**FORM OF LETTER OF CREDIT**

***Issuing Bank Letterhead and Address***

STANDBY LETTER OF CREDIT NO. XXXXXXXX

**Date:** [insert issue date]

|  |  |  |  |
| --- | --- | --- | --- |
| **Beneficiary:** | Pacific Gas and Electric Company | **Applicant:** | [Insert name and address of Applicant] |
|  | 77 Beale Street, Mail Code B28L |  |  |
|  | San Francisco, CA 94105 |  |  |
|  | Attention: Credit Risk Management |  |  |

**Letter of Credit Amount:** [Insert amount]

**Expiry Date:** [insert date that is one (1) year from offer date]

Ladies and Gentlemen:

By order of **[Insert name of Applicant]** (“Applicant”), we hereby issue in favor of Pacific Gas and Electric Company (the “Beneficiary”) our irrevocable standby letter of credit No. **[Insert number** **of letter of credit]** (“Letter of Credit”), for the account of Applicant, for drawings up to but not to exceed the aggregate sum of U.S. $ **[Insert amount in figures followed by (amount in words)]** (“Letter of Credit Amount”). This Letter of Credit is available with **[Insert name of issuing bank, and the city and state in which it is located]** by sight payment, at our offices located at the address stated below, effective immediately, and it will expire at our close of business on **[Insert expiry date]** (the “Expiry Date”).

Funds under this Letter of Credit are available to the Beneficiary against presentation of the following documents (which may be presented by physical delivery or by facsimile, e-mail or other electronic transmission):

1. Beneficiary’s signed and dated sight draft in the form of Exhibit A hereto, referencing this Letter of Credit No. **[Insert number]** and stating the amount of the demand; and

2. One of the following statements signed by an authorized representative or officer of Beneficiary:

A. **[Insert name of entity submitting an offer under PG&E’s Mid-Term Reliability Request for Offers Phase 2 Solicitation Protocol]** has forfeited the Shortlist Offer Deposit in accordance with the provisions of PG&E’s Mid-Term Reliability Request for Offers Phase 2 Solicitation Protocol or the accompanying Agreement, which entitles Beneficiary to draw the entire Letter of Credit Amount under Letter of Credit No.[I**nsert number]**; or

B.  **[Insert name of entity submitting an offer under PG&E’s Mid-Term Reliability Request for Offers Phase 2 Solicitation Protocol]** has entered into one or more agreement(s) (the “Agreement(s)”) with Beneficiary in connection with PG&E’s Mid-Term ReliabilityRequest for Offers Phase 2 Solicitation Protocol and has failed to post security pursuant to the terms of the Agreement(s); or

C. Letter of Credit No. **[Insert number]** will expire in thirty (30) days or less and **[Insert name of entity submitting an offer under PG&E’s** **Mid-Term Reliability Request for Offers Phase 2 Solicitation Protocol]** has not provided replacement security acceptable to Beneficiary.

Special Conditions:

1. Partial and multiple drawings under this Letter of Credit are allowed;

2. All banking charges associated with this Letter of Credit are for the account of the Applicant; and

3. This Letter of Credit is not transferable.

We engage with you that drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored upon presentation, on or before the Expiry Date (or after the Expiry Date in case of an interruption of our business as stated below), at our offices at **[Insert issuing bank’s address for drawings]**.

All demands for payment shall be made by presentation of copies or original documents, or by facsimile, e-mail, or other electronic transmission of documents to ***[Insert fax number, email or other electronic transmission]***, Attention: ***[Insert name of bank’s receiving department]*** or ***[Insert e-mail or other electronic transmission address].*** If a demand is made by facsimile, e-mail or other electronic transmission, the originals or copies of documents must follow by overnight mail, and you may contact us at ***[Insert phone number(s)]*** to confirm our receipt of the transmission. Your failure to seek such a telephone confirmation does not affect our obligation to honor such a presentation.

Our payments against complying presentations under this Letter of Credit will be made no later than on the sixth (6th) banking day following a complying presentation.

Except as stated herein, this Letter of Credit is not subject to any condition or qualification. It is our individual obligation, which is not contingent upon reimbursement and is not affected by any agreement, document, or instrument between us and the Applicant or between the Beneficiary and the Applicant or any other party.

Except as otherwise specifically stated herein, this Letter of Credit is subject to and governed by the *Uniform Customs and Practice for Documentary Credits, 2007 Revision,* International Chamber of Commerce (ICC) Publication No. 600 (the “UCP 600”); provided that, if this Letter of Credit expires during an interruption of our business as described in Article 36 of the UCP 600, we will honor drafts presented in compliance with this Letter of Credit, if they are presented within thirty (30) days after the resumption of our business, and will effect payment accordingly.

The law of the State of New York shall apply to any matters not covered by the UCP 600.

The electronic copy of this Letter of Credit shall be the operative instrument until such time as the original is received. This Letter of credit can be amended or terminated by facsimile, e-mail or other electronic transmission.

For telephone assistance regarding this Letter of Credit, please contact us at **[insert number and any other necessary details]**.

Very truly yours,

|  |  |
| --- | --- |
| **[insert name of issuing bank]** | |
| By: |  |
|  | Authorized Signature |
| Name: | **[print or type name]** |
| Title: | **[print or type title]** |

**[Note: All pages must contain the Letter of Credit number and page number for identification purposes.]**

**Exhibit A SIGHT DRAFT**

TO

[INSERT NAME AND ADDRESS OF PAYING BANK]

AMOUNT: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AT SIGHT OF THIS DEMAND PAY TO THE ORDER OF PACIFIC GAS AND ELECTRIC COMPANY THE AMOUNT OF U.S.$\_\_\_\_\_\_\_\_(\_\_\_\_\_\_\_\_\_\_\_\_\_\_ U.S. DOLLARS)

DRAWN UNDER [INSERT NAME OF ISSUING BANK] LETTER OF CREDIT NO. XXXXXX.

REMIT FUNDS AS FOLLOWS:

[INSERT PAYMENT INSTRUCTIONS]

DRAWER

BY:

NAME AND TITLE