**Example Letter of Credit**

**The SEU has posted this example of a letter of credit to assist bidders.  It is only an example and the SEU does not require it to be used as a template.   The form of a letter of credit can vary depending upon the financial institution that issues the letter of credit.  The SEU reserves the right to review the terms of all letters of credit submitted by bidders prior to acceptance.**

Letter of Credit No. \_\_\_\_\_\_

Date

SEU One LLC.

Anthony J. DePrima

109 South State Street

Dover, Delaware

Dear Mr. DePrima:

We hereby establish our Irrevocable Standby Letter of Credit (hereinafter “Credit”) in your favor for the amount of \_\_\_\_($100kw per nameplate rating)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the aggregate total sum of AMOUNT SPELLED OUT AND 00/100 US DOLLARS ($xxx,xxx.xx) available by your sight draft(s) drawn on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_Bank.

This Credit is subject to the following terms and conditions:

1. Effective date: \_\_\_(bid entry date)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
2. Expiry Date: \_\_\_\_(15 months following effective date)\_\_\_\_\_\_\_\_\_\_.
3. Sight draft(s) drawn hereunder must bear the clause “Drawn under \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_ bank Letter of Credit No. \_\_\_\_\_\_\_ dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ “and be accompanied with the following statement purportedly signed by an authorized agent of SEU One LLC stating:

 “Construction and operation of the Generating Unit located at (address) has not been completed per SREC Transfer Agreement, between SEU One, LLC and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Said agreement for the construction and operation of Generating Unit at \_(address) .”

1. All bank charges connected with this Letter of Credit are for the account of \_\_\_(customer / developer)\_\_\_\_\_\_\_\_\_\_\_.
2. Partial drawings are permitted in accordance with Section 2.52 *Damages for Delayed Operation.*
3. The expiry of this Credit shall be extended without amendment for an additional period of one year from the expiry date set forth above and for additional one year periods from each anniversary of such expiry date, unless at least thirty (60) calendar days prior to such expiry date or any anniversary of such date, Bank notifies you in writing by registered or certified mail that Bank elects not to so renew this Credit. Each extension shall be measured from the then relevant expiry date even though such date be not a business day in \_\_\_City of Bank\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_State of Bank\_\_\_\_, for Bank. In the event Bank elects not to renew this Credit and upon receipt of such notice, you may draw under this Credit in accordance with the terms hereof. Notwithstanding the foregoing, in no event will expiry date of this Credit be extended beyond \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
4. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended or amplified by reference to any document, instrument or agreement referred to herein or in which this Credit is referred to or to which this Credit relates and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.
5. Credit is to be: Irrevocable and not transferable.
6. We hereby engage with you that the sight draft(s) drawn in compliance with this Credit shall be duly honored upon presentation to us at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Bank, Address, City State Zip, on or before the above stated expiry date or any extension thereof as above provided.
7. This Credit shall be governed by and construed in accordance with the Laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_ and shall also, to the extent not inconsistent with such code, be subject to the International Standby Practices 1998, International Chamber of Commerce Publications No. 590.

Very truly yours,

Bank Name

Signature

Title