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APPLICATION OF THE ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC. FOR A DEBT OBLIGATION ORDER TO FINANCE UPLIFT BALANCES UNDER PURA CHAPTER 39, SUBCHAPTER N, FOR AN ORDER INITIATING A PARALLEL DOCKET, AND FOR A GOOD CAUSE EXCEPTION	**§**	**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

DIRECT TESTIMONY OF MICHAEL CARTER

ON BEHALF OF

JUST ENERGY

AUGUST 12, 2021

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DIRECT TESTIMONY OF MICHAEL CARTER

I. INTRODUCTION AND BACKGROUND

Q. PLEASE STATE YOUR NAME AND OCCUPATION.

A. My name is Michael Carter and I serve as Chief Financial Officer for Just Energy Group, Inc. and its subsidiaries (collectively "Just Energy"), including its affiliated retail electric providers, Just Energy Texas LP, Hudson Energy Services LLC, Tara Energy, LLC and Fulcrum Retail Energy LLC. In this role, I have responsibility for the oversight and management of Just Energy's financial operations, including treasury, financial reporting, tax, and financial planning and analysis. In addition, I have responsibility for overseeing Just Energy's commodity risk policy and management.

Q. PLEASE BRIEFLY OUTLINE YOUR PROFESSIONAL AND EDUCATIONAL BACKGROUND.

A. My professional background is holding key roles in finance, corporate planning and treasury, corporate development and operations. I held various positions at Energy Future Holdings Corporation and its subsidiaries (the predecessor of the parent company of Vistra Corporation) including Chief Financial Officer of TXU Energy; Senior Vice President, Corporate Planning and Assistant Treasurer; and Senior Vice President, Corporate Development. Most recently, I have served as Senior Vice President, Finance at Hunt Power & Hunt Utility Services, an affiliate of Hunt Consolidated, Inc. I hold a Bachelor of Science, Accounting, from Louisiana State University in Shreveport.

Q. HAVE YOU EVER TESTIFIED BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS ("COMMISSION")?

A. No.

II. PURPOSE AND SCOPE

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of Just Energy and each of its affiliated retail electric providers ("REPs") as specified in our motion to intervene in this proceeding.

Q. What is the purpose and scope of your testimony?

A. This testimony responds to the application filed by the Electric Reliability Council of Texas for a Debt Obligation Order under Subchapter N of HB 4492 amending the Public Utility Regulatory Act ("PURA").

III. SECURITIZATION MEETS THE STATUTORY PURPOSE

Q. WILL THE SECURITIZATION AS PROPOSED BY ERCOT PROVIDE JUST ENERGY AND OTHER MARKET PARTICIPANTS RELIEF FOR EXTRAORDINARY COSTS ASSOCIATED WITH ANCILLARY SERVICES OVER $9,000 AND THE RELIABILITY DEPLOYMENT PRICE ADDER ("RDPA") APPLIED TO RESERVES?

A. Yes, with a caveat. The methodology for calculation of exposure must incorporate offsets for charges and payments within the same corporate umbrella for each of these items. Because of the $2.1 Billion cap, if offsets are not taken within the same corporate umbrella, Just Energy and other load serving entities ("LSEs") would likely see relief that could be much lower than their exposure to the extraordinary costs associated with ancillary services over $9,000/MW and the RDPA.

Q. WILL THE SECURITIZATION AS PROPOSED PROVIDE SOME ALLEVIATION OF LIQUIDITY ISSUES?

A. Yes, with the same caveat as above. If the corporate umbrella level offsets are applied, it will provide some benefit for liquidity issues of those LSEs that were exposed to these

extraordinary costs. There is not the same liquidity issue associated with entities to the extent an affiliated entity in the same counter-party received payments for the same extraordinary items.

IV. ALLOCATION OF PROCEEDS

Q. WHAT IS YOUR RECOMMENDATION REGARDING THE ALLOCATION OF PROCEEDS UNDER THE FINANCING ORDER?

A. Just Energy recommends that the Commission delineate the methodology by which proceeds shall be allocated in the financing order. It is important for all parties that the means by which the commission will determine the allocation of proceeds be objective and specifically set forth in this proceeding. Further, the verification of exposure should not be based on subjective set of criteria. As indicated in the timelines in the legislation, it is critical that the funding not be delayed. Accordingly, any verification of exposure should be streamlined and easily validated by the Commission based on these parameters.

Q. WHY IS IT IMPORTANT THAT THE COMMISSION APPROVE A METHODOLOGY IN THIS PROCEEDING?

A. In order for LSEs to provide documentation to verify their exposure as required under the statute, it is important that the parameters involving that calculation be uniform so that all LSEs are applying the same standards in documenting their exposure. The parameters involving that calculation should be uniform and narrowly focused on the elements of cost in the definition of uplift balance. The process for reviewing the documentation and verifying the exposure should not in any way delay ERCOT going to market to complete the financing or the ultimate distribution of proceeds.

Q. ARE YOU FAMILIAR WITH THE TERM EXPOSURE IN THE ERCOT CONTEXT?

A. Yes, ERCOT calculates exposure under the credit protocols by determining net aggregated liability every day. For, example, for Just Energy, which has a QSE serving certain of our own LSEs, the amount of our daily exposure reflects a reduction to the ancillary service costs equal to those self arrangements. Similarly, if Just Energy had resources in a separate QSE, the calculation of exposure for Just Energy as a counter-party would include an offset for any ancillary service payments received by that resource entity ("RE").

Q. CAN THE CALCULATION OF EXPOSURE AT A COUNTER-PARTY LEVEL INVOLVE UNAFFILIATED ENTITIES?

A. Yes, because under the ERCOT protocols each LSE is required to be represented by a QSE for scheduling and settlement purposes, some LSEs use an unaffiliated third-party to provide those services. Each QSE that represents unaffiliated LSEs would belong to a different counter-party than the unaffiliated LSEs. The same can be true on the generation side for REs. In practice, in most if not all cases, each of these LSEs or REs that are not affiliated with their QSE will be treated in a sub QSE where the data and charges and payments for that entity are retained separately by ERCOT. For example, this is the case for Just Energy's affiliate Hudson Energy. Because of legacy reasons, we utilize an unaffiliated QSE for Hudson Energy; however, the Hudson Energy's market activity is tracked in a separate sub QSE under the main QSE.

Q. HOW SHOULD THE UNAFFILIATED ENTITIES BE ACCOUNTED FOR IN THE CALCULATION OF EXPOSURE FOR PURPOSES OF THE COMMISSION'S FINANCING ORDER IN THIS PROCEEDING?

A. In order to calculate a base-case for exposure, ERCOT can calculate exposure at the counter-party level. After that calculation, we suggest, ERCOT adjust the calculation for third-party non-affiliated arrangements. ERCOT requires all market participants including QSEs to identify their affiliates in the market. These affiliate relationships can be mapped and the adjustments can be made to back out the unaffiliated LSEs and REs.

In fact, as indicated in this testimony, it would streamline matters and ensure appropriate allocation of proceeds for ERCOT to perform the threshold calculations of exposure after receiving direction from the Commission as to the components of the methodology. This threshold calculation can create a rebuttable presumption. Then, the Commission can require that each LSE provide documentation either verifying that the calculation accurately reflects their exposure per the Commission-approved parameters, or indicating how their actual exposure varies under the Commission-approved parameters.

