

UPLIFT PROPERTY SERVICING AGREEMENT

by and between

TEXAS ELECTRIC MARKET STABILIZATION FUNDING N LLC,

Issuer

and

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,

Servicer

Dated as of June 15, 2022

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Exhibit A	Form of Monthly Servicer's Certificate
Exhibit B	Form of Servicer's Payment Certificate
Exhibit C-1	Form of Annual Servicer's Reg AB Certificate of Compliance
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Schedule 4.01(a)	Expected Amortization Schedule

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This UPLIFT PROPERTY SERVICING AGREEMENT (this "Agreement"), dated as of June 15, 2022, is between TEXAS ELECTRIC MARKET STABILIZATION FUNDING N LLC, a Delaware limited liability company, as issuer (the "Issuer"), and ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC. ("ERCOT"), a Texas non-profit corporation, as servicer (the "Servicer").

RECITALS

WHEREAS, pursuant to the Securitization Law and the Debt Obligation Order, ERCOT, in its capacity as seller (the "Seller"), and the Issuer are concurrently entering into a Sale Agreement pursuant to which the Seller is selling and the Issuer is purchasing certain Uplift Property created pursuant to the Securitization Law and the Debt Obligation Order described therein;

WHEREAS, in connection with its ownership of the Uplift Property and in order to collect the associated Uplift Charges, the Issuer desires to engage the Servicer to carry out the functions described herein (such functions or similar functions are currently performed by the Servicer for itself with respect to its own charges which the Servicer has not assigned to other persons) and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in obtaining True-Up Adjustments and the Servicer desires to be so engaged; and

WHEREAS, the Commission has agreed in the Debt Obligation Order to enforce this Agreement for the benefit of Texas wholesale market participants or their customers to the extent permitted by law.

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

ARTICLE I DEFINITIONS

SECTION 1.01. Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in that certain Indenture (including Exhibit A thereto) dated as of the date hereof among the Issuer, U.S. Bank Trust Company, National Association, a national banking association, in its capacity as the indenture trustee (the "Indenture Trustee") and U.S. Bank National Association, a national banking association in its capacity as a securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule, Exhibit, Annex and Attachment references contained in this Agreement are references to Sections, Schedules, Exhibits, Annexes and Attachments in or to this Agreement unless otherwise specified; and the term "including" shall mean "including without limitation."

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the Texas Utilities Code shall, as the context requires, have the meanings assigned to such terms in the Texas Utilities Code, but without giving effect to amendments to the Texas Utilities Code after the date hereof which have a material adverse effect on the Issuer or the Holders.

ARTICLE II APPOINTMENT AND AUTHORIZATION

SECTION 2.01. Appointment of Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, and the Servicer, as an independent contractor, hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Agreement on behalf of and for the benefit of the Issuer or any assignee thereof in accordance with the terms of this Agreement and applicable law with respect to all Texas Stabilization N Bonds issued by the Issuer pursuant to the Indenture. This appointment and the Servicer's acceptance thereof may not be revoked except in accordance with the express terms of this Agreement.

SECTION 2.02. Authorization. With respect to all or any portion of the Uplift Property, the Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in Proceedings of any kind with any Governmental Authority, including with the Commission. The Issuer shall execute and deliver to the Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer's possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the Uplift Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the Uplift Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Uplift Property and the Uplift Property Records. The Servicer shall not take any action that is not authorized by this Agreement, that would contravene the Securitization Law or the Debt Obligation Order, that is not consistent with its customary procedures and practices, or that shall impair the rights of the Issuer in the Uplift Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III
ROLE OF SERVICER

SECTION 3.01. Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer's duties in general shall include management, servicing and administration of the Uplift Property; calculating billing, collecting and posting of all payments in respect of the Uplift Property; responding to inquiries by QSEs, representing obligated load serving entities ("Obligated LSEs"), responsible for the assessment, collection and payment of Uplift Charges ("Responsible QSEs"). Responsible QSEs, the Commission, or any other Governmental Authority with respect to the Uplift Property; delivering bills to Responsible QSEs; investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances; furnishing periodic reports to the Issuer, the Indenture Trustee, and the Rating Agency; making all filings with the Commission and the Secretary of State and taking such other action as may be necessary to perfect the Issuer's ownership interests in and the Indenture Trustee's first priority Lien on and security interest in the Uplift Property; making all filings and taking such other action as may be necessary to perfect and maintain the perfection and priority of the Indenture Trustee's Lien on and security interest in all Texas Stabilization N Bond Collateral; selling as the agent for the Issuer as its interests may appear defaulted or written off accounts in accordance with the Servicer's usual and customary practices; taking all necessary action in connection with True-Up Adjustments as set forth herein; and performing such other duties as may be specified under the Debt Obligation Order to be performed by it. Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Agreement shall be qualified in their entirety by any Commission Regulations, the Debt Obligation Order, and the federal securities laws and the rules and regulations promulgated thereunder, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, usage and bill calculation, billing, customer service functions, collections, payment processing and remittance set forth in Annex I hereto, as it may be amended from time to time.

(b) Reporting Functions.

(i) Monthly Servicer's Certificate. On or before the twenty-fifth (25th) calendar day of each month (or if such day is not a Servicer Business Day, on the immediately preceding Servicer Business Day), the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee, and the Rating Agency a written report substantially in the form of Exhibit A hereto (a "Monthly Servicer's Certificate") setting forth certain information relating to Uplift Charge Payments received by the Servicer during the Collection Period immediately preceding such date; provided, however, that for any month in which the Servicer is required to deliver a Servicer's Payment Certificate pursuant to Section 4.01(e)(ii), the Servicer shall prepare and deliver the Monthly Servicer's Certificate no later than the date of delivery of such Servicer's Payment Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall immediately notify the Issuer, the Indenture Trustee and, the Rating Agency in writing of any Requirements of Law or Commission Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee, or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee, or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Uplift Property to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee, or the Rating Agency to monitor the performance by the Servicer hereunder; provided, however, that any such request by the Indenture Trustee shall not create any obligation for the Indenture Trustee to monitor the performance of the Servicer. In addition, so long as any of the Texas Stabilization N Bonds are Outstanding, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Uplift Charges applicable to each Responsible QSE.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Agreement, including a copy of the Servicer's Payment Certificate described in Section 4.01(e)(ii), the annual Certificate of Compliance described in Section 3.01(b)(i), and the Annual Accountant's Report described in Section 3.04. In addition, the Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any applicable reports, attestations, exhibits, certificates or other documents required to be delivered or filed with any other Governmental Authority by the Issuer under the federal securities or other applicable laws or in accordance with the Basic Documents.

(c) Opinions of Counsel. The Servicer shall deliver to the Issuer and the Indenture Trustee:

(i) promptly after the execution and delivery of this Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Commission, the Texas Secretary of State, the Delaware Secretary of State, and all filings pursuant to the UCC, that are necessary under the UCC and the Securitization Law to perfect or maintain, as applicable, the Liens of the Indenture Trustee in the Uplift Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and

(ii) within ninety (90) days after the beginning of each calendar year beginning with the first calendar year beginning more than three (3) months after the date hereof, an Opinion of Counsel from external counsel of the Issuer, dated as of a date during ninety (90)-day period, either (A) to the effect that, in the opinion of such counsel, all filings,

including filings with the Commission, the Texas Secretary of State, Delaware Secretary of State, and all filings pursuant to the UCC, have been executed and filed that are necessary under the UCC and the Securitization Law to maintain the Liens of the Indenture Trustee in the Uplift Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens.

Each Opinion of Counsel referred to in clause (i) or (ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to perfect or maintain, as applicable, such interest or Lien.

SECTION 3.02. Servicing and Maintenance Standards. On behalf of the Issuer, the Servicer shall (a) manage, service, administer and make collections in respect of the Uplift Property with reasonable care and in material compliance with applicable Requirements of Law, including all applicable Commission Regulations and guidelines, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others; (b) follow customary standards, policies and procedures for the industry in Texas in performing its duties as Servicer; (c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the Uplift Property and to bill and collect the Uplift Charges; (d) comply with all Requirements of Law, including all applicable Commission Regulations and guidelines, applicable to and binding on it relating to the Uplift Property; (e) file all Commission notices described in the Securitization Law and file and maintain the effectiveness of UCC financing statements with respect to the property transferred under the applicable Sale Agreement, and (f) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the Texas Stabilization N Bond Collateral remains perfected and of first priority. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Uplift Property, which, in the Servicer's judgment, may include the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in Section 8.02(e) of the Indenture.

SECTION 3.03. Annual Reports.

(a) The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agency, on or before March 31 of each year, certificates from a Responsible Officer of the Servicer (i) containing, and certifying as to, the statements of compliance and (ii) containing, and certifying as to, the statements and assessment of compliance. These certificates may be in the form of, or shall include the forms attached hereto as Exhibit C-1 and Exhibit C-2 hereto.

(b) The Servicer shall use commercially reasonable efforts to obtain from each other party participating in the servicing function any additional certifications as to the statements and assessment required under (a) above; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicer's duties hereunder. The parties acknowledge that the Indenture Trustee's certifications shall be limited to the certifications described in Exhibit C of the Indenture.

(c) The initial Servicer, in its capacity as Depositor, shall post on its website the information described in Section 3.07(g) of the Indenture to the extent such information is

reasonably available to the Depositor. The covenants of the initial Servicer, in its capacity as Depositor, pursuant to this Section 3.03(c) shall survive the resignation, removal or termination of the initial Servicer as Servicer hereunder.

SECTION 3.04. Annual Report by Independent Certified Public Accountants.

(a) The Servicer, at its own expense in partial consideration of the Servicing Fee paid to it, shall cause a firm of Independent certified public accountants (which may provide other services to the Servicer or the Seller) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Indenture Trustee and the Rating Agency on or before March 31 of each year, beginning March 31, 2023, a report (the "Annual Accountant's Report") regarding the Servicer's assessment of compliance with the servicing criteria set forth in Exhibit C-1 during the immediately preceding twelve (12) months ended December 31 (or, in the case of the first Annual Accountant's Report to be delivered on or before March 31, 2023, the period of time from the date of this Agreement until December 31, 2022). Such report shall be signed by an authorized officer of the Servicer and shall at a minimum address each of the servicing criteria specified in Exhibit C-1. In the event that the accounting firm providing such report requires the Indenture Trustee to agree or consent to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of the sufficiency, validity or correctness of such procedures. In addition, the Indenture Trustee shall be authorized, at the written direction of the Issuer, to execute any acknowledgement or agreement with the Independent certified public accountants required for the Indenture Trustee to receive any of the reports or instructions provided for herein, which acknowledgement or agreement may include, among other things, (i) an acknowledgement that the Issuer has agreed that the procedures to be performed by the Independent certified public accountants are sufficient for the purposes of this Section 3.04(a), (ii) releases by the Indenture Trustee (on behalf of itself and the Holders) of claims against the Independent certified public accountants and acknowledgement of other limitations of liability in favor of the Independent certified public accountants, and (iii) restrictions or prohibitions on the disclosure of information or documents provided to it by such firm of Independent certified public accountants (including to the Holders). Notwithstanding the foregoing, in no event shall the Indenture Trustee be required to execute any agreement in respect of the Independent certified public accountants that the Indenture Trustee reasonably determines adversely affects the Indenture Trustee.

