



## **Filing Receipt**

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**PUC DOCKET NO. 52709**

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

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S  
MANDATORY, SEMI-ANNUAL INTERIM TRUE-UP COMPLIANCE FILING,  
REPORT OF RECOVERIES, AND NOTICE OF DEFAULT CHARGE ADJUSTMENT**

**FEBRUARY 15, 2024**

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S  
MANDATORY, SEMI-ANNUAL INTERIM TRUE-UP COMPLIANCE FILING,  
REPORT OF RECOVERIES, AND NOTICE OF DEFAULT CHARGE ADJUSTMENT**

Pursuant to the Debt Obligation Order adopted by the Public Utility Commission of Texas (the Commission) in Docket No. 52321<sup>1</sup> (hereinafter, the Debt Obligation Order), Electric Reliability Council of Texas, Inc. (ERCOT), as the servicer of the bonds issued under Subchapter M of Chapter 39 of the Public Utility Regulatory Act (the Servicer), hereby submits its mandatory, semi-annual true-up filing, report of recoveries and notice of a need for a slight default charge increase (True-Up Filing). In support of this True-Up Filing, the Servicer respectfully shows as follows:

**I. Background**

On July 16, 2021, ERCOT filed an application for a debt obligation order under Subchapter M of Chapter 39 of the Public Utility Regulatory Act (PURA) to securitize extraordinary costs incurred due to Winter Storm Uri. That proceeding was assigned Docket No. 52321. On October 14, 2021, the Commission issued a Debt Obligation Order that authorized the issuance of the debt obligations in an aggregate amount of up to \$800 million (the Default Balance) and approved the assessment of default charges to all wholesale market participants (except those expressly exempted by PURA) in an amount sufficient to ensure the recovery of amounts expected to be necessary to timely provide all payments of debt service and other required amounts and charges in connection with the issuance of the debt obligations. In accordance with the Debt Obligation Order, Texas

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<sup>1</sup> *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, Findings of Fact Nos. 67-71 and 74 and Ordering Paragraphs Nos. 15 and 15A (Nov. 14, 2021) [hereinafter, Final Order].

Electric Market Stabilization M Funding LLC (the Issuer) issued on November 12, 2021, the Texas Stabilization M Bonds, Series 2021 (the Stabilization M Bonds) in an aggregate principal amount of \$800 million. The Servicer began billing default charges, consistent with the requirements of the Debt Obligation Order, in January 2022. As Servicer for the Issuer, ERCOT bills, collects, receives, and adjusts the default charges imposed pursuant to the Default Property Servicing Agreement (the Servicing Agreement) that was entered into between the Issuer and the Servicer, dated November 12, 2021. The Servicer remits default charges received to the Indenture Trustee to repay the Stabilization M Bonds. The Debt Obligation Order, ERCOT Protocols, and the Servicing Agreement set out the terms and conditions under which the default charges will be billed and collected with respect to the Stabilization M Bonds.

As required under PURA § 39.159(c), ERCOT successfully pursued collection of amounts owed by Market Participants that otherwise would have been borne by other Market Participants or their customers. Those recoveries (Recoveries) represent amounts that were a part of the Default Balance and, therefore, are payable by ERCOT to the Issuer, pursuant to the Debt Obligation Order and PURA.<sup>2</sup> Effective February 1, 2023, the Issuer optionally early redeemed \$382,288,420 of the Stabilization M Bonds using proceeds of Recoveries previously paid by ERCOT to the Issuer.

The Debt Obligation Order requires the Servicer to semi-annually conduct an interim true-up calculation every year until the scheduled maturity of the Bonds.<sup>3</sup> If such an interim calculation projects under-collections of default charges, then the Servicer will implement a true-up adjustment in accordance with the standard true-up procedure for the remainder of the annual true-up period.<sup>4</sup> The Servicing Agreement requires such a semi-annual interim true-up calculation to be prepared no later than forty-five (45) days prior to the first Collection Period of each April.<sup>5</sup> True-up adjustments are based on cumulative differences, regardless of the reason, between the periodic payment

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<sup>2</sup> PURA § 39.603(c).

