

TEXAS ELECTRIC MARKET STABILIZATION FUNDING M LLC

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

\$379,100,000 SENIOR SECURED TEXAS STABILIZATION SUBCHAPTER M BONDS,
SERIES 2025

PURCHASE AGREEMENT

August 5, 2025

To the Representatives named in Schedule I hereto
of the Initial Purchasers named in Schedule II hereto

Ladies and Gentlemen:

1. Introduction. Texas Electric Market Stabilization Funding M LLC, a Delaware limited liability company (the “Issuer”), proposes to issue and sell \$379,100,000 aggregate principal amount of its Senior Secured Texas Stabilization Subchapter M Bonds, Series 2025 (the “Bonds”) identified in Schedule I hereto. The Issuer and Electric Reliability Council of Texas, Inc., a Texas nonprofit corporation and the Issuer’s direct parent (“ERCOT”), hereby confirm their agreement with the several Initial Purchasers (as defined below) as set forth herein.

The term “Initial Purchasers” as used herein shall be deemed to mean the entity or several entities named in Schedule II hereto and any initial purchaser substituted as provided in Section 7 hereof and the term “Initial Purchaser” shall be deemed to mean any one of such Initial Purchasers. If the entity or entities listed in Schedule I hereto as representatives (the “Representatives”) are the same as the entity or entities listed in Schedule II hereto, then the terms “Initial Purchasers” and “Representatives,” as used herein, shall each be deemed to refer to such entity or entities. All obligations of the Initial Purchasers hereunder are several and not joint. If more than one entity is named in Schedule I hereto, any action under or in respect of this purchase agreement (“Purchase Agreement”) may be taken by such entities jointly as the Representatives or by one of the entities acting on behalf of the Representatives and such action will be binding upon all the Initial Purchasers.

2. Description of the Bonds. The Bonds will be issued pursuant to an amended and restated indenture to be dated as of August 14, 2025, by and between the Issuer and U.S. Bank National Association, a national banking association, as indenture trustee (the “Indenture Trustee”), and U.S. Bank National Association, a national banking association, in its separate capacity as securities intermediary and account bank (the “Securities Intermediary”), as supplemented by a series supplement (the “Series Supplement”) to be dated as of August 14, 2025 (as so amended and restated and supplemented, the “Indenture”). The Bonds will be senior secured obligations of the Issuer and will be supported by Default Property (as more fully described in the Debt Obligation Order issued on October 14, 2021 (the “Debt Obligation Order”) by the Public Utility Commission of Texas (“PUCT”) relating to the Bonds, (“Default

Property”)), sold to the Issuer by ERCOT pursuant to the Default Property Purchase and Sale Agreement, dated as of November 12, 2021, between ERCOT and the Issuer (the “Sale Agreement”) as ratified and confirmed by a ratification and confirmation of default property purchase and sale agreement (the “Ratification Agreement”) to be dated as of August 14, 2025. The Default Property securing the Bonds will be serviced pursuant to the Amended and Restated Default Property Servicing Agreement, to be dated on or about August 14, 2025, between ERCOT, as Servicer, and the Issuer, as owner of the Default Property sold to it pursuant to the Sale Agreement (the “Servicing Agreement”).

The Bonds will be offered and sold to the Initial Purchasers pursuant to one or more exemptions from, or in transactions not subject to, the registration requirements under the Securities Act of 1933, as amended (the “Securities Act”). ERCOT and the Issuer have prepared and delivered to the Initial Purchasers copies of a preliminary offering memorandum, dated July 31, 2025, (the “Preliminary Offering Memorandum”) and will prepare and will deliver an offering memorandum, dated August 5, 2025 (the “Final Offering Memorandum”), for use by the Initial Purchasers in connection with their solicitation of purchases of, or offerings of, the Bonds. The Preliminary Offering Memorandum and the Issuer Free Writing Communications identified in Schedule III taken together with the InTex File (as defined below) as of the Applicable Time (as defined herein) are herein referred to as the “Pricing Package.” Subject to the Initial Purchasers’ compliance with their representations and warranties and agreements set forth in Section 13 hereof, the Issuer and ERCOT consent to the use of the Pricing Package, any other Issuer Free Writing Communications (as defined herein) and the Final Offering Memorandum, and any amendments and supplements thereto required pursuant hereto, by the Initial Purchasers in connection with Exempt Resales (as hereinafter defined).

