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Received - 2021-07-30 11:34:49 AM

Control Number - 52321

ItemNumber - 51

PUC DOCKET NO. 52321

APPLICATION OF THE ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC. FOR A DEBT OBLIGATION ORDER TO FINANCE UPLIFT BALANCES UNDER PURA CHAPTER 39, SUBCHAPTER M, AND FOR A GOOD CAUSE EXCEPTION	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.’S
NOTICE OF ERRATA TO APPLICATION FOR A DEBT OBLIGATION ORDER
TO FINANCE DEFAULT BALANCES UNDER PURA CHAPTER 39, SUBCHAPTER M**

Applicant Electric Reliability Council of Texas, Inc. (“ERCOT”) files this pleading to notify the Public Utility Commission of Texas and the parties of several erroneous amounts that appeared in ERCOT’s Application for a Debt Obligation Order to Finance Default Balances under PURA Chapter 39, Subchapter M. ERCOT filed that application in this docket on July 16, 2021.

The following table lists the document in which the error appeared, the page number on which the error appeared, the incorrect amount, and the corrected amount.

Document	Page and Line No.	Incorrect Amount	Correct Amount
Application	Page 6	\$1.3 billion	\$1.13 billion
Direct Testimony of Kenan Ögelman	Page 22, footnote 13	\$25 million	\$34 million
Direct Testimony of Kenan Ögelman	Page 25, line 2	\$308 million	\$318 million.

ERCOT has attached corrected pages to this Notice of Errata.

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CERTIFICATE OF SERVICE

In accordance with Order No. 2 in this docket, filing a document on the Commission's Interchange website constitutes service of the document on all parties to this proceeding.

/s/ Ron H. Moss
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existing debt is currently estimated to be approximately \$50 million. That amount, however, may not be needed if ERCOT is not required to retire or refund existing debt as part of the debt financing mechanisms being requested by ERCOT.

As noted above, to date approximately \$418 million is still owed to ERCOT by competitive wholesale market participants that defaulted on their obligations to pay ERCOT for market activity during the Period of Emergency, and no longer participate in the ERCOT market (hereinafter “terminated competitive wholesale market participants”). However, ERCOT already used approximately \$100 million of the \$800 million in financial revenue auction receipts—i.e., Congestion Revenue Right (CRR) auction revenue funds—to pay market participants owed payments, that would have otherwise been short-paid that \$100 million due to the \$418 million still owed by terminated competitive wholesale market participants. As a result, market participants due payments are now owed approximately \$318 million due to the \$418 million in short payments by terminated competitive wholesale market participants. Although ERCOT market participants are now owed about \$318 million of the \$418 million, the other \$100 million of the \$418 million must be recovered as part of the Default Balance because it is needed to replenish the financial revenue auction receipts that were used in February 2021. Thus, the sum of Default Balance amounts is approximately ~~\$1.3~~^{\$1.13} billion: \$50 million costs; \$318 million owed to short-paid market participants; and \$766 million financial revenue auction receipts used to temporarily reduce short payments, which includes the approximately \$100 million already used to reduce short payments. The \$766 million still needed to replenish financial revenue auction receipts represents the amount remaining from the \$800 million that ERCOT initially used to temporarily reduce short payments to market participants. Use of those funds at that time provided necessary liquidity to ERCOT market participants. However, because funds remain

1 total amount short-paid to the market was reduced to \$1.32 billion. It must be noted,
 2 however, that the \$800 million in CRR auction revenue funds ERCOT used to reduce the
 3 amount of short pays must still be paid back in full to replenish CRR auction revenue
 4 funds.¹³

5 Additional short- pays applicable to the Period of Emergency occurred subsequent
 6 to February 26, 2021. Accordingly, as of invoice date July 7, 2021, the total outstanding
 7 short-paid amount for the Period of Emergency was approximately \$2.96 billion.

8 **Q. HOW MUCH OF THE SHORT PAYMENT AMOUNT DESCRIBED ABOVE IS**
 9 **ATTRIBUTABLE TO COMPETITIVE WHOLESALE MARKET**
 10 **PARTICIPANTS?**

11 A. As I understand the term “competitive wholesale market participants” in this context, it
 12 refers to market participants—primarily to Retail Electric Providers (“REPs”) that were
 13 also QSEs—that were operating in the wholesale power market during the Period of
 14 Emergency but are no longer doing so because they defaulted on their obligations to pay
 15 ERCOT for market activity during the Period of Emergency. For purposes of my testimony
 16 going forward, when I refer to “terminated competitive wholesale market participants,” I
 17 am referring to market participants that short-paid ERCOT for operating days February 12
 18 – 20, 2021, and were subsequently terminated from participating in the ERCOT market.

19 As of invoice date July 7, 2021, the cumulative aggregate short pay amount
 20 attributable to terminated competitive wholesale market participants was approximately
 21 \$418 million. This amount reflects payments received for previously short-paid invoices
 22 and other credits that may have been applied. This amount does not include short payments

¹³ To date, approximately ~~\$25~~^{\$34} million of the CRR auction revenue fund has been replenished.

1 participants for defaults by terminated competitive wholesale market participants is
2 approximately ~~\$300~~³¹⁸ million.

3 **Q. WHAT IS THE AMOUNT OF FINANCIAL REVENUE AUCTION RECEIPTS**
4 **USED TO REDUCE AMOUNTS SHORT PAID TO WHOLESALE MARKET**
5 **PARTICIPANTS?**

6 A. As explained in more detail in Mr. Taylor's testimony, ERCOT used \$800 million in CRR
7 auction revenue funds to reduce amounts short paid to wholesale market participants as
8 related to the Period of Emergency.

9 **Q. ARE THE AMOUNTS COMPRISING THE DEFAULT BALANCE SUBJECT TO**
10 **CHANGE BETWEEN NOW AND THE TIME THAT ERCOT SEEKS FINANCING**
11 **OF THE DEFAULT BALANCE?**

12 A. Yes. The amounts that make up the Default Balance are all point-in-time estimates that can
13 change under certain circumstances. For example, if ERCOT is able to collect funds from
14 a terminated competitive wholesale market participant, the recovery of those funds would
15 decrease the Default Balance. In addition, if eligible electric cooperatives utilize
16 securitization financing as provided for in SB 1580 and make payments to ERCOT for
17 outstanding amounts owed, such payments could reduce the amount of financial revenue
18 auction receipts needed for ERCOT to replenish the CRR auction revenue fund.

19 As this docket proceeds, ERCOT will update transaction costs in supplemental or
20 rebuttal testimony, as necessary.

21 **Q. THE AMOUNTS ABOVE COLLECTIVELY EXCEED \$800 MILLION. HOW**
22 **DOES ERCOT INTEND TO DISBURSE THE DEFAULT BALANCE FINANCING,**
23 **AS IT IS LIMITED TO A MAXIMUM OF \$800 MILLION?**