



## **Filing Receipt**

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PUC DOCKET NO. 52710

COMPLIANCE FILING FOR DOCKET § PUBLIC UTILITY COMMISSION  
NO. 52322 (APPLICATION OF §  
ELECTRIC RELIABILITY COUNCIL §  
OF TEXAS, INC. FOR A DEBT § OF TEXAS  
OBLIGATION ORDER PURSUANT TO §  
CHAPTER 39, SUBCHAPTER N, OF §  
THE PUBLIC UTILITY §  
REGULATORY ACT) §

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S  
QUARTERLY TRUE-UP COMPLIANCE FILING AND  
NOTICE OF UPLIFT CHARGE ADJUSTMENT

MARCH 15, 2024

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S  
QUARTERLY TRUE-UP COMPLIANCE FILING, AND NOTICE OF UPLIFT  
CHARGE ADJUSTMENT**

Pursuant to the Debt Obligation Order adopted by the Public Utility Commission of Texas (the Commission) in Docket No. 52322<sup>1</sup> (hereinafter, the Debt Obligation Order), Electric Reliability Council of Texas, Inc. (ERCOT), as the servicer of the bonds issued under Subchapter N of Chapter 39 of the Public Utility Regulatory Act (the Servicer), hereby submits its March 2024 quarterly true-up filing and notice of Uplift Charge adjustment (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 from the Commission under Subchapter N 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. 52322. On October 13, 2021, the Commission issued a Debt Obligation Order that authorized the issuance of the debt obligations in an aggregate amount of up to \$2.1 billion (the Uplift Balance), plus upfront costs, and approved the assessment of Uplift

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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 N, of the Public Utility Regulatory Act*, Docket No. 52322, Final Debt Obligation Order, Findings of Fact Nos. 194 - 200 and Ordering Paragraphs Nos. 66 and 97 (Oct. 13, 2021) [hereinafter, the Debt Obligation Order].

Charges to all qualified scheduling entities (QSEs) representing load-serving entities (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.<sup>2</sup> In accordance with the Debt Obligation Order, Texas Electric Market Stabilization N Funding LLC (the Issuer) issued on June 15, 2022, the Texas Stabilization N Bonds, Series 2022 (the Stabilization N Bonds) in an aggregate principal amount of \$2,115,700,000.00. The Servicer began billing Uplift Charges, consistent with the requirements of the Debt Obligation Order, in August 2022. As Servicer for the Issuer, ERCOT bills, collects, receives, and adjusts the Uplift Charges imposed pursuant to the Uplift Property Servicing Agreement (the Servicing Agreement) that was entered into between the Issuer and the Servicer, dated June 15, 2022. The Servicer remits Uplift Charges received to the Indenture Trustee to repay the Stabilization N Bonds. The Debt Obligation Order, ERCOT Protocols, and the Servicing Agreement set out the terms and conditions under which the Uplift Charges will be billed and collected with respect to the Stabilization N Bonds.

The Debt Obligation Order requires, *inter alia*, the Servicer to review and adjust Uplift Charges to correct for any under-collections or over-collections from the preceding true-up period, to estimate any anticipated under-collections or over-collections for the current or upcoming true-up period, and to ensure the expected recovery of amounts sufficient to provide all payments of debt service.<sup>3</sup> True-up adjustments are based on cumulative differences, regardless of the reason, between the periodic payment requirements and the amount of Uplift

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<sup>2</sup> Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Debt Obligation Order.

<sup>3</sup> The Debt Obligation Order, Findings of Fact Nos. 194 - 200 and Ordering Paragraphs Nos. 66 and 97.

Charge remittances made to the Indenture Trustee by the Servicer. In accordance with the Debt Obligation Order, the Servicer is providing this quarterly calculation and notice of adjustment.<sup>4</sup>

This True-Up Filing reflects a need to slightly decrease the daily Uplift Charges. The decrease, of \$10,074, is primarily attributable to the interest earned on the three subaccounts for the Uplift Charges during the last true up period (December 1, 2023 through February 29, 2024)<sup>5</sup> and the amounts accrued in the Excess Subaccount Balance that occurred in February 2024 or are anticipated to occur during the current true-up period (March 1 through May 31, 2024). Because the Excess Subaccount Balance is a component of the calculation of the daily Uplift Charges, this increase in excess funds balance will result (all other components being equal) in a need to decrease the daily Uplift Charges in the upcoming quarter period. Therefore, as shown in Attachment 1 and the accompanying Work Papers to this True-Up Filing, the daily Uplift Charges should be decreased from \$391,963 to \$381,889, effective May 1, 2024.

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

The Servicer is submitting its quarterly True-Up Filing in accordance with Debt Obligation Order, Findings of Fact Nos. 196-197 & 200 and Ordering Paragraphs No. 33 and 66. The Commission has jurisdiction over true-up calculations and adjustments pursuant to PURA § 39.653.

## **III. Notice**

In accordance with Section 4.01(e)(i)(B) of the Servicing Agreement, a copy of this True-Up Filing is being sent to the following parties:

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<sup>4</sup> *Id.* at Findings of Fact Nos. 196-97 & 200 and Ordering Paragraph No. 66.

<sup>5</sup> *Infra* at 12, Stabilization N Bonds Workpapers.

