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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**

SEPTEMBER 13, 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. 52322¹ (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 September 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

¹ *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].

\$2.1 billion (the Uplift Balance), plus upfront costs, and approved the assessment of Uplift 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.² 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.³ True-up adjustments are based on cumulative differences,

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

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

regardless of the reason, between the periodic payment requirements and the amount of Uplift 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.⁴

This True-Up Filing reflects a need to slightly increase the daily Uplift Charges. The increase, of \$1,676 is primarily attributable to the August 1, 2024 semi-annual bond payment being partially funded from the Excess Funds Subaccount. Because the Excess Funds Subaccount is used to pay semi-annual bond payments only when collections from prior collection periods are insufficient, the Uplift Charges need to be slightly increased to ensure adequate funds are on hand to make the upcoming, February 1, 2025 semi-annual payment due on the Stabilization N Bonds. Therefore, as shown in Attachment 1 and the accompanying Work Papers to this True-Up Filing, the daily Uplift Charges should be slightly increased from \$384,624 to \$386,300 effective November 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:

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

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.⁵ The required Quarterly Calculation is provided on Attachment 1 and the accompanying Work Papers and results in a slight increase of the daily Uplift Charges from \$384,624 to \$386,300.

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.⁶ The Servicer proposes an effective date of the revised Uplift Charges to be the November 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.

⁵ *Id.* at Finding of Fact No. 200a.

⁶ Servicing Agreement at Section 4.01(c)(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

/s/ James W. Doyle

By: _____

James W. Doyle

State Bar No. 06094600

jdoyle@winstead.com

Winstead PC

600 Travis Street, Suite 5200

Houston, Texas 77002

Telephone: (713) 650-8400

Facsimile: (713) 650-2400

ATTORNEY FOR ERCOT

**Attachment 1
Quarterly True Up**

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

Amounts

Beginning Excess Subaccount Balance	\$1,081,921
Ending Excess Subaccount Balance	\$1,059,201

INFLOWS

Periodic billing requirements for the above true-up period	\$35,218,573
Amounts transferred to Trust through August 31, 2024	\$35,189,048
Interest Earnings on Subaccounts through August 31, 2024	\$709,496

For the current true-up period September 1, 2024 through November 30, 2024

Periodic billing requirement for the above true-up period	\$35,051,064
Anticipated funds to be transferred to Trust through November 30, 2024	\$35,000,784

For the upcoming true-up period December 1, 2024 through February 28, 2025

Periodic billing requirements for the above true-up period	\$34,767,000
Anticipated funds to be transferred to Trust through November 30, 2024	\$34,616,160
Total Inflows	\$105,515,488

OUTFLOWS

Anticipated outflow on February 1, 2025 payment date	\$72,120,222
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Projected Net (Shortfall)/Surplus

Daily Uplift Charges commencing November 1, 2024	\$386,300
Current Daily Uplift Charges	\$384,624
True Up Increase/(Decrease)	\$1,676

**ATTACHMENT 2
SUPPORTING AFFIDAVIT**

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

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.

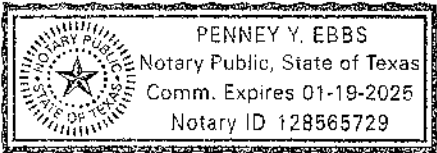
2. I have reviewed the Quarterly True-Up Compliance Filing and Notice of Uplift Charge Adjustment, and the statements and information therein are true and accurate to the best of my knowledge and belief, and I hereby adopt them as my own.

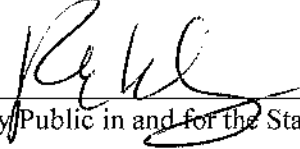
The foregoing statements are true and correct. This concludes my affidavit.



SEAN TAYLOR

SUBSCRIBED AND SWORN BEFORE ME by the said Sean Taylor on this 13th day of September 2024.





Notary Public in and for the State of Texas

STABILIZATION N BONDS WORKPAPERS

AMOUNTS TRANSFERRED TO TRUST THROUGH AUGUST 31, 2024

	<u>Amount Transferred</u>	<u>Interest Earned on Capital Subaccount</u>	<u>Interest Earned on Excess Subaccount</u>	<u>Interest Earned on General Subaccount</u>
JUN	\$11,057,442	\$46,008	\$4,613	\$236,649
JUL	\$12,322,305	\$47,633	\$4,778	\$286,358
AUG	\$11,809,301	\$46,446	\$5,605	\$31,406
TOTAL	\$35,189,048	\$140,087	\$14,996	\$554,413
			Total Interest	\$709,496
			Total Inflows	\$35,898,544

**AMOUNTS ANTICIPATED TO BE TRANSFERRED TO TRUST
THROUGH FEBRUARY 28, 2025**

	<u>Amount Anticipated to be Transferred</u>
SEP	\$11,538,720
OCT	\$11,923,344
NOV	\$11,538,720
TOTAL	\$35,000,784

	<u>Amount Anticipated to be Transferred</u>
DEC	\$11,923,344
JAN	\$11,923,344
FEB	\$10,769,472
TOTAL	\$34,616,160