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| NPRR Number | [1114](https://www.ercot.com/mktrules/issues/NPRR1114) | NPRR Title | Securitization – PURA Subchapter N Uplift Charges |
|  |  |
| Date | January 12, 2022 |
|  |  |
| Submitter’s Information |
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| Phone Number | 512-495-6337 |
| Cell Number |  |
| Market Segment | Not applicable |

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| Comments |

TEAM appreciates the revisions proposed in Nodal Protocol Revision Request (NPRR) 1114 and recommends a change to the definition of Securitization Uplift Charge. TEAM limits these comments to the proposed definition of Securitization Uplift Charges.

From an accounting perspective, the use of the word “repay” in the proposed definition could be misinterpreted to mean that obligated Load Serving Entities (LSEs) are liable for the repayment of the actual Securitization Uplift Balance rather than liable for the Uplift Charges that will be used to cover the costs associated with the debt issuances used to securitize this balance. Further, the Securitization Upflit Charges will be set in an amount to recover the Uplift Balance plus the interest charges and financing costs. Accordingly, TEAM recommends a modification to the proposed definition of Securitization Uplift Charge in relation to the items this charge will be used to pay.

This change is consistent with the Debt Obligation Order (DOO) issued in Docket No. 52322, which includes findings of fact that refer to the collection of uplift charges from Qualified Scheduling Entities (QSEs) representing LSEs 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 subchapter N bonds approved in this Order.”

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

**2.1 DEFINITIONS**

**Securitization Uplift Balance**

The amount of money ERCOT securitized under PURA Chapter 39, Subchapter N, pursuant to the Debt Obligation Order (DOO) issued by the Public Utility Commission of Texas (PUCT) in PUCT Docket No. 52322, Application of Electric Reliability Council of Texas, Inc. for a Debt Obligation Order to Finance Uplift Balances Under PURA Chapter 39, Subchapter N, and for a Good Cause Exception.

**Securitization Uplift Charge**

A charge assessed to a Qualified Scheduling Entity (QSE) that represents an obligated Load Serving Entity (LSE) that will be used to pay the Securitization Uplift Balance, interest charges, and other financing related expenses.

**Securitization Uplift Charge Opt-Out Entity**

An eligible entity under PURA § 39.653(d) that qualified to opt-out of paying Securitization Uplift Charges, as documented through the filing of opt-out notices in Public Utility Commission of Texas (PUCT) Project No. 52364, Proceeding for Eligible Entities to File an Opt Out Pursuant to PURA § 39.653(d) and for Load-Serving Entities to File documentation of Exposure to Costs Pursuant to the Debt Obligation Order in Docket No. 52322, and as addressed in Findings of Fact 38-46 and Ordering Paragraphs 20-25 of the Debt Obligation Order in Docket No. 52322.

9.1.2 Settlement Calendar

(1) ERCOT shall post and maintain on the ERCOT website a Settlement Calendar to denote, for each Operating Day, when:

(a) Each scheduled Settlement Statement for the DAM will be issued under Section 9.2.4, DAM Statement, and Section 9.2.5, DAM Resettlement Statement;

(b) Each scheduled Settlement Statement for the RTM will be issued under Section 9.5.4, RTM Initial Statement, Section 9.5.5, RTM Final Statement, Section 9.5.6, RTM Resettlement Statement, and Section 9.5.8, RTM True-Up Statement;

(c) Each Settlement Invoice will be issued under Section 9.6, Settlement Invoices for the Day-Ahead Market and Real-Time Market;

(d) Payments for the Settlement Invoice are due under Section 9.7, Payment Process for the Settlement Invoices;

(e) Each Default Uplift Invoice will be issued under Section 9.19, Partial Payments by Invoice Recipients;

(f) Payments for Default Uplift Invoices are due under Section 9.19.1, Default Uplift Invoices;

(g) Each Congestion Revenue Right (CRR) Auction Invoice will be issued under Section 9.8, CRR Auction Award Invoices;

(h) Payments for CRR Auction Invoices are due under Section 9.9, Payment Process for CRR Auction Invoices;

(i) Each CRR Auction Revenue Distribution (CARD) Invoice will be issued under Section 9.10, CRR Auction Revenue Distribution Invoices;

(j) Payments for CARD Invoices are due under Section 9.11, Payment Process for CRR Auction Revenue Distribution;

(k) Each CRR Balancing Account (CRRBA) Invoice will be issued under Section 9.12, CRR Balancing Account Invoices;

(l) Payments for CRRBA Invoices are due under Section 9.13, Payment Process for the CRR Balancing Account;

(m) Each miscellaneous Invoice for Securitization Default Charges will be issued under Section 26.3, Miscellaneous Invoices for Securitization Default Charges;

(n) Payments for miscellaneous Invoices for Securitization Default Charges are due under Section 26.3.1, Payment Process for Miscellaneous Invoices for Securitization Default Charges; and

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| --- |
| ***[NPRR1103: Replace paragraphs (m) and (n) above with the following upon system implementation:]*** (m) Securitization Default Charge Invoices will be issued in accordance with Section 26.3, Securitization Default Charge Invoices; (n) Payments for Securitization Default Charge Invoices are due under Section 26.3.1, Payment Process for Securitization Default Charge Invoices; and |

(o) Each Securitization Uplift Charge Initial Invoice will be issued under Section 27.4.1, Securitization Uplift Charge Initial Invoices;

(p) Payments for Securitization Uplift Charge Initial Invoices are due under Section 27.4.3, Payment Process for Securitization Uplift Charge Initial Invoices;

(q) Each Securitization Uplift Charge Reallocation Invoice will be issued under Section 27.4.2, Securitization Uplift Charge Reallocation Invoices;

(r) Payments for Securitization Uplift Charge Reallocation Invoices are due under Section 27.4.5, Payment Process for Securitization Uplift Charge Reallocation Invoices; and

(s) Settlement and billing disputes for each scheduled Settlement Statement of an Operating Day and Settlement Invoice must be submitted under Section 9.14, Settlement and Billing Dispute Process.

(2) ERCOT shall notify Market Participants if any of the aforementioned data will not be available on the date specified in the Settlement Calendar.

16.11.4.3 Determination of Counter-Party Estimated Aggregate Liability

(1) After a Counter-Party commences activity in ERCOT markets, ERCOT shall monitor and calculate the Counter-Party’s EAL based on the formulas below.

**EAL *q* = Max [IEL during the first 40-day period only beginning on the date that the Counter-Party commences activity in ERCOT markets, RFAF \* Max {RTLE during the previous *lrq* days}, RTLF] + DFAF \* DALE + Max [RTLCNS, Max {URTA during the previous *lrq* days}] + OUT *q* + ILE*q***

**EAL *t* = Max [RFAF \* Max {RTLE during the previous *lrt* days}, RTLF] + DFAF \* DALE + Max [RTLCNS, Max {URTA during the previous *lrt* days}] + OUT *t***

**EAL *a* = OUT *a***

ERCOT may adjust the number of days used in determining the highest RTLE and/or URTA, and/or to exclude specific Operating Days to calculate RTLE, URTA, OUT, or DALE.

