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Received - 2021-09-01 12:57:26 PM

Control Number - 52322

ItemNumber - 249

DOCKET NO. 52322

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

CITY OF AUSTIN D/B/A AUSTIN ENERGY’S BRIEF

The City of Austin d/b/a Austin Energy (Austin Energy) submits this brief to address the issues raised at the hearing on the merits in this proceeding on August 24, 2021 and August 25, 2021. At the close of the hearing on the merits, the Commissioners requested briefing be filed by September 1, 2021. Therefore, this brief is timely filed.

I. INTRODUCTION AND BACKGROUND

On July 16, 2021, the Electric Reliability Council of Texas (ERCOT) filed its Application 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 (ERCOT’s Uplift Application). ERCOT’s Uplift Application seeks Public Utility Commission (Commission) approval to finance the Uplift Balance, as that term is defined in PURA § 39.652(4), with up to \$2.1 billion in securitized funds. ERCOT’s Uplift Application covers various implementation details, including the process for distributing uplift funds and the method for assessing uplift charges. ERCOT’s Uplift Application recommends that the Commission open a parallel docket where: 1) eligible load-serving entities may opt out of the securitization mechanism as allowed under PURA § 39.653(d), and 2) participating entities can document their exposure to uplift costs as required by PURA § 39.653(b)(3).

On August 24, 2021 and August 25, 2021, the Commission held a hearing on the merits in this proceeding in which the primary contested issues discussed concerned the calculation of charges (whether ERCOT will collect from qualified scheduling entities (QSE) financing charges on a fixed monthly amount or whether ERCOT will collect on a per megawatt hour volumetric basis); netting (whether eligible costs incurred by a retail electric provider (REP) for securitization of uplift balances should be offset by the revenues of any affiliated power generation companies);

the eligibility of electric cooperatives to participate in cost recovery in Senate Bill (SB) 4492 securitization; benefit to customers; and the opt-out mechanism to take place in a parallel proceeding.

II. ARGUMENT

As stated in its Statement of Position filed on August 12, 2021, Austin Energy generally supports the implementation details included in ERCOT's Uplift Application, including the recommendation to open a parallel docket to enable parties to opt out or document exposure to eligible costs.¹ Austin Energy also requests that the Commission ensure that any order issued in this proceeding does not adversely impact those entities who choose to opt out of this securitization mechanism.

Austin Energy supports ERCOT's recommendation to utilize a parallel docket to enable parties to opt out or document exposure to eligible costs, and requests that the Commission ensure that any order issued in this proceeding does not adversely impact those entities who choose to opt out of this securitization mechanism. PURA § 39.653(d) directs the Commission to develop a one-time process that allows certain market participants, including municipally owned utilities, to "opt out of the uplift charges by paying in full all invoices owed for usage during the period of emergency."² Load-serving entities and transmission-voltage customers that opt out during this process are precluded from receiving proceeds from the uplift financing. In response to this provision, the Commission has initiated PUC Docket No. 52364, *Proceeding for Eligible Entities to File an Opt Out Pursuant to PURA § 39.653(d) and for Load-Serving Entities to File Documentation of Exposure to Costs Pursuant to the Debt Obligation Order in Docket No. 52322*. Based upon the clear and unambiguous language in Section 39.653(d), Austin Energy requests that the Commission ensure that the final order issued in this proceeding allow municipally owned utilities who have elected to opt out to remain opted out, and not be subsequently assessed future uplift charges based on a "significant change" to the entity.³ In addition, Austin Energy requests that the Commission ensure that the final order issued in this proceeding does not adversely impact

¹ Austin Energy's Statement of Position (Aug. 12, 2021).

² PURA § 39.653(d).

³ Commission Staff's Exhibit No. 3, Direct Testimony of Rebecca Zerwas at 9-10. Commission Staff does not specify what constitutes a "significant change" such that an opted out entity would then be subsequently assessed uplift charges.

those entities who choose to opt out in PUC Docket No. 52364, and requests that the opt-out process be efficient and not pose an undue burden on the Commission, on ERCOT, or on the parties themselves.

Further, Austin Energy recognizes the complexity regarding the issue of whether electric cooperatives should be eligible to participate in cost recovery in SB 4492 securitization in this docket. The hearing on the merits further demonstrated how complicated the issues raised by Brazos Electric Power Cooperative, Inc. (Brazos) and Rayburn Electric Cooperative, Inc. (Rayburn) are. Austin Energy requests that the Commission read and interpret PURA § 39.652(4) and 39.653(i) as broadly as possible to ensure the stability of the ERCOT market.

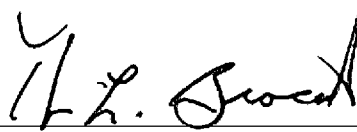
III. CONCLUSION

Austin Energy maintains that ERCOT's Uplift Application generally meets the legislative intent of PURA Chapter 39, Subchapter N. Austin Energy requests that the Commission ensure that any order issued in this proceeding does not adversely impact those entities who choose to opt out of this securitization mechanism. Austin Energy also requests that the Commission interpret PURA § 39.652(4) and 39.653(i), related to electric cooperative eligibility, as broadly as possible to ensure the stability of the ERCOT market. Austin Energy appreciates this opportunity to submit a brief on ERCOT's Uplift Application.

Respectfully submitted,

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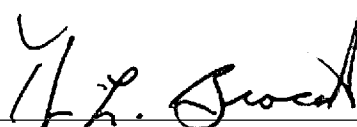
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CERTIFICATE OF SERVICE

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.



THOMAS L. BROCATO