<sup>3</sup> Final Order, *supra* note 1 at Finding of Fact No. 68.

<sup>4</sup> *Id.*

<sup>5</sup> Servicing Agreement at Section 4.01(c)(i).

requirements and the amount of default charge remittances made to the Indenture Trustee by the Servicer. In accordance with the Debt Obligation Order, the Servicer is providing this mandatory Semi-Annual Interim True-Up Calculation (as hereinafter defined) and notice of adjustment.<sup>6</sup>

The Default Charges are presently in the monthly amount of \$1,897,324. As shown in Attachment 1 and the accompanying Work Papers to this filing, the monthly Default Charges must be slightly increased from \$1,897,324 to \$1,926,208.

Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Debt Obligation Order.

## **II. Recoveries**

The Debt Obligation Order 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 Stabilization M 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 the Stabilization M Bonds.<sup>7</sup>

See the Recoveries Report, included in the Workpapers, reflecting that since the issuance of the Stabilization M Bonds to the date of this True-Up Filing there has been a recovery of unpaid obligations in the aggregate amount of \$382,471,515.42. On February 1, 2023, recoveries totaling \$382,288,420 were used to optionally early redeem portions of the Stabilization M Bonds. Subsequently recoveries in the amount of \$168,842.42 were remitted to the Issuer for delivery to the Indenture Trustee and used to pay amounts due on the Stabilization M Bonds at the time of the February 1, 2024 semiannual payment date. Similarly, the Servicer intends to pay to the Issuer for delivery to the Indenture Trustee the net amount in recoveries currently on hand, \$9,880.98, for use to pay amounts due on the Stabilization M Bonds at the time of the August 1, 2024 semiannual

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<sup>6</sup> *Id.* at Finding of Fact No. 66 and Ordering Paragraphs Nos. 15 and 15A.

<sup>7</sup> Final Order, *supra* note 1, at Finding of Fact No. 69.

payment date thereby reducing the amount of the Default Charge needed to be collected over the remaining term of the Stabilization M Bonds.

### **III. Purpose of Filing and Jurisdiction**

The Servicer is submitting this Mandatory, Semi-annual Interim True-Up Filing in accordance with Debt Obligation Order, Findings of Fact No. 68 and 71.b and Ordering Paragraph No. 15A. The Commission has jurisdiction over true-up calculations and adjustments pursuant to PURA § 39.603.

### **IV. Notice**

In accordance with Section 4.011(i)(B) of the Servicing Agreement, a copy of this True-Up Filing is being sent to the following parties:

Texas Electric Market Stabilization Funding M LLC:	Texas Electric Market Stabilization Funding M LLC 8000 Metropolis Drive (Building E), Suite 100 Austin, Texas 78744 Attn: Chief Executive Officer
Texas Treasury Safekeeping Trust Company:	Texas Treasury Safekeeping Trust Company 208 East 10 <sup>th</sup> Street, 4 <sup>th</sup> Floor Austin, Texas 78701 Attn: Genoveva Minjares Email: <a href="mailto:accounting@ttstc.texas.gov">accounting@ttstc.texas.gov</a> <a href="mailto:legal@ttstc.texas.gov">legal@ttstc.texas.gov</a>
U.S. Bank Trust Company, National Association:	U.S. Bank Trust Company, National Association 13737 Noel Road, 8 <sup>th</sup> Floor Dallas, Texas 75240 Attn: Corporate Trust Services

### **V. Semi-Annual Interim Calculation & True-Up Adjustment**

Findings of Fact Nos. 68 and 71b of the Debt Obligation Order set forth the procedures related to mandatory, semi-annual interim true-up calculations and true-up adjustments. Findings of Fact Nos. 68 and 71b, and Ordering Paragraphs 15 and 15A of the Debt Obligation Order require the Servicer to provide a standard mandatory, semi-annual interim true-up calculation (the Semi-Annual Calculation) once a year. If the Semi-Annual Calculation estimates under-collections of the default charges, during the upcoming annual true-up period the Servicer must implement a true-up

adjustment in accordance with the standard true-up procedure for the remainder of the annual-true-up period.<sup>8</sup>