The above variables are defined as follows:

| **Variable** | **Unit** | **Description** |
| --- | --- | --- |
| EAL*q* | $ | *Estimated Aggregate Liability for all the QSEs* represented by a Counter-Party if at least one QSE represented by the Counter-Party represents either Load or generation. |
| EAL *t* | $ | *Estimated Aggregate Liability for all the QSEs* represented by a Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation. |
| EAL*a* | $ | *Estimated Aggregate Liability for all the CRR Account Holders* represented by the Counter-Party. |
| IEL | $ | *Initial Estimated Liability for all the QSEs* represented by the Counter-Party if at least one QSE represented by the Counter-Party represents either Load or generation as defined in paragraphs (1), (2), (3) and (4) of Section 16.11.4.2, Determination of Counter-Party Initial Estimated Liability. |
| *q* |  | QSEs represented by Counter-Party. |
| *t* |  | QSEs represented by a Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation |
| *a* |  | CRR Account Holders represented by Counter-Party. |
| RTLE | $ | *Real Time Liability Extrapolated*—M1 multiplied by the sum of the net amount, with zero substituted for missing values, due to or from ERCOT by the Counter-Party in the 14 most recent Operating Days for which RTM Initial Statements are produced for Counter-Parties according to the ERCOT Settlement Calendar divided by 14. |
| URTA | $ | *Unbilled Real-Time Amount*—M2 multiplied by the sum of the net amount, with zero substituted for missing values, due to or from ERCOT by the Counter-Party in the 14 most recent Operating Days for which RTM Initial Statements are produced for Counter-Parties according to the ERCOT Settlement Calendar divided by 14. |
| RTL | $ | *Real-Time Liability*—The estimated or settled amounts due to or from ERCOT due to activities in the RTM for an Operating Day, as defined in Section 16.11.4.3.2, Real-Time Liability Estimate. |
| RTLCNS | $ | *Real Time Liability Completed and Not Settled*—For each Operating Day that is completed but not settled, ERCOT shall calculate RTL adjusted up by *rtlcu%* if there is a net amount due to ERCOT or adjusted down by *rtlcd%* if there is a net amount due to the QSE. RTLCNS = Sum of Max RTL(*rtlcu%* \* RTL, *rtlcd%* \* RTL) for all completed and not settled Operating DaysWhere:*rtlcu* = Real-Time Liability Markup*rtlcd* = Real-Time Liability Markdown |
| RTLF | $ | *Real-Time Liability Forward*— rtlfp% of the sum of estimated RTL from the most recent seven Operating Days. RTLF = *rtlf%* of the Sum of Max RTL(*rtlcu%* \* RTL*, rtlcd%* \* RTL) for the most recent seven Operating DaysWhere:*rtlfp =* Real-Time Liability Forward |
| OUT q | $ | *Outstanding Unpaid Transactions*—Outstanding unpaid transactions for all QSEs represented by the Counter-Party, which include (a) outstanding Invoices to the Counter-Party; (b) estimated unbilled items to the Counter-Party, to the extent not adequately accommodated in the RTLE calculation (including resettlements and other known liabilities); and (c) estimated CRR Auction revenue available for distribution for Operating Days in the previous two months, to the extent not invoiced to the Counter-Party. Invoices will not be considered outstanding for purposes of this calculation the Business Day after that Invoice payment is received. OUT *q* = OIA *q* + UDAA *q* + UFA *q* + UTA *q* + CARDWhere:OIA *q* = *Outstanding Invoice Amounts for all the QSEs represented by the Counter-Party* – Sum of any outstanding Real-Time and Day-Ahead unpaid invoices issued to the Counter-Party, including but not limited to CRR Auction Revenue Distribution (CARD) Invoices, CRR Balancing Account Invoices, Default Uplift Invoices, Securitization Uplift Charge Reallocation Invoices, and other miscellaneous Invoices. Also included are the amounts or portions of Invoices due to the Counter-Party that have been short-paid as a result of a default or non-payment of Invoices due to ERCOT by another Counter-Party.UDAA *q* = *Unbilled Day-Ahead Amounts for all the QSEs represented by the Counter-Party*  – Sum of DAL for all the QSEs represented by the Counter-Party for all Operating Days for which a DAM Statement is not generated.UFA *q* = *Unbilled Final Amounts for all the QSEs represented by the Counter-Party* – Unbilled final extrapolated days (*ufd)* multiplied by the sum of the net amount due to or from ERCOT for all QSEs represented by the Counter-Party for Operating Days for which RTM Final Statements were generated in the 21 most recent calendar days, divided by the number of Operating Days for which RTM Final Settlement Statements were generated for the Counter-Party in the 21 most recent calendar days. UTA *q* = *Unbilled True-Up Amounts for all the QSEs represented by the Counter-Party* –– Unbilled true-up extrapolated days (*utd)* multiplied by the sum of the net amount due to or from ERCOT by the Counter-Party for all the QSEs represented by the Counter-Party for Operating Days for which RTM True-up Statements were generated in the 21 most recent calendar days, divided by the number of Operating Days for which RTM True-up Settlement Statements were generated for the Counter-Party in the 21 most recent calendar days. CARD = *CRR Auction Revenue Distribution for all the QSEs represented by the Counter-Party* –Estimate of the Counter-Party’s unpaid allocation of CRR Auction revenues that have already been collected but have not been paid out to all QSEs represented by the Counter-Party. CRR Auction revenues that have been earned but not billed are distributed based on the following Load Ratio Shares (LRSs): (a) Zonal LRS applied to revenues from CRRs cleared and have source and sink points located within a 2003 ERCOT Congestion Management Zone (CMZ), and (b) ERCOT-wide LRS applied to all other CRR Auction revenues. The LRS will be based on the latest completed operating month for which LRS are available. |
| DAL | $ | *Day-Ahead Liability*—The estimated or settled amounts due to or from ERCOT due to activities in the DAM for an Operating Day, as defined in Section 16.11.4.3.1, Day-Ahead Liability Estimate.  |
| OUT *t* | $ | *Outstanding Unpaid Transactions*—Outstanding unpaid transactions for all QSEs represented by the Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation, which include (a) outstanding Invoices to the Counter-Party; (b) estimated unbilled items to the Counter-Party, to the extent not adequately accommodated in the RTLE calculation (including resettlements and other known liabilities).OUT *t* = OIA *t* + UDAA *t* + UFA *t* + UTA *t*Where:OIA *t* = *Outstanding Invoice Amounts for all the QSEs represented by the Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation* – Sum of any outstanding Real-Time and Day-Ahead unpaid Invoices issued to the Counter-Party, including but not limited to CRR Balancing Account Invoices, Default Uplift Invoices and other miscellaneous Invoices. Also included are the amounts or portions of invoices due to the Counter-Party that have been short-paid as a result of a Default or non-payment of invoices due to ERCOT by another Counter-Party.UDAA *t* = *Unbilled Day-Ahead Amounts for all the QSEs represented by the Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation* – Sum of DAL for all the QSEs represented by the Counter-Party for all Operating Days for which DAM Statement is not generated.UFA *t* = *Unbilled Final Amounts for all the QSEs represented by the Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation* – *ufd* multiplied by the sum of the net amount due to or from ERCOT for all QSEs represented by the Counter-Party for Operating Days for which RTM Final Statements were generated in the 21 most recent calendar days, divided by the number of Operating Days for which RTM Final Settlement Statements were generated for the Counter-Party in the 21 most recent calendar days. UTA *t* = *Unbilled True-Up Amounts for all the QSEs represented by the Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation* – *utd* multiplied by the sum of the net amount due to or from ERCOT by the Counter-Party for all the QSEs represented by the Counter-Party for Operating Days for which RTM True-up Statements were generated in the 21 most recent calendar days, divided by the number of Operating Days for which RTM True-up Settlement Statements were generated for the Counter-Party in the 21 most recent calendar days.  |
| OUT *a* | $ | *Outstanding Unpaid Transactions for all CRR Account Holders represented by the Counter-Party*—Outstanding, unpaid transactions of all the CRR Account Holders represented by the Counter-Party, which include outstanding Invoices to the Counter-Party. Invoices will not be considered outstanding for purposes of this calculation the Business Day after that Invoice payment is received. OUT *a* = OIA *a* + UDAA *a* Where:OIA *a* = *Outstanding Invoice Amounts for all the CRR Account Holders represented by the Counter-Party* – Sum of any outstanding Real-Time and Day-Ahead unpaid Invoices issued to the Counter-Party including but not limited to CRR Balancing Account Invoices, Default Uplift Invoices and other miscellaneous Invoices. Also included are the amounts or portions of Invoices due to the Counter-Party that have been short-paid as a result of a default or non-payment of Invoices due to ERCOT by another Counter-Party.UDAA *a* = *Unbilled Day-Ahead Amounts for all the CRR Account Holders represented by the Counter-Party*  – Sum of DAL of all the CRR Account Holders represented by the Counter-Party for all Operating Days for which DAM Statement is not generated. |
| ILE***q*** | $ | *Incremental Load Exposure –*In the event of a Mass Transition necessitated by the default of a Counter-Party representing a QSE associated with an LSE, ERCOT may adjust the TPE of the Counter-Parties representing QSEs that are qualified as Providers of Last Resort (POLRs) to reflect the estimated Incremental Load Exposure (ILE) resulting from the Mass Transition. The adjustment will be based on the POLR’s *pro rata* share of the defaulting Counter-Party’s RTLE, based on the total estimated Electric Service Identifiers (ESI IDs) to be transitioned. ERCOT will communicate any such adjustment to the Authorized Representative of each Counter-Party who is a POLR within 24 hours of the initiation of a Mass Transition. The ILE adjustment will remain in place no more than the number of days necessary to effect a Mass Transition for the defaulting Counter-Party, after which time the incremental exposure will be fully reflected in the Counter-Party’s unadjusted TPE.  |
| DALE | $ | *Average Daily Day-Ahead Liability Extrapolated*—M1 multiplied by the sum of the net amount, with zero substituted for missing values, due to or from ERCOT by the Counter-Party in the seven most recent Operating Days for which DAM Settlement Statements are produced for Counter-Parties according to the ERCOT Settlement Calendar divided by seven. |
| M1 |  | M1 = M1a + M1b—Multiplier for DALE and RTLE. Provides for forward risk during a Counter-Party termination upon default based upon the sum of the time period required for any termination upon default (M1a) and the time period required for a Mass Transition only (M1b). The M1a component is applicable to all Counter-Parties. The M1b component is applicable only to Counter-Parties representing any QSE associated with a LSE.M1a = Time period required for any termination from an Operating Day.  M1a is comprised of a fixed value (*M1d*), representing days from issuance of a collateral call to termination, and a calendar day-specific variable value. For any Operating Day, M1a is equal to the total number of forward calendar days encompassed by starting on the Operating Day, including *M1d* Bank Business Days forward, and adding any ERCOT holidays that are also Bank Business Days.M1b = Weighted average transition days = Min(B, (2 + Max(1, (u+1)/2))\*(1-DF)), rounded up to whole days Where: u = (ESIn/r) Unscaled number of days to transition. B = Benchmark value. Used to establish a maximum M1 value.ESIn = Number of ESI IDs associated with an individual Counter-Party. This value will be updated no less often than annually by ERCOT and updated values communicated to individual Counter-Parties. Counter-Parties entering the market will provide an estimated number of ESI IDs for use during their first six months of market activity. Subsequent to this time, the value for that Counter-Party shall be updated by ERCOT concurrently with other Counter-Parties with QSEs representing an LSE.r = Assumed ESI ID daily transition rate.DF = Discount Factor applied to M1b if the Counter-Party is eligible for unsecured credit under Section 16.11.2, Requirements for Setting a Counter-Party’s Unsecured Credit Limit, or meets other creditworthiness standards that may be developed and approved by TAC and the ERCOT Board. |
| M2 |  | Multiplier for URTA. |
| RFAF | None | *Real-Time Forward Adjustment Factor*—The adjustment factor for RTM-related forward exposure as defined in Section 16.11.4.3.3, Forward Adjustment Factors. |
| DFAF | None | *Day-Ahead Forward Adjustment Factor*—The adjustment factor for DAM-related forward exposure as defined in Section 16.11.4.3.3. |
| *lrq* | Days | Look-back period for RTM to find the maximum of RTLE or URTA for all QSEs represented by the Counter-Party if any of the QSEs represented by the Counter-Party represent either Load or generation. |
| *lrt* | Days | Look-back period for RTM to find the maximum of RTLE or URTA for all QSEs represented by the Counter-Party if none of the QSEs represented by the Counter-Party represent either Load or generation. |

