



## **Filing Receipt**

**Filing Date - 2024-12-13 09:46:36 AM**

**Control Number - 52710**

**Item Number - 65**

**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 AND  
NOTICE OF UPLIFT CHARGE ADJUSTMENT**

**DECEMBER 13, 2024**

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<b>REGULATORY ACT)</b>	<b>§</b>	

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.’S  
QUARTERLY TRUE-UP COMPLIANCE FILING 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 December 2024 quarterly true-up filing 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

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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].*

\$2.1 billion (the Uplift Balance), plus upfront costs, and approved the assessment of 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,

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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.

regardless of the reason, between the periodic payment requirements 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 \$5,312 is primarily attributable to the anticipated February 1, 2025 semi-annual bond payment<sup>5</sup> being partially funded from the Excess Funds Subaccount. Because the Excess Funds Subaccount is used to pay semi-annual bond payments only when collections from prior collection periods are insufficient, the Uplift Charges need to be slightly increased to ensure adequate funds are on hand to make the upcoming, August 1, 2025 semi-annual payment due on the Stabilization N Bonds. Therefore, as shown in Attachment 1 and the accompanying Work Papers to this True-Up Filing, the daily Uplift Charges should be slightly increased from \$386,300 to \$391,612 effective February 1, 2025.

As Servicer, ERCOT is paid a semi-annual fixed fee of .05% of the aggregate initial principal amount of the Stabilization N Bonds<sup>6</sup> as compensation for ERCOT billing and collecting the Uplift Charges and, in some instances, preparing various regularly scheduled reports and regulatory filings that are required by the Servicing Agreement.<sup>7</sup> Except or otherwise as provided

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

<sup>5</sup> Semi-annual bond payments consist of principal and accrued interest plus authorized operating costs incurred during the preceding six months.

<sup>6</sup> Uplift Property Servicing Agreement (Servicing Agreement) dated June 15, 2022 between Texas Stabilization Funding N LLC and Electric Reliability Council of Texas, Inc. at Section 6.06(a).

<sup>7</sup> For example, the Servicer is required to provide the Quarterly True-Up Adjustment Filings, such as this filing, and a Semi-Annual Payment Certificate-. As these are expected periodic reports and filing the third-party costs associated with them were anticipated and included when the semi-annual the Servicing Fee was established so that the annual expenses of normal servicing of the Stabilization N Bonds is a level predicable amount. *See* Section 4.1 of the Servicing Agreement for other examples of these periodic and normal reporting requirements.

in the Servicing Agreement, ERCOT as Servicer is required to pay any third-party expenses incurred by ERCOT when performing its servicing duties under the Servicing Agreement.<sup>8</sup> By contrast, when ERCOT as Servicer is required to prepare or file non-periodic reports and filings ERCOT is allowed to be reimbursed for third-parties expense.<sup>9</sup> A recent review by ERCOT of expense reimbursements received from the Indenture Trustee indicated that ERCOT has been reimbursed \$85,556.50 for what ERCOT has recently determined were third-party expenses associated with routine periodic reporting and filing. Therefore, ERCOT has transferred \$85,556.50 to the Indenture Trustee for application to the Stabilization N Bonds. This \$85,556.50 included in the Inflows of Funds described in Attachment 1.

## **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 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

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<sup>8</sup> See Servicing Agreement at Section 6.6 (c).

<sup>9</sup> *Id.*

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. 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) 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>10</sup> The required Quarterly

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<sup>10</sup> *Id.* at Finding of Fact No. 200a.

Calculation is provided on Attachment 1 and the accompanying Work Papers and results in a slight increase of the daily Uplift Charges from \$386,300 to \$391,612.

**V. 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>11</sup> The Servicer proposes an effective date of the revised Uplift Charges to be the February 1, 2025 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 mathematical errors in the calculation of the Uplift Charge will be made in future true-up adjustments.

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<sup>11</sup> Servicing Agreement at Section 4.01(c)(i)(A).