Q. PLEASE DESCRIBE WHAT FACTORS ARE INVOLVED IN THE CALCULATION OF EXPOSURE FOR ANCILLARY SERVICE COSTS.

A. A component of the calculation of exposure includes the actual cost of ancillary services to a particular counter-party, minus the amount of payments to any other QSE within the same corporate umbrella.

The calculation should begin with Ancillary Service Charges, which already include offsets to the Ancillary Service Obligation for each LSE for "self-arrangement" which includes:

1) Self-provision of ancillary services,
2) Bi-lateral purchase of ancillary services from a third-party with a QSE to QSE transfer,
3) QSE to QSE transfers of ancillary services within the same corporate umbrella, and
4) Net charges and payments for ancillary services within a QSE.

Therefore, beginning with Ancillary Service Charges to calculate exposure is in essence a form of "netting". The next step is to ensure that where entities in the same corporate umbrella received payments for ancillary services that were not scheduled to another QSE and did not fall in the definition of self-arrangement, those ancillary service payments offset the Ancillary Service Charges attributable to the QSE(s) serving the LSE(s) in the same corporate umbrella.

Q. DO YOU HAVE SOME VISUAL EXAMPLES THAT DIAGRAM THIS VARIOUS SCENARIOS?

A. Yes, some sample hypothetical charts showing some of the many iterations of these examples are included with this testimony as Attachment MC-1. These are not all of the scenarios, but most entities will be subject to one or more combinations of these example structures.

UPLIFT CHARGE DESIGN

Q: HOW DOES ERCOT PROPOSE TO CALCULATE THE UPLIFT CHARGES?

A: ERCOT proposes to calculate the uplift charges as a varying lump sum to LSEs (through their QSE) on a daily basis based on the load ratio share for the day prior. Because each LSE'' load ratio share would change daily, under ERCOT's proposal, the amount allocated to the QSEs representing the LSEs would change on a daily basis. ERCOT proposes to create new daily settlement invoices for the uplift charges. ERCOT's witnesses discuss this proposal in their direct testimonies. For example, Kenan Ögelman discusses ERCOT's proposal at pages 30 and 31 of his direct testimony, which are bates pages 44-45 of the application.

Q: ARE THERE NEGATIVE CONSEQUENCES OF A DAILY LUMP SUM CALCULATION?

A: Yes. As ERCOT's witness makes clear, under the daily lump sum calculation proposal, each day would bring a different daily settlement invoice, and a different amount. This is unreasonably complex and would be very difficult for the REPs to implement.

Q: WHY WOULD A DAILY LUMP SUM CALCULATION BE DIFFICULT TO IMPLEMENT?

A: The uplift charges are nonbypassable in nature as required by the statute—specifically, of PURA §39.656. Given the nonbypassable nature of the uplift charges, the LSEs are allowed to pass through the uplift charges to the end use customers. However, passing through daily lump sum uplift charges could not be readily quantified for individual customer invoices. In order for an LSE to pass through the actual costs received from ERCOT for each customer, this methodology would require the LSE to look at daily volumes and daily rates for each day of the month to be included on the monthly customer invoice. Further, to the

extent a REP services transmission level voltage customers that have opted out, the lump sum proposed by ERCOT would not include that usage, however, those meter readings may change significantly from the first ERCOT lump sum invoice. This transmission level opt out meter read data may not be updated until the 55-day settlement run and the invoice would be further adjusted, adding additional complexity.

In addition, consistent with the Commission rules, most REPs bill residential and small commercial customers on a post-paid monthly basis based on monthly usage reads sent by the TDUs. The customer charges on a per kWh basis stay constant until there is a change in charges from the TDU or ERCOT fees or costs. The rules do not contemplate a daily change in the $/kWh rate coming from ERCOT fees. In order to implement ERCOT's proposal, each REP would be required to redesign their billing systems to take a lump sum dollar amount that changes every day and convert that to some type of rate using varying levels of usage so that it can then be passed through as a non-bypassable charge to each of its customers. This type of structure would not fit well within the current Electricity Facts Label requirements for residential and small commercial customers. This would be costly to implement for each REP vs receiving a $/kWh fee similar to TDSP charges that would require no changes to existing systems.

Instead, the approved methodology should result in the REP being able to include an additional $/kWh rate into its system and bill the customer the charge on a monthly basis, much like as the System Admin Fee is included in rates. When ERCOT goes through its true-up process and changes the rate, the REP could change the rate just as is does for TDSP securitization charges which are also set as a $/kWh charge.

Q: IS A DAILY LUMP SUM CALCULATION AS PROPOSED BY ERCOT NECESSARY?

A: While the method proposed by ERCOT results in a flat amount of total charges per day, it is not necessary to structure the charges this way and there are easier ways to implement. This is inconsistent with all of the securitizations that the Commission has approved to date. All of these securitizations include securitization fees that are charged on a $/kWh basis with periodic true-ups and they all received a AAA rating, making them eligible for the lowest interest rates.

Q: HOW IS THE DAILY-CHANGING CALCULATION OUT OF STEP WITH ERCOT'S OTHER UPLIFT CHARGE PROPOSALS?

A: ERCOT's proposal expects that the payments for principal and interest to the bond-holders would be made on a semi-annual basis. Thus, the amounts paid by the market do not need to be precisely the same each day. Under ERCOT's proposal, ERCOT will act as the servicer of a special purpose entity, which will be overseen by a trustee. ERCOT will provide the trustee with the collected uplift charges at some frequency that remains undefined. Generally, this is done in other securitizations on a monthly basis. The uplift charges will be held in the special purpose entity's account and then payments to the bond-holders are expected to be made semi-annually. ERCOT witness Charles N. Atkins II discusses that the debt payments are generally made two times per year at page 39 of his direct testimony, which is bates page 96 of the application. It is acceptable for the daily collections at ERCOT to vary on a day-to-day basis based on load, as long as there are enough collections over the sixth months to pay the scheduled costs, interest, and principal

payments that are required. This is exactly the case in all previously approved securitizations.

Q: ARE THERE OTHER ASPECTS OF ERCOT'S PROPOSAL THAT RENDER A DAILY LUMP SUM CALCULATION UNNECESSARY?

A: Yes, the true up mechanism further renders a daily lump sum unnecessary. ERCOT has included a true up mechanism in its proposal which is required by statute, specifically by PURA section 39.657. As per other securitizations, the true-up can be required annually and the financing order should provide for an interim true-up if certain variances in collections are exceeded. In addition, we propose that the financing order include triggers for additional interim true-ups if necessary as the Commission has done in prior securitizations.

Q: IS THERE AN ALTERNATIVE WAY TO CALCULATE THE UPLIFT CHARGE THAT WOULD BE MORE WORKABLE AND BENEFICIAL?

A: The better alternative is to calculate the uplift charges on a $/MWh basis. This is the most straight-forward way to accomplish collection and with an appropriate true-up mechanism, provides no risk to the financing. Further, this approach better accomplishes the goals of lessening the impacts and disruptions to customers, assists the market in stabilization, and better ensures that the charges follow the customer as a non-bypassable way if they switch providers.

Q: WHAT ARE SOME OF THE BENEFITS OF A MWh BASIS?

