



## **Filing Receipt**

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**PUC DOCKET NO. 52710**

**COMPLIANCE FILING FOR DOCKET § PUBLIC UTILITY COMMISSION  
NO. 52322 (APPLICATION OF §  
ELECTRIC RELIABILITY COUNCIL §  
OF TEXAS, INC. FOR A DEBT § OF TEXAS  
OBLIGATION ORDER PURSUANT TO §  
CHAPTER 39, SUBCHAPTER N, OF §  
THE PUBLIC UTILITY §  
REGULATORY ACT) §**

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S  
QUARTERLY TRUE-UP COMPLIANCE FILING, REPORT  
OF RECOVERIES, AND NOTICE OF UPLIFT CHARGE  
ADJUSTMENT**

**DECEMBER 14, 2023**

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S  
QUARTERLY TRUE-UP COMPLIANCE FILING, REPORT OF RECOVERIES, AND  
NOTICE OF UPLIFT CHARGE ADJUSTMENT**

Pursuant to the Debt Obligation Order adopted by the Public Utility Commission of Texas (the Commission) in Docket No. 52322<sup>1</sup> (hereinafter, the Debt Obligation Order), Electric Reliability Council of Texas, Inc. (ERCOT), as the servicer of the bonds issued under Subchapter N of Chapter 39 of the Public Utility Regulatory Act (the Servicer), hereby submits its September 2023 quarterly true-up filing, report of recoveries, and notice of Uplift Charge adjustment (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 from the Commission under Subchapter N of Chapter 39 of the Public Utility Regulatory Act (PURA) to securitize extraordinary costs incurred due to Winter Storm Uri. That proceeding was assigned Docket No. 52322. On October 13, 2021, the Commission issued a Debt Obligation Order that authorized the issuance of the debt obligations in an aggregate amount of up to \$2.1 billion (the Uplift Balance), plus upfront costs, and approved the assessment of

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<sup>1</sup> *Application of the Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter N, of the Public Utility Regulatory Act*, Docket No. 52322, Final Debt Obligation Order, Findings of Fact Nos. 194 - 200 and Ordering Paragraphs Nos. 66 and 97 (Oct. 13, 2021) [hereinafter, the Debt Obligation Order].

Uplift Charges to all qualified scheduling entities (QSEs) representing load-serving entities (except those expressly exempted by PURA) 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.<sup>2</sup> In accordance with the Debt Obligation Order, Texas Electric Market Stabilization N Funding LLC (the Issuer) issued on June 15, 2022, the Texas Stabilization N Bonds, Series 2022 (the Stabilization N Bonds) in an aggregate principal amount of \$2,115,700,000.00. The Servicer began billing Uplift Charges, consistent with the requirements of the Debt Obligation Order, in August 2022. As Servicer for the Issuer, ERCOT bills, collects, receives, and adjusts the Uplift Charges imposed pursuant to the Uplift Property Servicing Agreement (the Servicing Agreement) that was entered into between the Issuer and the Servicer, dated June 15, 2022. The Servicer remits Uplift Charges received to the Indenture Trustee to repay the Stabilization N Bonds. The Debt Obligation Order, ERCOT Protocols, and the Servicing Agreement set out the terms and conditions under which the Uplift Charges will be billed and collected with respect to the Stabilization N Bonds.

The Debt Obligation Order requires, *inter alia*, the Servicer to review and adjust Uplift Charges to correct for any under-collections or over-collections from the preceding true-up period, to estimate any anticipated under-collections or over-collections for the current or upcoming true-up period, and to ensure the expected recovery of amounts sufficient to provide all payments of debt service.<sup>3</sup> True-up adjustments are based on cumulative differences, regardless of the reason, between the periodic payment requirements

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<sup>2</sup> Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Debt Obligation Order.

<sup>3</sup> The Debt Obligation Order, Findings of Fact Nos. 194 - 200 and Ordering Paragraphs Nos. 66 and 97.

and the amount of Uplift Charge remittances made to the Indenture Trustee by the Servicer. In accordance with the Debt Obligation Order, the Servicer is providing this quarterly calculation and notice of adjustment.<sup>4</sup>

This True-Up Filing reflects a need to slightly increase the daily Uplift Charges. The increase, of \$8,488, is primarily attributable to the decrease in the Excess Subaccount Balance that will occur during the current true-up period (December 1, 2023 – February 29, 2024). This decrease is a result of the February 1, 2024 bond payment being partially funded from the Excess Subaccount Balance. That will result in a reduction of the Excess Subaccount Balance that must be considered in setting the Uplift Charges for the next true-up periods before the August 1, 2024 bond payment. Because the Excess Subaccount Balance is a component of the calculation of the daily Uplift Charges, this lower excess funds balance will result (all other components being equal) in a need to increase of the daily Uplift Charges in the upcoming quarter period to ensure adequate funds are on hand to make the upcoming, August 1, 2024 semi-annual payment due on the Stabilization N Bonds. Note that the proposed increase in the daily Uplift Charges is reduced by the recoveries recently received as reported in Section IV and Attachment 1 of this Petition. Therefore, as shown in Attachment 2 and the accompanying Work Papers to this True-Up Filing, the daily Uplift Charges should be increased from \$383,475 to \$391,963 effective February 1, 2024.

