

ERCOT-Brazos Bankruptcy Proposed Settlement Question and Answer Log
(re questions received through 10-4-2022)

Date Received	Entity	Question	Answer
9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	The settlement ERCOT has negotiated with respect to short-paid market participants represents less than full repayment of the net present value of such affected market participants' receivables, as acknowledged in the Disclosure Statement. As such, why is this not being considered a default and handled in accordance with the existing ERCOT protocols as required by the Market Participant Agreement? Why is the shortfall not being collected from the broader market as part of the default uplift process? Since the market is still short, default uplift should occur.	The settlement allows Eligible Market Participants to choose between a 100% nominal recovery over 30 years or an accelerated nominal recovery of 65%. Accordingly, the settlement does not represent less than full repayment absent short-paid Market Participant consent. Under Article IV.G of the Plan: Brazos will not be in default if the Plan is confirmed and Brazos makes payments as required under the Plan; the Eligible Market Participants will not be short; and no default uplift process will be used. ERCOT notes that a 100% nominal recovery under the ERCOT Protocols for default uplift of the Brazos Short Pay Claim would take approximately 63 years.
9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	Both the Disclosure Statement and Chapter 11 Plan of Reorganization refer to a potential market-wide repricing of transactions in the ERCOT wholesale market affected by Winter Storm Uri (Disclosure Statement Section 7(ii); Plan of Reorganization, Section G(2)). This could lead to confusion within the market, given that both ERCOT and the PUCT have communicated that no such repricing would take place. Please consider removing or replacing this language with a statement making it clear that no such repricing is to occur.	There are separate lawsuits and appeals initiated by other Market Participants that seek to void the PUC's emergency orders and reprice the market. This language protects Eligible Market Participants receiving payment under the Brazos settlement in the event a market-wide repricing occurs because Brazos will not be entitled to any credit or refund from such a repricing.
9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	Please provide a citation within the ERCOT Protocols or Market Participant Agreement that supports the authority of a federal bankruptcy court to issue an order binding market participants in a non-FERC jurisdictional, state-run market.	Bankruptcy Courts' authority derives from the U.S. Constitution and the U.S. Bankruptcy Code, not the Protocols or Standard Form Agreement. ERCOT contested and appealed the Federal Bankruptcy Court's refusal to abstain from deciding many of the issues in the ERCOT Adversary Proceeding, which was part of the litigation risk considered as part of the settlement.
9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	Will there be a shortfall between what Brazos owes ERCOT and what Brazos pays, and (if so) does ERCOT intend to allocate that to market participants in accordance with its protocols?	There will not be a shortfall between what Brazos owes ERCOT and what Brazos pays ERCOT under the terms of the Plan.
9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	If an Eligible Market Participant elects to receive less than the full amount it is owed, will the short-paid amount be recovered under the default uplift process?	No. An Eligible Market Participant that chooses the Market Participant Accelerated Cash Recovery or Market Participant Convenience Cash Recovery voluntarily releases its claim to remaining amounts. Thus it will not be short-paid because it will no longer be due any other amounts. There will be no default uplift process under the terms of the Plan.

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9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	What does this settlement between ERCOT and Brazos mean (if anything) for the Griddy and Just Energy bankruptcy cases? Will ERCOT be seeking to effectuate the same settlement there?	The short answers are none and no. No claims have been asserted against ERCOT in Griddy and the claims asserted against ERCOT in Just Energy are primarily foreign-law (Canadian) causes of action. Additionally, Just Energy did not short pay ERCOT, so this case is factually different from the Brazos matter.
9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	Other than Brazos, what is the dollar amount of shortfall owed by defaulting market participants? Will ERCOT be allocating that shortfall to market participants?	Other than Brazos (and one \$0.45 million exception described later), there is no longer a shortfall to the market because the amounts of the other defaults have been paid to short paid market participants using funds already recovered or funds from H.B. 4492 Subchapter M bond proceeds. However, that does not mean the defaulting market participants do not still owe ERCOT for their short pays; they are still liable to ERCOT. Defaulting Market Participants owe approximately \$375 million to ERCOT. Of this, approximately \$1.2 million was recovered by uplift to the market in June. All except approximately \$0.45 million of that shortfall was included in either the June uplift or the H.B. 4492 Subchapter M bond securitization which was used to replenish CRR funds and distribute to Market Participants in November 2021. If that approximately \$0.45 million is not recovered, ERCOT will use the Default Uplift process to allocate approximately \$0.45 million to Market Participants.
9/19/2022	Macquarie Energy LLC and Macquarie Energy Trading LLC	Will the ERCOT-Brazos settlement be filed at the PUCT?	ERCOT will file a notice of the settlement with the PUCT, but not the full settlement. The settlement will be included in the Plan, filed publicly with the Bankruptcy Court, and available at: https://cases.stretto.com/brazos/
9/20/2022	Talen Energy	How will the payments from Brazos, taking into account the different cash recovery plans chosen by each Market Participant, effect the TSDCMA on the monthly securitization invoice?	Eligible Market Participant election of an option does not impact the TSDCMA on the monthly securitization invoice. \$374.8 million of the \$599.7 Initial ERCOT Cash Payment will be used to pay down H.B. 4492 Subchapter M Bonds. The Bonds will be reamortized over the remaining life of the original 30 years and a new monthly payment requirement will be determined and reflected in the TSDCMA on the monthly securitization invoice.