A: First, a MWh basis is similar to existing mechanisms that are accommodated in existing customer protection regulations and billing systems and structures. It allows price certainty

for customers and can easily be translated into customer contracts. ERCOT's system administration fee, for example, is also set on a MWh basis, at approximately 55 cents per MWh. Second, using a MWh basis allows these nonbypassable uplift charges to follow the end-use customer. That means that they follow the customer, even when switching REPs. That will aid in collectability. Third, the charges can be more effectively communicated to end use customers. These uplift charges will be in place for all customers for years in the future. A MWh basis structures the charges in a way so they that can be included in the REPs' Electricity Facts Label ("EFL") for residential and small commercial customers. Fourth, while ERCOT's cumulative daily collections made on a MWh basis will vary based on load, the MWh basis presents a charge that the LSEs can, in turn, present and collect from end-use customers. Because ERCOT will have a true-up mechanism, any volumetric risk can be managed in this process.

Q. DOES THE LUMP SUM INVOICE APPROACH ALLOW CERTAINTY OF RECOVERY OF THE FEES?

A. No, in fact using load ratio share builds in unnecessary uncertainty and complexity in the recovery of uplift charges. For LSEs, the load ratio share changes in the 55 day and the 180 day settlements, not to mention any resettlements along the way which could require a recalculation for every customer. This presents an added issue on the REP's ability to maintain the nonbypassable nature of the cost and pass this cost through to customers. Without a per MWh based fee, there would not be finality on what any individual customer's responsibility until after the 180-day true-up settlement. This is not feasible for residential and small commercial customers in the competitive market.

Q: ARE THERE ANY POTENTIAL CONCERNS ABOUT USING A MWh BASIS AND, IF SO, CAN THEY BE RESOLVED?

A: Yes, ERCOT witnesses make some generalized statements that this lump sum approach might be considered favorably by the bond-issuer. As to the potential concern regarding the volumetric risk for the purpose of credit agency ratings, this can be easily resolved with periodic true ups. As pointed out by Mr. Atkins, all previous utility financings approved by the Commission had volumetric-based securitization charges, yet each of them obtained the best possible AAA rating – making them eligible for lower interest rates.

COLLATERALIZATION

Q: ERCOT PROPOSES TO REQUIRE FOUR MONTHS OF SECURED COLLATERAL FOR UPLIFT CHARGES. IS THAT NECESSARY?

A: The four-month collateral proposal is not necessary because the uplift charges are statutorily required to be nonbypassable and ERCOT collects these amounts on a daily basis.

Q: DO EXISTING MECHANISMS ADDRESS COLLATERAL?

A: Yes. If the payment is not made in the standard settlement timely, the default processes would ensue and be resolved long before 4 months. The standard credit calculation contemplates these timelines, and we suggest that the collateralization should be accomplished through that process. Any failure to pay the uplift charges would be addressed in the calculation of exposure under the existing collateral rules. As a reference example, the uplift charges can be treated similarly to the existing System Administration Fee.

Q. WHAT IS THE FINANCIAL EFFECT OF THE PROPOSED 4 MONTH COLLATERAL REQUIREMENT?

A. ERCOT estimated the annual revenue requirement calculation for the uplift charges to be between $104 million and $132 million. Therefore, a 4-month collateralization would equate to ERCOT holding additional collateral of $35 million to $44 million. The collateral requirement for inclusion of the charges in the standard credit calculations would be approximately 10 days of exposure or $2.8 to $3.6 million. In addition, ERCOT always has the ability to transfer a REP's customers to another REP in the event of non-payment in approximately 10 days, who will then start making the Uplift Charge payments associated with those customers. Thus, the posting of 4 months' worth of Uplift Charges is costly and unnecessary.

V. QSE PASSTHROUGH OF PROCEEDS

Q. SHOULD THE DEBT OBLIGATION ORDER SPECIFICALLY DIRECT QSES TO PASS THROUGH THE UPLIFT BALANCE FINANCING PROCEEDS TO THE ELIGIBLE LSES?

A. Yes. In ERCOT's application, they discuss their need to allocate proceeds to QSEs vs LSEs. On bates page 007, they propose to disburse the proceeds by issuing a miscellaneous invoice for payment to each QSE who represents an LSE that the Commission deems eligible to receive such proceeds. They then say that this process would rely upon the QSE to pass these proceeds on to the LSE. We understand ERCOT's reasoning for wanting to transact at the QSE level, but the legislation states that the financing proceeds should go to

the eligible LSEs. Thus, the Commission should specifically direct the QSEs to pass through the Uplift Balance financing proceeds to the eligible LSE.

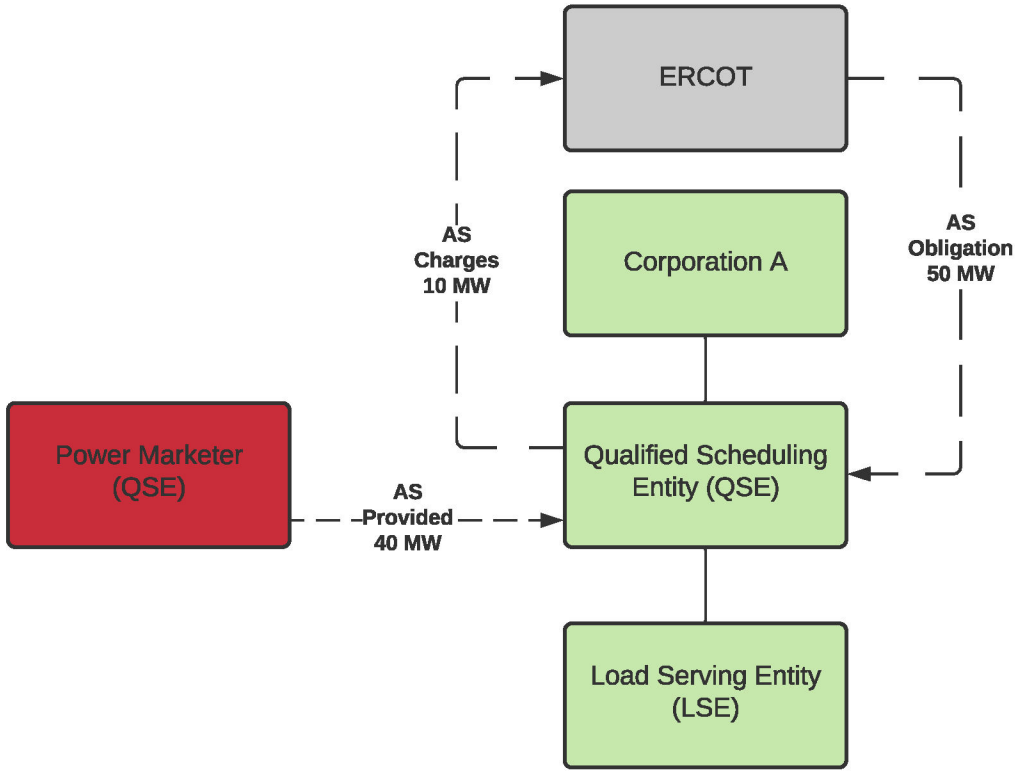
Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Attachment MC-1