(b) The Annual Accountant's Report shall also indicate that the accounting firm providing such report is Independent of the Servicer.

SECTION 3.05. Monitoring of Responsible QSEs. From time to time, until the retirement of the Texas Stabilization N Bonds, the Servicer shall, in accordance with the Servicing Standard, take all actions with respect to Responsible QSEs required to be taken by the Servicer as set forth, if applicable, in the ERCOT Protocols or in any agreement with the Servicer, the Debt Obligation Order, and any other Commission Regulations in effect from time to time and implement such additional procedures and policies as are necessary to ensure that the obligations of all Responsible QSEs in connection with Uplift Charges are properly enforced in accordance

with, if applicable, the terms of any agreement with the Servicer, the Debt Obligation Order, and any other Commission Regulations in effect from time to time. Such procedures and policies shall include the following:

(a) Maintenance of Records and Information. In addition to any actions required by Commission Regulations or other applicable law, the Servicer shall:

(i) maintain adequate records for promptly identifying and contacting each Responsible QSE listing their respective allocable share of Uplift Charges in accordance with the terms of the Debt Obligation Order and the Uplift Charge Protocols;

(ii) maintain adequate records for enforcing compliance by all Responsible QSEs with their obligations with respect to the payment and/or remittance of Uplift Charges, including compliance with ERCOT's Uplift Charge Protocols; and

(iii) if requested, provide to each Responsible QSE such information necessary for such Responsible QSE to confirm the Servicer's calculation of Uplift Charges and remittances, including, if applicable, charge-off amounts.

The Servicer shall update the records described above no less frequently than quarterly.

(b) Credit and Collection Policies. In addition to causing Uplift Charges to be assessed and collected in accordance with Uplift Charge Protocols, the Servicer shall, to the fullest extent permitted under ERCOT Protocols, adopt and impose such additional credit and collection policies applicable to Responsible QSEs as may be reasonably necessary to prevent the then-current rating of the Texas Stabilization N Bonds from being downgraded, withdrawn or suspended, and to ensure prompt payment and where applicable the collection of interest on Uplift Charges from Responsible QSEs. The Servicer shall periodically review the need for modified or additional policies or ERCOT Protocols based upon, among other things, (i) the relative amount of Uplift Charge Payments received or expected to be received from Responsible QSEs relative to the Periodic Billing Requirement, and (ii) the historical payment and default experience of each Responsible QSE.

(c) Monitoring of Performance and Payments. In addition to any actions required by the Securitization Law, Debt Obligation Order, or other applicable law, the Servicer shall require each Responsible QSE to pay all Uplift Charges billed to such Responsible QSE in accordance with the provisions of the Securitization Law, the Debt Obligation Order and the Uplift Charge Protocols (whether or not disputed). The Servicer shall work with Responsible QSEs to resolve any disputes using the dispute resolution procedures established in the ERCOT Protocols.

(d) Maintenance of Responsible QSE Uplift Deposits. As described in Finding of Fact No. 191 of the Debt Obligation Order, the Servicer shall require each Responsible QSE to post deposit amounts or post letters of credit equal to two (2) months of the projected Uplift Charges, for each Responsible QSE, to the Responsible QSE Uplift Deposit, as a source of payment of Uplift Charges in accordance with ERCOT's Uplift Charge Protocols. The Responsible QSE Uplift Deposits shall be held by the Issuer as supplemental source of payment of Uplift Charges, on behalf of Responsible QSEs, to the extent necessary to account for unpaid or delinquent Uplift Charges. Any cash collateral amounts shall only be invested by the Issuer in Eligible Investments.

If any Responsible QSE defaults or is delinquent on the payment of Uplift Charges, the Issuer shall collect the unpaid Uplift Charges from the applicable Responsible QSE Uplift Deposit in accordance with the Uplift Charge Protocols. The Responsible QSE Uplift Deposits shall be held by the Issuer pursuant to the Uplift Charge Protocols, as amended from time to time.

(e) Enforcement of Obligations. The Servicer shall, in accordance with the terms of the Debt Obligation Order, ensure that each Responsible QSE pays or remits all Uplift Charge Payments which it is obligated to remit to the Servicer. In the event of any default by any Responsible QSE, the Servicer shall enforce all rights set forth in and take all other steps permitted by, if applicable, the Debt Obligation Order, ERCOT Protocols, and any other Commission Regulations as it determines, in accordance with the Servicing Standard, are reasonably necessary to ensure the prompt payment of Uplift Charge Payments by such Responsible QSE and to preserve the rights of the Holders with respect thereto, including, where appropriate, petitioning the Commission to impose such remedies or penalties as may be available under the circumstances. Any agreement entered into between the Servicer and a defaulted Responsible QSE will be limited by the terms of this Agreement and will satisfy the Rating Agency Condition. In the event the Servicer has actual knowledge that a Responsible QSE is in default, the Servicer shall promptly notify a Responsible Officer of the Issuer in writing of the same and, shall, if directed by the Responsible Officer of the Issuer:

(i) withdraw from such Responsible QSE's Uplift Deposit and deposit into the Collection Account the lesser of (x) the amount of cash on deposit in such Responsible QSE Uplift Deposit and allocable to the Uplift Property at such time and (y) the amount of any Uplift Charges then due and payable by such Responsible QSE; or

(ii) make demand under any letter of credit, guarantee or other credit support up to the lesser of (x) the amount of such letter of credit, guarantee or other credit support and (y) the amount of any Uplift Charges then due and payable by such Responsible QSE and forward the amounts received, if any, as a result of such demand to the Collection Account.

The Servicer agrees it will within two (2) Business Days of receipt of such written notice, withdraw such funds from the Responsible QSE's Uplift Deposit or make demand under such credit support, as applicable, and deposit such funds withdrawn or received, as applicable, into the Collection Account.

ARTICLE IV. SERVICES RELATED TO TRUE-UP ADJUSTMENTS

SECTION 4.01. True-Up Adjustments. From time to time, until the retirement of the Texas Stabilization N Bonds, the Servicer shall identify the need for True-Up Adjustments and shall take all reasonable action to obtain and implement such True-Up Adjustments, all in accordance with the following:

(a) Expected Amortization Schedule. The Expected Amortization Schedule for the Texas Stabilization N Bonds is attached hereto as Schedule 4.01(a). If the Expected Amortization

Schedule is revised, the Servicer shall send a copy of such revised Expected Amortization Schedule to the Issuer, the Indenture Trustee and the Rating Agency promptly thereafter.

(b) Quarterly True-Up Adjustments.

(i) Calculation of Periodic Billing Requirement. On each of March 15, June 15, September 15 and December 15 beginning on September 15, 2022 until the final Payment Date of the Texas Stabilization N Bonds, the Servicer shall calculate the Periodic Billing Requirement for the next Calculation Period (the "Quarterly True-Up Adjustment") in a manner to reasonably ensure that the Periodic Payment Requirement (as more fully described below) for such Calculation Period shall be met, as of all Payment Dates occurring in such Calculation Period:

(A) all accrued and unpaid interest on the Texas Stabilization N Bonds then due shall have been paid in full on a timely basis;

(B) the Outstanding Amount of the Texas Stabilization N Bonds is equal to the Projected Unrecovered Balance on each Payment Date during such Calculation Period;

(C) the aggregate balances on deposit in the Capital Subaccount equal the aggregate Required Capital Level; and

(D) all other fees, expenses indemnity amounts due, and Operating Expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full;

provided that, with respect to the Quarterly True-Up Adjustment occurring after the last Scheduled Final Payment Date for the Texas Stabilization N Bonds, the Periodic Payment Requirement shall be calculated to ensure that sufficient Uplift Charges will be collected to retire the Texas Stabilization N Bonds in full as of the next Payment Date.

In making the Quarterly True-Up Adjustment, the Servicer shall also take into account (1) any under-collections or over-collections during the preceding Calculation Period; (2) any increases or decreases in the periodic payment requirement, including any unanticipated ongoing costs relating to the administration and maintenance of the Bonds, (3) any changes to the ERCOT Protocols or procedures relating to the forecasting of projected loads, uncollectibles, and delinquencies, including declines in collection from any Responsible QSEs, (4) any changes to the ERCOT Protocols relating to its allocation methodology for the collection of uplift charges, to the extent permitted under the debt obligation order, and (5) any changes to the ERCOT Protocols or procedures relating to the collection of uplift charges from Responsible QSEs, to the extent permitted under the debt obligation order.

(ii) Assessment of Daily Uplift Charges. Upon making the Quarterly True-Up Adjustment, the Servicer shall (A) amortize the Periodic Billing Requirement daily for the upcoming Calculation Period (the "Daily Amortization Amount") (B) assess the Uplift

Charges to each Responsible QSE as a daily charge, based upon the Responsible QSE's load-ratio-share in the market for the most recent day for which initial settlement data is available in accordance with the Uplift Charge Protocols and (C) provide all required notice and other filing with the Commission.

(c) Mandatory Post Maturity True-Up Adjustment.

(i) Mandatory Post Maturity True-Up Calculation. If there are any Texas Stabilization N Bonds Outstanding following the last Scheduled Final Payment Date, within thirty (30) days of the dates which are three (3) months, six (6) months, nine (9) months and one (1) year after the last Scheduled Final Payment Date (but in no event later than May 1, 2050), the Servicer shall assess whether a recalculation of the Periodic Billing Requirement is necessary to ensure that the Periodic Payment Requirement shall be met for the Calculation Period comprised of the twelve (12) succeeding Collection Periods beginning with the next Collection Period taking into account: (A) any under-collections or increases to the Periodic Payment Requirement; (B) any changes relating to the forecasting of projected loads, uncollectibles, and delinquencies, including declines in collection from any Responsible QSE; and (C) any changes to ERCOT Protocols relating to the allocation, assessment and/or collection of Uplift Charges, to the extent permitted under this Agreement and the Debt Obligation Order (the "Mandatory Post Maturity True-Up Calculation").

