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Received - 2023-03-08 10:42:45 AM
Control Number - 52709
ItemNumber - 46

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. 9

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 March 1, 2023, ERCOT filed a compliance filing regarding replenishment of Financial Revenue Auction Receipts that detailed ERCOT's plan to replenish the financial auction receipts that were used by ERCOT to temporarily reduce amounts short paid during and after Winter Storm Uri.

On March 2, 2023, the ALJ filed Order No. 9 directing Commission Staff to make recommendations as to the sufficiency of the plan filed by ERCOT as well as its compliance with PURA and the Debt Obligation Order by March 8, 2023. Therefore, this pleading is timely filed.

Commission Staff has reviewed ERCOT's plan, and, as explained in the memorandum of Darryl Tietjen, Division Director, Rate Regulation Division, Commission Staff recommends that ERCOT's plan be found to be sufficient. Commission Staff further recommends that ERCOT's plans be found to be in compliance with PURA and the relevant provisions of the Debt Obligation Order.

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.

Dated: March 8, 2023

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 March 8, 2023 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 Division
Andy Aus, Legal Division

FROM: Darryl Tietjen, Rate Regulation Division

DATE: March 8, 2023

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 March 2, 2023, the Commission’s Office of Policy and Docket Management issued *Order No. 9, Requiring Commission Staff Recommendations and Establishing Objections Deadlines* in this docket. Order No. 9 requires Commission Staff to make, by March 8, 2023, “recommendations as to the sufficiency of the plan filed by ERCOT, including its opinion as to whether the plan complies with PURA and the Debt Obligation Order.”

Discussion

On March 1, 2023, the Electric Reliability Council of Texas, Inc. (ERCOT) filed the report required by Ordering Paragraph 45B of the Commission Debt Obligation Order adopted by the Commission in Docket No. 52321.¹ Ordering Paragraph 45B states:

To the extent that the financial revenue auction receipts used by ERCOT to temporarily reduce amounts short-paid to wholesale market participants are not replenished through the securitization authorized in this Order, ERCOT must file in the compliance docket for this proceeding a plan for full replenishment.

The Debt Obligation Order further states in Ordering Paragraph 2A that “ERCOT must follow its proposed prioritization set forth in finding of fact 16A. “ Finding of fact 16A provides that:

ERCOT proposed with respect to prioritizing the allocation of the proceeds of subchapter M bonds that it will first pay its upfront costs, then pay amounts owed to ERCOT by competitive wholesale market participants, and finally use the rest to replenish financial revenue auction receipts temporarily used by ERCOT to reduce the amounts related to winter storm Uri that were short-paid to wholesale market participants.

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 (Oct. 14, 2021).

As ERCOT describes in its filing, ERCOT has, since the issuance of the Debt Obligation Order, fully replenished the formerly outstanding CRR Funds. ERCOT included in its filing a discussion of each of the replenishment events summarized in the table below.

Summary of CRR Funds Replenishment

Original Amount of CRR Funds	\$ 800,000,000.00
Replenishment from funds recovered or withheld from Market Participants	\$ 27,895,327.13
Replenishment from funds recovered from Denton - June 2021	\$ 6,790,517.72
Replenishment from remaining balance of Subchapter M proceeds	\$ 490,353,417.59
Replenishment from refund from closing costs - Feb. 2022	\$ 15,000.00
Replenishment from unused Existing Debt Retirement Reserve - Aug. 2022	\$ 50,000,000.00
Replenishment from funds recovered in Brazos First Payment - Nov. 2022	\$ 224,945,737.56
2022 End of Year Balance	\$ -

Recommendation

I recommend that the Commission find that ERCOT's March 1, 2023 filing in this compliance docket is sufficient and complete. Further, it is my opinion that ERCOT's filing complies with PURA and the requirements of the Debt Obligation Order.