Diagrams of Settlement Structures for Illustrative Purposes of Showing Exposure

Ancillary Service Hypothetical Example - Corporation A



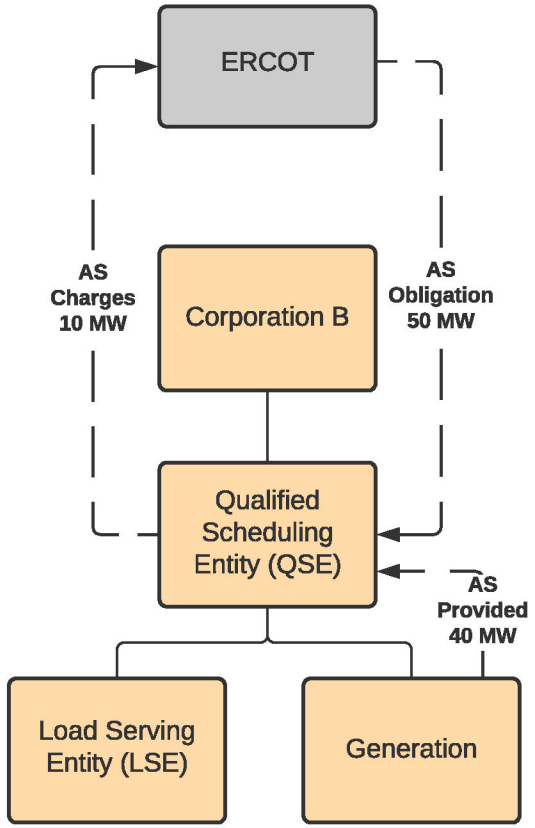
CORPORATION A	
AS Obligation	50 MW
AS Self-Arranged	(40 MW)
AS Charged by ERCOT	(10 MW)
AS Price	$27,000
Exposure ($27K - $9K) x 10MW	($180,000)

- Corporation A owns a QSE that provides service to an affiliated LSE
- During the Period of Emergency, the QSE had an AS Obligation of 50 MW based on its load ratio share
- The QSE contracted with a third-party Power Marketer (QSE) to self-arrange 40 MW of AS
- The QSE acquired 10 MW of AS in the Day Ahead Market from ERCOT
- Assuming an AS price of $27,000/MW, Corporation A and its QSE have an exposure to Ancillary Service charges above $9,000/MW of $180,000 (10 MW x ($27,000-$9,000)) Corporation A's affiliated LSE would submit verification of its $180,000 of exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

AS Hypothetical Example - Corporation B



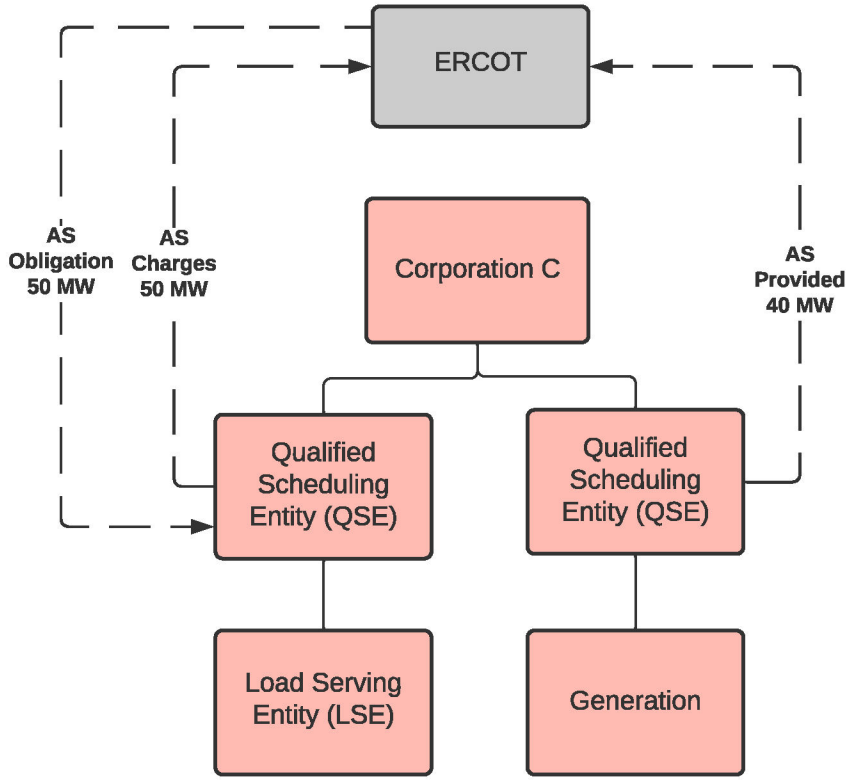
CORPORATION B	
AS Obligation	50 MW
AS Self-Provided	(40 MW)
AS Charged by ERCOT	(10 MW)
AS Price	$27,000
Exposure ($27K - $9K) x 10MW	($180,000)

- Corporation B owns a QSE that provides service to an affiliated LSE and an affiliated Generator
- During the Period of Emergency, the QSE had an AS Obligation of 50 MW based on its load ratio share
- The QSE self-provided 40 MW of AS from its own generation
- The QSE acquired 10 MW of AS in the Day Ahead Market from ERCOT
- Assuming an AS Price of $27,000/MW, Corporation B and its QSE have an actual exposure to AS charges above $9,000/MW of $180,000 (10 MW x ($27,000-$9,000))
- Corporation B's affiliated LSE would submit verification of its $180,000 of exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

AS Hypothetical Example - Corporation C



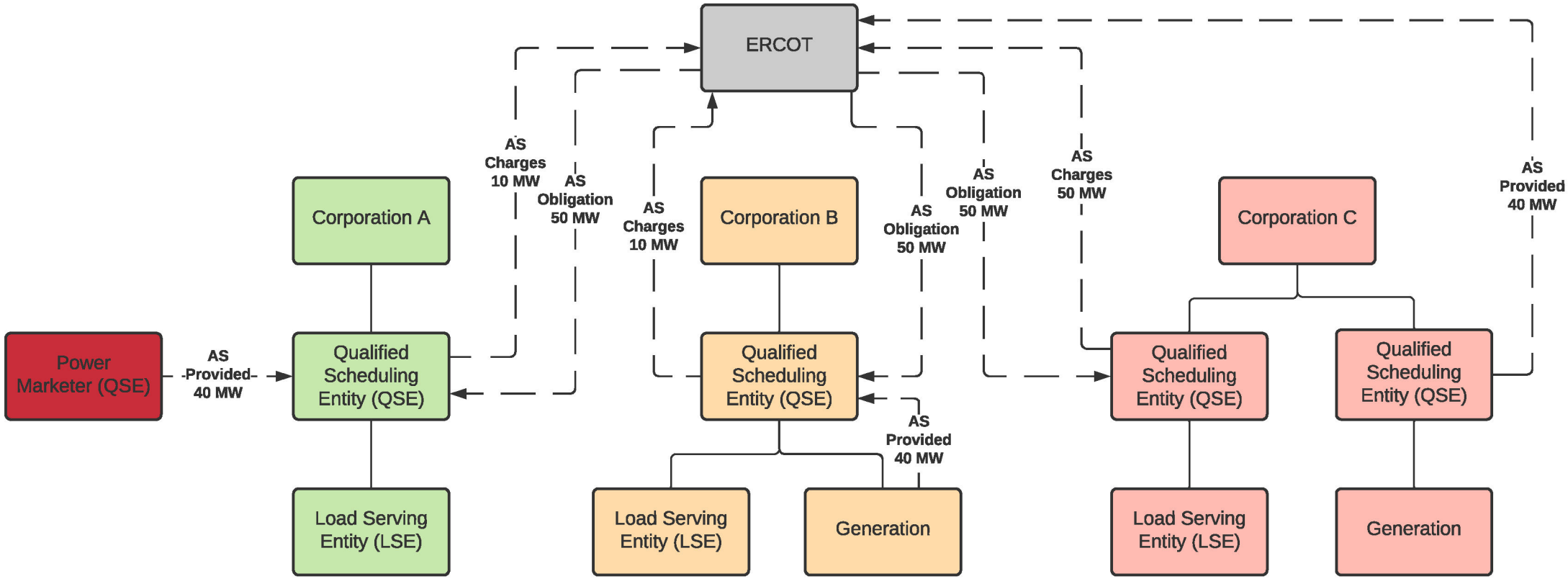
CORPORATION C	
AS Obligation	50 MW
Generation AS Provided to ERCOT	(40 MW)
AS Price	$27,000
ERCOT AS Charges ($27K - $9K) x 50 MW	($900,000)
ERCOT AS Receipts ($27K - $9K) x 40 MW	$720,000
Exposure ($900K) + $720K	($180,000)