The Semi-Annual Calculation requires the Servicer to (i) calculate under-collections for the interim period by subtracting the interim period's default charge revenues collected from the periodic billing requirement determined for the same period; (ii) estimate any anticipated under-collections for remaining interim period; (iii) calculate the periodic billing requirement for the remaining interim period, taking into account the total amount of prior and anticipated under-collection amounts described in steps (i) and (ii) above, and calculate the monthly amortization amount for the periodic billing requirement; and (iv) assess the updated monthly amortization amount to each Qualified Scheduling Entity (QSE) and Congestion Revenue Right (CRR) Account Holder in accordance with the default charges assessment methodology. The required Semi-Annual Calculation is provided on Attachment 1 and the accompanying Work Papers and results in a need to slightly increase the monthly default charges.

#### **VI. Timing of Annual Calculation and Effective Date of True-Up Adjustment**

The Servicer is required to provide the Semi-Annual Calculation each year no later than forty-five (45) days prior to the first Collection Period of April until the final payment of the Stabilization M Bonds. Therefore, this mandatory Semi-Annual Calculation is timely filed.

In addition to filing the Semi-Annual Calculation, the Servicer is required to file notice regarding mandatory, semi-annual interim true-up adjustments with the Commission not less than forty-five (45) days prior to the first billing cycle of the month in which the revised default charges shall come into effect. In accordance with Finding of Fact No. 74 of the Debt Obligation Order, the Commission has fifteen (15) days after the date of this filing to confirm the true-up filing 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 fifteen (15) days after filing. Any

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<sup>8</sup> Final Order, *supra* note 1, at Finding of Fact No. 68.

necessary corrections to the adjusted default charge due to mathematical errors in the calculation of the default charge will be made in future true-up adjustments.


#### **VII. Conclusion and Prayer**

Based on the foregoing, the Servicer respectfully requests that the Commission or another Presiding Officer with delegated authority issue an order confirming this True-Up Filing complies with PURA and the Debt Obligation Order.

Respectfully submitted,

WINSTEAD PC

By: \_\_\_\_\_

  
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Houston, Texas 77002  
Telephone: (713) 650-8400  
Facsimile: (713) 650-2400

**ATTORNEY FOR ERCOT**



**ATTACHMENT 1  
MANDATORY, INTERIM SEMI-ANNUAL TRUE-UP ADJUSTMENT**

<b>For the period February 1, 2024 through July 31, 2024</b>	<b>Amounts</b>
Beginning Excess Subaccount Balance	\$713,881
<b>Anticipated Outflows<sup>9</sup></b>	
<b>For the Payment Date August 1, 2024</b>	
Principal – paid on August 1, 2024	\$5,167,806
Interest – paid on August 1, 2024	\$5,846,299
Supplemental capital account – 6 months funded by August 1, 2024	\$500,000
Servicing Fee – paid on August 1, 2024	\$200,000 <sup>10</sup>
Administration Fee – paid on August 1, 2024	\$50,000 <sup>11</sup>
Operating Expenses – paid on August 1, 2024	\$44,500
<b>TOTAL Outflows</b>	<b>\$11,808,605</b>
Expenses in excess of original estimation pro forma	\$100,000
Total August 1, 2024 estimated outflows	\$11,908,605
<b>Anticipated Inflows<sup>12</sup></b>	
<b>For the period February 1, 2024 through July 31, 2024</b>	
Anticipated funds transferred to Trust	\$11,393,925
Default Charges commencing May 1, 2024 <sup>13</sup>	\$1,926,208
Current Default Charges	\$1,897,324
<b>True Up Increase/(Decrease)</b>	<b>\$28,884</b>

<sup>9</sup> Outflows exclude the February 1, 2024 related payments as those were funded by default charges received prior to February 1, 2024.