(ii) Recalculation of Periodic Billing Requirement. Upon making the Mandatory Post Maturity True-Up Calculation, the Servicer shall make an upward adjustment to the Periodic Billing Requirement for the Calculation Period to the extent reasonably necessary to ensure that the Periodic Payment Requirement for the Calculation Period shall be met (the "Mandatory Post Maturity True-Up Adjustment").

(iii) Re-assessment of Uplift Charges. Upon making any Mandatory Post Maturity True-Up Adjustment, the Servicer shall adjust the Daily Amortization Amount for the Calculation Period and assess the Uplift Charges to each Responsible QSE as a daily charge, based upon the daily load-ratio-share of each Obligated LSE represented by the respective Responsible QSE in accordance with ERCOT's Uplift Charge Protocols.

(iv) Replenish Capital Subaccount. The Servicer shall make a Mandatory Post Maturity True-Up Adjustment to replenish any draws upon the Capital Subaccount.

(d) Optional Interim True-Up Adjustments. In addition to the True-Up Adjustments described above in Sections 4.01(b) and (c), the Servicer may implement additional optional interim true-up adjustments (in the same manner as provided for the Quarterly True-Up Adjustments) at any time (an "Optional Interim True-Up Adjustment") (i) if the Servicer forecasts that Uplift Charges Collections in any Calculation Period will be insufficient to make all scheduled payments of principal, interest, and other amounts in respect of the Texas Stabilization N Bonds on a timely basis; (ii) to replenish any draw upon the Capital Subaccount; or (iii) generally to correct any projected under-collection or over-collection in order to assure timely payment of Texas Stabilization N Bonds.

(e) Reports.

(i) Notice of True-Up Adjustments.

(A) With respect to each Quarterly True-Up Adjustment and Mandatory Post Maturity True-Up Adjustment as described in Sections 4.01(b) and (c), the Servicer shall file a notice with the Commission not less than forty-five (45) days prior to the first billing cycle of the month in which the revised Uplift Charges shall come into effect. In the event of an Optional Interim True-Up Adjustment as described in Section 4.01(d), the Servicer shall file a notice with the Commission not less than fifteen (15) days prior to the first billing cycle of the month in which the revised Uplift Charges shall come into effect. In the event any correction to a True-Up Adjustment is necessary, the corrections will be made in future True-Up Adjustment filings.

(B) The Servicer shall send a copy of such filing or notice (together with a copy of all notices and documents which, in the Servicer's reasonable judgment, are material to the adjustments effected) to the Issuer and the Indenture Trustee concurrently therewith. If, for any reason any revised Uplift Charges are not implemented and effective on the applicable date set forth herein, the Servicer shall notify the Issuer and the Indenture Trustee by the end of the second Servicer Business Day after such applicable date.

(ii) Servicer's Payment Certificate. Not later than five (5) Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a written report substantially in the form of Exhibit B hereto (the "Servicer's Payment Certificate") to the Issuer, the Indenture Trustee, and the Rating Agency which shall include all of the following information (to the extent applicable and including any other information so specified in the Series Supplement) as to the Texas Stabilization N Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(A) the amount of the payment to Holders allocable to principal, if any;

(B) the amount of the payment to Holders allocable to interest;

(C) the aggregate Outstanding Amount of the Texas Stabilization N Bonds, before and after giving effect to any payments allocated to principal reported under clause (a) above;

(D) the difference, if any, between the amount specified in clause (c) above and the Outstanding Amount specified in the Expected Amortization Schedule;

(E) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(F) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(iii) Responsible QSE Reports. The Servicer shall provide to the Rating Agency, upon request, any publicly available reports filed by the Servicer with the Commission (or otherwise made publicly available by the Servicer) relating to Responsible QSEs and any other non-confidential and non-proprietary information relating to Responsible QSEs reasonably requested by the Rating Agency to the extent such information is reasonably available to the Servicer.

SECTION 4.02. Limitation of Liability. (a) The Issuer and the Servicer expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustment, ERCOT is acting solely in its capacity as the Servicer hereunder.

(ii) Neither the Servicer nor the Issuer nor the Indenture Trustee is responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by the Servicer of its duties under this Agreement that adversely affects the Uplift Property or the True-Up Adjustments), by the Commission in any way related to the Uplift Property or in connection with any True-Up Adjustment, the subject of any filings under Section 4.01, any proposed True-Up Adjustment, or the approval of any revised Uplift Charges and the scheduled adjustments thereto.

(iii) Except to the extent that the Servicer is liable under Section 6.02, the Servicer shall have no liability whatsoever relating to the calculation of any revised Uplift Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation of each Responsible QSE's load share ratio, forecasting projected uncollectible or delinquent Uplift Charges and the estimated expenses and fees of the Issuer, so long as the Servicer has acted in good faith and has not acted in a negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Texas Stabilization N Bond generally, except only to the extent that the same is caused by the Servicer's negligence, willful misconduct, or bad faith.

(b) Notwithstanding the foregoing, this Section 4.02 shall not relieve the Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the Servicer of its other obligations under this Agreement.

ARTICLE V THE UPLIFT PROPERTY

SECTION 5.01. Custody of Uplift Property Records. To assure uniform quality in servicing the Uplift Property and to reduce administrative costs, the Issuer hereby revocably appoints the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the

Issuer as custodian of any and all documents and records that the Servicer shall keep on file, in accordance with its customary procedures, relating to the Uplift Property, including copies of the Debt Obligation Order and Issuance Advice Letter relating thereto and all documents filed with the Commission in connection with any True-Up Adjustment and computational records relating thereto (collectively, the "Uplift Property Records"), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all Uplift Property.

SECTION 5.02. Duties of Servicer as Custodian.

(a) Safekeeping. The Servicer shall hold the Uplift Property Records on behalf of the Issuer and maintain such accurate and complete accounts, records and computer systems pertaining to the Uplift Property Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with this Agreement, the applicable Sale Agreement and the Indenture. In performing its duties as custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee, and the Rating Agency any failure on its part to hold the Uplift Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Uplift Property Records. The Servicer's duties to hold the Uplift Property Records set forth in this Section 5.02, to the extent the Uplift Property Records have not been previously transferred to a Successor Servicer pursuant to Article VII, shall terminate one (1) year and one (1) day after the earlier of the date on which (i) the Servicer is succeeded by a Successor Servicer in accordance with Article VII and (ii) no Texas Stabilization N Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Uplift Property Records at 8000 Metropolis Drive (Building E), Suite 100, Austin, Texas 78744 or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least thirty (30) days prior to any change in location. The Servicer shall make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Uplift Property Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and which do not unreasonably interfere with the Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Servicer to observe any applicable law or Commission Regulation and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, the Servicer shall release any Uplift Property Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of the Servicer to observe any applicable law or Commission Regulation and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending Uplift Property Against Claims. The Servicer shall institute any action or Proceeding necessary to compel performance by each Responsible QSE (at the earliest possible time) and each party to the Intercreditor Agreement of any of their respective obligations or duties under the Securitization Law or the Debt Obligation Order with respect to the Uplift Property or any agreement with the Servicer entered into pursuant to the Debt Obligation Order, and the Servicer agrees to take such legal or administrative actions, including without limitation defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar Proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law or the Debt Obligation Order. The costs of any action described in this Section 5.02(d) shall be payable from Uplift Charges Collections as an Operating Expense (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the Indenture. The Servicer's obligations pursuant to this Section 5.02(d) shall survive and continue notwithstanding that payment of such Operating Expense may be delayed pursuant to the terms of the Indenture (it being understood that the Servicer may be required initially to advance its own funds to satisfy its obligations hereunder).

(e) Additional Litigation to Defend Uplift Property. In addition to the above, the Servicer shall, at its own expense, institute any action or Proceeding necessary to compel performance by the Commission or the State of Texas of any of their respective obligations or duties under the Securitization Law or the Debt Obligation Order with respect to the Uplift Property, and to compel performance by Responsible QSEs with any of their respective obligations or duties under the Debt Obligation Order.

SECTION 5.03. Custodian's Indemnification. To the extent permitted by law, the Servicer as custodian shall indemnify the Issuer, any Independent Manager and the Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indemnified Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any grossly negligent act or omission in any way relating to the maintenance and custody by the Servicer, as custodian, of the Uplift Property Records; provided, however, that the Servicer shall not be liable for any such losses attributable to the willful misconduct, bad faith or negligence of the Issuer, any Independent Manager or the Indenture Trustee.

Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses and reasonable fees, out-of-pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the Indenture Trustee's right to indemnification).

SECTION 5.04. Effective Period and Termination. The Servicer's appointment as custodian shall become effective as of the Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If the Servicer shall resign as Servicer in accordance with the provisions of this Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is

effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as custodian shall terminate one (1) year and one (1) day after the date on which no Texas Stabilization N Bonds are Outstanding.

ARTICLE VI THE SERVICER

SECTION 6.01. Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Closing Date, and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Agreement relating to the servicing of the Uplift Property. The representations and warranties shall survive the execution and delivery of this Agreement, the sale of any Uplift Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer is duly organized and validly existing and is in good standing under the laws of the State of Texas, with the requisite corporate or other power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted and to execute, deliver and carry out the terms of this Agreement and the Intercreditor Agreement, and had at all relevant times, and has, the requisite power, authority and legal right to service the Uplift Property and to hold the Uplift Property Records as custodian.

(b) Due Qualification. The Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Uplift Property as required by this Agreement and the Intercreditor Agreement) shall require such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues or properties or to its servicing of the Uplift Property).

(c) Power and Authority. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Servicer under its organizational or governing documents and laws.

(d) Binding Obligation. Each of this Agreement and the Intercreditor Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, and other laws relating to or affecting creditors' rights generally from time to time in effect, and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a Proceeding in equity or at law, and sovereign immunity.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the Intercreditor Agreement (to the extent applicable to the Servicer's responsibilities thereunder) and the fulfillment of the terms of each will not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a material default under, the organizational documents of the Servicer, or any indenture or

other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted under the Basic Documents or any Lien created pursuant to the Securitization Law); nor violate any existing law or any existing order, rule or regulation applicable to the Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. Other than as set forth in the Offering Memorandum, there are no Proceedings pending and, to the Servicer's knowledge, there are no Proceedings threatened and, to the Servicer's knowledge, there are no investigations pending or threatened, before any Governmental Authority having jurisdiction over the Servicer or its properties involving or relating to the Servicer or the Issuer or, to the Servicer's knowledge, any other Person: (i) asserting the invalidity of this Agreement or any of the other Basic Documents, (ii) seeking to prevent the issuance of the Texas Stabilization N Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents to which the Servicer is a party, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement, any of the other Basic Documents or the Texas Stabilization N Bonds or (iv) seeking to adversely affect the federal income tax or state income or franchise tax classification of the Texas Stabilization N Bonds.