## **II. Purpose of Filing and Jurisdiction**

The Servicer is submitting its quarterly True-Up Filing in accordance with Debt Obligation Order, Findings of Fact Nos. 196-197 & 200 and Ordering Paragraphs No. 33 and

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<sup>4</sup> *Id.* at Findings of Fact Nos. 196-97 & 200 and Ordering Paragraph No. 66.

66. The Commission has jurisdiction over true-up calculations and adjustments pursuant to PURA § 39.653.

### III. 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 N LLC:	Texas Electric Market Stabilization Funding N LLC 8000 Metropolis Drive (Building E), Suite 100 Austin, Texas 78744 Attn: Chief Executive Officer
U.S. Bank Trust Company, National Association:	U.S. Bank Trust Company, National Association 190 S. LaSalle Street, 7th Floor Chicago, Illinois 60603 Attn: Corporate Trust Services-TX Stabilization N Bonds

### IV. Recoveries

PURA and the Debt Obligation Order require any Load-Serving Entity (LSE) that receives any portion of the net proceeds of Stabilization N Bonds that exceeds the LSE's actual qualifying costs to remit any excess receipts back to ERCOT.<sup>5</sup> Any excess receipts received by ERCOT or any subsequent servicing entity must be credited against the uplift balance to reduce the remaining uplift charges, apart from the subchapter N bonds.<sup>6</sup>

In this compliance proceeding, PUC Project No. 52710, a process was established under which each LSE was required to periodically report on the disposition of the debt obligation bond proceeds received by the LSE and, under PURA § 39.653(e), remit to

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<sup>5</sup> PURA § 39.653(e); Debt Obligation Order at 66, Ordering Paragraph 85.

<sup>6</sup> *Id.*

ERCOT all debt obligation proceeds that had not been distributed by November 15, 2023.<sup>7</sup> As reflected on Attachment 1, as of December 6, 2024, ERCOT received a total of \$78,073.74 of Stabilization N Bonds proceeds that had not been distributed by the November 15, 2023 deadline. ERCOT confirmed that this amount was the same as the total amount outstanding that Commission Staff provided in its memorandum filed in PUC Project No. 53710.<sup>8</sup> In this quarterly true-up calculations ERCOT has included the \$78,073.74 of remitted excess proceeds. The effect of including these excess proceeds is a reduction of the size of the Uplift Charge increase that otherwise would have been required.

#### **V. Quarterly Calculation & True-Up Adjustment**

Findings of Fact Nos. 194-200 of the Debt Obligation Order set forth the procedures related to mandatory quarterly true-up calculations and true-up adjustments. Finding of Fact No. 197 and Ordering Paragraph 33 of the Debt Obligation Order require the Servicer to provide a quarterly true-up calculation (the Quarterly Calculation) each quarter following the closing of the Stabilization N Bonds. If the Quarterly Calculation projects over-collections or under-collections of the Uplift Charges from the preceding true-up period or estimated anticipated under-collections or over-collections of the Uplift Charges for the current or upcoming true-up periods, the Servicer must implement a true-up adjustment in accordance with the standard true-up procedure.

The Quarterly Calculation requires the Servicer to (i) calculate under-collections or over-collections for the preceding true-up period by subtracting the previous period's Uplift Charge revenues collected from the periodic billing requirement determined for the same period; (ii)

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<sup>7</sup> Commission Staff Memorandum at 4, Section II.4. and at 5, Section V (June 14, 2022); Project No. 53710, *Project to Monitor Distribution and Usage of PURA Chapter 39, Subchapter N Proceeds*, Commission Staff Memorandum at 2 (Dec. 7, 2023).

<sup>8</sup> Project No. 53710, Commission Staff Memorandum at 2 (Dec. 7, 2023).

estimate any anticipated under-collections or overcollections for the current or upcoming true-up period; (iii) calculate the periodic billing requirement for the upcoming true-up period, taking into account the total amount of prior and anticipated over-collection and under-collection amounts described in steps (i) and (ii) above, and calculate the daily amortization amount for the periodic billing requirement; and (iv) assess the updated daily amortization amount to each QSE in accordance with the Uplift Charges assessment methodology.<sup>9</sup> The required Quarterly Calculation is provided on Attachment 2 and the accompanying Work Papers and results in a slight increase of the daily Uplift Charges from \$383,475 to \$391,963.

