



Filing Receipt

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DOCKET NO. 52709

COMPLIANCE FILING FOR DOCKET	§	PUBLIC UTILITY COMMISSION
NO. 52321 (APPLICATION OF ELECTRIC	§	
RELIABILITY COUNCIL OF TEXAS INC.	§	OF TEXAS
FOR A DEBT OBLIGATION ORDER	§	
PURSUANT TO CHAPTER 39,	§	
SUBCHAPTER M, OF THE PUBLIC	§	
UTILITY REGULATORY ACT)	§	

COMMISSION STAFF'S RESPONSE TO ORDER NO. 4

On October 13, 2021, the Public Utility Commission of Texas issued a debt obligation order (Debt Obligation Order)¹ pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act (PURA).² In accordance with the Debt Obligation Order, the Electric Reliability Council of Texas (ERCOT) was ordered to make certain filings in this docket. On September 15, 2022, ERCOT filed a First Annual True-Up Compliance Filing (True-Up Filing) that detailed ERCOT's compliance with the true-up provisions of the Debt Obligation Order.³

On September 19, 2022, the ALJ filed Order No. 4, directing Commission Staff to make recommendations as to the sufficiency and completeness of ERCOT's Compliance Filing by noon on September 21, 2022. Commission Staff was further ordered to offer its opinion as to whether the reported adjustments made by ERCOT comply with PURA and the Debt Obligation Order. Therefore, this pleading is timely filed.

Commission Staff has reviewed ERCOT's True-Up Filing, and, as explained in the memorandum of Darryl Tietjen, Division Director, Rate Regulation Division, Commission Staff recommends that ERCOT's True-Up Filing be found to be sufficient and complete. Commission Staff further recommends that ERCOT's True-Up filing and the plans described therein be found to be in compliance with PURA and the relevant provisions of the Debt Obligation Order.⁴

¹ *Application of the Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Under PURA Chapter 39, Subchapter M, and Request for a Good Cause Exception*, Docket No. 52321 (Oct. 13, 2021).

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

³ Debt Obligation Order, Findings of Fact Nos. 65-66 and 74 and Ordering Paragraph Nos. 15 and 15A.

⁴ *Id.*

Dated: September 21, 2022

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
MARKET ANALYSIS DIVISION**

Harika Basaran
Division Director

/s/ R. Floyd Walker

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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 21, 2022 in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ R. Floyd Walker
R. Floyd Walker

Public Utility Commission of Texas

Memorandum

TO: Floyd Walker, Market Analysis

FROM: Darryl Tietjen, Rate Regulation

DATE: September 21, 2022

RE: Docket No. 52709 – *Compliance Filing for Docket No. 52321 (Application of Electric Reliability Council of Texas Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act)*

Introduction

On September 19, 2022, the Commission’s Office of Policy and Docket Management issued *Order No. 4, Requiring Commission Staff Recommendations* in this docket. The order requires Commission Staff to “make recommendations as to the sufficiency and completeness of ERCOT’s September 15, 2022 compliance filing. In its recommendation, Commission Staff must offer its opinion as to whether the reported adjustments made by ERCOT comply with PURA and the Debt Obligation Order.”

Discussion

On September 15, 2022, the Electric Reliability Council of Texas, Inc. (ERCOT), in its role as servicer (Servicer) of the bonds issued under Subchapter M of Chapter 39 of the Public Utility Regulatory Act, submitted its first annual true-up filing and notice of default charge adjustment as required by the provisions of the Debt Obligation Order adopted by the Commission in Docket No. 52321.¹

Finding of Fact Nos. 65, 66, 71, and 74 of the Debt Obligation Order set forth the procedures related to mandatory interim true-up calculations and true-up adjustments. Finding of Fact No. 66 and Ordering Paragraphs 15 and 15A of the Debt Obligation Order require the Servicer to recalculate default charges (the Annual True-up Calculation) and provide adjustments in an annual true-up filing (the Annual True-Up Filing) with the Commission no later than the 45th day after the anniversary date of the Debt Obligation Order. ERCOT’s filing provides details of the Annual True-Up Calculation and shows a proposed adjustment in the monthly default charges from \$3,761,985 to \$3,221,826, or a decrease of \$540,159.

The Debt Obligation Order also requires the Servicer to periodically report on amounts repaid by, or recovered from, market participants whose unpaid obligations from the period of emergency were included in the securitized bonds so that, consistent with PURA Section 39.603(c), amounts repaid or recovered can be used to pay portions of the default charges over the remaining term of

¹ *Application of the Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act*, Docket No. 52321, Final Debt Obligation Order, Finding of Fact Nos. 65, 66, 71, and 74 and Ordering Paragraphs Nos. 15 and 15A (Oct. 14, 2021).

the bonds. ERCOT's filing provides information showing that, to date, there has been recovery of unpaid obligations in the total amount of \$7,528,819, of which recovery of \$6,414,884 occurred since the date of the last true-up filing made on May 12, 2022.

The Debt Obligation Order also requires the Servicer to file notice regarding annual true-up adjustments with the Commission not less than 45 days prior to the first billing cycle of the month in which the revised default charges come into effect. As Servicer, ERCOT proposes an effective date of the revised default charges for the November 2022 billing period. In accordance with Finding of Fact No. 74 of the Debt Obligation Order, the Commission has 15 days after the date of ERCOT's filing to confirm that the true-up adjustment complies with PURA and the Debt Obligation Order. Any true-up adjustment filed with the Commission is effective on its proposed effective date, which will not be less than 15 days after filing. The Debt Obligation Order also provides that any necessary corrections to the adjusted default charge resulting from mathematical errors in the calculation of the default charge will be made in future true-up adjustments.

Recommendation

I recommend that the Commission find that ERCOT's proposed adjustments as filed in this compliance docket are sufficient and complete. Further, it is my opinion that ERCOT's proposed adjustments comply with PURA and the requirements of the Debt Obligation Order. Accordingly, I recommend that the Commission approve the adjustments and proposals included in ERCOT's filing.