(g) Approvals. No governmental approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Servicer of this Agreement or the Intercreditor Agreement, the performance by the Servicer of the transactions contemplated hereby or thereby or the fulfillment by the Servicer of the terms of each, except those that have been obtained or made, those that the Servicer is required to make in the future pursuant to Article IV and those that the Servicer may need to file in the future to continue the effectiveness of any financing statement filed under the UCC.

(h) Reports and Certificates. Each report and certificate delivered in connection with the Issuance Advice Letter or delivered in connection with any filing made to the Commission by the Servicer with respect to the Uplift Charges or True-Up Adjustments will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of Servicer; Release of Claims.

(a) The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement.

(b) To the extent permitted by law, the Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders) and any Independent Manager, and

each of their respective officers, directors, employees and agents (each, an "Indemnified Person") for, and defend and hold harmless each such Person from and against, any and all Indemnified Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Servicer's willful misconduct, bad faith or negligence in the performance of its duties or observance of its covenants under this Agreement or the Intercreditor Agreement or its reckless disregard of its obligations and duties under this Agreement or the Intercreditor Agreement; (ii) the Servicer's breach of any of its representations and warranties contained in this Agreement; (iii) any litigation or related expense relating to the Servicer's status or obligations as Servicer (other than any Proceeding the Servicer is required to institute under the Servicing Agreement); or (iv) any finding that interest payable to a Responsible QSE with respect to disputed funds must be paid by the Issuer or from the Uplift Property, provided, however, that the Servicer shall not be liable for any such losses attributable to the willful misconduct, bad faith, negligence of any Indemnified Person or resulting from a breach of a representation or warranty made by any Indemnified Person in any of the Basic Documents that gives rise to the Servicer's breach.

(c) For purposes of Section 6.02(b), in the event of the termination of the rights and obligations of ERCOT (or any successor thereto pursuant to Section 6.03) as Servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.02.

(d) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Debt Obligation Order and shall survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses and the reasonable fees, out-of-pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the Indenture Trustee's right to indemnification).

(e) Except to the extent expressly provided in this Agreement or the other Basic Documents (including the Servicer's claims with respect to the Servicing Fee, reimbursement for costs incurred pursuant to Section 5.02(d) and the payment of the purchase price of Uplift Property), the Servicer hereby releases and discharges the Issuer, any Independent Manager and the Indenture Trustee, and each of their respective officers, directors and agents (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, whenever arising, which the Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Uplift Property or the Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) Promptly after receipt by an Indemnified Person of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, Proceeding or investigation brought by a third party for which

indemnification may be sought under this Section 6.02, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided that the Indemnified Person shall have the right to participate in such action, Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election, to the extent permitted by applicable law, to assume the defense of any action, Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action or (iii) the Servicer shall authorize the Indemnified Person to employ separate counsel at the expense of the Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons, other than one local counsel, if appropriate.

(g) The Servicer shall indemnify the Commission for, and defend and hold harmless against, any and all Indemnified Losses that may be imposed upon, incurred by or asserted against the Commission, including any increase in the Servicing Fee that becomes payable pursuant to Section 6.06, as a result of a Servicer Default resulting from the Servicer's willful misconduct, bad faith or negligence in either the performance of its duties or the observance of its covenants under this Agreement. The indemnification obligation set forth in this paragraph may be enforced by the Commission but is not enforceable by any Responsible QSE.

SECTION 6.03. Binding Effect of Servicing Obligations. The obligations to continue to provide service and to collect and account for Uplift Charges will be binding upon the Servicer. Any Person (a) into which the Servicer may be merged, converted or consolidated and which is a Permitted Successor, (b) that may result from any merger, conversion or consolidation to which the Servicer shall be a party and which is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and which is a Permitted Successor, (d) which results from the division of the Servicer into two or more Persons and which is a Permitted Successor, or (e) which otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 6.01 shall have been breached and no Servicer Default and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agency an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger, division or succession and such agreement of assumption complies with this

Section 6.03 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, (iii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Opinion of Counsel from external counsel of the Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including filings with the Commission pursuant to the Securitization Law and the UCC, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Uplift Property and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action shall be necessary to maintain such interests, (iv) the Servicer shall have delivered to the Issuer, the Indenture Trustee, the Rating Agency, and the Commission an Opinion of Counsel from Independent tax counsel stating that, for federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material federal income tax consequence to the Issuer or the Holders of Texas Stabilization N Bonds, and (v) the Servicer shall have given the Rating Agency prior written notice of such transaction. When any Person (or more than one Person) acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the operations of the Servicer, then upon satisfaction of all of the conditions of this Section 6.03, the preceding Servicer shall automatically and without further notice be released from all its obligations hereunder.

SECTION 6.04. Limitation on Liability of Servicer and Others. Except as otherwise provided under this Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement or the Intercreditor Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of its counsel and professional consultants, or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

Except as provided in this Agreement, including but not limited to Sections 5.02(d) and (e), the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Uplift Property that is not directly related to one of the Servicer's enumerated duties in this Agreement or related to its obligation to pay Indemnified Losses, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Agreement as a duty of the Servicer but that the Servicer reasonably determines is necessary or desirable in order to protect the rights and interests of the Issuer or the Indenture Trustee under this Agreement and the Holders under this Agreement. The Servicer's costs and expenses incurred in connection with any such Proceeding shall be payable from Uplift Charge Collections as an Operating Expense (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the Indenture. The Servicer's obligations pursuant to this Section 6.04 shall survive and continue notwithstanding that payment of such Operating Expense may be reasonably

delayed pursuant to the terms of the Indenture (it being understood that the Servicer may be required initially to advance its own funds to satisfy its obligations hereunder).

SECTION 6.05. ERCOT Not to Resign as Servicer. Subject to the provisions of Section 6.03, ERCOT shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement unless ERCOT delivers to the Indenture Trustee and the Commission a binding judgment or opinion of external counsel to the effect that ERCOT's performance of its duties under this Agreement shall no longer be permissible under applicable law. No such resignation shall become effective until a Successor Servicer shall have assumed the responsibilities and obligations of ERCOT in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation.

(a) In consideration for its services hereunder, until the Retirement of the Texas Stabilization N Bonds, the Servicer shall receive an annual fee (the "Servicing Fee") in an amount equal to (i) 0.05% of the aggregate initial principal amount of all Texas Stabilization N Bonds for so long as ERCOT or an Affiliate of ERCOT is the Servicer or (ii) if ERCOT or any of its Affiliates is not the Servicer, an amount agreed upon by the Successor Servicer and the Indenture Trustee provided, that any amount in excess of 0.60% of the aggregate initial principal amount of all Texas Stabilization N Bonds must be approved by the Commission and the Indenture Trustee. The Servicing Fee owing shall be calculated on the initial principal amount of all Texas Stabilization N Bonds and paid semi-annually with half of the Servicing Fee being paid on each Payment Date. The Servicer also shall be entitled to receive or retain as additional compensation (i) any interest earnings on Uplift Charge Payments received by the Servicer and invested by the Servicer during each Collection Period prior to remittance to the Collection Account and (ii) all late payment charges, if any, collected from Responsible QSEs; provided, however, that if the Servicer has failed to remit the Daily Remittance (as hereinafter defined) to the General Subaccount of any Collection Account on the Servicer Business Day that such payment is to be made pursuant to Section 6.11 on more than three (3) occasions during the period that the Texas Stabilization N Bonds are Outstanding, then thereafter the Servicer will be required to pay to the Indenture Trustee interest on each Daily Remittance accrued at the Federal Funds Rate from the Servicer Business Day on which such Daily Remittance was required to be made to the date that such Daily Remittance is actually made.

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Servicer by the Indenture Trustee, on each Payment Date in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Servicer. Any portion of the Servicing Fee not paid on any such date should be added to the Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees in accordance with the terms of the Indenture.

(c) Except as expressly provided elsewhere in this Agreement, the Servicer shall be required to pay from its own account expenses incurred by the Servicer in connection with its activities hereunder (including any fees to and disbursements by accountants, counsel, or any other

Person, any taxes imposed on the Servicer and any expenses incurred in connection with reports to Holders) out of the compensation retained by or paid to it pursuant to this Section 6.06, and shall not be entitled to any extra payment or reimbursement therefor.

(d) The foregoing Servicing Fees constitute a fair and reasonable price for the obligations to be performed by the Servicer. Such Servicing Fee shall be determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Debt Obligation Order.

SECTION 6.07. Compliance with Applicable Law. The Servicer covenants and agrees, in servicing the Uplift Property, to comply in all material respects with all laws applicable to, and binding upon, the Servicer and relating to the Uplift Property the noncompliance with which would have a material adverse effect on the value of the Uplift Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Servicer for noncompliance with any Requirement of Law that the Servicer is contesting in good faith in accordance with its customary standards and procedures.

SECTION 6.08. Access to Certain Records and Information Regarding Uplift Property. The Servicer shall provide to the Indenture Trustee access to the Uplift Property Records as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents to which it is a party or otherwise bound, and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law or Commission Regulation prohibiting disclosure of information and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments. The Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith, as applicable, the Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Uplift Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Uplift Property. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Servicer resignation under Section 6.05.

SECTION 6.10. No Servicer Advances. The Servicer shall not make any advances of interest on or principal of the Texas Stabilization N Bonds.

SECTION 6.11. Remittances. (a) On each Servicer Business Day, commencing two (2) days after the Closing Date, the Servicer shall remit to the General Subaccount of the Collection Account the total Uplift Charge Payments to have been received by the Servicer from Responsible

QSEs on such Servicer Business Day in respect of all previously billed Uplift Charges (the "Daily Remittance"), which Daily Remittance shall be calculated according to the procedures set forth in Annex I and shall be remitted as soon as reasonably practicable but in no event later than the second Servicer Business Day after such payments have been received. The Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the Texas Stabilization N Bond Collateral which it may receive from time to time.

(b) The Servicer agrees and acknowledges that it holds all Uplift Charge Payments collected by it and any other proceeds for the Texas Stabilization N Bond Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicer in accordance with this Section 6.11 without any surcharge, fee, offset, charge or other deduction except for late fees permitted by Section 6.06. The Servicer further agrees not to make any claim to reduce its obligation to remit all Uplift Charge Payments collected by it in accordance with this Agreement except for late fees permitted by Section 6.06.