<sup>10</sup> The Annual Servicing Fee is \$400,000 and it is paid in two equal semi-annual installments of \$200,000 due each February 1<sup>st</sup> and August 1<sup>st</sup>.

<sup>11</sup> The Administration Fee is \$100,000 and it is paid in two equal semi-annual installments of \$50,000 due each February 1<sup>st</sup> and August 1<sup>st</sup>.

<sup>12</sup> Through the January 31, 2024 periodic billing, the Servicer has collected all Default Charges billed.

<sup>13</sup> Servicing Agreement Section 4.01(c)(i)(A) requires notices to the Commission of not less than 45 days before an increase takes effect.

**ATTACHMENT 2  
SUPPORTING AFFIDAVIT**

**STATE OF TEXAS**

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**COUNTY OF TRAVIS**

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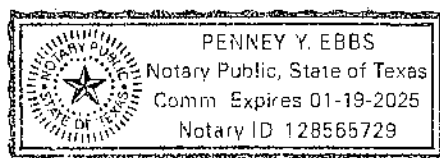
BEFORE ME, the undersigned notary public, on this day personally appeared Sean Taylor, who first being duly sworn, upon this oath said:

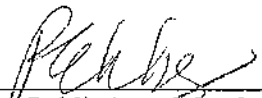
1. My name is Sean Taylor. I am over the age of 21, a resident of Texas, and of sound mind and competent to testify to the matters stated herein. I am the Senior Vice President, Chief Financial Officer, and Chief Risk Officer for Electric Reliability Council of Texas, Inc., authorized to represent Electric Reliability Council of Texas, Inc.
2. I have reviewed the Mandatory, Semi-Annual Interim True-Up Compliance Filing and Notice of Default Charge Adjustment and the statements and information therein are true and accurate to the best of my knowledge and belief, and I hereby adopt them as my own.

The foregoing statements are true and correct. This concludes my affidavit.

  
\_\_\_\_\_  
SEAN TAYLOR

SUBSCRIBED AND SWORN BEFORE ME by the said Sean Taylor this 15 day of February, 2024.



  
\_\_\_\_\_  
Notary Public in and for the State of Texas

**RECOVERY REPORTS**

<b>Name</b>	<b>Amount</b>
Energy Monger LLC	\$ 440,643
GB Power LLC	\$ 453,902
Illuminar Energy LLC	\$ 219,390
Gridplus Texas Inc.	\$ 495,358
MQE LLC	\$ 419,526
Illuminar Energy LLC	\$5,500,000
Brazos Electric Power Cooperative Inc.	\$374,763,872
EAGLES VIEW PARTNERS LTD (CP)	\$1,777.33
ENERGY MONGER LLC (CP)	\$10,179.28
GBPOWER LLC (CP)	\$15,880.97
ILUMINAR ENERGY LLC (CP)	\$104,128.17
VOLT ELECTRICITY PROVIDER LP (CP)	\$32,606.67
<b>Aggregate Total Recoveries Previously Remitted to the Indenture Trustee for Application to Stabilization M Bonds \$382,457,263.42</b>	

<b>Recoveries Subsequent to September 2023</b>	
<b>Name</b>	<b>Amount</b>
EAGLES VIEW PARTNERS LTD (CP)	\$ 0.01
ENERGY MONGER LLC (CP)	\$ 5.09
GBPOWER LLC (CP)	\$ 8.88
ILUMINAR ENERGY LLC (CP)	\$ 52.47
VOLT ELECTRICITY PROVIDER LP (CP)	\$ 9,914.53
<b>Total</b>	<b>\$ 9,980.98</b>

**AMOUNTS ANTICIPATED TO BE TRANSFERRED TO TRUST  
THROUGH JULY 31, 2024**

	Amount Anticipated to be <u>Transferred</u>
Feb-24	\$1,907,305
Mar-24	\$1,897,324
Apr-24	\$1,897,324
May-24	\$1,897,324
Jun-24	\$1,897,324
Jul-24	\$1,897,324
<b>Total</b>	<b>\$11,393,925</b>