

## INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT (this "Agreement") dated as of June 15, 2022 by and among:

Electric Reliability Council of Texas, Inc. (in its individual capacity, the "Company");

Texas Electric Market Stabilization Funding M LLC, a Delaware limited liability company (the "M Bond Issuer");

U.S. Bank National Association, a national banking association, in its capacity as indenture trustee (including any successor in such capacity, the "M Bond Trustee") under the M Indenture referred to below;

Electric Reliability Council of Texas, Inc., in its capacity as the initial servicer of the Default Property referred to below (including any successor in such capacity, the "M Servicer" and, together with the M Bond Issuer and the M Bond Trustee, the "M Parties");

Texas Electric Market Stabilization Funding N LLC, a Delaware limited liability company (the "N Bond Issuer");

U.S. Bank Trust Company, National Association, a national banking association, in its capacity as indenture trustee (including any successor in such capacity, the "N Bond Trustee") under the N Indenture referred to below;

Electric Reliability Council of Texas, Inc., in its capacity as the initial servicer of the Uplift Property referred to below (including any successor in such capacity, the "N Servicer" and, together with the N Bond Issuer and the N Bond Trustee, the "N Parties"); and

The Company, in its capacity as collection agent for the benefit of the M Servicer and the N Servicer.

WHEREAS, pursuant to the terms of the Default Property Purchase and Sale Agreement dated as of November 12, 2021, between the M Bond Issuer and the Company, in its capacity as seller (as it may hereafter from time to time be amended, restated or modified, the "Default Property Sale Agreement"), the Company has sold to the M Bond Issuer certain assets known as "Default Property" which includes the "Default Charges" (hereinafter, the "Default Property" and the "Default Charges");

WHEREAS, pursuant to the terms of the Indenture dated as of November 12, 2021, among the M Bond Issuer and the M Bond Trustee, in its capacity as indenture trustee, and U.S. Bank National Association in its separate capacity as a securities intermediary (as it may hereafter from time to time be amended, restated or modified and as supplemented from time to time by one or more series supplements, such series supplements and Indenture being collectively referred to herein as the "M Indenture"), the M Bond Issuer, among other things, has granted to the M Bond Trustee a security interest in certain of its assets, including the Default Property, to secure, among other things, the bonds issued pursuant to the M Indenture (the "M Bonds");

WHEREAS, pursuant to the terms of the Default Property Servicing Agreement dated as of November 12, 2021, between the M Bond Issuer and the M Servicer (as it may hereafter from time to time be amended, restated or modified, the "Default Property Servicing Agreement"), the M Servicer has agreed to provide for the benefit of the M Bond Issuer servicing functions with respect to the Default Charges;

WHEREAS, pursuant to the terms of the Uplift Property Purchase and Sale Agreement dated as of June 15, 2022, between the N Bond Issuer and the Company, in its capacity as seller (as it may hereafter from time to time be amended, restated or modified, the "Uplift Property Sale Agreement" and, together with the Default Property Sale Agreement, the "Sale Agreements"), the Company has sold to the N Bond Issuer certain assets known as "Uplift Property" which includes the "Uplift Charges" (hereinafter, the "Uplift Property" and the "Uplift Charges");

WHEREAS, pursuant to the terms of the Indenture dated as of June 15, 2022, among the N Bond Issuer and the N Bond Trustee, in its capacity as indenture trustee and U.S. Bank National Association in its capacity as a securities intermediary (as it may hereafter from time to time be amended, restated or modified and as supplemented by a series supplement, such series supplement and Indenture being collectively referred to herein as the "N Indenture" and, together with the M Indenture, the "Indentures"), the N Bond Issuer, among other things, has granted to the N Bond Trustee a security interest in certain of its assets, including the Uplift Property, to secure, among other things, the bonds issued pursuant to the N Indenture (the "N Bonds" and, together with the M Bonds, the "Stabilization Bonds");

WHEREAS, pursuant to the terms of the Uplift Property Servicing Agreement dated as of June 15, 2022, between the N Bond Issuer and the N Servicer (as it may hereafter from time to time be amended, restated or modified, the "Uplift Property Servicing Agreement" and, together with the Default Property Servicing Agreement, the "Servicing Agreements"), the N Servicer has agreed to provide for the benefit of the N Bond Issuer servicing functions with respect to the Uplift Charges;