- Corporation C owns a QSE that provides service to an affiliated LSE and it owns a separate QSE that provides service to an affiliated Generator
- QSE that provides service to an affiliated LSE:
  - During the Period of Emergency, the QSE had an AS Obligation of 50 MW based on its load ratio share
  - The QSE acquired 50 MW of AS in the Day Ahead Market from ERCOT
- QSE that provides service to an affiliated Generator
  - During the Period of Emergency, the QSE provided 40 MW of Ancillary Services to ERCOT
- Exposure - Assuming an AS price of $27,000/MW, Corporation C and its QSE have exposure to Ancillary Service charges above $9,000
  - ERCOT charged the QSE serving an affiliated LSE $900,000 (50 MW x ($27,000 - $9,000))
  - ERCOT paid the QSE serving an affiliated Generator $720,000 (40 MW x ($27,000 - $9,000))
  - Corporation C and its affiliated LSE had an exposure of $900,000, Corporation C also received $720,000 of Ancillary Service Payments so that its exposure is $180,000
- Corporation C and its two QSEs have an exposure to Ancillary Service Charges of $180,000
- Corporation C would submit verification of its $180,000 of exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

Summary of AS Hypothetical Examples



CORPORATION A	
AS Obligation	50 MW
AS Self-Arranged	(40 MW)
AS Charged by ERCOT	(10 MW)
AS Price	$27,000
Exposure ($27K - $9K) x 10MW	($180,000)

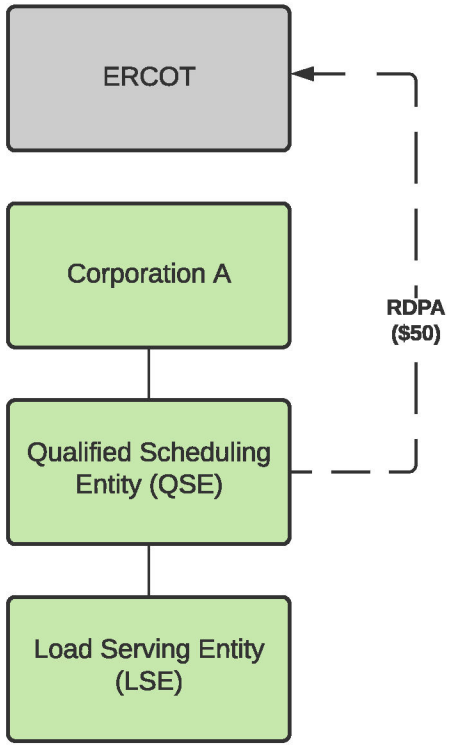
CORPORATION B	
AS Obligation	50 MW
AS Self-Provided	(40 MW)
AS Charged by ERCOT	(10 MW)
AS Price	$27,000
Exposure ($27K - $9K) x 10MW	($180,000)

CORPORATION C	
AS Obligation	50 MW
Generation AS Provided to ERCOT	(40 MW)
AS Price	$27,000
ERCOT AS Charges ($27K - $9K) x 50 MW	($900,000)
ERCOT AS Receipts ($27K - $9K) x 40 MW	$720,000
Exposure ($900K) + $720K	($180,000)

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

Reliability Deployment Price Adder (RDPA) Hypothetical Example - Corporation A



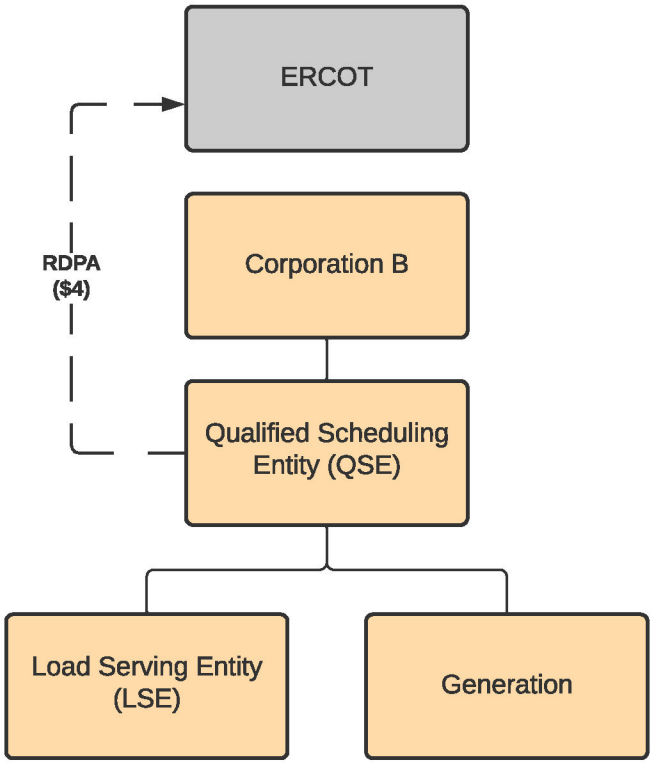
CORPORATION A	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$0
Exposure	($50)

- Corporation A owns a QSE that provides service to an affiliated LSE
- During the Period of Emergency, the QSE was charged $50 for Reliability Deployment Price Adder ("RDPA") cost by ERCOT based on its load ratio share and timely paid the invoice
- Corporation A and its QSE have an exposure to RDPA Charges of $50
- Corporation A's affiliated LSE would submit verification of its $50 exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