**VI. 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: s/James Doyle

James Doyle

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Winstead PC

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Houston, Texas 77002

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Facsimile: (713) 650-2400

**ATTORNEY FOR ERCOT**

**Attachment 1**  
**Quarterly True-Up**

<b>For the prior true-up period September 1, 2024 through November 30, 2024</b>	Amounts
Beginning Excess Subaccount Balance	\$1,283,789
Ending Excess Subaccount Balance	\$1,299,841
<b>INFLOWS</b>	
Periodic billing requirements for the above true-up period	\$35,051,064
Amounts transferred to Trust through November 30, 2024	\$33,993,968
Interest Earnings on Subaccounts through November 30, 2024	\$502,649
 <b>For the current true-up period December 1, 2024 through February 28, 2025</b>	
Periodic billing requirement for the above true-up period	\$34,915,736
Anticipated funds to be transferred to Trust through February 28, 2025	\$34,852,557
 <b>For the upcoming true-up period March 1, 2025 through May 31, 2025</b>	
Periodic billing requirements for the above true-up period	\$36,028,304
Anticipated funds to be transferred to Trust through May 31, 2025	\$35,539,600
<b>Total Inflows</b>	<b>\$104,888,773</b>
 <b>OUTFLOWS</b>	
Anticipated outflow on February 1, 2025 payment date	\$72,120,222
 <b>Projected Net (Shortfall)/Surplus</b>	
Daily Uplift Charges commencing February 1, 2025	\$391,612
Current Daily Uplift Charges	\$386,300
<b>True Up Increase/(Decrease)</b>	<b>\$5,312</b>

**ATTACHMENT 2  
SUPPORTING AFFIDAVIT**

**STATE OF TEXAS**

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**COUNTY OF WILLIAMSON**

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BEFORE ME, the undersigned notary public, on this day personally appeared Richard L. Scheel, who first being duly sworn, upon this oath said:

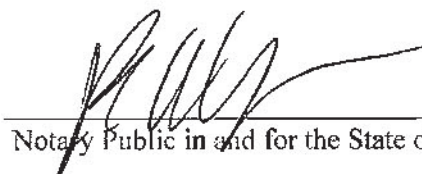
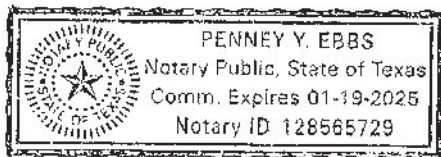
1. My name is Richard L. Scheel. I am over the age of 21, a resident of Texas, and of sound mind and competent to testify to the matters stated herein. I am the Senior Vice President, Chief Financial Officer, and Chief Risk Officer for Electric Reliability Council of Texas, Inc., authorized to represent Electric Reliability Council of Texas, Inc.
  
2. I have reviewed the Quarterly True-Up Compliance Filing and Notice of Uplift 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.



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RICHARD L. SCHEEL

SUBSCRIBED AND SWORN BEFORE ME by the said Richard L. Scheel on this 11<sup>th</sup> day of December 2024.



\_\_\_\_\_  
Notary Public in and for the State of Texas

STABILIZATION N BOND WORKPAPERS

AMOUNTS TRANSFERRED TO TRUST THROUGH NOV 30 2024

	<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>
SEP	\$11,153,393	\$44,043	\$5,269	\$76,350
OCT	\$12,697,619	\$43,208	\$5,178	\$123,354
NOV	\$10,142,955	\$40,404	\$4,863	\$159,980
TOTAL	\$33,993,968	\$127,655	\$15,311	\$359,683
			Total Interest	\$502,649
			Total Inflows	\$34,496,617

	<u>Amount Anticipated to be Transferred</u>
DEC	\$12,060,857
JAN	\$11,975,300
FEB	\$10,816,400
TOTAL	\$34,852,557

	<u>Amount to Anticipated to be Transferred</u>
MAR	\$11,975,300
APR	\$11,589,000
MAY	\$11,975,300
TOTAL	\$35,539,600