Filing Receipt

Received - 2023-02-14 04:07:12 PM
Control Number - 52709
ItemNumber - 39
PUC DOCKET NO. 52709

COMPLIANCE FILING FOR DOCKET §
NO. 52321 (APPLICATION OF
§
ELECTRIC RELIABILITY COUNCIL
§
of Texas, Inc. for a debt
§
OBLIGATION ORDER PURSUANT TO
§
CHAPTER 39, SUBCHAPTER M, OF
§
THE PUBLIC UTILITY
§
REGULATORY ACT)
§

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S
MANDATORY SEMI-ANNUAL INTERIM TRUE-UP COMPLIANCE FILING,
REPORT OF RECOVERIES, AND NOTICE OF DEFAULT CHARGE ADJUSTMENT

FEBRUARY 14, 2023

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MANDATORY SEMI-ANNUAL INTERIM §
TRUE-UP COMPLIANCE FILING FOR §
TEXAS STABILIZATION M BONDS, §
SERIES 2021 – DEFAULT CHARGES §

PUBLIC UTILITY COMMISSION §
of Texas

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S
SEMI-ANNUAL INTERIM TRUE-UP COMPLIANCE FILING,
REPORT OF RECOVERIES, AND NOTICE OF DEFAULT CHARGE ADJUSTMENT

Pursuant to the Debt Obligation Order adopted by the Public Utility Commission of Texas (the Commission) in Docket No. 52321\(^1\) (hereinafter, the Debt Obligation Order), Electric Reliability Council of Texas, Inc. (ERCOT), as the servicer of the bonds issued under Subchapter M of Chapter 39 of the Public Utility Regulatory Act (the Servicer), hereby submits its mandatory semi-annual interim true-up filing, report of recoveries and notice of no need for a default charge increase (True-Up Filing). In support of this True-Up Filing, the Servicer respectfully shows as follows:

I. Background

On July 16, 2021, ERCOT filed an application for a debt obligation order under Subchapter M of Chapter 39 of the Public Utility Regulatory Act (PUR\(\)A) to securitize extraordinary costs incurred due to Winter Storm Uri. That proceeding was assigned Docket No. 52321. On October 14, 2021, the Commission issued a Debt Obligation Order that authorized the issuance of the debt obligations in an aggregate amount of up to $800 million (the Default Balance) and approved the assessment of default charges to all wholesale market participants (except those expressly exempted by PUR\(\)A) in an amount sufficient to ensure the recovery of amounts expected to be necessary to timely provide all payments of debt service and other required amounts and charges in connection with the issuance of the debt obligations. In accordance with the Debt Obligation Order, Texas Electric Market Stabilization M Funding LLC (the Issuer) issued on November 12, 2021, the Texas Stabilization M Bonds, Series 2021 (the Stabilization M Bonds) in an aggregate principal amount of

\(^1\) Application of the Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act, Docket No. 52321, Final Debt Obligation Order, Findings of Fact Nos. 67-71 and 74 and Ordering Paragraphs Nos. 15 and 15A (Nov. 14, 2021) [hereinafter, Final Order].
$800 million. The Servicer began billing default charges, consistent with the requirements of the Debt Obligation Order, in January 2022. As Servicer for the Issuer, ERCOT bills, collects, receives, and adjusts the default charges imposed pursuant to the Default Property Servicing Agreement (the Servicing Agreement) that was entered into between the Issuer and the Servicer, dated November 12, 2021. The Servicer remits default charges received to the Indenture Trustee to repay the Stabilization M Bonds. The Debt Obligation Order, ERCOT Protocols, and the Servicing Agreement set out the terms and conditions under which the default charges will be billed and collected with respect to the Stabilization M Bonds.

As required under PURA § 39.159(c), ERCOT has successfully pursued collection of amounts owed by Market Participants that otherwise would have been borne by other Market Participants or their customers. Those recoveries (Recoveries) are, pursuant to the Debt Obligation Order and PURA, payable by ERCOT to the Issuer as those Recoveries were included in the Default Balance.2

Effective February 1, 2023, the Issuer optionally early redeemed $382,288,420 of the Stabilization M Bonds using the proceeds of Recoveries.