(c) Unless otherwise directed to do so by the Issuer, the Servicer shall be responsible for selecting Eligible Investments in which the funds in each Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

ARTICLE VII DEFAULT

SECTION 7.01. Servicer Default. If any one or more of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five (5) Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by an officer of the Servicer; or

(b) any failure on the part of the Servicer or, so long as the Servicer is ERCOT or an Affiliate thereof, any failure on the part of ERCOT, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Servicer or ERCOT, as the case may be, set forth in this Agreement (other than as provided in clause (a) of this Section 7.01) or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of sixty (60) days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or ERCOT, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or ERCOT, as the case may be, by the Indenture Trustee or (B) such failure is discovered by an officer of the Servicer; or

(c) any failure by the Servicer duly to perform its obligations under Section 4.01(b) of this Agreement in the time and manner set forth therein, which failure continues unremedied for a period of five (5) days; or

(d) any representation or warranty made by the Servicer in this Agreement or any Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period

of sixty (60) days after the date on which (A) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (B) such failure is discovered by an officer of the Servicer; or

(e) an Insolvency Event occurs with respect to the Servicer or ERCOT;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee may, or shall upon the instruction of the Commission (acting on behalf of Obligated LSEs) or of Holders evidencing not less than a majority of the Outstanding Amount of the Texas Stabilization N Bonds, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Holders) (a "Termination Notice"), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement. The appointment of any Successor Servicer shall be subject to the terms and provisions of the Intercreditor Agreement. In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Securitization Law (or any of their representatives) shall be entitled to (i) apply to the district court of Travis County for sequestration and payment of revenues arising with respect to the Uplift Property, (ii) foreclose on or otherwise enforce the Lien and security interests in any Uplift Property and (iii) apply to the Commission for an order that amounts arising from the Uplift Charges be transferred to a separate account for the benefit of the Secured Parties, in accordance with the Securitization Law. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Texas Stabilization N Bonds, the Uplift Property, the Uplift Charges or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Uplift Property Records and related documents, or otherwise. The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Uplift Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Uplift Property or the Uplift Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Uplift Property Records to the Successor Servicer. In case a Successor Servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with transferring the Uplift Property Records to the Successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of ERCOT as Servicer shall not terminate ERCOT's rights or obligations under the applicable Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, or, at the written direction and with the consent of the Holders of at least a majority of the Outstanding Amount of the Texas Stabilization N Bonds, shall, appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer, and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer and to the Rating Agency. If within thirty (30) days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Commission or a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Agreement (as the Texas Stabilization N Bond Servicer). In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

SECTION 7.03. Waiver of Past Defaults. The Commission, together with Holders evidencing not less than a majority of the Outstanding Amount of the Texas Stabilization N Bonds may, on behalf of all Holders, direct the Indenture Trustee to waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required remittances to the Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Servicer shall furnish copies of such waiver to each Rating Agency.

SECTION 7.04. Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Indenture Trustee, the Commission, and the Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five (5) Business Days thereafter, written notice of any event which with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

SECTION 7.05. Cooperation with Successor. The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01. Amendments.

(a) This Agreement may be amended in writing by the Servicer and the Issuer with the prior written consent of the Indenture Trustee, the satisfaction of the Rating Agency Condition and, if the contemplated amendment may in the judgment of the Commission increase Ongoing Costs, the consent of the Commission pursuant to Section 8.02 (if applicable); and provided that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the outstanding principal amount of the Texas Stabilization N Bonds. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each Rating Agency.

In addition, this Agreement may be amended in writing by the Servicer and the Issuer with ten (10) Business Days' prior written notice given to the Rating Agency and the prior written consent of the Indenture Trustee (which consent shall be given in reliance on an Opinion of Counsel and an Officer's Certificate stating that such amendment is permitted or authorized under and adopted in accordance with the provisions of this Agreement and that all conditions precedent have been satisfied, upon which the Indenture Trustee may conclusively rely) and, if the contemplated amendment may in the judgment of the Commission increase Ongoing Costs; subject, however, to Section 8.02 (if applicable); but without the consent of any of the Holders, (i) to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Holders; provided, however, that such action shall not, as evidenced by an Officer's Certificate delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interests of any Holder; or (ii) to conform the provisions hereof to the description of this Agreement in the Offering Memorandum. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each Rating Agency.

Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized or permitted by this Agreement and that all conditions precedent have been satisfied and upon the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). None of the Servicer, Issuer or the Indenture Trustee shall be obligated to, enter into any such amendment which affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.

(b) Notwithstanding Section 8.01(a) or anything to the contrary in this Agreement, the Servicer and the Issuer may amend Annex I to this Agreement in writing with prior written notice given to the Indenture Trustee and the Rating Agency, but without the consent of the Indenture

Trustee, any Rating Agency, or any Holder, solely to address changes to the Servicer's method of calculating Uplift Charges as a result of changes to the Servicer's current computerized information system, including changes which would replace the remittances contemplated by the estimation procedures set forth in Annex I with remittances of Uplift Charges determined to have been actually received; provided that any such amendment shall not have a material adverse effect on the Holders of then Outstanding Texas Stabilization N Bonds as evidenced by an Officer's Certificate of the Issuer.

(c) If the Commission adopts a rule or regulation, the effect of which is to modify or supplement any provision of this Agreement related to the assessment, collection or remittance of Uplift Charges, this Agreement will be deemed so modified or supplemented on the effective date of such rule or regulation in the manner necessary to comply therewith without the necessity of any further action by any party hereto; provided that (i) the Rating Agency Condition has been satisfied, (ii) the Servicer shall notify the Issuer and the Indenture Trustee in writing of such modification or supplement and delivered an Opinion of Counsel as described in the second paragraph of Section 8.01(a) and (iii) neither the Issuer nor the Indenture Trustee shall be bound by any such modification to the extent it affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.

(d) It shall not be necessary for the consent of Holders pursuant to this Article to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

(e) Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion of, or representations by, an officer or officers of the Servicer or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such opinion.

SECTION 8.02. Commission Condition. Notwithstanding anything to the contrary in Section 8.01(a), no amendment or modification of this Agreement that may have the effect of increasing Operating Expenses shall be effective unless the process set forth in this Section 8.02 has been followed.

(a) At least thirty-one (31) days prior to the effectiveness of any such amendment or modification and after obtaining the other necessary approvals set forth in Section 8.01(a) (except that the consent of the Indenture Trustee may be subject to the consent of Holders if such consent is required or sought by the Indenture Trustee in connection with such amendment or modification), the Servicer shall have delivered to the Commission's executive director and general counsel written notification of any proposed amendment, which notification shall contain:

- (i) a reference to Docket No. 52710;
- (ii) an Officer's Certificate stating that the proposed amendment or modification has been approved by all parties to this Agreement;
- (iii) a statement identifying the Person to whom the Commission or its staff is to address any response to the proposed amendment or modification or to request additional time; and

(iv) a statement as to the possible effect of the amendment or modification on the Ongoing Costs.

(b) The Commission or its staff shall, within thirty (30) days of receiving the notification complying with Section 8.02(a), either:

(i) provide notice of its determination that the proposed amendment or modification will not under any circumstances have the effect of increasing the Ongoing Costs related to the Texas Stabilization N Bonds; or

(ii) provide notice of its consent or lack of consent to the Person specified in Section 8.02(a)(iii).

(c) Any amendment submitted to the Commission pursuant to this Section 8.02 shall become effective immediately upon the later of: (i) the date proposed by the parties to the amendment or (ii) thirty-one (31) days after such submission to the Commission, and in either case the Commission shall be conclusively deemed to have consented to the proposed amendment or modification, unless the Commission issues an order disapproving such amendment.

Unless, within thirty (30) days of receiving the notification complying with Section 8.02(a), the Commission or its staff delivers to the office of the Person specified in Section 8.02(a)(iii) a written statement requesting an additional amount of time not to exceed thirty (30) days in which to consider whether to consent to the proposed amendment or modification. If the Commission or its staff requests an extension of time in the manner set forth in the preceding sentence, then the Commission shall either provide notice of its consent or lack of consent or notice of its determination that the proposed amendment or modification will not under any circumstances increase Ongoing Costs to the Person specified in Section 8.02(a)(iii) no later than the last day of such extension of time or be conclusively deemed to have consented to the proposed amendment or modification on the last day of such extension of time. Any amendment or modification requiring the consent of the Commission shall become effective on the later of (i) the date proposed by the parties to such amendment or modification and (ii) the first day after the expiration of the thirty (30)-day period provided for in this Section 8.02(b), or, if such period has been extended pursuant hereto, the first day after the expiration of such period as so extended.

(d) Following the delivery of a notice to the Commission by the Servicer under Section 8.02(a), the Servicer and the Issuer shall have the right at any time to withdraw from the Commission further consideration of any notification of a proposed amendment. Such withdrawal shall be evidenced by the Servicer's giving prompt written notice thereof to the Commission, the Issuer and the Indenture Trustee.

SECTION 8.03. Maintenance of Accounts and Records.

(a) The Servicer shall maintain accounts and records as to the Uplift Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Uplift Charge Payments received by the Servicer and Uplift Charge Collections from time to time deposited in the Collection Account.

(b) The Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to the Servicer and to the extent it does not unreasonably interfere with the Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Uplift Property and the Uplift Charges. Nothing in this Section 8.03(b) shall affect the obligation of the Servicer to observe any applicable law or Commission Regulation prohibiting disclosure of information and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.03(b).

SECTION 8.04. Notices. Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Servicer, the Issuer, the Indenture Trustee or the Rating Agency under this Agreement shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented delivery service or, to the extent receipt is confirmed telephonically, sent by telecopy, email, or other form of electronic transmission:

(a) in the case of the Servicer, to Electric Reliability Council of Texas, Inc., at 8000 Metropolis Drive (Building E), Suite 100, Austin, Texas 78744, Attention: Treasurer, Telephone: (512) 225-7000;

(b) in the case of the Issuer, to Texas Electric Market Stabilization Funding N LLC at 8000 Metropolis Drive (Building E), Suite 100, Austin, Texas 78744, Attention: Chief Executive Officer, Telephone: (512) 225-7000;

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) in the case of the Commission, at Public Utility Commission of Texas at PO Box 13326 Austin, Texas 78711-3326, Attention: Executive Director and General Counsel, Telephone: (512) 936-7000;

(e) in the case of Moody's, to: Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich, New York, New York 10007, Email: ServicerReports@moodys.com (all such notices to be delivered to Moody's in writing by email), and solely for purposes of Rating Agency Condition communications: abscomonitoring@moodys.com;

(f) reserved;

(g) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 8.05. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Servicer.