The above parameters are defined as follows:

| **Parameter** | **Unit** | **Current Value\*** |
| --- | --- | --- |
| *rtlcu* | Percentage | 110% |
| *rtlcd* | Percentage | 90%  |
| *rtlfp* | Percentage | 150%  |
| *ufd* | Days | 55 |
| *utd* | Days | 180 |
| *M1d* | Days | 8 |
| *B* | Days | 8 |
| *r* | none | 100,000 per day |
| *DF* | Percentage | 0 |
| *M2* | Days | 9 |
| *lrq* | Days | 40 |
| *lrt* | Days | 20 |
| \* The current value for the parameters referenced in this table above will be recommended by TAC and approved by the ERCOT Board. ERCOT shall update parameter values on the first day of the month following ERCOT Board approval unless otherwise directed by the ERCOT Board. ERCOT shall provide a Market Notice prior to implementation of a revised parameter value. |

***26.5.3 Means of Satisfying Securitization Default Charge Credit Requirements***

(1) If a Counter-Party is required to provide a Securitization Default Charge escrow deposit, then it may do so through one or both of the following means:

(a) The Counter-Party may give an unconditional, irrevocable letter of credit naming Texas Electric Market Stabilization Funding M LLC (TEMSFM) as the beneficiary. ERCOT or the TEMSFM may reject the letter of credit if the issuer is unacceptable to ERCOT or TEMSFM or if the conditions under which ERCOT or TEMSFM may draw against the letter of credit are unacceptable to ERCOT or TEMSFM.

(b) All letters of credit must be drawn on a US domestic bank or a domestic office of a foreign bank, and must meet the requirements in Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirement.

(c) Letters of credit held as Securitization Default Charge escrow deposits are subject to letter of credit issuer limits as specified in paragraph (1) of Section 16.11.3.

(d) The Counter-Party may deposit cash with TEMSFM through ERCOT with the understanding that ERCOT may draw part or all of the deposited cash to satisfy any overdue payments owed by the Counter-Party to ERCOT for Securitization Default Charges. The cash deposits may bear interest payable directly to the Counter-Party, but any such arrangements may not restrict ERCOT’s immediate access to the cash.