RDPA Hypothetical Example - Corporation B



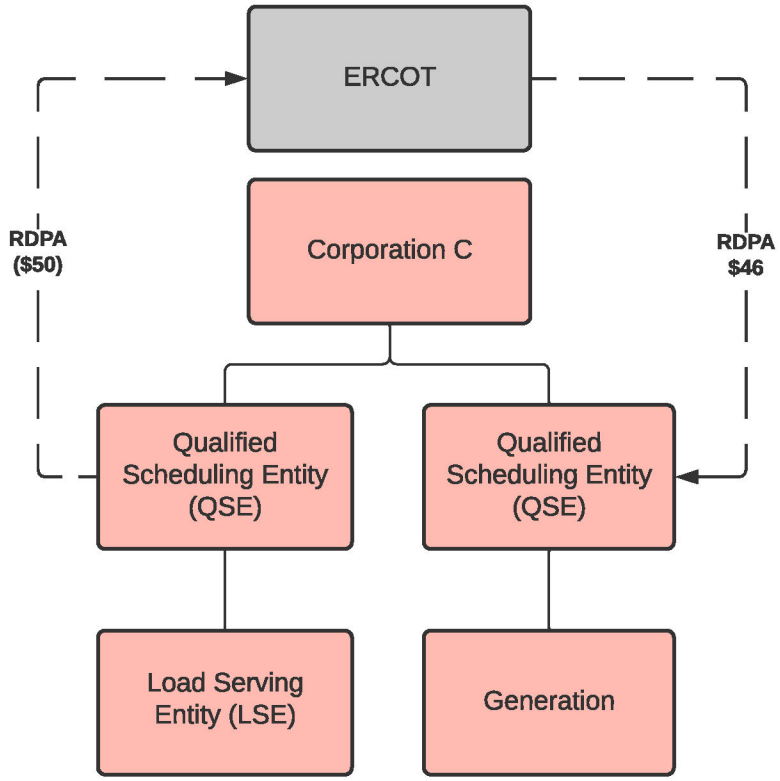
CORPORATION B	
RDPA Payment to ERCOT (50) + 46	($4)
RDPA Receipt from ERCOT	$0
Exposure	($4)

- Corporation B owns a QSE that provides service to an affiliated LSE and an affiliated Generator
- During the Period of Emergency, the QSE was allocated $50 for RDPA cost by ERCOT based on its load ratio share, but the QSE also received a credit for RDPA(for excess generation capacity it had available)of $46.
- ERCOT charged a net $4 RDPA to the QSE and the QSE timely paid the invoice
- Corporation B and its QSE have an exposure to RDPA charges of $4 ($46 - $50)
- Corporation B's affiliated LSE would submit verification of its $4 exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

RDPA Hypothetical Example - Corporation C



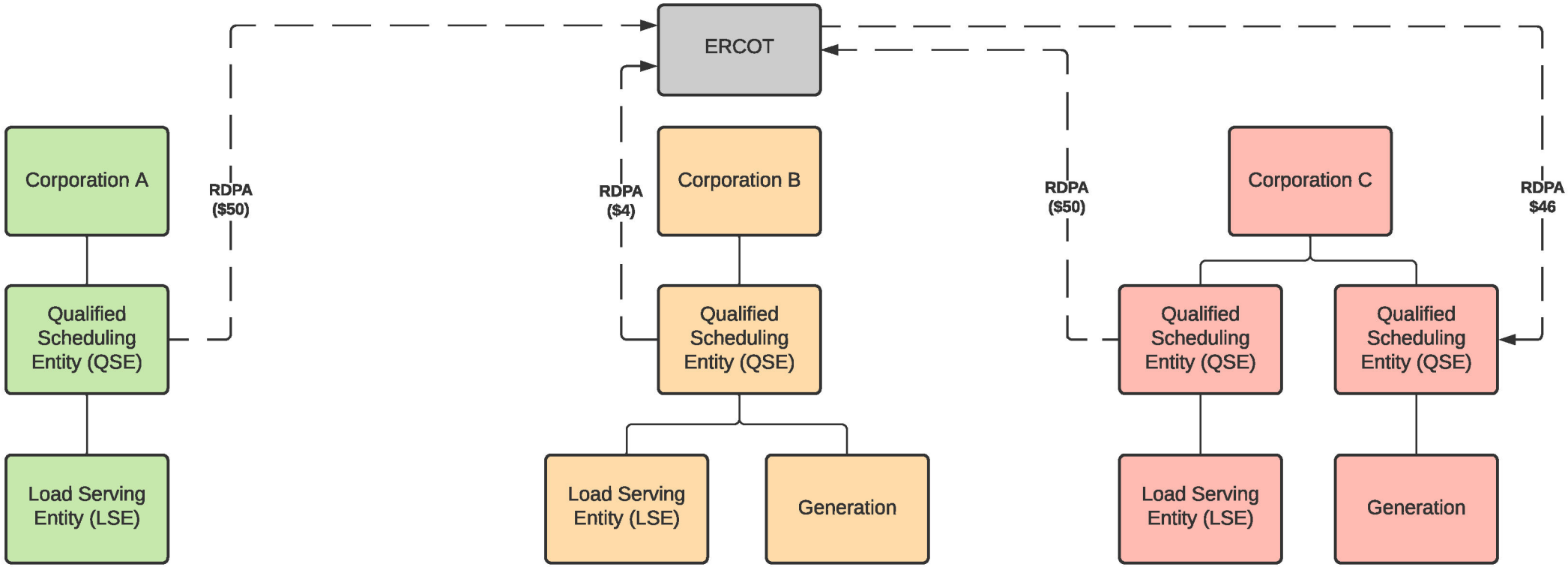
CORPORATION C	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$46
Exposure	($4)

- Corporation C owns a QSE that provides service to an affiliated LSE and it owns a separate QSE that provides service to an affiliated Generator
- During the Period of Emergency, the QSE serving the affiliated LSE was allocated $50 for RDPA cost by ERCOT based on its load ratio share and timely paid the invoice
- During the Period of Emergency, the QSE serving the affiliated Generator received $46 of RDPA payments from ERCOT (for excess generation capacity it had available)
- Corporation C was allocated $50 for RDPA charges and it also received a credit for RDPA (for excess generation capacity it had available) of $46.Therefore, Corporation C and its two QSEs have an exposure to RDPA charges of $4 ($46 - $50)
- Corporation C's affiliated LSE would submit verification of its $4 of exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

Summary of RDPA Hypothetical Examples



CORPORATION A	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$0
Exposure	($50)

