “BENEFICIARY” OR “YOU”) IN THE MAXIMUM AGGREGATE AMOUNT OF USD [*INSERT AMOUNT IN WORDS AND NUMBERS*].

 ISSUER UNDERTAKES TO BENEFICIARY TO PAY, WITHIN THREE (3) BUSINESS DAYS OF ITS RECEIPT, BENEFICIARY’S MAILED OR FAXED DEMAND FOR PAYMENT FOR AN AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT IN THE FORM OF THE ATTACHED PAYMENT DEMAND COMPLETED AND SIGNED AS INDICATED AND PRESENTED TO US (I) AT [*INSERT ADDRESS OF PLACE FOR PRESENTATION*] OR (II) BY FAX AT [*INSERT FAX NUMBER*], ATTENTION: [*IDENTIFY BANK’S LETTER OF CREDIT DEPT.*], AND IF PRESENTED BY FAX, PRECEDED BY A CALL TO US AT [*INSERT NUMBER*] OR [*INSERT ALTERNATIVE NUMBER*], IN EACH CASE ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT.

THE EXPIRATION DATE OF THIS LETTER OF CREDIT IS [*INSERT DATE*]. IT IS A CONDITION OF THIS LETTER OF CREDIT THAT ITS EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR SUCCESSIVE ONE (1) YEAR PERIODS FROM ITS THEN CURRENT EXPIRATION DATE UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO ITS THEN CURRENT EXPIRATION DATE, WE SEND NOTICE TO YOU BOTH BY (I) OVERNIGHT COURIER, AT YOUR ADDRESS STATED ABOVE, AND (II) BY ELECTRONIC TRANSMISSION TO YOU AT YOUR EMAIL ADDRESS STATED ABOVE, THAT WE ELECT NOT TO EXTEND THE EXPIRATION DATE OF THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED. ANY PAYMENT MADE UNDER THIS LETTER OF CREDIT SHALL REDUCE THE AMOUNT AVAILABLE UNDER IT.

ALL NOTICES TO YOU FROM US SHALL BE IN WRITING SENT BY OVERNIGHT COURIER OR DELIVERED IN PERSON TO YOU AT YOUR ADDRESS STATED ABOVE AND CONFIRMED BY ELECTRONIC TRANSMISSION TO YOU AT YOUR EMAIL ADDRESS STATED ABOVE.

EXCEPT IN THE CASE OF AN INCREASE IN ITS STATED AMOUNT OR EXTENSION OF ITS EXPIRATION DATE, WE WILL NOT MODIFY, REVOKE OR TERMINATE THIS LETTER OF CREDIT WITHOUT BENEFICIARY’S PRIOR WRITTEN CONSENT.

 THIS LETTER OF CREDIT IS ISSUED SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES 1998, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 (ISP98) AND IS GOVERNED BY THE LAWS OF THE STATE OF *NEW YORK*.

ALL INQUIRIES CONCERNING THIS LETTER OF CREDIT MAY BE DIRECTED TO OUR LETTER OF CREDIT DEPARTMENT QUOTING OUR LETTER OF CREDIT NUMBER [*INSERT NUMBER*], USING EITHER OF THE FOLLOWING CONTACT DETAILS:

TELEPHONE: [*INSERT NUMBER*]

EMAIL ADDRESS: [*INSERT EMAIL ADDRESS*]

AUTHORIZED SIGNATURE FOR BANK

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**PAYMENT DEMAND**

dATE: [*INSERT DATE*]

To: [*Name, address and fax number of issuing bank*] (“ISSUER”)

RE: Letter of Credit no. [*INSERT NO.*]

LS POWER GRID CALIFORNIA, LLC (“Beneficiary”) hereby MAKES DEMAND UNDER ISSUER’S LETTER OF CREDIT NO. [*INSERT NUMBER*] FOR PAYMENT OF USd [*INSERT DOLLAR AMOUNT*]. IN SUPPORT THEREOF, BENEFICIARY STATES:

(1) The undersigned is AN AUTHORIZED REPRESENTATIVE of Beneficiary and is authorized to execute and deliver this Certificate on behalf of Beneficiary.

(2) beneficiary is entitled to draw the amount set forth in THIS PAYMENT DEMAND because: (check as applicable)

[ ], THE drawing IS MADE pursuant to THE TERMS OF [*INSERT TARIFF NAME] (AS MAY BE AMENDED FROM TIME TO TIME) (THE “TARIFF”) OR [INSERT AGREEMENT NAME*] BETWEEN BENEFICIARY AND [*INSERT NAME OF ACCOUNT PARTY OR ACCOUNT PARTY ON BEHALF OF COUNTERPARTY*], DATED [*INSERT DATE*], As AMENDED.

[ ] the Letter of Credit will expire within TWENTY (20) days or less of the date of this DEMAND and has not been replaced by new credit support acceptable to Beneficiary.

(3) You are directed to make WIRE TRANSFER payment TO BENEFICIARY IN THE AMOUNT of THIS DEMAND AS FOLLOWS:

LS POWER GRID CALIFORNIA, LLC

Account No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Bank: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ABA Routing No. \_\_\_\_\_\_\_\_\_\_

LS POWER GRID CALIFORNIA, LLC

BY ITS Authorized REPRESENTATIVE:

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PRINTED Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_