WHEREAS, the M Parties, the N Parties and the Company in its capacity as collection agent for the benefit of the M Servicer and N Servicer now wish to agree upon their respective rights relating to such collections and any bank accounts, as well as other matters of common interest to them which arise under or result from the coexistence of the Sale Agreements, Indentures, and Servicing Agreements;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. Acknowledgment of Ownership Interests and Security Interests. The M Parties and the N Parties hereby acknowledge as follows:

(a) the ownership interest of the M Bond Issuer in the Default Property, including the Default Charges and the revenues and collections resulting therefrom, and the security interests in favor of the M Bond Trustee for the benefit of itself, the holders of the M Bonds, and any credit enhancement provider as described in the M Indenture (collectively, the "M Secured Parties") in the Default Property; and

(b) the ownership interest of the N Bond Issuer in the Uplift Property, including the Uplift Charges and the revenues and collections resulting therefrom, and the security interests in favor of the N Bond Trustee for the benefit of itself, the holders of the N Bonds, and any credit enhancement provider as described in the N Indenture (collectively, the "N Secured Parties") in the Uplift Property.

SECTION 2. Deposit Accounts. The M Parties and the N Parties each agree that collections of the Default Charges and the Uplift Charges will be deposited into separate designated accounts of the Company (the "Deposit Accounts"). Subject to Section 4, the Company in its capacity as collection agent agrees to:

(a) maintain the Deposit Accounts for the benefit of the M Parties and the N Parties as their respective interests may appear;

(b) allocate and remit funds from the Deposit Accounts at the times specified in the respective Indentures and Servicing Agreements to the M Bond Trustee in the case of collections relating to the Default Property and to the N Bond Trustee in the case of collections relating to the Uplift Property; and

(c) maintain records as to the amounts deposited into the Deposit Accounts, the amounts remitted therefrom and the allocation as provided in subsection (b) above.

The M Secured Parties and the N Secured Parties shall each have the right to require an accounting from time to time of collections, allocations and remittances by the Company in its capacity as collection agent relating to the Deposit Accounts.

Each of the parties hereto acknowledges the respective security interests of the other parties in amounts on deposit in the Deposit Accounts to the extent of their respective interests as described in this Agreement and the other Basic Documents (as defined in the Indentures).

### SECTION 3. Credit Requirements.

The M Parties and the N Parties each acknowledge that (i) Default Charge Deposits (as such term is defined in the Default Property Servicing Agreement) held by the M Servicer are a supplemental source of payment solely to the extent necessary to account for unpaid or delinquent Default Charges as provided in the ERCOT Protocols, and (ii) Uplift Charge Deposits (as such term is defined in the Uplift Property Servicing Agreement) held by the N Servicer are a supplemental source of payment solely to the extent necessary to account for unpaid or delinquent Uplift Charges as provided in the ERCOT Protocols.

SECTION 4. Time or Order of Attachment. The acknowledgments contained in Sections 1, 2, and 3 are applicable irrespective of the time or order of attachment or perfection of security or ownership interests or the time or order of filing or recording of financial statements or mortgages or filings under applicable law.

SECTION 5. Servicing.

(a) Pursuant to Section 2, the Company, in its role as M Servicer and N Servicer, shall allocate and remit funds received for the M Bonds and the N Bonds, respectively, and shall control the movement of such funds out of the Deposit Accounts (such allocation, remittance and deposits hereafter called the "Allocation Services"). The same entity must always act as servicer in the performance of the Allocation Services as to the M Bonds and the N Bonds.