(i) Interest on cash deposited pursuant to this Section will be calculated based on Counter-Party average cash deposit balance. Interest is not paid on a cash deposit balance held by TEMSFM where, in accordance with paragraph (4) of Section 16.11.7, Release of Market Participant’s Financial Security Requirement, the Counter-Party’s Standard Form Market Participant Agreement has been terminated and ERCOT has determined that no obligations for Securitization Default Charges remain owing or will become due and payable.

(ii) Once per year, ERCOT will return interest earned on a Counter-Party’s cash deposits pursuant to this Section to the Counter-Party.

(2) Securitization Default Charge escrow deposits are held solely for the purpose of collateralizing Securitization Default Charge credit exposure and shall not be used for any other purpose. They are independent of and in addition to any other Financial Security obligations of the Counter-Party arising under Section 16.11, Financial Security for Counter-Parties, or Section 27, Securitization Uplift Charges.

(3) A Counter-Party with excess cash held with respect to one or more Securitization Default Charge escrow deposit requirements may request ERCOT to return some or all of the excess cash to the Counter-Party.

(4) Securitization Default Charge escrow deposits will not be used to pay periodic Securitization Default Charge Invoices unless there is an insufficient payment by the Invoice Recipient, in accordance with Section 26.3.1.2, Insufficient Payments by Miscellaneous Invoice Recipients for Securitization Default Charges.

(5) Securitization Default Charge escrow deposits in excess of the Securitization Default Charge Credit Exposure requirement shall not be used to cover insufficient payments of Settlement Invoices for ERCOT market activities under Section 9.19, Partial Payments by Invoice Recipients, or requests for additional Financial Security made in accordance with paragraph (6) of Section 16.11.5, Monitoring of a Counter-Party’s Creditworthiness and Credit Exposure by ERCOT. Further, Securitization Default Charge escrow deposits in excess of the Securitization Default Charge Credit Exposure shall not be used to cover insufficient payments of Invoices or escrow deposit requirements under Section 27.

**27 SECURITIZATION UPLIFT CHARGES**

27.1 Overview

(1) This section establishes processes for the assessment of Securitization Uplift Charges and Securitization Uplift Charge credit requirements.

27.2 Changes Involving Securitization Uplift Charge Opt-Out Entities

(1) For purposes of the calculation of Securitization Uplift Charges pursuant to Section 27.3, Securitization Uplift Charge, a change to the Retail Electric Provider (REP) of a Securitization Uplift Charge Opt-Out Entity that is a transmission-voltage Customer of a REP will be reflected upon completion of the Switch Request for that transmission-voltage Customer. A REP is responsible for maintaining current records of transmission-voltage Customers that are Securitization Uplift Charge Opt-Out Entities.

(2) ERCOT, in its discretion, may seek information from a REP or Transmission and/or Distribution Service Provider (TDSP) regarding a Securitization Uplift Charge Opt-Out Entity that is a transmission-voltage Customer of a REP if ERCOT has reason to believe that there has been a change of transmission-voltage Customer at an Electric Service Identifier (ESI ID) associated with the Securitization Uplift Charge Opt-Out Entity. ERCOT may seek relief from the Public Utility Commission of Texas (PUCT) if ERCOT has reason to believe that there has been a change that disqualifies an ESI ID or the transmission-voltage Customer from continued treatment as a Securitization Uplift Charge Opt-Out Entity.

(3) If a Securitization Uplift Charge Opt-Out Entity is an Electric Cooperative (EC), Municipally Owned Utility (MOU), or river authority, but is not registered with ERCOT as a Load Serving Entity (LSE), and registers with ERCOT as an LSE or changes its LSE, then that Market Participant must provide ERCOT with notice of its status as a Securitization Uplift Charge Opt-Out Entity.

(4) A Securitization Uplift Charge Opt-Out Entity that is a REP must notify ERCOT within five Business Days of filing an application to amend its REP certification status or option type with the PUCT.

(5) A Securitization Uplift Charge Opt-Out Entity that is a REP must notify ERCOT within five Business Days of the REP becoming the REP of Record for a Customer that is not an affiliate of the REP or that does not have the same corporate parent of the REP.

(6) Subject to paragraph (2) above, if a transmission-voltage Customer of a REP is a Securitization Uplift Charge Opt-Out Entity, the only ESI IDs associated with the transmission-voltage Customer that will be included in the Adjusted Metered Load adjustments for Securitization Uplift Charge Opt-Out Entities made under Section 27.3 are the specific ESI IDs included in opt-out notifications filed by the opt-out deadline in PUCT Project No. 52364, Proceeding for Eligible Entities to File an Opt Out Pursuant to PURA § 39.653(d) and for Load-Serving Entities to File documentation of Exposure to Costs Pursuant to the Debt Obligation Order in Docket No. 52322.

27.3 Securitization Uplift Charge

(1) ERCOT shall allocate to Qualified Scheduling Entities (QSEs) representing obligated Load Serving Entities (LSEs), the Securitization Uplift Charge that is to be collected for the Operating Day. The resulting charge to each QSE for the Operating Day is calculated as follows:

LASUCAMT *q, d* = SUCDA *d* \* DQSELSELRS *q, d*

Where:

DQSELSELRS *q, d* = DQSELSERTAML *q, d /* DERCOTQSELSERTAML *d*

DQSELSERTAML *q, d* = max(0, LSERTAML *l*, *q, i*))

DERCOTQSELSERTAML *d =*DQSELSERTAML *q, d*)

LSERTAML *l*, *q, i* = PRELIMLSERTAML *l*, *q, i* – OPTOUTLSERTAML *l*, *q, i*

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| Variable | Unit | Definition |
| LASUCAMT *q, d* | $ | *Load-Allocated Securitization Uplift Charge Amount per QSE —* The charge allocated to QSE *q*, for the QSE’s share of the total amount of Securitization Uplift Charges assessed for Operating Day *d*. |
| SUCDA *d* | $ | *Securitization Uplift Charge Daily Amount —* The total amount of Securitization Uplift Charges assessed for Operating Day *d*. |
| DQSELSELRS *q, d* | none | *Daily QSE Non-Opted-Out LSE Load Ratio Share —* The ratio of Daily QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load to Daily ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load, for a QSE *q*, for the Operating Day *d*.  |
| PRELIMLSERTAML *l*, *q, i* | MWh | *Preliminary Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML), including the RTAML of Securitization Uplift Charge Opt-Out Entities that are Customers of REPs, but excluding the RTAML of Securitization Uplift Charge Opt-Out Entities that are LSEs and excluding DC tie exports, for LSE *l* represented by QSE *q*, for the 15-minute Settlement Interval *i*. |
| LSERTAML *l*, *q, i* | MWh | *Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML), excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and excluding DC tie exports, for LSE *l* represented by QSE *q*, for the 15-minute Settlement Interval *i*. |
| OPTOUTLSERTAML *l*, *q, i* | MWh | *Opt-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML) of Securitization Uplift Charge Opt-Out Entities that are transmission-voltage Customers for LSE *l* represented by QSE *q*, for the 15-minute Settlement Interval *i*. |
| DQSELSERTAML *q, d* | MWh | *Daily QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML), excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and excluding DC Tie exports, for a QSE *q*, for the Operating Day *d*. |
| DERCOTQSELSERTAML *d* | MWh | *Daily ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The ERCOT total Real-Time Adjusted Metered Load (RTAML), excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for the Operating Day *d*. |
| *q* | none | A QSE |
| *l* | none | An LSE |
| *d* | none | An Operating Day |
| *i* | none | A 15-minute Settlement Interval |

(2) As needed, but no less often than quarterly, ERCOT will, to ensure the Securitization Uplift Charge is repaid in substantially equal payments over its term, conduct an evaluation to:

(a) Calculate under-collections or over-collections from the preceding evaluation period;

(b) Estimate any anticipated under-collections or over-collections for the current or upcoming evaluation period; and

(c) Calculate the periodic billing requirement for the upcoming evaluation period, taking into account the total amount of prior and anticipated over-collection and under-collection amounts, and calculate the Securitization Uplift Charge Daily Amount for future periodic billing requirements.