SECTION 8.06. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicer and the Issuer and, to the extent provided herein or in the Basic Documents, the Commission (whether on its own behalf or on behalf of any Responsible QSE or Obligated LSE), the Indenture Trustee, the Holders (but subject to the limitation on the

rights of Holders in Section 5.06 of the Indenture) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Uplift Property or Texas Stabilization N Bond Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, any right, remedy or claim to which any Responsible QSE or Obligated LSE may be entitled pursuant to the Debt Obligation Order and to this Agreement may be asserted or exercised only by the Commission (or by the Attorney General of the State of Texas in the name of the Commission) for the benefit of such Responsible QSE or Obligated LSE.

SECTION 8.07. Independent Contractor/Separate Entities. For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Issuer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Issuer or this Agreement, the Servicer shall have no authority, and shall not hold itself out as having the authority, to act for or represent the Issuer in any way and shall not otherwise be deemed an agent of the Issuer. The Servicer will correct any misunderstanding or confusion by third parties about the role of the Servicer for any actions taken on behalf of the Issuer pursuant to this Agreement. The Servicer will not hold itself out to be the Issuer nor that any property of the Issuer is the property of the Servicer, but Servicer will at all times recognize that it is an entity separate from Issuer.

SECTION 8.08. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.09. Reserved.

SECTION 8.10. Separate Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same Agreement. The words "execution," "signed," "delivery," and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by Electronic Means.

SECTION 8.11. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 8.12. 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 8.13. Assignment to Indenture Trustee. (a) The Servicer hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and (b) in no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.14. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Servicer shall not, prior to the date which is one (1) year and one (1) day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the 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 Issuer or any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.15. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 8.16. Rule 17g-5 Compliance. The Servicer agrees that as applicable any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Texas Stabilization N Bonds or undertaking credit rating surveillance of the Texas Stabilization N Bonds with any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Servicer on the 17g-5 Website.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

TEXAS ELECTRIC MARKET STABILIZATION FUNDING N LLC,
a Delaware limited liability company

By: STh
Sean Taylor
Vice President and Chief Financial Officer

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as Servicer

By: STh
Sean Taylor
Vice President and Chief Financial Officer

ACKNOWLEDGED AND ACCEPTED:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

TEXAS ELECTRIC MARKET STABILIZATION FUNDING N LLC,
a Delaware limited liability company

By: _____
Sean Taylor
Vice President and Chief Financial Officer

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as Servicer

By: _____
Sean Taylor
Vice President and Chief Financial Officer

ACKNOWLEDGED AND ACCEPTED:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Indenture Trustee


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

Exhibit A

Form of Monthly Servicer's Certificate

[Follows this Page]

Monthly Servicer's Certificate

(to be delivered each month pursuant to Section 3.01(b)(i) of the Uplift Property Servicing Agreement)

TEXAS ELECTRIC MARKET STABILIZATION FUNDING N LLC

Electric Reliability Council of Texas Inc., as Servicer

Pursuant to the Uplift Property Servicing Agreement dated as of [●], 2022 (the "Uplift Property Servicing Agreement") between Electric Reliability Council of Texas Inc., as Servicer, and Texas Electric Market Stabilization Funding N LLC, as Issuer, the Servicer does hereby certify as follows:

Collection Period: _____

Remittance Dates: _____

a. Uplift Charges	b. Billed	c. Actual Payments Received	d. Remittance Shortfall for this Collection (if $c < b$, then $c - b$)	e. Excess Remittance for this Collection (if $c > b$, then $c - b$)
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

h. Daily remittances previously made by the Servicer to the Collection Account in respect of this Collection Period (c):	\$ _____
i. If $(c < b)$, (d) equals net amount due from the Servicer to the Collection Account:	\$ _____
j. If $(c > b)$, (e) equals net amount due to the Servicer from the Collection Account:	\$ _____

Capitalized terms used herein have their respective meanings set forth in the Uplift Property Servicing Agreement.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate the ____ day of _____ 20__.

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC., as
Servicer

Title: Assistant Treasurer

Exhibit B

Form of Servicer's Payment Certificate

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FORM OF SERVICER'S PAYMENT CERTIFICATE

Pursuant to Section 4.01(e)(ii) of the Uplift Property Servicing Agreement, dated as of June 15, 2022 (the "Servicing Agreement"), between, Electric Reliability Council of Texas, Inc., as Servicer and Texas Electric Market Stabilization Funding N LLC, as Issuer, the Servicer does hereby certify, for the _____, 20__ Payment Date (the "Current Payment Date"), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Indenture. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Indenture, as the context indicates.

Collection Periods: _____ to _____

Payment Date: _____

1. Collections Allocable and Aggregate Amounts Available for the Current Payment Date:

- i. Remittances for the ___ Collection Period \$ _____
- ii. Remittances for the ___ Collection Period \$ _____
- iii. Remittances for the ___ Collection Period \$ _____
- iv. Remittances for the ___ Collection Period \$ _____
- v. Remittances for the ___ Collection Period \$ _____
- vi. Remittances for the ___ Collection Period \$ _____

Investment Earnings on Collection Account

- vii. Investment Earnings on General Subaccount \$ _____
- viii. Investment Earnings on Capital Subaccount \$ _____
- ix. Investment Earnings on Excess Funds Subaccount \$ _____

x. General Subaccount Balance (sum of i through ix above) \$ _____

xi. Capital Subaccount Balance as of Prior Payment Date \$ _____

xii. Excess Funds Subaccount Balance as of Prior Payment Date \$ _____

xiii. Collection Account Balance (sum of x through xii above) \$ _____

2. Outstanding Amounts as of Prior Payment Date

- i. Tranche A-1 Outstanding Amount \$ _____
- ii. Tranche A-2 Outstanding Amount \$ _____
- iii. Tranche A-3 Outstanding Amount \$ _____

iv. Tranche A-4 Outstanding Amount \$ _____

v. **Aggregate Outstanding Amount of all Tranches** \$ _____

3. **Required Funding/Payments as of Current Payment Date:** \$ _____

Principal

i. Tranche A-1 \$ _____

ii. Tranche A-2 \$ _____

iii. Tranche A-3 \$ _____

iv. Tranche A-4 \$ _____

v. **Aggregate Principal of all Tranches** \$ _____

Interest

		<i>Interest Rate</i>	<i>Days in Interest Period</i>	<i>Principal Balance</i>	<i>Interest Due</i>
vi.	Tranche A-1	____%	_____	\$ _____	\$ _____
vii.	Tranche A-2	____%	_____	\$ _____	\$ _____
viii.	Tranche A-3	____%	_____	\$ _____	\$ _____
ix.	Tranche A-4	____%	_____	\$ _____	\$ _____

x. **Aggregate Interest of all Tranches** \$ _____

	<u>Required Level</u>	<u>Funding Required</u>
xi. <i>Capital Subaccount</i>	\$ _____	\$ _____

4. **Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture**

i. Trustee Fees and Expenses; Indemnity Amounts¹ \$ _____

ii. Servicing Fee \$ _____

iii. Administration Fee \$ _____

iv. Ordinary and Periodic Operating Expenses \$ _____

¹ Subject to \$100,000 cap per annum

v. Periodic Interest (including any past-due for prior periods) \$ _____

Tranche	Aggregate	Per \$1,000 of Original Principal Amount
(a) Tranche A-1 Interest	\$ _____	\$ _____
(b) Tranche A-2 Interest	\$ _____	\$ _____
(c) Tranche A-3 Interest	\$ _____	\$ _____
(d) Tranche A-4 Interest	\$ _____	\$ _____
	\$ _____	

vi. Principal Due & Payable as a Result of an Event of Default or at Final Maturity \$ _____

Tranche	Aggregate	Per \$1,000 of Original Principal Amount
Tranche A-1 Principal	\$ _____	\$ _____
Tranche A-2 Principal	\$ _____	\$ _____
Tranche A-3 Principal	\$ _____	\$ _____
Tranche A-4 Principal	\$ _____	\$ _____
	\$ _____	

vii. Periodic Principal \$ _____

Tranche	Aggregate	Per \$1,000 of Original Principal Amount
Tranche A-1 Principal	\$ _____	\$ _____
Tranche A-2 Principal	\$ _____	\$ _____
Tranche A-3 Principal	\$ _____	\$ _____
Tranche A-4 Principal	\$ _____	\$ _____
	\$ _____	

viii. Funding of Capital Subaccount \$ _____

ix. Return on ERCOT Capital Contribution \$ _____

x. Investment Earnings on Capital Subaccount Released to Issuer \$ _____

xi. Deposit to Excess Funds Subaccount \$ _____

xii. Released to Issuer upon Retirement of all Texas Stabilization N Bonds \$ _____

xiii. Aggregate Remittances as of Current Payment Date \$ _____

5 Subaccount Withdrawals as of Current Payment (if applicable, pursuant to Section 8.02(f) of Indenture:

i. Excess Funds Subaccount \$ _____

ii. Capital Subaccount \$ _____

iii. Total Withdrawals \$ _____

6 Outstanding Amount and Collection Account Balance as of Current Payment Date (after giving effect to payments to be made on such Payment Date):

i. Tranche A-1 Outstanding Amount \$ _____

ii. Tranche A-2 Outstanding Amount \$ _____

iii. Tranche A-3 Outstanding Amount \$ _____

iv. Tranche A-4 Outstanding Amount \$ _____

v. Aggregate Outstanding Amount of all Tranches \$ _____

vi. Excess Funds Subaccount Balance \$ _____

vii. Capital Subaccount Balance \$ _____

viii. Aggregate Collection Account Balance \$ _____

7. Shortfalls in Interest and Principal Payments as of Current Payment Date

i. Periodic Interest Payment

1. Tranche A-1 Interest Payment \$ _____

2. Tranche A-2 Interest Payment \$ _____

3. Tranche A-3 Interest Payment \$ _____

4. Tranche A-4 Interest Payment \$ _____

\$ _____

ii.	Periodic Principal Payment	
1.	Tranche A-1 Principal Payment	\$ _____
2.	Tranche A-2 Principal Payment	\$ _____
3.	Tranche A-3 Principal Payment	\$ _____
4.	Tranche A-4 Principal Payment	\$ _____
<hr/>		
		\$ _____

8. *Shortfalls in Required Subaccount Levels as of Current Payment Date*

i.	Capital Subaccount	\$ _____
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IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Servicer's Payment Certificate this ____ day of _____20____.