(i) In the event that the M Bond Trustee or the N Bond Trustee (each, a "Trustee" and each such Trustee collectively, the "Trustees") is entitled to and desires to exercise its right, pursuant to the applicable Servicing Agreement and Indenture, to replace the Company as M Servicer or N Servicer, respectively, in its role as the provider of the Allocation Services in accordance with the applicable Servicing Agreement, the Trustee desiring to exercise such right shall promptly give written notice to the other parties to this Agreement (the "Servicer Notice") in accordance with the notice provisions of this Agreement and consult with said other parties with respect to the Person (as defined in the Indentures) who would replace the Company in such capacities. Any successor in such capacities shall be agreed to by all of the Trustees within ten (10) Business Days of the date of the Servicer Notice, and such successor shall be subject to satisfaction of the Rating Agency Condition (as defined below) and the provisions of the applicable Servicing Agreements. "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Austin, Texas, or The Depository Trust Company or the Corporate Trust Office (as defined in the Indentures) is, authorized or obligated by law, regulation or executive order to remain closed. The Person named as replacement M Servicer and N Servicer in accordance with this Section 5 is referred to herein as the "Replacement Servicer." The parties hereto agree that the Replacement Servicer for the M Servicer and the N Servicer shall be the same entity. In the event that the Trustees cannot agree on a Replacement Servicer, any Trustee may petition a court of competent jurisdiction for the appointment of a Replacement Servicer.

(ii) In the event that any Trustee is entitled to and desires to exercise its right, pursuant to the applicable Servicing Agreement and Indenture, to redirect collections relating to the Default Property or the Uplift Property (as the case may be), any redirection of funds shall be either to (A) the Replacement Servicer or (B) if there is no Replacement Servicer, to the Designated Account with the Designated Account Holder chosen in accordance with the provisions set forth below, on or before the tenth (10<sup>th</sup>) Business Day occurring from and after the date of the Servicer Notice. The "Designated Account" shall be an Eligible Account (as defined in the Indentures) and shall be held for the benefit of the Trustees as their respective interests may appear. The "Designated Account Holder" shall be a financial institution selected by all of the Trustees, subject to satisfaction of the Rating Agency Condition, to hold and allocate amounts in the Designated Account for the benefit of the Trustees as their respective interests may appear as provided in subsection (b) of this Section 5. In the event that the Trustees are unable to agree upon a Designated Account Holder on or before the tenth Business Day occurring from and after the date of the Servicer Notice, a Designated Account Holder shall be promptly selected by the Trustee representing the holders of a majority (by amount) of the aggregate Stabilization Bonds outstanding, subject to the satisfaction of the Rating Agency Condition. None of the

Trustees shall have any liability for such selection of the Designated Account Holder. The parties hereto agree that the Designated Account Holder for the Trustees shall be the same entity.

(b) Upon exercise by any Trustee of its rights to redirect collections relating to the Default Property or the Uplift Property, respectively, and in the absence of a Replacement Servicer, the parties agree that all collections relating to the Default Property and the Uplift Property shall be deposited into the Designated Account and that the Designated Account Holder shall be instructed by the Company to (i) allocate and remit funds from such Designated Account, in amounts calculated by the Company, with such calculations provided to the Designated Account Holder on a daily basis to the persons entitled thereto, being the M Bond Trustee in the case of all collections relating to the Default Property and the N Bond Trustee in the case of all collections relating to the Uplift Property (in each instance, other than in the case of late payment penalties, which shall be allocated and remitted as described in Section 2(b)); and (ii) maintain records as to the amounts deposited into such account, the amounts remitted therefrom and the allocation as provided in clause (i). The fees and expenses of the Designated Account Holder shall be payable from amounts deposited into the Designated Account on a pro rata basis as between collections relating to the Default Property and the Uplift Property; provided, that that portion of those fees and expenses allocable to collections relating to the Default Property and the Uplift Property shall be payable by the M Servicer and the N Servicer, respectively, from the servicer fees provided for in the Default Property Servicing Agreement and the Uplift Property Servicing Agreement, respectively. The M Secured Parties and the N Secured Parties shall each have the right to require an accounting from time to time of collections, allocations and remittances by the Designated Account Holder.

(c) Anything in this Agreement to the contrary notwithstanding, any action taken by any of the Trustees to appoint a Replacement Servicer or designate the Designated Account pursuant to this Section 5 shall be subject to the Rating Agency Condition and the consent, if required by law or any applicable debt obligation order of the Public Utility Commission of Texas. For the purposes of this Agreement, the "Rating Agency Condition" means, with respect to any such action, satisfaction of the "Rating Agency Condition" as such term is defined in each Indenture under which any Stabilization Bonds remain outstanding at the time of such action. The parties hereto acknowledge and agree that the approval or the consent of the rating agencies which is required in order to satisfy the Rating Agency Condition is not subject to any standard of commercial reasonableness, and the parties are bound to satisfy this condition whether or not the rating agencies are unreasonable or arbitrary.