(3) If it is determined in the re-estimation process that the Securitization Uplift Charge Daily Amount needs to be revised, ERCOT will issue a Market Notice notifying Market Participants of the change no later than 15 calendar days before the Operating Day in which the new Securitization Uplift Charge Daily Amount will become effective.

(4) An LSE that is not a Securitization Uplift Charge Opt-Out Entity is responsible for remitting payment to its QSE for the LSE’s share of the Securitization Uplift Charge, based on the LSE’s Non-Opted-Out LSE Adjusted Metered Load. An LSE may not pass through the Securitization Uplift Charge to any transmission-voltage Customer that is a Securitization Uplift Charge Opt-Out Entity.

27.4 Securitization Uplift Charge Invoices

27.4.1 Securitization Uplift Charge Initial Invoices

(1) ERCOT shall prepare Securitization Uplift Charge Initial Invoices for the Securitization Uplift Charge, as described in Section 27.3, Securitization Uplift Charge, using Initial Settlement data. ERCOT shall issue Securitization Uplift Charge Initial Invoices for an Operating Day on the same Business Day that Real-Time Market (RTM) Initial Statements are posted to the Market Information System (MIS) Certified Area for the same Operating Day. ERCOT will post the dates that it will issue the Securitization Uplift Charge Initial Invoices under Section 9.1.2, Settlement Calendar. Unless expressly stated otherwise, the publication of Securitization Uplift Charge Initial Invoices can occur as late as 2400 on the scheduled publication date. The Invoice Recipient to whom the Securitization Uplift Charge Initial Invoice is addressed is a net payor.

(2) Each Invoice Recipient shall pay any net debit shown on the Securitization Uplift Charge Initial Invoice on the payment due date, whether or not there is any Settlement and billing dispute regarding the amount of the debit.

(3) ERCOT shall post Securitization Uplift Charge Initial Invoices on the MIS Certified Area. The Invoice Recipient is responsible for accessing the Securitization Uplift Charge Initial Invoice on the MIS Certified Area once posted by ERCOT, as described in Section 9.1.3, Settlement Statement and Invoice Access.

(4) The Securitization Uplift Charge Initial Invoice must comply with Settlement payment conventions, as set forth in Section 9.1.5, Settlement Payment Convention.

(5) Securitization Uplift Charge Initial Invoice items must be sorted by Operating Day. Securitization Uplift Charge Initial Invoices must contain the following information:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Run Date – the date on which the Invoice was created and published;

(d) Payment Date and Time – the date and time that Invoice amounts are to be paid;

(e) Invoice Reference Number – a unique number generated by ERCOT for payment tracking purposes;

(f) Net Amount Owed – the aggregate summary of all charges owed by the Invoice Recipient;

(g) Time Periods – the time period covered for each line item, including Operating Day, Settlement Type (Initial) and Settlement Version Number;

(h) Remittance Information Details – details including the account number, bank name and electronic transfer instructions of the ERCOT Securitization Uplift Charge account to which any amounts owed by the Invoice Recipient are to be paid; and

(i) Overdue Terms – the terms that would be applied if payments were received late.

(6) All disputes for Securitization Uplift Charge Initial Invoices shall follow the process described in Section 9.14, Settlement and Billing Dispute Process.

27.4.2 Securitization Uplift Charge Reallocation Invoices

(1) ERCOT shall prepare Securitization Uplift Charge Reallocation Invoices on a net basis for Securitization Uplift Charges, as described in Section 27.3, Securitization Uplift Charge, based on RTM Final Settlement, True-Up Settlement, and Resettlement data. ERCOT shall issue Securitization Uplift Charge Reallocation Invoices for an Operating Day on the same Business Day that the Statements for RTM Final Settlements, True-up Settlements and Resettlements are posted to the MIS Certified Area for the same Operating Day. ERCOT will post the dates that it will issue the Securitization Uplift Charge Reallocation Invoices under Section 9.1.2, Settlement Calendar. Unless expressly stated otherwise, the publication of Securitization Uplift Charge Reallocation Invoices can occur as late as 2400 on the scheduled publication date. The Invoice Recipient to whom the Securitization Uplift Charge Reallocation Invoice is addressed is either a net payee or net payor.

(2) A Securitization Uplift Charge Reallocation Invoice will reflect differences to financial records generated on the previous Settlement for a given Operating Day.

(3) Each Invoice Recipient shall pay any net debit and be entitled to receive any net credit shown on the Securitization Uplift Charge Reallocation Invoice on the payment due date, whether or not there is any Settlement and billing dispute regarding the amount of the debit or credit.

(4) ERCOT shall post Securitization Uplift Charge Reallocation Invoices on the MIS Certified Area. The Invoice Recipient is responsible for accessing the Securitization Uplift Charge Reallocation Invoice on the MIS Certified Area once posted by ERCOT, as described in Section 9.1.3, Settlement Statement and Invoice Access.

(5) The Securitization Uplift Charge Reallocation Invoice must comply with Settlement payment conventions, as set forth in Section 9.1.5, Settlement Payment Convention.

(6) Securitization Uplift Charge Reallocation Invoice items must be grouped by RTM Final, RTM True-Up and RTM Resettlement categories and must be sorted by Operating Day within each category. Securitization Uplift Charge Reallocation Invoices must contain the following information:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Run Date – the date on which the Invoice was created and published;

(d) Payment Date and Time – the date and time that Invoice amounts are to be paid or received;

(e) Invoice Reference Number – a unique number generated by ERCOT for payment tracking purposes;

(f) Net Amount Owed/Due – the aggregate summary of all charges owed by or due to the Invoice Recipient;

(g) Time Periods – the time period covered for each line item, including Operating Day, Settlement Type (Final, True-up or Resettlement) and Settlement Version Number;

(h) Remittance Information Details – details including the account number, bank name and electronic transfer instructions of the ERCOT account to which any amounts owed by the Invoice Recipient are to be paid or of the Invoice Recipient’s account from which ERCOT may draw payments due; and

(i) Overdue Terms – the terms that would be applied if payments were received late.

(7) All disputes for Securitization Uplift Charge Reallocation Invoices shall follow the process described in Section 9.14, Settlement and Billing Dispute Process.

27.4.3 Payment Process for Securitization Uplift Charge Initial Invoices

(1) Payments for Securitization Uplift Charge Initial Invoices are due on a Business Day and Bank Business Day basis as detailed below.

