# Filing Receipt

**Received - 2021-07-21 01:49:04 PM**
**Control Number - 52322**
**ItemNumber - 6**

| APPLICATION OF THE ELECTRIC | § | |
|---|---|---|
| RELIABILITY COUNCIL OF TEXAS, | § | |
| INC. FOR A DEBT OBLIGATION | § | **PUBLIC UTILITY COMMISSION** |
| ORDER TO FINANCE UPLIFT | § | |
| BALANCES UNDER PURA CHAPTER | § | **OF TEXAS** |
| 39, SUBCHAPTER N, AND FOR A | § | |
| GOOD CAUSE EXCEPTION | § | |

## ORDER REQUESTING BRIEFING

The Electric Reliability Council of Texas, Inc. (ERCOT) filed on July 16, 2021 an application for a debt-obligation order under PURA § 39.653. The purpose of a debt-obligation order is "to establish a debt financing mechanism for the payment of the uplift balance.[1] The uplift balance is the amount of money (not to exceed $2.1 billion) that was uplifted to load-serving entities on a load ratio share basis due to energy consumption during a specified period for reliability deployment price adder charges and ancillary services costs in excess of the commission's system-wide offer cap.[2] To issue such order, the Commission must find that the financing mechanism will support the financial integrity of the wholesale market and is necessary to protect the public interest, considering the impact on both wholesale market participants and retail customers.[3]

A debt-obligation order must contain three items. First, it must state the uplift balance. Second, it must state the period over which uplift charges must be assessed to repay the debt obligations, which may not exceed 30 years. And third, it must provide the process for remitting the proceeds of the financing to load-serving entities *who were exposed to the costs included in the uplift balance*, including a requirement for the load-serving entities to submit documentation of their exposure. Some load-serving entities only made payments that included amounts in excess of the commission's system-wide offer cap. Other entities that made such payment may have also received payments— or an affiliated entity may have received payments—that included amounts

---

[1] PURA § 39.653(a).

[2] *Id.* § 39.652 (4).

[3] *Id.* § 39.653.

in excess of the commission's system-wide offer cap. Some entities may be part of large, complex business structures where the entity that made such payments and the affiliated entities are separated by multiple levels of corporations and partnerships.
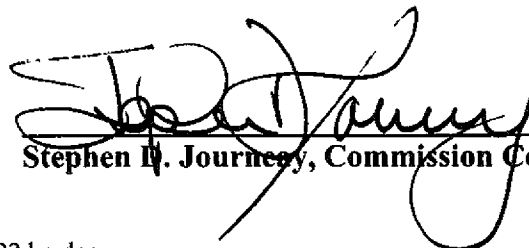
To assist the Commission in developing the required debt-financing mechanism, the Commission requests briefing on the following issues.

1. Does the phrase *exposed to the costs included in the uplift* contemplate offsetting the amounts paid in excess of the commission's system-wide offer cap by amounts received in excess of the commission's system-wide offer cap? If so, does this offset include amounts received by entities affiliated with the entity that made such payments?

2. What is the appropriate definition for entities affiliated with the entity that made such payments? If the entity that made such payments is part of a larger business structure, what is the highest level of the business structure (up to the ultimate parent of the larger business structure) that should be used to identify the affiliated entities whose amounts received should be used as an offset when determining the exposure of the entity that made such payment?

Any interested person may file a brief on these issue by 3:00 p.m. on Wednesday, August 4, 2021. No reply briefs may be submitted. Briefs must be limited to ten pages. Diagrams of business structures used for illustrative support for the brief are not included in the page limit. The Commission will consider and possibly adopt a preliminary order, which may decide these issues, at the open meeting currently scheduled for August 18, 2021.

ERCOT is directed to provide notice of this order to all market participants through a market notice.

**Signed at Austin, Texas the 21st day of July 2021.**

Stephen M. Journeay, Commission Counsel

W2013
q:\cadm\orders\briefing & issues\52000\52322 bo.docx