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PUC DOCKET NO. 52321

**APPLICATION OF ELECTRIC §
RELIABILITY COUNCIL OF TEXAS, § PUBLIC UTILITY COMMISSION
INC. FOR A DEBT OBLIGATION §
ORDER PURSUANT TO CHAPTER 39, § OF TEXAS
SUBCHAPTER M, OF THE PUBLIC §
UTILITY REGULATORY ACT §**

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.’S
PROOF OF NOTICE TO MARKET PARTICIPANTS**

On July 19, 2021, Applicant Electric Reliability Council of Texas, Inc. (“ERCOT”) provided notice of this docket to all ERCOT wholesale market participants by electronic email distribution. A copy of the notice is attached to this pleading.

WINSTEAD PC

By: /s/ Elliot Clark

Elliot Clark
State Bar No. 24012428
eclark@winstead.com
Ron H. Moss
State Bar No. 14591025
rhmosse@winstead.com
Jeff Nydegger
State Bar No. 24077002
jnydegger@winstead.com
401 Congress Avenue, Suite 2100
Austin, Texas 78701
Telephone: (512) 370-2800
Facsimile: (512) 370-2850

James Doyle
State Bar No. 06094600
jdoyle@winstead.com
Winstead PC
600 Travis Street, Suite 5200
Houston, Texas 77002
Telephone: (713) 650-8400
Facsimile: (713) 650-2400

ATTORNEYS FOR ERCOT

To General, Legal Notifications

Sent Mon, Jul 19, 2021 09 29 AM

Subject W-A071921-01 Notice of Application for Default Balance Financing

NOTICE DATE: July 19, 2021

NOTICE TYPE: W-A071921-01 Legal

SHORT DESCRIPTION: Notice of Application for Default Balance Financing

INTENDED AUDIENCE: All Market Participants

DAY AFFECTED: July 16, 2021 forward

LONG DESCRIPTION: On July 16, 2021, Electric Reliability Council of Texas, Inc (ERCOT) filed with the Public Utility Commission of Texas (Commission) an application for an obligation order to finance the Default Balance, as that term is defined in Subchapter M of Chapter 39 of the Public Utility Regulatory Act (PURA). ERCOT's request for approval of a financing mechanism to finance the Default Balance is intended to mitigate the effect of Winter Storm Uri on ERCOT wholesale market participants.

In PURA § 39 602(1), the Legislature defined the Default Balance to include an amount of not more than \$800 million that includes only (1) amounts owed to ERCOT by wholesale market participants during the period of emergency that otherwise would be or have been uplifted to other wholesale market participants, (2) financial revenue actually used by ERCOT to temporarily reduce amounts short paid to wholesale market participants related to the period of emergency, and (3) reasonable costs incurred by a state or local government to implement the debt obligation order, including the cost of retiring or refunding existing debt. PURA § 39 602(4) defines the period of emergency as the period beginning on February 12, 2021, and ending at 11 59 p m, February 20, 2021.

If approved by the Commission, the debt obligation order sought by ERCOT will authorize ERCOT to

- establish a debt financing mechanism to finance the Default Balance,
- impose nonbypassable default charges on all wholesale market participants in the ERCOT power region, except for those wholesale market participants exempted by payment of default charges, and
- remit the default charge proceeds to pay the debt obligations.

ERCOT also seeks Commission approval to refinance the debt at a later time if market conditions warrant such refinancing.

If approved, ERCOT's application will affect all wholesale market participants in the ERCOT power region except (1) a municipally owned utility that becomes subject to the jurisdiction of ERCOT on or after May 29, 2021 and before December 30, 2021—e.g., City of Lubbock acting through Lubbock Power and Light, which qualifies for exemption under PURA § 39 603(f) and (2) a market participant that otherwise would be subject to a default charge solely as a result of acting as a central counterparty clearinghouse in wholesale market transactions in the ERCOT power region and is regulated as a derivatives clearing organization, as defined by Section 1a, Commodity Exchange Act (7 U.S.C. Section 1a)—e.g., ICE NGX Canada, which qualifies for exemption under PURA § 39 603(f).

ERCOT has requested authority to recover the amount financed by imposing default charges on all wholesale market participants except those exempted by statute. The default charges will be charged on a monthly basis and will be allocated among wholesale market participants using the same allocated pro rata methodology under which the charges would be allocated under the Protocols in effect on March 1, 2021.

A complete copy of the application is available at [PUC Docket No. 52321, Application of ERCOT for Debt Obligation Order to Finance Default Balances under PURA § 39 603\(g\) and Request for Good Cause Exception](#).

PURA § 39 603(g) requires the Commission to issue an order in this proceeding no later than 90 days after the filing of the application. Persons who wish to intervene in or object to these proceedings should contact the Public Utility Commission of Texas at P.O. Box 12236, Austin, Texas 78711-3326. Further information may also be obtained by calling the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephone (TTY) may contact the Commission at (512) 936-7136. A request for intervention or a request for further information should refer to PUC Docket No. 52321. ERCOT has proposed the intervention deadline to be July 27, 2021, which is the effective date of the filing of the application.

CONTACT: If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via email at ClientServices@ercot.com.

If you are receiving email from a public ERCOT distribution list that you no longer wish to receive, please follow this link in order to unsubscribe from this list: <http://lists.ercot.com>

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