The Debt Obligation Order requires the Servicer to semi-annually conduct an interim true-up calculation every year until the scheduled maturity of the Bonds.3 If such an interim calculation projects under-collections of default charges, then the Servicer will implement a true-up adjustment in accordance with the standard true-up procedure for the remainder of the annual true-up period.4 The Servicing Agreement requires such a semi-annual interim true-up calculation to be prepared no later than forty-five (45) days prior to the first Collection Period of each April.5 True-up adjustments are based on cumulative differences, regardless of the reason, between the periodic payment requirements and the amount of default charge remittances made to the Indenture Trustee by the

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2 PURA 39.603(c).
3 Final Order, supra note 1 at Finding of Fact No. 68.
4 Id.
5 Servicing Agreement at Section 4.01(c)(i).
Servicer. In accordance with the Debt Obligation Order, the Servicer is providing this mandatory semi-annual interim true-up calculation, report of recoveries and notice of no need for a default charge increase. As a result of the level of current funding in the Excess Funds Subaccount, resulting from the February 1, 2023 optional early redemption of a portion of the Subchapter M Bonds, this True-Up Filing reflects no need to change the current monthly default charges.

Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Debt Obligation Order.

II. Recoveries

The Debt Obligation Order requires the Servicer to periodically report on amounts repaid by, or recovered from, Market Participants whose unpaid obligations from the period of emergency were included in the Stabilization M Bonds so that, consistent with PURA Section 39.603(c), amounts repaid or recovered can be used to pay portions of the default charges over the remaining term of the Stabilization M Bonds.

See the Recovery Report, attached as Attachment 1, reflecting that to date there has been a recovery of unpaid obligations in the total amount of $382,292,691, of which $382,288,420 was used on February 1, 2023 to optionally early redeem portions of the Stabilization M Bonds. As the Stabilization M Bonds can only be optionally early redeemed in increments of $10,000 there remains a residual amount of net Recoveries of $4,271. Consistent with PURA § 39.603(c), those remaining net Recoveries will be used to pay a portion of the default charges over the remaining term of the Stabilization M Bonds.

III. Purpose of Filing and Jurisdiction

The Servicer is submitting this mandatory semi-annual interim True-Up Filing in accordance with Debt Obligation Order, Findings of Fact No. 68 and 71.b and Ordering Paragraph No. 15A. The Commission has jurisdiction over true-up calculations and adjustments pursuant to PURA § 39.603.

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6 Final Order, supra note 1 at Finding of Fact No. 67 and Ordering Paragraphs Nos. 15 and 15A.
7 Final Order, supra note 1, at Finding of Fact No. 69.
8 The Stabilization M Bonds must be redeemed in minimum amounts of $10,000.
IV. Notice

In accordance with Section 4.01(e)(i)(B) of the Servicing Agreement, a copy of this True-Up Filing is being sent to the following parties:

Texas Electric Market Stabilization Funding M LLC: Texas Electric Market Stabilization Funding M LLC
8000 Metropolis Drive (Building E), Suite 100
Austin, Texas 78744
Attn: Chief Executive Officer

Texas Treasury Safekeeping Trust Company: Texas Treasury Safekeeping Trust Company
208 East 10th Street, 4th Floor
Austin, Texas 78701
Attn: Genoveva Minjares
Email: accounting@ttstc.texas.gov
        legal@ttstc.texas.gov

13737 Noel Road, 8th Floor
Dallas, Texas 75240
Attn: Corporate Trust Services

V. Semi-Annual Calculation & True-Up Adjustment

Findings of Fact No. 68 and 71.b of the Debt Obligation Order set forth the procedures related to mandatory semi-annual interim true-up calculations and true-up adjustments. Findings of Fact No. 68 and 71.b and Ordering Paragraphs 15 and 15A of the Debt Obligation Order requires the Servicer to provide a standard mandatory semi-annual true-up calculation (the Semi-Annual Calculation) once a year. If the Semi-Annual Calculation projects under-collections of the default charges, the Servicer must implement a true-up adjustment in accordance with the standard true-up procedure for the remainder of the annual-true-up period.

