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Commissioner



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Executive Director

Public Utility Commission of Texas

November 9, 2022

ERCOT Board of Directors *by electronic delivery*

Dear Chairman Foster and ERCOT Directors,

Under delegated authority and on behalf of the Public Utility Commission of Texas, I write to address the actions that the Electric Reliability Council of Texas, Inc. has taken to resolve the adversary proceeding concerning the ERCOT proof of claim filed in Brazos Electric Power Cooperative, Inc.'s bankruptcy case.¹ ERCOT, as the independent organization² directly responsible and accountable to the Commission, has coordinated with the Commission's attorneys concerning a final settlement of the Brazos matter ("the ERCOT Settlement"). On October 28, 2022, ERCOT voted to approve Brazos' Amended Chapter 11 Plan of Reorganization, dated October 27, 2022, which memorializes and incorporates the terms of the ERCOT Settlement. The plan of reorganization remains subject to final bankruptcy court approval.

On November 3, 2022, ERCOT staff gave the Commission a comprehensive update regarding the ERCOT Settlement at the Commission's Open Meeting.³ ERCOT staff indicated that all key economic and non-economic principles important to the Commission and ERCOT have been addressed as part of the ERCOT Settlement. One of the key economic principles is that there will be no default uplift under the ERCOT protocols to the wholesale market under any scenario. One of the key non-economic principles is that Brazos will no longer act as a financial counter-party with ERCOT and will no longer schedule load or generation. The Commission is satisfied with the trajectory that ERCOT took to reach the ERCOT Settlement and believes that it achieves the Legislature's objectives in ensuring the integrity of the wholesale market.

As such, the Commission approves and supports ERCOT's authority to resolve this matter and therefore does not oppose the settlement approved by ERCOT.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Lake".

Peter Lake
Chairman, Public Utility Commission of Texas

cc: Chad Seely, ERCOT General Counsel *by electronic delivery*

¹ *In re Brazos Electric Power Cooperative Inc.*, Case No. 21-30725 (Bankr. S.D. Tex.)

² See Public Utility Regulatory Act (PURA) 39.151

³ See PUC Project Nos. 52933, *CY 2022 Reports of the Electric Reliability Council of Texas*, and 52937, *CY 2022 Open Meeting Agenda Items Without an Associated Control Number*.