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as Servicer

By: _____
Name: _____
Title: _____

Exhibit C-1

Form of Annual Servicer's Reg AB Certificate of Compliance

[Follows this Page]

EXHIBIT C-1

ANNUAL SERVICER'S CERTIFICATE

The undersigned hereby certifies that he/she is the duly elected and acting [●] of ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC., a Texas non-profit corporation, as servicer (the "Servicer") under the Uplift Property Servicing Agreement dated as of June 15, 2022 (the "Servicing Agreement") between the Servicer and TEXAS ELECTRIC MARKET STABILIZATION FUNDING N LLC, a Delaware limited liability company (the "Issuer"), and further that:

1. The undersigned is providing this report as required by Section 3.03(a) of the Servicing Agreement] pursuant to which the Servicer has voluntarily agreed to adhere to the Servicing Criteria (as defined below).

2. Pursuant to the Servicing Agreement, the undersigned (a) is responsible for assessing the Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria") and (b) has reviewed and evaluated the Servicer's activities during the Assessment Period (defined below) and its performance under the Servicing Agreement and adherence to the standards set forth in the Servicing Criteria . Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Servicing Agreement.

3. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicer's adherence to the Servicing Criteria, with such discussion regarding the performance of such Servicing Criteria during the fiscal year covered by the Depositor's Annual Accountant's Report (such fiscal year, the "Assessment Period"):

Reference	Servicing Criteria	Applicable Servicing Criteria
General Servicing Considerations		
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	Not applicable; no servicing activities were outsourced.
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.	Not applicable; documents do not provide for a back-up servicer.
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	Not applicable; [Commission rules impose credit standards on retail electric providers]

Reference	Servicing Criteria	Applicable Servicing Criteria
Cash Collection and Administration		
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.	Applicable
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days of receipt, or such other number of days specified in the transaction agreements.	Applicable
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	Applicable
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	Not applicable; no advances by the Servicer are permitted under the transaction agreements.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	Not applicable, all transaction accounts are maintained by and in the name of the Indenture Trustee.
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, “federally insured depository institution” with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) of the Securities Exchange Act.	Not applicable, all “custodial accounts” are maintained by the Indenture Trustee.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	Not applicable; all transfers made by wire transfer.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations (A) are mathematically accurate; (B) are prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) are reviewed and approved by someone other than the person who prepared the reconciliation;	Applicable; assessment below.

Reference	Servicing Criteria	Applicable Servicing Criteria
	and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	
Investor Remittances and Reporting		
1122(d)(3)(i)	Reports to investors, (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; and (C) agree with the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the Servicer.	Applicable; assessment below.
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	Not applicable; investor records maintained by Indenture Trustee.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the Servicer's investor records, or such other number of days specified in the transaction agreements.	Not applicable; disbursements to investors are made by Indenture Trustee
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	Not applicable; disbursements to investors are made by Indenture Trustee
Pool Asset Administration		
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	Applicable; assessment below.
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	Applicable; assessment below.
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	Not applicable; no removals or substitutions of uplift property are contemplated or allowed under the transaction documents.

Reference	Servicing Criteria	Applicable Servicing Criteria
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the Servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	Applicable; assessment below.
1122(d)(4)(v)	The Servicer's records regarding the pool assets agree with the Servicer's records with respect to an obligor's unpaid principal balance.	Not applicable; because underlying obligation (Uplift Charges) is not an interest bearing instrument.
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool asset (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	Applicable; assessment below
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	Applicable; limited assessment below.
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	Applicable, but does not require assessment since no explicit documentation requirement with respect to delinquent accounts are imposed under the transactional documents due to availability of "true-up" mechanism.
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	Not applicable; Uplift Charges are not interest-bearing instruments.

Reference	Servicing Criteria	Applicable Servicing Criteria
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's transaction documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable transaction documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool asset, or such other number of days specified in the transaction agreements.	Applicable.
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	Not applicable; Servicer does not make payments on behalf of obligors.
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers under the transaction documents.
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers to pay principal or interest on the bonds.
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectable accounts are recognized and recorded in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	Not applicable; no external enhancement is required under the transaction

Reference	Servicing Criteria	Applicable Servicing Criteria
		documents.

3. To the best of the undersigned’s knowledge, based on such review, the Servicer is in compliance in all material respects with the applicable Servicing Criteria set forth above as of and for the period ending the end of the fiscal year covered by the Depositor’s Annual Accountant's Report [, except with respect to the matters identified in the list of Servicer Defaults contained in Annex A attached hereto (if any) and as otherwise set forth below.]

4. A certified public accounting firm has issued an attestation report on the undersigned’s assessment of compliance with the applicable Servicing Criteria set forth above as of and for the period ending the end of the fiscal year covered by the Depositor’s Annual Accountant's Report.

Executed as of [●].

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as Servicer

By:

Name:

Title:

ANNEX A

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events which with the giving of notice, the lapse of time, or both, would become Servicer Defaults known to the undersigned occurred during the year ended [_____]:

Nature of Default

Status

Exhibit C-2

Form of Annual Compliance Certificate

[Follows this Page]

EXHIBIT C-2

SERVICER'S CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that he/she is the duly elected and acting [●] of ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC., a Texas non-profit corporation, as servicer (the "Servicer") under the Uplift Property Servicing Agreement dated as of June 15, 2022 (the "Servicing Agreement") between the Servicer and TEXAS ELECTRIC MARKET STABILIZATION FUNDING N LLC, a Delaware limited liability company (the "Issuer"), and further that:

1. A review of the activities of the Servicer and of its performance under the Servicing Agreement during the twelve months ended [●], [●] has been made under the supervision of the undersigned pursuant to Section 3.03 of the Servicing Agreement; and
2. To the best of the undersigned's knowledge, based on such review, the Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended [●], [●], except as set forth on Annex A hereto.

Executed as of [●].

ELECTRIC RELIABILITY COUNCIL OF
TEXAS, INC.,
as Servicer

By:

Name:

Title:

ANNEX A

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events which with the giving of notice, the lapse of time, or both, would become Servicer Defaults known to the undersigned occurred during the year ended [_____]:

Nature of Default

Status

Schedule 4.01(a)

Expected Amortization Schedule

[Follows this Page]

SCHEDULE 4.01(a)

EXPECTED AMORTIZATION SCHEDULE

Bond Payment Date	Subchapter N Bond Payments	Projected Ongoing Costs	Total Nominal Uplift Charge Requirement	Present Value of Uplift Charges
2/1/23	78,963,908	995,724	79,959,632	77,528,570
8/1/23	71,507,015	664,925	72,171,940	68,277,817
2/1/24	71,490,125	664,925	72,155,050	66,603,681
8/1/24	71,472,888	664,925	72,137,813	64,970,279
2/1/25	71,455,297	664,925	72,120,222	63,376,620
8/1/25	71,437,346	664,925	72,102,271	61,821,739
2/1/26	71,419,027	664,925	72,083,952	60,304,694
8/1/26	71,400,332	664,925	72,065,257	58,824,565
2/1/27	71,381,253	664,925	72,046,178	57,380,455
8/1/27	71,361,783	664,925	72,026,708	55,971,490
2/1/28	71,341,914	664,925	72,006,839	54,596,814
8/1/28	71,321,637	664,925	71,986,562	53,255,596
2/1/29	71,300,945	664,925	71,965,870	51,947,021
8/1/29	71,279,828	664,925	71,944,753	50,670,297
2/1/30	71,258,278	664,925	71,923,203	49,424,650
8/1/30	71,236,285	664,925	71,901,210	48,209,324
2/1/31	71,213,842	664,925	71,878,767	47,023,583
8/1/31	71,190,939	664,925	71,855,864	45,866,708
2/1/32	71,167,566	664,925	71,832,491	44,737,997
8/1/32	71,143,713	664,925	71,808,638	43,636,766
2/1/33	71,119,371	664,925	71,784,296	42,562,347
8/1/33	71,094,530	664,925	71,759,455	41,514,089
2/1/34	71,069,180	664,925	71,734,105	40,491,356
8/1/34	71,043,309	664,925	71,708,234	39,493,527
2/1/35	71,013,433	664,925	71,678,358	38,518,130
8/1/35	70,979,328	664,925	71,644,253	37,564,600
2/1/36	70,944,411	664,925	71,609,336	36,634,251
8/1/36	70,908,663	664,925	71,573,588	35,726,520
2/1/37	70,872,065	664,925	71,536,990	34,840,858
8/1/37	70,834,596	664,925	71,499,521	33,976,729
2/1/38	70,796,234	664,925	71,461,159	33,133,609
8/1/38	70,756,960	664,925	71,421,885	32,310,989
2/1/39	70,716,751	664,925	71,381,676	31,508,371
8/1/39	70,675,585	664,925	71,340,510	30,725,267
2/1/40	70,633,440	664,925	71,298,365	29,961,206
8/1/40	70,590,291	664,925	71,255,216	29,215,723

2/1/41	70,546,115	664,925	71,211,040	28,488,367
8/1/41	70,500,888	664,925	71,165,813	27,778,699
2/1/42	70,454,585	664,925	71,119,510	27,086,288
8/1/42	70,409,036	664,925	71,073,961	26,411,406
2/1/43	70,378,877	664,925	71,043,802	25,758,908
8/1/43	70,347,974	664,925	71,012,899	25,122,263
2/1/44	70,316,309	664,925	70,981,234	24,501,085
8/1/44	70,283,865	664,925	70,948,790	23,894,999
2/1/45	70,250,620	664,925	70,915,545	23,303,638
8/1/45	70,216,557	664,925	70,881,482	22,726,645
2/1/46	70,181,654	664,925	70,846,579	22,163,670
8/1/46	70,145,890	664,925	70,810,815	21,614,373
2/1/47	70,102,903	664,925	70,767,828	21,076,533
8/1/47	70,041,006	664,925	70,705,931	20,546,574
2/1/48	69,977,575	664,925	70,642,500	20,029,490
8/1/48	69,912,572	664,925	70,577,497	19,524,968
2/1/49	69,845,958	664,925	70,510,883	19,032,704
8/1/49	69,777,694	664,925	70,442,619	18,552,399
2/1/50	69,707,738	664,925	70,372,663	18,083,764

ANNEXES

Annex I ERCOT's Texas Stabilization N Protocols

ERCOT Nodal Protocols

Section 27: Securitization Uplift Charges

June 1, 2022

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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 ERCOT may, as part of the LSE registration process, request that the Market Participant notify ERCOT of the Market Participant's status as a Securitization Uplift Charge Opt-Out Entity. The failure of an EC, MOU, or river authority to notify ERCOT of its Securitization Uplift Charge Opt-Out Entity status in the LSE registration process will not impact the Market Participant's 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 Competitive Retailer (CR) 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 (AML) 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.

