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February 18, 2022

Public Utility Commission of Texas
Chairman Peter Lake
Commissioner Will McAdams
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
1701 N. Congress Ave.
Austin, Texas 78711

Re: PUC Project No. 51812, *Issues Related to the State of Disaster for the February 2021 Winter Weather Event*

Dear Chairman and Commissioners:

On February 21, 2021, the Public Utility Commission of Texas (Commission) issued an Order that directed ERCOT to take certain actions and granted exceptions to provisions of the ERCOT Protocols and Operating Guides.¹ At the time the Order was issued, the wholesale electric market in the ERCOT Region was experiencing an unprecedented amount of financial strain due to high market prices over an extended period. Therefore, the Commission issued the Order to help protect the overall integrity of the ERCOT market.

Through March 2021, ERCOT utilized the discretion contemplated in the Order on a regular basis to address financial obligations between Market Participants and ERCOT.² Since April 2021, however, ERCOT utilized that discretion on only two occasions.³ First, ERCOT agreed to suspend written notice of payment breach to Rayburn Country Electric Cooperative, Inc. (Rayburn) in exchange for Rayburn providing ERCOT with regular updates concerning Rayburn's progress in obtaining securitization financing to cover its unpaid invoices. Rayburn complied with this agreement by providing ERCOT with regular updates on its progress. This month, Rayburn closed on its securitization financing and remitted payment to ERCOT for the full amount of its outstanding unpaid invoices. Because Rayburn has cured its payment breach, ERCOT no longer needs to utilize the discretion set forth in the Order with respect to Rayburn.

¹ See *Issues Related to the State of Disaster for the February 2021 Winter Weather Event*, Project No. 51812, Order Directing ERCOT to Take Action and Granting Exception to ERCOT Protocols (Feb. 21, 2021) (referred to herein as "Order").

² ERCOT notes that it has already broad discretionary authority under the ERCOT Protocols to address certain financial risk in the market. See e.g., Protocol Section 9.19 regarding payment plans and Protocol Section 16 regarding financial risk of Counter-Parties.

³ For additional details regarding ERCOT's use of discretion, please see Project No. 51812, ERCOT Letter to Commissioners re 2.21.2021 Discretion Order (November 18, 2021).

The second use of ERCOT's discretion involved ERCOT entering into a payment plan with Hanwha Energy USA Holdings Corp. dba 174 Power Global (Hanwha), whereby ERCOT agreed to suspend payment deadlines under the ERCOT Protocols and allow Hanwha to make scheduled payments to ERCOT for invoice amounts due from the February 2021 winter weather event.⁴ Hanwha complied with the terms of the payment plan and submitted its final payment in December 2021. Accordingly, ERCOT no longer needs to utilize the discretion contemplated by the Order with respect to Hanwha.

In light of the foregoing, ERCOT no longer considers the Order to be necessary to preserve the integrity of the financial electric market in the ERCOT region. ERCOT is no longer exercising discretion set forth in the Order and does not anticipate any need to do so going forward. Accordingly, the Commission may wish to consider withdrawing or otherwise terminating the Order.

ERCOT stands ready to answer any questions the Commission may have regarding ERCOT's actions taken pursuant to the Order.

Regards,

/s/ Chad V. Seely _____

Chad V. Seely

Vice President and General Counsel

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⁴ See the Payment Plan Agreement for Hanwha Energy USA Holdings Corp at https://www.ercot.com/files/docs/2021/04/23/Payment_Plan_Agreement_-_Hanwha_Energy_USA_Holdings_Corp_dba_174_Power_G...pdf