SECTION 6. Sharing of Information. The parties hereto agree to cooperate with each other and make available to each other or any Replacement Servicer any and all records and other data relevant to the Default Property and the Uplift Property which it may have in its possession or may from time to time receive from the Company or any predecessor M Servicer or the N Servicer or any successor thereto, including, without limitation, any and all computer programs, data files, documents, instruments, files and records and any receptacles and cabinets containing the same. The Company hereby consents to the release of information regarding the Company pursuant to this Section 6.

SECTION 7. No Joint Venture. Nothing herein contained shall be deemed as effecting a joint venture among any of the M Secured Parties, the N Secured Parties, and the Company.

SECTION 8. Method of Adjustment and Allocation. Each of the parties hereto acknowledges that: (i) the M Servicer will adjust, calculate and allocate payments of Default Charges in accordance with Section 3.01 of the Default Property Servicing Agreement and Annex I of the Default Property Servicing Agreement in the form attached thereto, and (ii) the N Servicer will adjust, calculate and allocate payments of Uplift Charges in accordance with Section 3.01 of the Uplift Property Servicing Agreement and Annex I of the Uplift Property Servicing Agreement in the form attached thereto. Each of the parties hereto hereby acknowledges that (a) none of the M Secured Parties shall be deemed or required under this Agreement to have any knowledge of or responsibility for the terms of the Uplift Property Servicing Agreement and Annex I thereto or any adjustment, calculation and allocation thereunder, and (b) none of the N Secured Parties shall be deemed or required under this Agreement to have any knowledge of or responsibility for the terms of the Default Property Servicing Agreement and Annex I thereto or any adjustment, calculation and allocation thereunder. Accordingly, (A) each of the M Secured Parties may, solely for the purpose of this Agreement, conclusively rely on the accuracy of the calculations of the N Servicer in making adjustments, calculations and allocations under the Uplift Property Servicing Agreement and Annex I thereto, and (B) each of the N Secured Parties may, solely for the purpose of this Agreement, conclusively rely on the accuracy of the calculations of the M Servicer in making adjustments, calculations and allocations under the Default Property Servicing Agreement and Annex I thereto. Such acknowledgement shall not relieve the Company of any of its obligations to make payments in accordance with the terms of the Sale Agreements, nor shall it relieve the M Servicer or the N Servicer of their obligations under the Servicing Agreements.

SECTION 9. Termination. This Agreement shall terminate at such time as there is only one outstanding issue of Stabilization Bonds, except that the understandings and acknowledgements contained in Sections 1, 2, 3, and 4 shall survive the termination of this Agreement.

SECTION 10. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11. Further Assurances. Each of the parties hereto agrees to execute any and all agreements, instruments, financing statements, releases and any and all other documents reasonably requested by any of the other parties hereto in order to effectuate the intent of this Agreement. In each case where a release is to be given pursuant to this Agreement, the term release shall include any documents or instruments necessary to effect a release, as contemplated by this Agreement. All releases, subordinations and other instruments submitted to the executing party are to be prepared at no expense to such party. Notwithstanding anything herein to the contrary, neither the M Bond Trustee nor the N Bond Trustee shall be required to execute any such agreements, instruments, releases or other documents unless directed to do so by an "Issuer Order," as such term is defined in the applicable Indenture.

SECTION 12. Limitation on Rights of Others. This Agreement is solely for the benefit of the M Bond Issuer, the M Bond Trustee for the benefit of itself, the N Bond Issuer, the N Bond Trustee for the benefit of itself, the holders of the Stabilization Bonds, and the Company, and no other person or entity shall have any rights, remedies, claims, benefits, priority or interest under or because of the existence of this Agreement.