27.4.3.1 Invoice Recipient Payment to ERCOT for Securitization Uplift Charge Initial Invoices

(1) The payment due date and time for the Securitization Uplift Charge Initial Invoice, with funds owed by an Invoice Recipient, is 1700 on the second Bank Business Day after the Securitization Uplift Charge Initial Invoice date, unless the second Bank Business Day is not a Business Day. If the second Bank Business Day is not a Business Day, the payment is due by 1700 on the next Bank Business Day after the second Bank Business Day that is also a Business Day.

(2) All Securitization Uplift Charge Initial Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date. EFTs must be with U.S. banks only.

(3) Securitization Uplift Charge Initial Invoices are distinct from other Invoices issued by ERCOT and must be paid by an EFT that is separate from any other Invoice. An Invoice Recipient may not net amounts owing on a Securitization Uplift Charge Initial Invoice with any other funds due to or from ERCOT.

(4) Payments for Securitization Uplift Charge Initial Invoices must be made to the account listed on the invoice. If payment is not made to the correct account, the payment will be rejected. Failure to remit funds to the correct account may result in a Late Payment and Payment Breach. The payment remarks must include the Invoice number.

27.4.4 Insufficient Payments by Invoice Recipients for Securitization Uplift Charge Initial Invoices

(1) If at least one Invoice Recipient owing funds does not pay its Securitization Uplift Charge Initial Invoice in full (short-pay) by the payment due date and time set forth in Section 27.4.1, Securitization Uplift Charge Initial Invoices, ERCOT shall follow the procedure set forth below:

(a) ERCOT shall draw on any available Securitization Uplift Charge escrow deposit of the short-paying Securitization Uplift Charge Initial Invoice Recipient.

(b) Regardless of whether ERCOT’s draw on an available Securitization Uplift Charge escrow deposit under paragraph (a) above is sufficient to cover the amount owed by a Market Participant for an Initial Invoice for Securitization Uplift Charges, a Market Participant’s failure to pay the Initial Invoice by the payment due date and time will still be deemed a Late Payment and Payment Breach under Section 16.11.6, Payment Breach and Late Payments by Market Participants.

(c) If an amount owed to ERCOT for an Initial Invoice for Securitization Uplift Charges cannot be fully recovered from a short-paying Market Participant by drawing upon available Securitization Uplift Charge escrow deposits or taking other action against the Market Participant to recover the amount owed, the remaining short payment amount will be taken into consideration in ERCOT’s next evaluation of the Securitization Uplift Charge Daily Amount performed pursuant to paragraph (2) of Section 27.3 that occurs after the short payment.

(d) Any action taken by ERCOT under this section does not relieve or otherwise excuse the short paying Market Participant of its obligation to fully pay all outstanding financial obligations to ERCOT, including its obligation to fully pay all Initial Invoices for Securitization Uplift Charges.

27.4.5 Payment Process for Securitization Uplift Charge Reallocation Invoices

(1) Payments for Securitization Uplift Charge Reallocation Invoices are due on a Business Day and Bank Business Day basis as detailed below.

27.4.5.1 Invoice Recipient Payment to ERCOT for Securitization Uplift Charge Reallocation Invoices

(1) The payment due date and time for the Securitization Uplift Charge Reallocation Invoice, with funds owed by an Invoice Recipient, is 1700 on the second Bank Business Day after the Securitization Uplift Charge Reallocation Invoice date, unless the second Bank Business Day is not a Business Day. If the second Bank Business Day is not a Business Day, the payment is due by 1700 on the next Bank Business Day after the second Bank Business Day that is also a Business Day.

(2) All Securitization Uplift Charge Reallocation Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date. EFTs must be with U.S. banks only.

(3) The Securitization Uplift Charge Reallocation Invoices are distinct from other Invoices issued by ERCOT. An Invoice Recipient may not net amounts owing on a Securitization Uplift Charge Reallocation Invoice with any other funds due to or from ERCOT.

(4) Payments for Securitization Uplift Charge Reallocation Invoices must be made to the account listed on the invoice. The payment remarks must include the Invoice number. If payment is not made to the correct account, the payment will be rejected. Failure to remit funds to the correct account may result in a Late Payment and Payment Breach.

27.4.5.2 ERCOT Payment to Invoice Recipients for Securitization Uplift Charge Reallocation Invoices

(1) Subject to the availability of funds as discussed in paragraph (2) below, ERCOT must pay Securitization Uplift Charge Reallocation Invoices with funds owed to an Invoice Recipient by 1700 on the next Bank Business Day after payments are due for that Securitization Uplift Charge Reallocation Invoice under Section 27.4.5, Payment Process for Securitization Uplift Charge Reallocation Invoices, subject to ERCOT’s right to withhold payments for any reason set forth in these Protocols or as a matter of law, unless that next Bank Business Day is not a Business Day. If that next Bank Business Day is not a Business Day, the payment is due on the next Bank Business Day thereafter that is also a Business Day.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit to each Invoice Recipient for same day value the amounts determined by ERCOT to be available for payment to that Invoice Recipient under Section 27.4.6, Insufficient Payments by Invoice Recipients for Securitization Uplift Charge Reallocation Invoices.

27.4.6 Insufficient Payments by Invoice Recipients for Securitization Uplift Charge Reallocation Invoices

(1) If at least one Invoice Recipient owing funds does not pay its Securitization Uplift Charge Reallocation Invoice in full (short-pay), ERCOT shall follow the procedure set forth below:

(a) ERCOT shall make every reasonable attempt to collect payment from each short-paying Invoice Recipient before any payments owed by ERCOT for that Securitization Uplift Charge Reallocation Invoice are due to be paid to applicable Invoice Recipient(s).

(b) ERCOT shall draw on any available Financial Security, other than Securitization Default Charge escrow deposits or Securitization Uplift Charge escrow deposits, pledged to ERCOT by the short-paying Invoice Recipient.

(c) Regardless of whether ERCOT’s draw on available Financial Security under paragraph (b) above is sufficient to cover the amount owed by a Market Participant for a Securitization Uplift Charges, a Market Participant’s failure to pay the Invoice by the payment due date and time will still be deemed a Payment Breach under Section 16.11.6, Payment Breach and Late Payments by Market Participants.

(d) ERCOT shall offset or recoup any amounts owed, or to be owed, by ERCOT for a Securitization Uplift Charge Reallocation Invoice to a short-paying Invoice Recipient, and ERCOT shall apply the amount offset or recouped to cover payment shortfalls by that Invoice Recipient for Invoices other than Securitization Uplift Charge Initial Invoices and Securitization Default Charge Invoices.

(e) If, after taking the actions set forth in the paragraphs above, and subject to paragraph (f) below, ERCOT still does not have sufficient funds to pay all amounts that it owes to Securitization Uplift Charge Reallocation Invoice Recipients in full, ERCOT shall reduce payments to all Securitization Uplift Charge Reallocation Invoice Recipients owed monies from ERCOT. The reductions shall be based on a pro rata basis of monies owed to each Securitization Uplift Charge Reallocation Invoice Recipient, to the extent necessary to clear ERCOT’s accounts on the payment due date to achieve revenue neutrality for ERCOT as to Securitization Uplift Charge Reallocation Invoices. ERCOT shall provide to all Market Participants payment details on all short payments and subsequent reimbursements of short pays. Details must include the identity of each short-paying Invoice Recipient and the dollar amount attributable to that Invoice Recipient, broken down by Invoice numbers. In addition, ERCOT shall provide the aggregate total of all amounts due to all Invoice Recipients before applying the amount not paid on the Securitization Uplift Charge Reallocation Invoice.