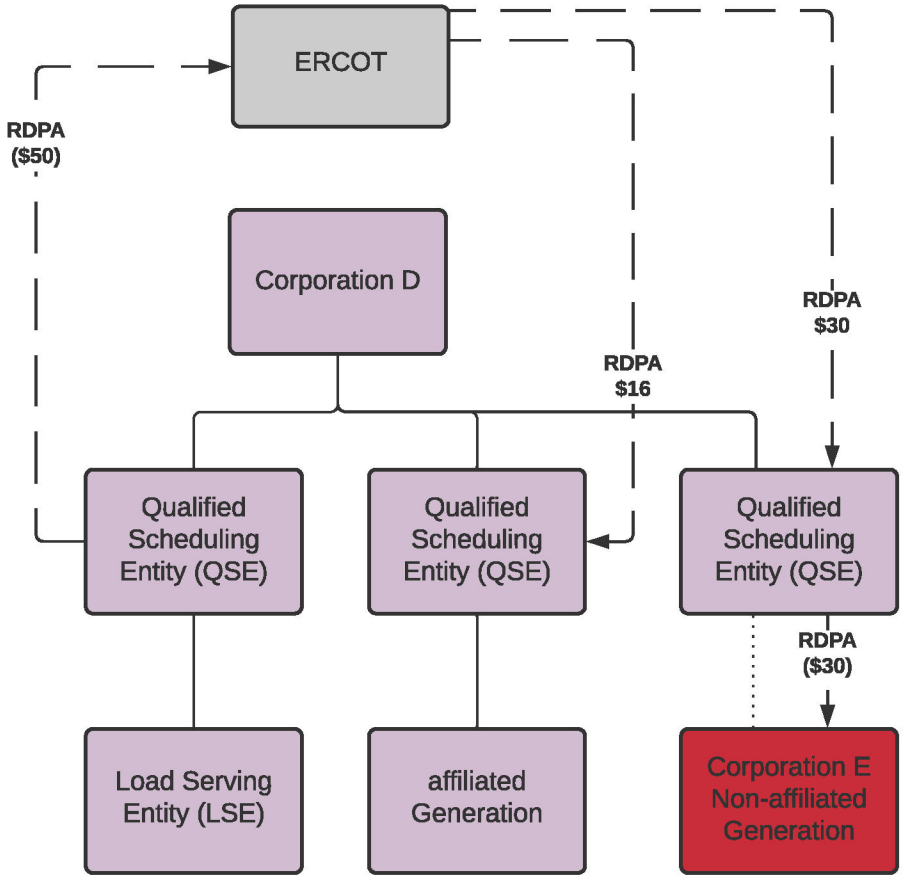
CORPORATION B	
RDPA Payment to ERCOT (50) + 46	($4)
RDPA Receipt from ERCOT	$0
Exposure	($4)

CORPORATION C	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$46
Exposure	($4)

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

Non-affiliated Generation RDPA Hypothetical Example



CORPORATION D	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$46
QSE RDPA Payment to Non-affiliated Generation	($30)
Exposure	($34)

CORPORATION E	
RDPA Receipt from ERCOT through QSE	$30
Exposure	$0

Corporation D owns three separate QSEs:

- A QSE that provides services to an affiliated LSE
- A QSE that provides services to an affiliated Generator
- A QSE that provides services to a Non-affiliated Generator

During the Period of Emergency:

- The QSE serving the affiliated LSE was allocated $50 of RDPA by ERCOT based on its load ratio share and timely paid the invoice
- The QSE serving the affiliated Generator received an RDPA payment of $16 from ERCOT
- The QSE serving the Non-affiliated Generator received an RDPA payment of $30
- The QSE serving the Non-affiliated Generator paid Corporation E the $30 RDPA payment that it received from ERCOT

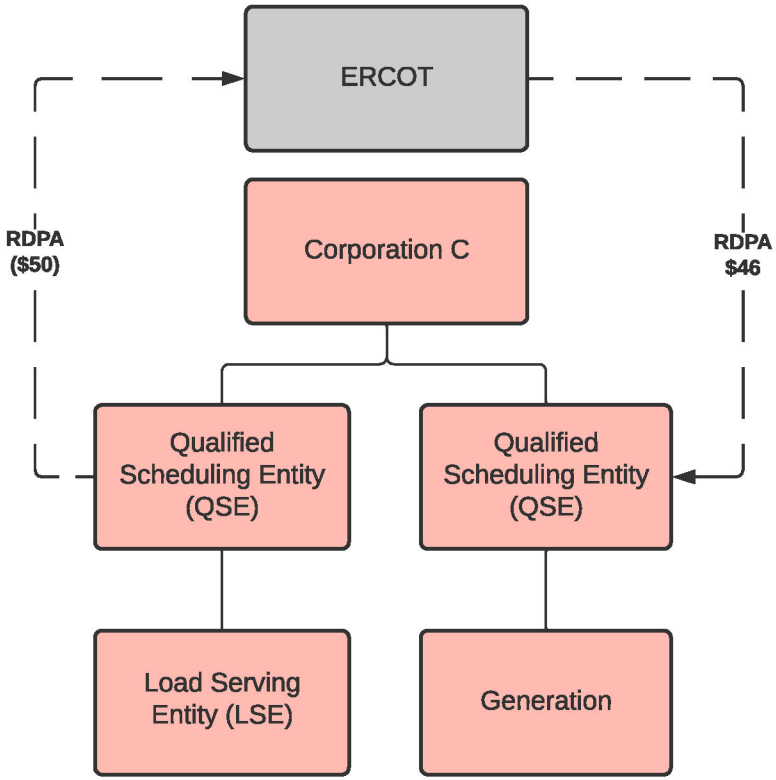
Calculation of Exposure:

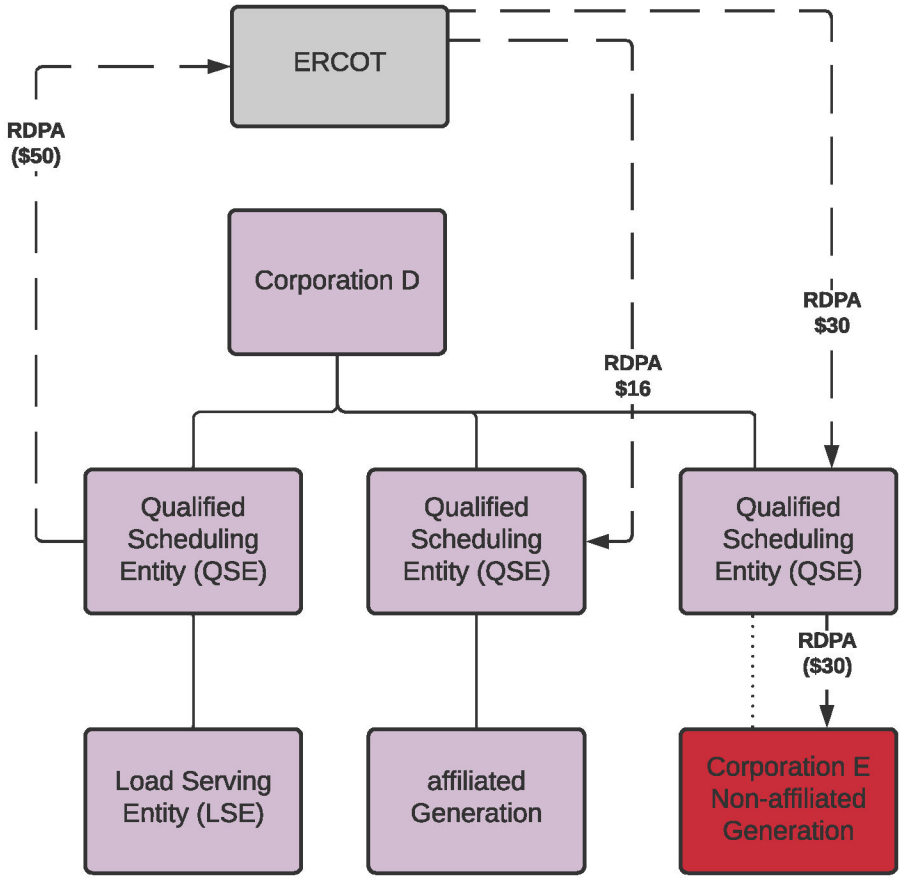
- The QSE providing service to an affiliated LSE has an exposure to RDPA charges of $50
- Corporation D was allocated $50 of RDPA charges, its QSE serving an affiliated Generator received $16 of RDPA payments, its QSE serving a Non-affiliated Generator received $30 of RDPA payments and paid $30 to Corporation E
- Corporation D and its two affiliated QSEs have an exposure to RDPA charges of $34 ($16 – $50)
  - Corporation D would exclude the QSE serving the Non-affiliated Generator when calculating exposure
  - Corporation D's affiliated LSE would submit verification of its $34 of exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

