



Filing Receipt

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1001 Liberty Ave.
Pittsburgh, PA 15222

October 19, 2021

Kinder Morgan Crude & Condensate LLC
Attention: Benjamin Maher
1001 Louisiana Street
Suite 1000
Houston, TX 77002

RE: NOTICE OF PROCESS TO OPT OUT OF SECURITIZATION UPLIFT PROCEEDS AND CHARGES — ACTION REQUIRED BY NOVEMBER 27, 2021 TO OPT OUT

Account Number(s): 1351698
ESI ID(s): 1008901022900693470113

Dear Benjamin:

Direct Energy Business hereby provides notice of the ability for Kinder Morgan Crude & Condensate LLC, as a transmission-voltage customer, to exercise a one-time election to opt-out of securitization credits and charges by Kinder Morgan Crude & Condensate LLC filing the attached Opt Out Notice and supporting documentation in PUCT Docket No. 52364. This notice is being provided pursuant to an Order of the Public Utility Commission of Texas ("PUCT") in Docket No. 52322,¹ as part of its implementation of House Bill 4492, from the 87th Regular Texas Legislative Session.

As you may be aware, costs in the wholesale electricity market significantly increased during Winter Storm Uri, and certain entities and customers were assessed and/or paid reliability deployment price adder charges and ancillary service costs in excess of the PUCT's system-wide offer cap (herein after "certain charges").

The Texas Legislature recently passed House Bill 4492, establishing a new Subchapter N in the Public Utility Regulatory Act ("PURA"),³ which provides a mechanism for financing an "uplift balance"⁴ not to exceed \$2.1 billion, associated with certain charges incurred during the period of emergency of February 12, 2021 through February 20, 2021 ("period of emergency").⁵ Under this bill, certain charges assessed during that period to load-serving entities ("LSE") in the electric market (such as retail electric providers ("REPs")) will be financed, and the proceeds of the financing will be paid to those LSEs who were exposed to the costs. The overall financed costs will be repaid over a period not to exceed 30 years, through "uplift charges"⁶ assessed to LSEs, which LSEs may recover from their customers. The total amount of these charges will depend upon the number of entities who opt out of participating in the securitization.

(over)

¹ *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, Docket No. 52322, October 13, 2021.*

² *The text of this bill can be viewed at: <https://capitol.texas.gov/>, using the "Search Legislation" function.*

³ *Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.*

The Legislature provided for a **one-time ability to Opt Out** for REP customers whose premises are served at transmission voltage. These REP customers can opt out of paying the uplift charges by paying in full all invoices owed for usage during the period of emergency. If you elect this onetime opt out right, for those of your premises served at transmission voltage, you will not receive any of the proceeds from the uplift financing if you are otherwise eligible, and will not be required to pay uplift charges from the securitization under PURA Subchapter N. In other words, if you opt out, you will not receive any refund or credit from your REP for charges you may have paid during the period of emergency for reliability deployment price adder charges and ancillary service costs in excess of the PUCT's system wide offer cap.

Eligibility and Action Required to Opt Out.

Kinder Morgan Crude & Condensate LLC is eligible to opt out if all invoices owed for usage during the period of emergency are paid in full, Kinder Morgan Crude & Condensate LLC files the attached Opt Out Notice and supporting documentation in PUCT Docket No. 52364, and notifies Direct Energy Business in writing at the email listed below that it is exercising its right to opt out.

Instructions on the PUC's e-filing process are available here:
<http://www.puc.texas.gov/industry/filings/E-Filinginstructions.pdf>.

Instructions on filing confidential information, such as ESI IDs and the REP of record, is available here: <http://www.puc.texas.gov/industry/filings/Confidential.aspx>

Please note that it is essential that all of the steps of the opt out process described above be completed by November 27, 2021. By law, this opt out option is only available one time. If Kinder Morgan Crude & Condensate LLC opts out, financing documentation to be filed with the PUCT will be adjusted to reflect this decision.

Please contact us if you have any questions concerning this letter.