(f) For a short-paying Market Participant whose Standard Form Market Participant Agreement has been terminated, if, after taking the actions set forth in the paragraphs (a) through (d) above, ERCOT still does not have sufficient funds to pay amounts owed to Securitization Uplift Charge Reallocation Invoice Recipients in full, ERCOT will draw on any Securitization Uplift Charge escrow deposit amounts remaining after all Securitization Uplift Charge Initial Invoices for the short-paying Market Participant have been paid in full, in order to recover remaining unpaid Securitization Uplift Charge Reallocation Invoice amounts.

27.4.7 Enforcing the Financial Security of a Short-Paying Reallocation Invoice Recipient

(1) ERCOT shall make reasonable efforts to enforce the Financial Security of the short-paying Securitization Uplift Charge Reallocation Invoice Recipient (pursuant to Section 16.11.6, Payment Breach and Late Payments by Market Participants) to the extent necessary to cover the short-pay. A short-paying Invoice Recipient shall restore the level of its Financial Security as required under Section 27.5.2, ERCOT Securitization Uplift Charge Initial Invoice Credit Requirements for Counter-Parties.

27.5 Securitization Uplift Charge Initial Invoice Escrow Deposit Requirements

27.5.1 Securitization Uplift Charge Initial Invoice Escrow Deposits

(1) The term “Securitization Uplift Charge escrow deposit” means the amount required to be deposited with ERCOT in the form of cash or an unconditional, irrevocable letter of credit to be held in escrow for a Market Participant’s obligation to pay Securitization Uplift Charge Initial Invoices.

(2) Although ERCOT is the servicer for the assessment and collection of Securitization Uplift Charges, by providing escrow deposits pursuant to this Section each Counter-Party grants the Texas Electric Market Stabilization Funding N LLC (TEMSFN) a secured interest in Securitization Uplift Charge escrow deposits to secure its obligation to pay the same.

(3) The secured interest of TEMSFN is perfected upon a Counter-Party’s deposit of cash or a letter of credit pursuant to this Section.

27.5.2 ERCOT Securitization Uplift Charge Initial Invoice Credit Requirements for Counter-Parties

(1) A Counter-Party must, at all times, maintain its Securitization Uplift Charge escrow deposit at or above the amount of its Load-Allocated Securitization Uplift Charge Credit Exposure (LASUCCE), as determined pursuant to Section 27.5.4, Determination of Securitization Uplift Charge Credit Exposure for a Counter-Party. Each Counter-Party shall maintain any required Securitization Uplift Charge escrow deposit in a form acceptable to ERCOT in its sole discretion pursuant to Section 27.5.3, Means of Satisfying Securitization Uplift Charge Initial Invoice Credit Requirements, below.

(2) If at any time the Counter-Party does not meet ERCOT’s LASUCCE requirements, then the Counter-Party will be considered to be in Payment Breach and ERCOT may suspend the Counter-Party’s rights and/or take other action authorized under these Protocols until the Counter-Party meets the LASUCCE requirements.

(3) ERCOT’s failure to suspend a Counter-Party’s rights on any particular occasion does not prevent ERCOT from suspending those rights on any subsequent occasion, including a CRR Account Holder’s ability to bid on future CRRs or a Qualified Scheduling Entity’s (QSE’s) ability to bid in the Day-Ahead Market (DAM).

27.5.3 Means of Satisfying Securitization Uplift Charge Initial Invoice Credit Requirements

(1) If a Counter-Party is required to provide a Securitization Uplift Charge escrow deposit, then it may do so through one or both of the following means:

(a) The Counter-Party may give an unconditional, irrevocable letter of credit naming Texas Electric Market Stabilization Funding N LLC (TEMSFN) as the beneficiary. ERCOT or the TEMSFN may reject the letter of credit if the issuer is unacceptable to ERCOT or the TEMSFN or if the conditions under which ERCOT or TEMSFN may draw against the letter of credit are unacceptable to ERCOT or TEMSFN.

(b) All letters of credit must be drawn on a U.S. domestic bank or a domestic office of a foreign bank, and must meet the requirements in Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirement.

(c) Letters of credit held as Securitization Uplift Charge escrow deposits are subject to letter of credit issuer limits as specified in paragraph (1) of Section 16.11.3.

(d) The Counter-Party may deposit cash with TEMSFN through ERCOT with the understanding that ERCOT may draw part or all of the deposited cash to satisfy any overdue payments owed by the Counter-Party to ERCOT for Securitization Uplift Charges. The cash deposits may bear interest payable directly to the Counter-Party, but any such arrangements may not restrict ERCOT’s immediate access to the cash.

(i) Interest on cash deposited pursuant to this Section will be calculated based on Counter-Party average cash deposit balances. Interest is not paid on cash deposit balances held by TEMSFN where, in accordance with paragraph (4) of Section 16.11.7, Release of Market Participant’s Financial Security Requirement, the Counter-Party’s Standard Form Market Participant Agreement has been terminated and ERCOT has determined that no obligations for Securitization Uplift Charges remain owing or will become due and payable.

(ii) Once per year, ERCOT will return interest earned on a Counter-Party’s cash deposits pursuant to this section to the Counter-Party.

(2) Securitization Uplift Charge escrow deposits are held solely for the purpose of collateralizing Securitization Uplift Charge Credit Exposure and shall not be used for any other purpose. They are independent of and in addition to any other Financial Security obligations of the Counter-Party arising under Section 16.11, Financial Security for Counter-Parties, or Section 26, Securitization Default Charges.

(3) A Counter-Party with excess cash with respect to Securitization Uplift Charge escrow deposit requirements may request ERCOT to return some or all of the excess cash to the Counter-Party.

(4) Securitization Uplift Charge escrow deposits will not be used to pay periodic Securitization Uplift Charge Initial Invoices unless there is an insufficient payment by the Invoice Recipient, in accordance with Section 27.4.4.

(5) Cash collateral posted in accordance with Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements, may be used to pay Securitization Uplift Charge Reallocation Invoices.

(6) Securitization Uplift Charge escrow deposits in excess of the Securitization Uplift Charge Credit Exposure requirement shall not be used to cover insufficient payments of Settlement Invoices for:

(a) ERCOT market activities under Section 9.19, Partial Payments by Invoice Recipients;

(b) Requests for additional Financial Security made in accordance with paragraph (6) of Section 16.11.5, Monitoring of a Counter-Party’s Creditworthiness and Credit Exposure by ERCOT;

(c) Insufficient payments of Securitization Default Charge Invoices under Section 26.3.1.2, Insufficient Payments by Miscellaneous Invoice Recipients for Securitization Default Charges: or

(d) Requests for Securitization Default Charge Escrow Deposits under Section 26.5, Securitization Default Charge Escrow Deposit Requirements.