#### **VI. Timing of Quarterly Calculation and Effective Date of True-Up Adjustment**

The Servicer is required to provide the Quarterly Calculation on a quarterly basis following the closing date of the Stabilization N Bonds, which occurred on June 15, 2022. Therefore, this Quarterly Calculation is timely filed.

In addition to filing the Quarterly Calculation, the Servicer is required to file notice regarding quarterly 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 Uplift Charges shall come into effect.<sup>10</sup> The Servicer proposes an effective date of the revised Uplift Charges to be the February 2024 billing period. In accordance with Finding of Fact No. 205 of the Debt Obligation Order, the Commission has fifteen (15) days after the date of this filing to confirm the true-up adjustment 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 Uplift Charge due to

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<sup>9</sup> *Id.* at Finding of Fact No. 200a.

<sup>10</sup> Servicing Agreement at Section 4.01(e)(i)(A).



mathematical errors in the calculation of the Uplift Charge will be made in future true-up adjustments.

**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 

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

**ATTORNEY FOR ERCOT**

**ATTACHMENT 1  
RECOVERY REPORT**

<b>Name</b>	<b>Source of Funding</b>	<b>Amount</b>	<b>Date Received</b>
NRG BUS MARKETING	Return of excess receipts under PURA §39.653(e)	\$ 29,231.23	11/26/2023
CHAMPION ENERGY SERVICES, LLC	Return of excess receipts under PURA §39.653(e)	\$ 606.15	11/30/2023
CHAMPION INDUSTRIAL SERVICES 2	Return of excess receipts under PURA §39.653(e)	\$ 115.95	11/30/2023
ENGIE RESOURCES LLC	Return of excess receipts under PURA §39.653(e)	\$ 48,120.41	12/6/2023
<b>Total:</b>		<b>\$ 78,073.74</b>	

**Attachment 2  
Quarterly True Up**

**For the prior true-up period September 1, 2023 through November 30, 2023**

Amounts

Beginning Excess Subaccount Balance	\$2,040,835
Ending Excess Subaccount Balance	\$2,040,835

**INFLOWS**

Periodic billing requirements for the above true-up period	\$34,953,777
Amounts transferred to Trust through November 30, 2023	\$34,223,583
Interest Earnings on Subaccounts through November 30, 2023	\$410,620

**For the current true-up period December 1, 2023 through February 29, 2024**

Periodic billing requirement for the above true-up period	\$35,142,377
Anticipated funds to be transferred to Trust through February 29, 2024	\$34,974,299

**For the upcoming true-up period March 1, 2024 through May 31, 2024**

Periodic billing requirements for the above true-up period	\$36,060,596
Anticipated funds to be transferred to Trust through May 31, 2024	\$35,279,700
<b>Total Inflows</b>	<b>\$106,929,036</b>

**OUTFLOWS**

Anticipated outflow on February 1, 2024 payment date	\$72,161,250
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**Projected Net (Shortfall)/Surplus**

Daily Uplift Charges commencing February 1, 2024	\$391,963
Current Daily Uplift Charges	\$383,475
<b>True Up Increase/(Decrease)</b>	<b>\$8,488</b>



STABILIZATION N BONDS WORKPAPERS

AMOUNTS TRANSFERRED TO TRUST THROUGH NOV 30, 2023

	<u>Amount Transferred</u>	<u>Interest Earned on Capital Subaccount</u>	<u>Interest Earned on Excess Subaccount</u>	<u>Interest Earned on General Subaccount</u>
SEPT	\$11,151,157	\$46,513		\$33,222
OCT	\$11,567,839	\$45,629	\$7,291	\$82,529
NOV	\$11,504,587	\$47,707	\$9,084	\$138,645
TOTAL	\$34,223,583	\$139,849	\$16,375	\$254,395
			Total Interest	\$410,620
			Total Inflows	\$34,634,203

AMOUNTS ANTICIPATED TO BE TRANSFERRED TO TRUST  
THROUGH MAY 31, 2024

	<u>Amount Anticipated to be Transferred</u>
DEC	\$11,965,799
JAN	\$11,887,725
FEB	\$11,120,775
TOTAL	\$34,974,299

	<u>Amount Anticipated to be Transferred</u>
MAR	\$11,887,725
APR	\$11,504,250
MAY	\$11,887,725
TOTAL	\$35,279,700