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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 13, 2025

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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 March 2025 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

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].

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

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.

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 \$1,080 is primarily attributable to the anticipated August 1, 2025 semi-annual bond payment⁵ 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, August 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 \$391,612 to \$392,692 effective May 1, 2025.

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.

⁵ Semi-annual bond payments consist of principal and accrued interest plus authorized operating costs incurred during the preceding six months.

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.⁶ 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 \$391,612 to \$392,692.

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.⁷ The Servicer proposes an effective date of the revised Uplift Charges to be the May 1, 2025 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.

⁶ *Id.* at Finding of Fact No. 200a.

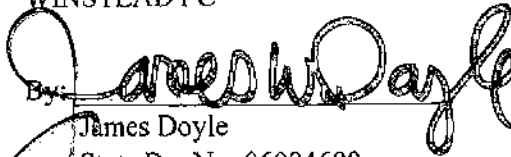
⁷ Servicing Agreement at Section 4.01(e)(i)(A).

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

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ATTORNEY FOR ERCOT

Attachment 1
Quarterly True-Up

	Amounts
For the prior true-up period December 1, 2024 through February 28, 2025	
Beginning Excess Subaccount Balance	\$1,299,841
Ending Excess Subaccount Balance	\$1,868,542
INFLOWS	
Periodic billing requirements for the above true-up period	\$34,915,736
Amounts transferred to Trust through February 28, 2025	\$36,499,461
Interest Earnings on Subaccounts through February 28, 2025	\$587,619
For the current true-up period March 1, 2025 through May 31, 2025	
Periodic billing requirement for the above true-up period	\$36,061,784
Anticipated funds to be transferred to Trust through May 31, 2025	\$36,028,304
For the upcoming true-up period June 1, 2025 through August 31, 2025	
Periodic billing requirements for the above true-up period	\$36,127,664
Anticipated funds to be transferred to Trust through August 31, 2025	\$36,028,304
Total Inflows	\$109,143,688
OUTFLOWS	
Anticipated outflow on August 1, 2025 payment date	\$72,102,271
Projected Net (Shortfall)/Surplus	
Daily Uplift Charges commencing May 1, 2025	\$392,692
Current Daily Uplift Charges	\$391,612
True Up Increase/(Decrease)	\$1,080

STABILIZATION N BOND WORKPAPERS
 AMOUNTS TRANSFERRED TO TRUST THROUGH FEB 28 2025

	<u>Amount</u> <u>Transferred</u>	<u>Interest Earned on</u> <u>Capital Subaccount</u>	<u>Interest Earned on</u> <u>Excess Subaccount</u>	<u>Interest Earned on</u> <u>General</u> <u>Subaccount</u>
DEC	\$12,558,848	\$40,524	\$4,897	\$204,470
JAN	\$12,994,448	\$39,301	\$4,742	\$234,288
FEB	\$10,946,165	\$34,265	\$5,949	\$19,183
TOTAL	\$36,499,461	\$114,090	\$15,588	\$457,941
			Total Interest	\$587,619
			Total Inflows	\$37,087,080

	<u>Amount</u> <u>Anticipated to be</u> <u>Transferred</u>
MAR	\$12,724,761
APR	\$11,748,360
MAY	\$12,139,972
TOTAL	\$36,613,093

	<u>Amount to</u> <u>Anticipated to be</u> <u>Transferred</u>
JUN	\$11,748,360
JUL	\$12,139,972
AUG	\$12,139,972
TOTAL	\$36,028,304