

Euler Hermes Energy

Transforming Risk to Reward

Financial Ratings:



AA

by Standard
& Poor's

A+

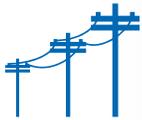
by A.M. Best
Company

Euler Hermes now offers On-Demand Payment (ODP) bonds to replace Letters of Credit in the Energy industry. Enhance your working capital to increase liquidity and accelerate your growth.

Opportunities for:



Independent System
Operators (ISO)



Regional Transmission
Organizations (RTO)



Environmental Auction
Participants

On-Demand Payment Bonds: A better alternative to Letters of Credit

On-Demand Payment (ODP) bonds are accepted assurance methods for Independent System Operators offering several key advantages:

- 100% risk cover
- Maximizes working capital by reducing the capital constrained by LoC posting requirements
- Mitigates concentration risk
- Bond is 'callable' at any time during the coverage period
- Bond pays out within the same time frame as an LoC
- Priced competitively with LoC rates
- Premium paid by Principal
- Participant collateral optionality

How does it work?

ODPs are used to replace Letters of Credit for:

ISO Standard Operating Agreement – ODPs accepted for all obligations under standard ISO operating agreements. The ISO member utilizes the bond as a principal when they are required to post collateral. The Operator becomes the bondholder ("obligee") and accepts the bond in lieu of other required collateral postings.

ISO/Environmental Auctions – ODPs accepted as collateral obligations related to ISO auctions. An ISO member can build a bonding facility with Euler Hermes to support its bidding strategies for these auctions. ISO members utilize the bond as a principal when the shipper is required to post collateral. The Operator becomes the obligee and accepts the bond in lieu of or in addition to other required collateral postings for auctions.

To learn more, contact the Euler
Hermes Energy team directly:

Chris Jackson
EH Energy – Houston (U.S.)
Phone: +1 832.209.4680
Chris.Jackson@eulerhermes.com

Todd Lines
EH Energy – Calgary (Canada)
Phone: +1 403.585.5954
Todd.Lines@eulerhermes.com



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The Future of Counterparty Credit