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Credit Facility Update

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Current Credit Facility Position

- EBCE currently holds an \$80MM credit facility with Barclays Bank
 - Entered into agreement on March 15, 2018 for \$50MM
 - First Amendment to the agreement on August 1, 2019 lowered interest rates, reduced reserve fund holdings from \$17.1MM to \$7MM, and established \$30MM to be used for letters of credit (LOCs)
 - Second Amendment on January 3, 2020 increased capacity to a max of \$80MM with up to \$60MM is available for cash and up to \$35MM for letters of credit
 - Cash portion expires on December 19, 2022 and LOC expires on July 31, 2024

New Credit Facility Interests

- Barclays opted to not renew any credit exposure to CCAs in light of Western Energy bankruptcy in 2021
- EBCE conducted a formal RFP to solicit offers to replace and expand the current credit facility
 - Uniform interviews were conducted with all responding proposers, followed by several rounds of negotiations on terms with two highest scoring proposers until one was chosen
 - Additionally considered ESG goals, reference vetting, adherence to RFP details, and applied scoring methodology
- EBCE is seeking to upsize facility due to multiple risk factors
 - More volatile market conditions may stress working capital needs while preserving reserve balances
 - Load Serving Entities (LSEs) have a risk of posting higher collateral because of market conditions—LOCs can protect reserves and working capital
 - Stress testing shows chance of needing additional liquidity should market prices spike with weather, political conditions, or other systemic risk factors

New Credit Facility Terms

- Some aspects of the facility are still being negotiated by Staff, but terms are settled as the following:
 - Undrawn Fee is 0.25% of any undrawn or unused balance—This is the cost to hold the facility as available
 - Letters of Credit is the Applicable Margin of 1.40% on face value of issuance, with issuance charges of 0.25% of value
 - Cash Draws is the Applicable Margin plus Secured Overnight Financing Rate (SOFR), which as of September 9, 2022, is 2.28%
 - The Undrawn Fee and Applicable Margin can increase in the event that S&P downgrades EBCE’s “A” rating
 - A “default” will result in an increase of the Undrawn Fee and Applicable Margin by 1.50% each and an increase in the SOFR by 2.00%
 - There is no reserve requirement.

Thank You!



Questions? Give us a call:
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