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9/20/2022	Talen Energy	Can we expect our monthly payments to decrease and/or shorten the 30 year time-span of the monthly invoice?	This answer assumes this question is related to the H.B. 4492 Subchapter M Bonds securitization monthly payments (TSDCMA). \$374.8 million of the \$599.7 million Initial ERCOT Cash Payment will be used to pay down the M Bonds. The bonds will be reamortized over the remaining life of the original 30 years. That reduction in principal is expected to reduce the monthly payment requirement.
9/20/2022	Talen Energy	How soon after the 11/11/22 hearing do you estimate we will know the effective date of the plan?	The Effective Date is contingent on 13 conditions having been first satisfied or waived. Brazos has stated that its goal is to have the Effective Date occur before the end of the year.
9/20/2022	Onward Energy	What is the anticipated Effective Date? Will it likely be in 2022 or 2023 or beyond?	The Effective Date is contingent on 13 conditions having been first satisfied or waived. Brazos has stated that its goal is to have the Effective Date occur before the end of the year.
9/21/2022	ENGIE Energy Marketing, NA, Inc.	Can you confirm, that the signature that needs to appear on the Brazos Election Notice for each sub-QSE within the Engie Energy Marketing Na, Inc Counterparty, should be that of the AR or BAR. Some were wondering if perhaps the affected LSEs or REs should be signing the Election forms.	The signature on the Election Notice form should be from the Eligible Market Participant, not the affected LSE or RE. Anyone with authority to bind the Eligible Market Participant may sign, regardless of whether they are the AR or BAR.
9/21/2022	ENGIE Energy Marketing, NA, Inc.	Additionally on the signature page (page 11 of the Election form) can you confirm that the "Name of Eligible Market Participant" should reflect the name of the Counter-Party and the specific sub-QSE involved. As an example for our sub-QSE number 1, we would list the Name of the Eligible Market Participant as "ENGIE ENERGY MARKETING NA INC (SQ1)" (which is the same as the "Name of Entity" to whom the Election Notice was addressed).	Correct. The name should match the name on Page 1 of the Election Notice. This might not be the same as the Counter-Party name in all cases.

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9/23/2022	Garland Power and Light	<p>When comparing the “Share of Brazos Short Pay Claim” values on each of the Election Notices, only 1 of them matches the values calculated using the latest EAL file. Is this difference related to monies owed to each Market Participant from another source like the Volt Electricity Provider LP amount owed referenced in market notice M-C052022-01?</p> <p>We are trying to put together an email to our customers and we would like to be able to explain this difference to them if asked.</p>	<p>Correct. The difference is due to short-pay amounts associated with Volt Electricity Provider LP. ERCOT is working to prepare payment details on short payments to assist in reconciliations.</p>
10/4/2022	ATNV Energy	<p>As Brazos is currently in the process of settling with ERCOT, over Storm Uri, can you please advise on what impact this will have on the securitization charges currently paid by MPs? Will they continue? Will they cease?</p> <p>Has ERCOT made a decision in this regard?</p>	<p>\$374.8 million of the \$599.7 Initial ERCOT Cash Payment will be used to pay down H.B. 4492 Subchapter M Bonds. The bonds will be reamortized over the remaining life of the original 30 years. That reduction in principal is expected to reduce the payment requirement of the Subchapter M Bonds monthly securitization invoice.</p> <p>The Brazos settlement does not impact the H.B. 4492 Subchapter N securitization charges.</p>