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APPLICATION OF THE ELECTRIC	§	PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF TEXAS,	§	
INC. FOR A DEBT OBLIGATION	§	OF TEXAS
ORDER UNDER PURA CHAPTER 39,	§	
SUBCHAPTER M, AND REQUEST	§	
FOR A GOOD CAUSE EXCEPTION	§	

COMMISSION STAFF’S BRIEF

After the hearing on the merits conducted on August 23, 2021, the Commission administrative law judge authorized the parties to file a post-hearing brief by September 1, 2021. The Staff of the Public Utility Commission of Texas (Staff) timely files this briefing.

The Electric Reliability Council of Texas, Inc. (ERCOT) is seeking Commission approval to finance the \$800 million default balance resulting from Winter Storm Uri. Under PURA¹ chapter 39, subchapter M, the Texas Legislature has authorized ERCOT to finance the default balance with debt obligations. The proceeds from this financing can be used for two specific purposes related to the wholesale market: (1) paying short-paid wholesale market participants the amounts they are owed; or (2) replenishing congestion revenue rights (CRR) auction receipts that were used by ERCOT to reduce the amounts short-paid to those wholesale market participants.²

Staff is supportive of ERCOT’s application, which proposes to use traditional securitization concepts that are consistent with prior Commission-approved bond issuances.³ Staff also recommends that financing the default balance with debt obligations is necessary to preserve the public interest and the integrity of the wholesale market as required by PURA § 39.603(a). Because \$800 million is not enough to cover both permitted uses,⁴ and to also allow ERCOT to cover the costs of the financing, Staff also believes that ERCOT’s recommendation that the

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

² PURA § 39.601(b) (PURA); *see also* PURA § 39.603(a)

³ Direct Testimony of Darryl Tietjen, Staff Exhibit 1 at 4:5-8, 10:1-10.

⁴ *See* Direct Testimony of Sean Taylor, ERCOT Exhibit 4 at 16:1-7 (\$318 million owed to short-paid market participants and \$766 in CRR fund); Rebuttal Testimony of Sean Taylor, ERCOT Exhibit 10 at 7:11-16 (revising the \$318 million to \$243 million).

Commission prioritize paying the short-paid wholesale market participants above replenishing CRR revenues in distributing the financing of these proceeds is reasonable.⁵

For the reasons stated above, Staff respectfully requests the entry of a debt obligation order consistent with ERCOT's proposed securitization and adopting its proposed prioritization related to the use of the financing proceeds.

Dated: September 1, 2021

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

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⁵ ERCOT Exhibit 10 at 7:3-10.

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on September 1, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ R. Floyd Walker
R. Floyd Walker