27.5.4 Determination of Securitization Uplift Charge Credit Exposure for a Counter-Party

(1) For each Counter-Party, ERCOT shall calculate the Securitization Uplift Charge Credit Exposure for Securitization Uplift Charge Initial Invoices as follows:

LASUCCE *cp* = CPMQSELSELRS *cp, om, las*\* MTSUCDA *fmu*)

CPMQSELSELRS *cp, om* *, las* = MQSELSELRS *q, om*)

MQSELSELRS *q, om* = MQSELSERTAML *q, om* / MERCOTQSELSERTAML *om*

MQSELSERTAML *q, om* = DQSELSERTAML *q, d*)

MERCOTQSELSERTAML *om* = DQSELSERTAML *q, d*)

The above variables are defined as follows:

| Variable | Unit | Description |
| --- | --- | --- |
| LASUCCE *cp* | $ | *Load-Allocated Securitization Uplift Charge Credit Exposure –* Estimated forward exposure representing unbilled Securitization Uplift Charge Initial Invoices for Counter-Party *cp* for *nfmu* months. |
| CPMQSELSELRS *cp, om* *, las* | none | *Counter-Party Monthly QSE Non-Opted-Out LSE Load Ratio Share —* MQSELSELRS for all the QSEs represented by the Counter-Party *cp* representing the daily ratios of Adjusted Metered Load to the total Adjusted Metered Load, excluding the Adjusted Metered Load for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE, for all the Operating Days *d* in the operating month *om* for the Settlement Type *las*.  |
| MTSUCDA | $ | *Monthly Total of Securitization Uplift Charge Daily Amounts* – The monthly sum of the amounts to be uplifted for all the Operating Days *od* in operating month *om*.  |
| DQSELSERTAML *q, d* | MWH | *Daily QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML) excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE *q*, for the Operating Day *d*. |
| MQSELSELRS *q, om* | none | *Monthly QSE Non-Opted-Out LSE Load Ratio Share —* The ratio of Adjusted Metered Load to the total Adjusted Metered Load, excluding the Adjusted Metered Load for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE *q*, for all the Operating Days *d* in the operating month *om.* |
| MQSELSERTAML *q, om* | MWH | *Monthly QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML) excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE *q*, for all the Operating Days *d* in the operating month *om.* |
| MERCOTQSELSERTAML *om* | MWH | *Monthly ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The ERCOT total Real-Time Adjusted Metered Load (RTAML) excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for all the Operating Days *d* in the operating month *om.* |
| *cp* | none | A registered Counter-Party |
| *om* | none | *Operating Month* - the most recent month for which all the daily ratios of Adjusted Metered Load to the total Adjusted Metered Load, excluding the Adjusted Metered Load for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE are available for all days of the month. |
| *fmu* | None | *Forward Month –* a month from Securitization Uplift Charge forward months |
| *nfmu* | none | *Number of forward months* – total number of forward months Monthly Securitization Uplift Charge is extrapolated |
| *d* | none | An Operating Day |

The above parameters are defined as follows:

| Parameter | Unit | Current Value |
| --- | --- | --- |
| *nfmu* | Months | 2 |
| *las* | Settlement Type | Load-Allocated Initial Settlements |

27.5.5 Monitoring of a Counter-Party’s Securitization Uplift Charge Credit Exposure by ERCOT

(1) Pursuant to Section 16.11.5, Monitoring of a Counter-Party’s Creditworthiness and Credit Exposure by ERCOT, ERCOT shall monitor the credit exposure of each Counter-Party, including Securitization Uplift Charge Credit Exposure.

(2) A Counter-Party is responsible at all times for maintaining Securitization Uplift Charge escrow deposits in an amount equal to or greater than that Counter-Party’s Securitization Uplift Charge Credit Exposure.

(3) ERCOT shall promptly notify each Counter-Party of the need to increase its Securitization Uplift Charge escrow deposit and allow the Counter-Party time, as provided in paragraph (5) below, to provide additional Securitization Uplift Charge escrow deposits to maintain compliance with this Section.

(4) ERCOT may suspend a Counter-Party when that Counter-Party’s LASUCCE, as defined in Section 27.5.4, Determination of Securitization Uplift Charge Credit Exposure for a Counter-Party, equals or exceeds 100% of its Securitization Uplift Charge escrow deposit. Any failure by ERCOT to send a Notice as set forth in this Section does not relieve the Counter-Party from the obligation to maintain appropriate Securitization Uplift Charge escrow deposits in amounts equal to or greater than that Counter-Party’s LASUCFME.

(5) To the extent that a Counter-Party fails to maintain Securitization Uplift Charge escrow deposits in amounts equal to or greater than its LASUCCE, as defined in Section 27.5.4:

(a) ERCOT shall promptly notify the Counter-Party of the amount by which its Securitization Uplift Charge escrow deposit must be increased and allow it:

(i) Until 1500 on the second Bank Business Day from the date on which ERCOT delivered the Notice to increase its Securitization Uplift Charge escrow deposit if ERCOT delivered its Notice before 1500; or

(ii) Until 1700 on the second Bank Business Day from the date on which ERCOT delivered Notification to increase its Securitization Uplift Charge escrow deposit if ERCOT delivered its Notice after 1500 but prior to 1700.

(b) ERCOT shall notify the QSE’s Authorized Representative(s) and Credit Contact if it has not received the required security by 1530 on the Bank Business Day on which the security was due; however, failure to notify the Counter-Party’s representatives or credit contacts that the required security was not received does not prevent ERCOT from exercising any of its other rights under this Section.

(c) ERCOT is not required to make any payment to that Counter-Party unless and until the Counter-Party increases its Securitization Uplift Charge escrow deposit to an amount equal to or greater than that Counter-Party’s LASUCCE. The payments that ERCOT will not make to a Counter-Party include Invoice receipts, CRR revenues, CRR credits, reimbursements for short payments, and any other reimbursements or credits under any other agreement between the Market Participant and ERCOT. ERCOT may retain all such amounts until the Counter-Party has fully discharged all payment obligations owed to ERCOT under the Counter-Party Agreement, other agreements, and these Protocols.

(6) If a Counter-Party increases its Securitization Uplift Charge escrow deposit as required by ERCOT by the deadline in paragraph (5)(a) above, then ERCOT shall release any payments held, providing the Counter-Party has no other payment deficiencies with respect to any other activity under these Protocols.

27.5.6 Payment Breach and Late Payments by Market Participants

(1) In the event of a Payment Breach or Late Payment by a Market Participant with respect to Securitization Uplift Charge Initial Invoices, Securitization Uplift Charge Reallocation Invoices, or required Securitization Uplift Charge escrow deposits, all remedies specified in Section 16.11.6, Payment Breach and Late Payments by Market Participants, are applicable.

27.5.7 Release of a Market Participant’s Securitization Uplift Charge Escrow Deposit Requirement

(1) Following the termination of a Market Participant’s Standard Form Market Participant Agreement, ERCOT shall retain all Securitization Uplift Charge escrow deposits to cover, if necessary, potential future obligations for Securitization Uplift Charge Initial Invoices and Securitization Uplift Charge Reallocation Invoices.

(2) Upon ERCOT’s sole determination that all potential Securitization Uplift Charge Initial Invoices and Securitization Uplift Charge Reallocation Invoices have been paid, ERCOT shall return or release any remaining Securitization Uplift Charge escrow deposits to the terminated Market Participant.