Each Semi-Annual Calculation requires the Servicer to (i) calculate under-collections for the interim period by subtracting the interim period's default charge revenues collected from the periodic billing requirement determined for the same period; (ii) estimate any anticipated under-collections for remaining interim period; (iii) calculate the periodic billing requirement for the remaining interim period, taking into account the total amount of prior and anticipated under-collection amounts described in steps

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9 Final Order, supra note 1, at Finding of Fact No. 68.
(i) and (ii) above, and calculate the monthly amortization amount for the periodic billing requirement; and
(iv) assess the updated monthly amortization amount to each Qualified Scheduling Entity (QSE) and Congestion Revenue Right (CRR) Account Holder in accordance with the default charges assessment methodology. The required Semi-Annual Calculation is provided on Attachment 2 and the accompanying Work Papers and results in no need to increase the monthly default charges.

VI. Timing of Semi-Annual Calculation and Effective Date of True-Up Adjustment

The Servicer is required to provide the Semi-Annual Calculation each year no later than forty-five (45) days prior to the first Collection Period of April until the final payment of the Stabilization M Bonds. Therefore, this mandatory Semi-Annual Calculation is timely filed.

In addition to filing the Semi-Annual Calculation, the Servicer is required to file notice regarding mandatory interim true-up adjustments with the Commission not less than forty-five (45) days prior to the first billing cycle of the month in which the revised default charges shall come into effect. The Servicer proposes no revision to the default charges for the May 2023 billing period. In accordance with Finding of Fact No. 74 of the Debt Obligation Order, the Commission has fifteen (15) days after the date of this filing to confirm the true-up filing complies with PURA and the Debt Obligation Order. Any true-up adjustment filed with the Commission is effective on its proposed effective date, which will not be less than fifteen (15) days after filing. Any necessary corrections to the adjusted default charge due to mathematical errors in the calculation of the default charge will be made in future true-up adjustments.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
VII. Conclusion and Prayer

Based on the foregoing, the Servicer respectfully requests that the Commission or another Presiding Officer with delegated authority issue an order confirming this True-Up Filing complies with PURA and the Debt Obligation Order.

Respectfully submitted,

WINSTEAD PC

By: [Signature]

James Doyle
State Bar No. 06094600
jdoyle@winstead.com
600 Travis Street, Suite 5200
Houston, Texas 77002
Telephone: (713) 650-8400
Facsimile: (713) 650-2400

ATTORNEY FOR ERCOT
# ATTACHMENT 1

## RECOVERY REPORT

<table>
<thead>
<tr>
<th>Name</th>
<th>Source of Funding</th>
<th>Amount</th>
<th>Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>GB Power LLC</td>
<td>Letter of Credit under 16 T.A.C. § 25.107(f)</td>
<td>$453,902</td>
<td>3/29/2022</td>
</tr>
<tr>
<td>Iluminar Energy LLC</td>
<td>Letter of Credit under 16 T.A.C. § 25.107(f)</td>
<td>$219,390</td>
<td>3/29/2022</td>
</tr>
<tr>
<td>Gridplus Texas Inc</td>
<td>Letter of Credit under 16 T.A.C. § 25.107(f)</td>
<td>$495,358</td>
<td>5/18/2022</td>
</tr>
<tr>
<td>MQE LLC</td>
<td>Letter of Credit under 16 T.A.C. § 25.107(f)</td>
<td>$419,526</td>
<td>5/18/2022</td>
</tr>
<tr>
<td>Iluminar Energy LLC</td>
<td>Settlement Agreement</td>
<td>$5,500,000</td>
<td>9/12/2022</td>
</tr>
<tr>
<td>Brazos Electric Power</td>
<td>Bankruptcy Plan</td>
<td>$374,763,872</td>
<td>12/15/2022</td>
</tr>
<tr>
<td>Cooperative Inc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$382,292,691</strong></td>
<td></td>
</tr>
</tbody>
</table>
**MANDATORY INTERIM TRUE-UP ADJUSTMENT**