Corporation C & Corporation D Comparison





CORPORATION C	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$46
Exposure	($4)

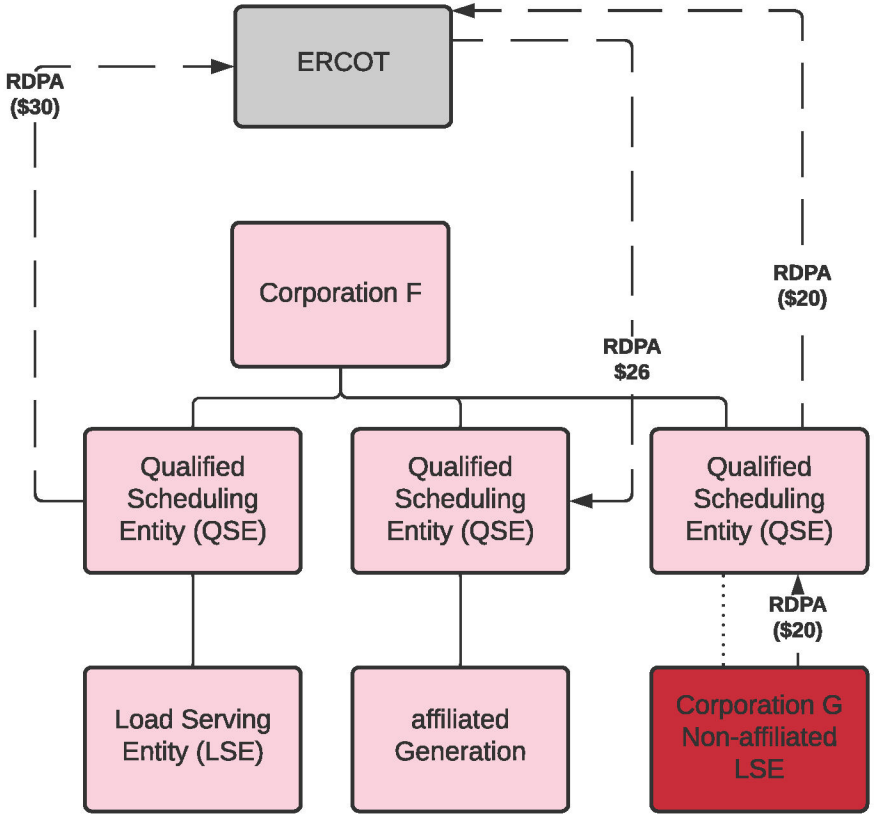
CORPORATION D	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$46
QSE RDPA Payment to Non-affiliated Generation	($30)
Exposure	($34)

CORPORATION E	
RDPA Receipt from ERCOT through QSE	$30
Exposure	$0

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

Non-affiliated LSE RDPA Hypothetical Example



CORPORATION F	
RDPA Payment to ERCOT	($50)
RDPA Receipt from ERCOT	$26
Non-affiliated LSE RDPA Payment to QSE	$20
Exposure	($4)

CORPORATION G	
RDPA Payment to ERCOT through QSE	($20)
Exposure	($20)

Corporation F owns three separate QSEs:

- A QSE that provides services to an affiliated LSE
- A QSE that provides services to an affiliated Generator
- A QSE that provides services to a Non-affiliated LSE

During the Period of Emergency:

- The QSE serving the affiliated LSE was allocated $30 of RDPA cost by ERCOT based on its load ratio share and timely paid the invoice
- The QSE serving the affiliated Generator received an RDPA payment of $26 from ERCOT (for excess generation capacity it had available)
- The QSE serving the Non-affiliated LSE was allocated $20 of RDPA cost by ERCOT based on its load ratio share and timely paid the invoice
- The QSE serving the Non-affiliated LSE charged Corporation G the $20 RDPA charge from ERCOT and received payment from Corporation G

Calculation of Exposure:

- The QSE providing service to an affiliated LSE has an exposure to RDPA charges of $30
- The QSE providing service to a Non-affiliated LSE has an exposure to RDPA charges of $20
- Corporation F's affiliated Generator received $26 of RDPA payments from ERCOT and its QSE serving a Non-affiliated LSE received $20 of RDPA payments from Corporation G
- Corporation F and its two affiliated QSEs have an exposure to RDPA Charges of $4 ($26 – $30)
- Corporation F would exclude the QSE serving the Non-affiliated LSE when calculating exposure
  - Corporation F's affiliated LSE would submit verification of its $4 of exposure
  - Corporation G's LSE would submit verification of its $20 of exposure

$XX: Receipts from ERCOT
($XX): Payments to ERCOT

All quantities, whether for MW or dollar amount, are hypothetical

STATE OF TEXAS
COUNTY OF HARRIS

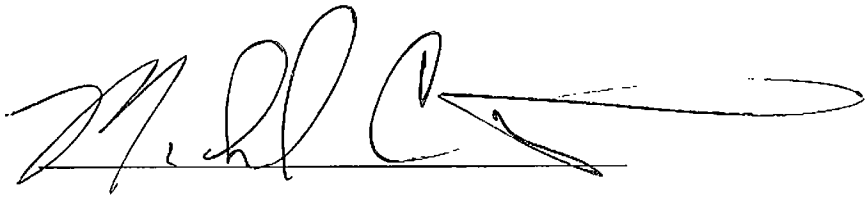
AFFIDAVIT

Before me, the undersigned authority, personally appeared Michael Carter, who, being by me duly sworn, deposed as follows:

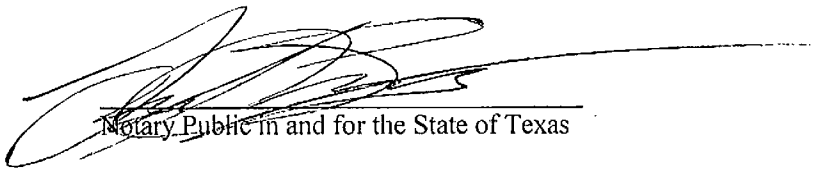
1. My name is Michael Carter, I am of sound mind, capable of making this affidavit, and personally acquainted with the facts herein stated. I am an officer of Just Energy Group, Inc.

2. This affidavit is submitted to verify the accuracy of my testimony filed in PUC Docket No. 52322. The testimony was prepared under my supervision and control.

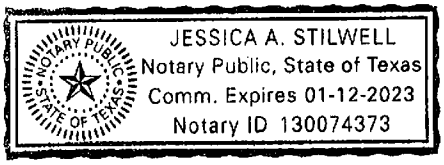
3. I affirm that the information in the submitted in the testimony is true and accurate to the best of my knowledge.



SWORN TO AND SUBSCRIBED TO BEFORE ME on the 12th Day of August 2021.



Notary Public in and for the State of Texas



My Commission Expires: 01-12-2023