Sincerely,

Walt Agnew
Direct Energy Business
Account Executive
Walt.agnew@nrg.com
713-502-3637

⁴ "Uplift balance" is defined in PURA § 39.652(4).

⁵ The legislature found that financing the uplift balance would allow wholesale market participants who were assessed extraordinary uplift charges due to consumption during the period of emergency to pay those charges over a longer period of time, alleviate liquidity issues, and reduce the risk of additional defaults in the wholesale market.

⁶ "Uplift charges" is defined in PURA § 39.652(5).

TRANSMISSION-VOLTAGE CUSTOMER OPT OUT NOTICE FORM

Kinder Morgan Crude & Condensate LLC *Kinder Morgan Crude & Condensate LLC*
By [Customer Name] filing this form in PUCT Docket No. 52364, [Customer Name] exercises its right to opt out of securitization uplift charges under PURA § 39.653(d) for the following account numbers and ESI IDs. *(see attached)*

Account Numbers associated with transmission-voltage service for which the opt out is being exercised.

[Include list here, or provide as attachment. This information should be filed by the customer as confidential at the PUCT and redacted in the public filing.] *(see attached)*

Transmission-voltage level ESI IDs associated with the opt out.

[Include list here, or provide as attachment. This information should be filed by the customer as confidential at the PUCT and redacted in the public filing.] *(see attached)*

Current REP of Record, and if different, REP of Record during the period of emergency for each ESI-ID listed above.

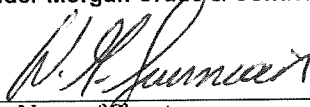
[Include list here, or provide as attachment. This information should be provided as confidential at the PUCT and redacted in the public filing.] *(see attached)*

Notice of and Request for Opt Out

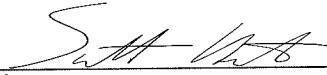
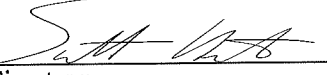
By signing below, Wayne G. Simmons affirms Kinder Morgan Crude & Condensate LLC has paid in full all invoices owed to the REP or REPs listed above for usage at the ESI IDs listed above during the period February 12, 2021 through February 20, 2021 (the period of emergency). Wayne G. Simmons also affirms that a final copy of this opt out request and supporting documentation will be provided to the REP or REPs listed above concurrently with this filing.

Kinder Morgan Crude & Condensate LLC, as a transmission voltage customer, hereby exercises its right under PURA § 39.653(d) to opt out of uplift charges. It is understood that for the above-listed ESI ID(s), Kinder Morgan Crude & Condensate LLC will not receive any proceeds from the uplift financing under PURA Subchapter N and will not pay uplift charges for same.

This Opt Out Request is effective if signed by an executive officer with authority to act on behalf of the Customer, the current REP of Record, and if different, the REP of Record during period of emergency and filed by the customer in PUCT Docket No. 52364. The REP of Record during the period of emergency will only sign below if the customer is eligible as a transmission-voltage customer who has paid in full all invoices owed for usage during the period of emergency pursuant to PURA 39.653(d). If the Customer is unable to obtain signatures from its current REP or the REP that provided service during the period of emergency, Customer may opt out by submitting internal documentation that it has paid all usage charges for the relevant ESI IDs during the period of emergency, along with a sworn affidavit from the executive officer who signed the Opt Out Request on behalf of the Customer.

Kinder Morgan Crude & Condensate, LLC	
By:	
Print Name of Signatory:	Wayne G. Simmons
Position of Signature:	Vice President
Date:	November 19, 2021

HSP

[REP of Record]	[REP of Record during period of emergency]
By:	By:
	
Print Name of Signatory:	Print Name of Signatory:
Scott Hart	Scott Hart
Position of Signature:	Position of Signature:
Vice President	Vice President
Date:	Date:
11/22/2021	11/22/2021
	<input type="checkbox"/> X if inapplicable

Attachment to Transmission-Voltage Customer Opt Out Notice Form

Customer Name: Kinder Morgan Crude & Condensate, LLC

Account Number: 1351698

ESIID: 1008901022900693470113

REP of Record: Direct Energy Business, LLC