For the period February 1, 2023 through July 31, 2023

<table>
<thead>
<tr>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Excess Subaccount Balance</td>
</tr>
</tbody>
</table>

**Anticipated Outflows**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the Payment Date August 1, 2023</td>
<td></td>
</tr>
<tr>
<td>Principal – paid on August 1, 2023</td>
<td>$5,017,675</td>
</tr>
<tr>
<td>Interest – paid on August 1, 2023</td>
<td>$5,996,430</td>
</tr>
<tr>
<td>Supplemental capital account – 6 months funded by August 1, 2023</td>
<td>$500,000</td>
</tr>
<tr>
<td>Servicing Fee – paid on August 1, 2023</td>
<td>$200,000</td>
</tr>
<tr>
<td>Administration Fee – paid on August 1, 2023</td>
<td>$50,000</td>
</tr>
<tr>
<td>Operating Expenses – paid on August 1, 2023</td>
<td>$44,500</td>
</tr>
<tr>
<td>TOTAL Outflows per Issuance Advice Letter and revised amortization schedule</td>
<td>$11,808,605</td>
</tr>
<tr>
<td>Expenses in excess of original estimation pro forma</td>
<td>$100,000</td>
</tr>
<tr>
<td>Total August 1, 2023 estimated outflows</td>
<td>$11,908,605</td>
</tr>
</tbody>
</table>

**Anticipated Inflows**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the period February 1, 2023 through July 31, 2023</td>
<td></td>
</tr>
<tr>
<td>Anticipated funds transferred to Trust</td>
<td>$10,989,680</td>
</tr>
<tr>
<td>Default Charges commencing May 1, 2023</td>
<td>$1,553,571</td>
</tr>
<tr>
<td>Current Default Charges</td>
<td>$1,553,571</td>
</tr>
<tr>
<td>True Up Increase/(Decrease)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

10 Outflows exclude the February 1, 2023 related payments as those were funded by default charges received prior to February 1, 2023.

11 Through the January 31, 2023 periodic billing, the Servicer has collected all Default Charges billed.
BEFORE ME, the undersigned notary public, on this day personally appeared Sean Taylor, who first being duly sworn, upon this oath said:

1. My name is Sean Taylor. I am over the age of 21, a resident of Texas, and of sound mind and competent to testify to the matters stated herein. I am the Vice President and Chief Financial Officer for Electric Reliability Council of Texas, Inc., authorized to represent Electric Reliability Council of Texas, Inc.

2. I have reviewed the Mandatory Semi-Annual Interim True-Up Compliance Filing, Report of Recoveries, and Notice of Default Charge Adjustment and the statements and information therein are true and accurate to the best of my knowledge and belief, and I hereby adopt them as my own.

The foregoing statements are true and correct. This concludes my affidavit.

_________________
SEAN TAYLOR

SUBSCRIBED AND SWORN BEFORE ME by the said Sean Taylor this ___ day of February, 2023.

_________________
Notary Public in and for the State of Texas
AMOUNTS ANTICIPATED TO BE TRANSFERRED TO TRUST THROUGH MAY 31, 2023

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb-23</td>
<td>$3,221,825</td>
</tr>
<tr>
<td>Mar-23</td>
<td>$1,553,571</td>
</tr>
<tr>
<td>Apr-23</td>
<td>$1,553,571</td>
</tr>
<tr>
<td>May-23</td>
<td>$1,553,571</td>
</tr>
<tr>
<td>Jun-23</td>
<td>$1,553,571</td>
</tr>
<tr>
<td>Jul-23</td>
<td>$1,553,571</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,989,680</strong></td>
</tr>
</tbody>
</table>