SECTION 13. Amendments. In the event that the Company hereafter causes default property or uplift property to be created under any debt obligation order and acts as servicer for any bonds issued pursuant to such debt obligation order, the parties hereto agree that this Agreement may be amended and restated (i) to add as parties hereto the relevant issuer of such bonds, the indenture trustee therefor, and the servicer of such default property or uplift property, and (ii) to reflect the rights and obligations of such parties with respect to such default property or uplift property on terms substantially similar to the rights and obligations of the issuers, trustees and servicers currently party hereto; provided that no such amendment shall be effective unless (x) evidenced by written instrument signed by the parties hereto and such additional parties and (y) the Rating Agency Condition shall have been satisfied with respect thereto and provided, further, that no party hereto shall be required to execute any such amended agreement on terms which are materially more disadvantageous to it or the Holders (as defined in the respective Indenture) than those contained herein. Neither the M Bond Trustee nor the N Bond Trustee shall be required to execute any such amendment unless directed to do so by an "Issuer Order," as such term is defined in the applicable Indenture.

SECTION 14. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other Persons, or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

SECTION 15. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 16. Nonpetition Covenant. Notwithstanding any prior termination of this Agreement or any of the Indentures, each of the parties covenants that it shall not, prior to the date which is one year and one day after the satisfaction and discharge of the applicable Indenture, acquiesce, petition or otherwise invoke or cause any of the M Bond Issuer (with respect to the M Indenture) or the N Bond Issuer (with respect to the N Indenture) to invoke or join with any Person in provoking the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the M Bond Issuer or the N Bond Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee,

custodian, sequestrator or other similar official of the M Bond Issuer or the N Bond Issuer, or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the M Bond Issuer or the N Bond Issuer.

SECTION 17. Trustees. U.S. Bank National Association, as M Bond Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the M Indenture. U.S. Bank Trust Company, National Association, as N Bond Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the N Indenture.

SECTION 18. Notices, Etc. Any notice provided or permitted by this Agreement to be made upon, given or furnished to or filed with any party hereto shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing by electronic means, facsimile transmission, first-class mail or overnight delivery service to the applicable party at its address set forth on Exhibit A hereto or, as to any party, at such other address as shall be designated by such party by written notice to the other parties hereto.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ELECTRIC RELIABILITY COUNCIL OF  
TEXAS, INC., as Company, M Servicer, N Servicer  
and as collection agent

By: \_\_\_\_\_  
Sean Taylor  
Vice President and Chief Financial Officer

TEXAS ELECTRIC MARKET STABILIZATION  
FUNDING M LLC

By: \_\_\_\_\_  
Sean Taylor  
Vice President and Chief Financial Officer

TEXAS ELECTRIC MARKET STABILIZATION  
FUNDING N LLC

By: \_\_\_\_\_  
Sean Taylor  
Vice President and Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as M  
Bond Trustee

By: Michael K. Herberger  
Name: Michael K Herberger  
Title: Vice President

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as N Bond Trustee


By:   
Name: Nicholas C. Xeros  
Title: Assistant Vice President

EXHIBIT A

NOTICE ADDRESSES

Electric Reliability Council of Texas, Inc.  
8000 Metropolis Drive (Building E)  
Suite 100  
Austin, Texas 78744  
Attention: Chad Seely, General Counsel  
Email: chad.seely@ercot.com  
Telephone: (512) 225-7000

Texas Electric Market Stabilization Funding M LLC  
8000 Metropolis Drive (Building E)  
Suite 100  
Austin, Texas 78744  
Attention: Chad Seely, General Counsel  
Email: chad.seely@ercot.com  
Telephone: (512) 225-7000

Texas Electric Market Stabilization Funding M LLC  
8000 Metropolis Drive (Building E)  
Suite 100  
Austin, Texas 78744  
Attention: Chad Seely, General Counsel  
Email: chad.seely@ercot.com  
Telephone: (512) 225-7000

U.S. Bank Trust Company, National Association, as Trustee  
190 S. LaSalle Street, 7<sup>th</sup> Floor  
Chicago, Illinois 60603  
Attention: Corporate Trust Services - TX Stabilization N Bonds

U.S. Bank National Association, as Trustee  
13737 Noel Road, 8th Floor  
Dallas, Texas 75240