27.2.1 Return of Securitization Proceeds

- (1) If an LSE is required under PURA § 39.664 or the Debt Obligation Order in Docket No. 52322 to return securitization proceeds, then the LSE must remit the proceeds to its Qualified Scheduling Entity (QSE), and the QSE shall remit those funds to ERCOT within two Business Days of the QSE receiving the funds from the LSE. The funds must be paid by the QSE to the account designated for payment of Securitization Uplift Charge Invoices.

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:

$$\text{LASUCAMT}_{q,d} = \text{SUCDA}_d * \text{DQSELSELRS}_{q,d}$$

Where:

$$\text{DQSELSELRS}_{q,d} = \text{DQSELSERTAML}_{q,d} / \text{DERCOTQSELSERTAML}_d$$

$$\text{DQSELSERTAML}_{q,d} = \max(0, \sum_{i,l} (\text{LSERTAML}_{l,q,i}))$$

$$\text{DERCOTQSELSERTAML}_d = \sum_q (\text{DQSELSERTAML}_{q,d})$$

$$\text{LSERTAML}_{l,q,i} = \text{PRELIMLSERTAML}_{l,q,i} - \text{OPTOUTLSERTAML}_{l,q,i}$$

The above variables are defined as follows:

Variable	Unit	Definition
$\text{LASUCAMT}_{q,d}$	\$	<i>Load-Allocated Securitization Uplift Charge Amount per QSE</i> — 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	\$	<i>Securitization Uplift Charge Daily Amount</i> — The total amount of Securitization Uplift Charges assessed for Operating Day d .

DQSELSELRS _{<i>q, d</i>}	none	<i>Daily QSE Non-Opted-Out LSE Load Ratio Share</i> — 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 <i>q</i> , for the Operating Day <i>d</i> .
PRELIMLSERTAML _{<i>l, q, i</i>}	MWh	<i>Preliminary Non-Opted-Out LSE Real-Time Adjusted Metered Load</i> — The Real-Time Adjusted Metered Load (RTAML), including the RTAML of Securitization Uplift Charge Opt-Out Entities that are Customers of Retail Electric Providers (REPs), but excluding the RTAML of Securitization Uplift Charge Opt-Out Entities that are LSEs and excluding Direct Current Tie (DC Tie) exports, for LSE <i>l</i> represented by QSE <i>q</i> , for the 15-minute Settlement Interval <i>i</i> .
LSERTAML _{<i>l, q, i</i>}	MWh	<i>Non-Opted-Out LSE Real-Time Adjusted Metered Load</i> — The Real-Time Adjusted Metered Load (RTAML), excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and excluding DC Tie exports, for LSE <i>l</i> represented by QSE <i>q</i> , for the 15-minute Settlement Interval <i>i</i> .
OPTOUTLSERTAML _{<i>l, q, i</i>}	MWh	<i>Opt-Out LSE Real-Time Adjusted Metered Load</i> — The Real-Time Adjusted Metered Load (RTAML) of Securitization Uplift Charge Opt-Out Entities that are transmission-voltage Customers for LSE <i>l</i> represented by QSE <i>q</i> , for the 15-minute Settlement Interval <i>i</i> .
DQSELSERTAML _{<i>q, d</i>}	MWh	<i>Daily QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load</i> — 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 <i>q</i> , for the Operating Day <i>d</i> .
DERCOTQSELSERTAML _{<i>d</i>}	MWh	<i>Daily ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load</i> — 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 <i>d</i> .
<i>q</i>	none	A QSE
<i>l</i>	none	An LSE
<i>d</i>	none	An Operating Day
<i>i</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 (AML). 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) If available Securitization Uplift Charge escrow deposits are insufficient to cover the short-pay amount, ERCOT may utilize Financial Security held with respect to other ERCOT market activities as determined under Section 16.11.4, Determination and Monitoring of Counter-Party Credit Exposure. ERCOT may not utilize Securitization Default Charge escrow deposits to cover short-pays of Securitization Uplift Charge Initial Invoices.
 - (c) In the event that an Invoice Recipient short-pays:
 - (i) Both a miscellaneous Invoice for Securitization Default Charges and a Securitization Uplift Charge Initial Invoice; or
 - (ii) One or both of the above securitization Invoices as well as any other ERCOT Invoice,

and it is necessary to utilize Financial Security held with respect to other ERCOT market activities, funds drawn from Financial Security will be allocated first to cover short-pays of Invoices for non-securitization activity. Any remaining Financial Security will be allocated pro rata on the basis of unpaid Invoice amounts to Securitization Uplift Charge Initial Invoices and miscellaneous Invoices for Securitization Default Charges.

- (d) Regardless of whether ERCOT's draw on an available Securitization Uplift Charge escrow deposits or other Financial Security under paragraphs (a) through (c) 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.
- (e) 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, Securitization Uplift Charge, that occurs after the short payment.
- (f) 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.

[NPRR1125: Replace paragraph (1) above with the following upon system implementation of NPRR1103:]

- (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) If available Securitization Uplift Charge escrow deposits are insufficient to cover the short-pay amount, ERCOT may utilize Financial Security held with respect to other ERCOT market activities as determined under Section 16.11.4, Determination and Monitoring of Counter-Party Credit Exposure. ERCOT may not utilize Securitization Default Charge escrow deposits to cover short-pays of Securitization Uplift Charge Initial Invoices.

- (c) In the event that an Invoice Recipient short-pays:
- (i) Both a Securitization Default Charge Invoice and a Securitization Uplift Charge Initial Invoice; or
 - (ii) One or both of the above securitization Invoices as well as any other ERCOT Invoice,
- and it is necessary to utilize Financial Security held with respect to other ERCOT market activities, funds drawn from Financial Security will be allocated first to cover short-pays of Invoices for non-securitization activity. Any remaining Financial Security will be allocated pro rata on the basis of unpaid Invoice amounts to Securitization Uplift Charge Initial Invoices and Securitization Default Charge Invoices.
- (d) Regardless of whether ERCOT's draw on an available Securitization Uplift Charge escrow deposits or other Financial Security under paragraphs (a) through (c) 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.
 - (e) 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.
 - (f) 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 USDs by 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 Congestion Revenue Right (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 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 Requirements.
 - (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) Funds provided for Securitization Uplift Charge escrow deposits must be made to the account designated for Securitization Uplift Charge escrow deposits. If a payment is not made to the correct account, ERCOT is not responsible for transferring the funds to the correct escrow deposit account. Failure to remit funds to the correct account by the date and time required will result in a Late Payment and/or Payment Breach.
- (4) 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.
- (5) 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, Insufficient Payments by Invoice Recipients for Securitization Uplift Charge Initial Invoices.
- (6) Cash collateral posted in accordance with Section 16.11.3 may be used to pay Securitization Uplift Charge Reallocation Invoices.
- (7) 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:

$$\text{LASUCCE}_{cp} = \sum_{fmu=1}^{nfmu} (\text{Max} (\text{CPMQSELSELRS}_{cp, om, las}, \text{CPIEMLSELRS}_{cp} \text{ up to 40 days after the operating month in which a non-opted-out Counter-Party Load Serving Entity (LSE) commences having Real-Time Adjusted Metered Load (AML)}) * \text{MTSUCDA}_{fmu})$$

$$\text{CPMQSELSELRS}_{cp, om, las} = \sum_q (\text{MQSELSELRS}_{q, om})$$

$$\text{CPIEMLSELRS}_{cp} = \text{CPIEMLSE}_{cp} / (\text{MERCOTQSELSERTAML}_{om} + \text{CPIEMLSE}_{cp})$$

$$\text{MQSELSELRS}_{q, om} = \text{MQSELSERTAML}_{q, om} / \text{MERCOTQSELSERTAML}_{om}$$

$$\text{MQSELSERTAML}_{q, om} = \sum_d (\text{DQSELSERTAML}_{q, d})$$

$$\text{MERCOTQSELSERTAML}_{om} = \sum_{q,d} (\text{DQSELSERTAML}_{q, d})$$

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.
$\text{CPMQSELSELRS}_{cp, om, las}$	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 AML to the total AML, excluding the AML for Securitization Uplift Charge Opt-Out Entities and Direct Current Tie (DC Tie) exports, for a QSE, for all the Operating Days d in the operating month om for the Settlement Type las .
CPIEMLSE_{cp}	MWh	Counter-Party Initial Estimated Monthly Non-Opted-Out LSE Load — The average estimated load for a full month provided by a non-opted-out Counter-Party cp that does not yet have AML.
CPIEMLSELRS_{cp}	None	Counter-Party Initial Estimated Monthly Non-Opted-Out LSE Load Ratio Share — The Load Ratio Share (LRS) for a Counter-Party cp that does not yet have AML, computed using CPIEMLSE.
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 .
$\text{DQSELSERTAML}_{q, d}$	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 .
$\text{MQSELSELRS}_{q, om}$	none	Monthly QSE Non-Opted-Out LSE Load Ratio Share — The ratio of AML to the total AML, excluding the AML 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 .

Variable	Unit	Description
MQSELSERTAML _{q, om}	MWH	<i>Monthly QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load</i> — The RTAML excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE <i>q</i> , for all the Operating Days <i>d</i> in the operating month <i>om</i> .
MERCOTQSELSERTAML _{om}	MWH	<i>Monthly ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load</i> — The ERCOT total RTAML excluding the RTAML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for all the Operating Days <i>d</i> in the operating month <i>om</i> .
<i>cp</i>	none	A registered Counter-Party.
<i>om</i>	none	<i>Operating Month</i> – The most recent month for which all the daily ratios of AML to the total AML, excluding the AML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE are available for all days of the month.
<i>fmu</i>	none	<i>Forward Month</i> – A month from Securitization Uplift Charge forward months.
<i>nfmu</i>	none	<i>Number of forward months</i> – Total number of forward months Monthly Securitization Uplift Charge is extrapolated.
<i>d</i>	none	An Operating Day.

The above parameters are defined as follows:

Parameter	Unit	Current Value
<i>nfmu</i>	Months	2
<i>las</i>	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) If the Counter-Party does not increase its Securitization Uplift Charge escrow deposit to the required amount by the specified time, ERCOT may utilize Financial Security held with respect to other ERCOT market activities as determined under Section 16.11.4, Determination and Monitoring of Counter-Party Credit Exposure, up to the amount of the Securitization Uplift Charge escrow deposit shortfall.
 - (c) In the event that a Counter-Party is required to increase both its Securitization Default Charge escrow deposit and its Securitization Uplift Charge escrow deposit, and ERCOT utilizes the Counter-Party's Financial Security, available Financial Security funds will be allocated on a pro rata basis to Securitization Uplift Charge and Securitization Default Charge escrow deposit requirements.
 - (d) 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.
 - (e) 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.