Texas Electric Market Stabilization Funding N  
LLC:

Texas Electric Market Stabilization Funding N  
LLC

8000 Metropolis Drive (Building E), Suite 100  
Austin, Texas 78744

Attn: Chief Executive Officer

U.S. Bank Trust Company, National Association:

U.S. Bank Trust Company, National Association  
190 S. LaSalle Street, 7th Floor

Chicago, Illinois 60603

Attn: Corporate Trust Services-TX Stabilization  
N Bonds

#### **IV. Quarterly Calculation & True-Up Adjustment**

Findings of Fact Nos. 194-200 of the Debt Obligation Order set forth the procedures related to mandatory quarterly true-up calculations and true-up adjustments. Finding of Fact No. 197 and Ordering Paragraph 33 of the Debt Obligation Order require the Servicer to provide a quarterly true-up calculation (the Quarterly Calculation) each quarter following the closing of the Stabilization N Bonds. If the Quarterly Calculation projects over-collections or under-collections of the Uplift Charges from the preceding true-up period or estimated anticipated under-collections or over-collections of the Uplift Charges for the current or upcoming true-up periods, the Servicer must implement a true-up adjustment in accordance with the standard true-up procedure.

The Quarterly Calculation requires the Servicer to (i) calculate under-collections or over-collections for the preceding true-up period by subtracting the previous period's Uplift Charge revenues collected from the periodic billing requirement determined for the same period; (ii) estimate any anticipated under-collections or overcollections for the current or upcoming true-up period; (iii) calculate the periodic billing requirement for the upcoming true-up period, taking into account the total amount of prior and anticipated over-collection and under-collection amounts described in steps (i) and (ii) above, and calculate the daily amortization amount for the periodic

billing requirement; and (iv) assess the updated daily amortization amount to each QSE in accordance with the Uplift Charges assessment methodology.<sup>6</sup> The required Quarterly Calculation is provided on Attachment 1 and the accompanying Work Papers and results in a slight decrease of the daily Uplift Charges from \$391,963 to \$381,889.

**V. Timing of Quarterly Calculation and Effective Date of True-Up Adjustment**

The Servicer is required to provide the Quarterly Calculation on a quarterly basis following the closing date of the Stabilization N Bonds, which occurred on June 15, 2022. Therefore, this Quarterly Calculation is timely filed.

In addition to filing the Quarterly Calculation, the Servicer is required to file notice regarding quarterly 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 Uplift Charges shall come into effect.<sup>7</sup> The Servicer proposes an effective date of the revised Uplift Charges to be the May 2024 billing period. In accordance with Finding of Fact No. 205 of the Debt Obligation Order, the Commission has fifteen (15) days after the date of this filing to confirm 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 fifteen (15) days after filing. Any necessary corrections to the adjusted Uplift Charge due to mathematical errors in the calculation of the Uplift Charge will be made in future true-up adjustments.

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<sup>6</sup> *Id.* at Finding of Fact No. 200a.

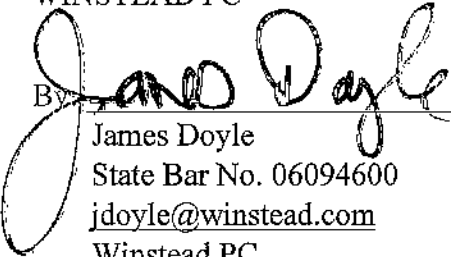
<sup>7</sup> Servicing Agreement at Section 4.01(e)(i)(A).

**VI. 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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**ATTORNEY FOR ERCOT**



**Attachment 1  
Quarterly True Up**

**For the prior true-up period December 1, 2023 through February 29, 2024**

	Amounts
Beginning Excess Subaccount Balance	\$2,057,210
Ending Excess Subaccount Balance	\$1,059,201

**INFLOWS**

Periodic billing requirements for the above true-up period	\$35,142,377
Amounts transferred to Trust through February 29, 2024	\$35,861,260
Interest Earnings on Subaccounts through February 29, 2024	\$723,760

**For the current true-up period March 1, 2024 through May 31, 2024**

Periodic billing requirement for the above true-up period	\$35,748,302
Anticipated funds to be transferred to Trust through May 31, 2024	\$36,060,596

**For the upcoming true-up period June 1, 2024 through August 31, 2024**

Periodic billing requirements for the above true-up period	\$35,133,788
Anticipated funds to be transferred to Trust through August 31, 2024	\$36,060,596
<b>Total Inflows</b>	<b>\$108,706,212</b>

**OUTFLOWS**

Actual Outflows for prior true-up period	\$72,373,770
Anticipated outflow on August 1, 2024 payment date	\$72,137,813

**Projected Net (Shortfall)/Surplus**

Daily Uplift Charges commencing May 1, 2024	\$381,889
Current Daily Uplift Charges	\$391,963
<b>True Up Increase/(Decrease)</b>	<b>(\$10,074)</b>



STABILIZATION N BONDS WORKPAPERS

**AMOUNTS TRANSFERRED TO TRUST THROUGH FEBRUARY 29, 2024**

	Amount <u>Transferred</u>	Interest Earned on Capital <u>Subaccount</u>	Interest Earned on Excess <u>Subaccount</u>	Interest Earned on General <u>Subaccount</u>
DEC	\$10,807,748	\$48,050	\$9,177	\$243,556
JAN	\$13,409,676	\$47,962	\$9,030	\$285,701
FEB	\$11,643,836	\$43,800	\$4,401	\$32,082
TOTAL	\$35,861,260	\$139,812	\$22,608	\$561,340
			Total Interest	\$723,760
			Total Inflows	\$36,585,020

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

	Amount Anticipated to be <u>Transferred</u>
MAR	\$12,150,853
APR	\$11,758,890
MAY	\$12,150,853
TOTAL	\$36,060,596

	Amount Anticipated to be <u>Transferred</u>
JUN	\$11,758,890
JUL	\$12,150,853
AUG	\$12,150,853
TOTAL	\$36,060,596