The sales of the Bonds will be made on the terms set forth in the Final Offering Memorandum solely to persons whom the Initial Purchasers reasonably believe to be (i) “qualified institutional buyers” (“QIBs”) as defined in Rule 144A under the Securities Act (“Rule 144A”) or (ii) non-U.S. persons in offshore transactions to whom offers and sales of the Bonds may be made in reliance upon the provisions of Regulation S under the Securities Act (“Regulation S”) (such persons collectively being referred to herein as the “Eligible Purchasers,” and sales to Eligible Purchasers by Initial Purchasers being referred to herein as “Exempt Resales”).

Upon original issuance thereof, and until such time as the same is no longer required pursuant to the Indenture with respect thereto, the Bonds shall bear the following legend:

THE HOLDER OF THIS BOND BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")), OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS BOND IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH BOND, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE ONLY (A) IN MINIMUM DENOMINATIONS OF NOT LOWER THAN \$100,000 AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, (B) TO THE ISSUER OR ANY OF ITS SUBSIDIARIES, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (D) FOR SO LONG AS THE BONDS ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (E) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, THE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING ANY STATE OF THE UNITED STATES, SUBJECT TO THE ISSUER'S AND THE INDENTURE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL SATISFACTORY TO EACH OF THEM AND/OR A CERTIFICATE OF TRANSFER OR EXCHANGE IN THE FORM PRESCRIBED IN THE INDENTURE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE INDENTURE).

[Each Regulation S Temporary Global Bond shall bear a legend in substantially the following form:]

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL BOND, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR A REGULATION S PERMANENT GLOBAL BOND, ARE AS SPECIFIED IN THE

INDENTURE. NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL BOND SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

3. Representations and Warranties of the Issuer. The Issuer represents and warrants to the several Initial Purchasers that:

(a) As of its date, and as of the Applicable Time, the Preliminary Offering Memorandum and each Issuer Free Writing Communication (other than the Pricing Term Sheet, as defined in Section 5(b) below) and the data provided to the Initial Purchasers in order to produce the InTex File did not include any untrue statement of a material fact nor did the Preliminary Offering Memorandum, or each Issuer Free Writing Communication (other than the Pricing Term Sheet) and the data provided to the Initial Purchasers in order to produce the InTex File when considered together with the Preliminary Offering Memorandum, omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that the principal amount of the Bonds, the initial principal balance, the scheduled final payment date, the final maturity date, the expected average life and related sensitivity data, proceeds to the Issuer, Initial Purchasers' allocation for the Bonds, selling concession, reallowance, discounts, issuance date, the expected amortization schedule and the expected outstanding principal balance schedule described in the Preliminary Offering Memorandum were subject to completion or change based on market conditions, and the interest rate, price to the public and initial purchaser discounts and commissions for the Bonds as well as certain other information dependent on the foregoing and other pricing related information was not included in the Preliminary Offering Memorandum). The Preliminary Offering Memorandum, the Issuer Free Writing Communications, the data provided to the Initial Purchasers in order to produce the InTex File, at the Applicable Time, did not, and at all subsequent times through the completion of the offer and the sale of the Bonds on the Closing Date, will not when considered together include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The two preceding sentences do not apply to statements in or omissions from the Preliminary Offering Memorandum, the Pricing Term Sheet or any other Issuer Free Writing Communication in reliance upon and in conformity with any Initial Purchaser Information (as defined in Section 11(b) hereof). "Issuer Free Writing Communication" means a communication prepared by or on behalf of and approved by ERCOT or the Issuer, including each of those listed on Schedule III hereto. "InTex File" means the modeling files providing expected cash flow and collateral performance under varying circumstances and scenarios, available at the InTex deal titled XTXEM25 concerning the characteristics of the Bonds or Default Property. References to the term "Applicable Time" mean 4:05 PM, Eastern Time, on the date hereof, except that if, subsequent to such Applicable Time, the Issuer, ERCOT and the Initial Purchasers have determined that the information contained in the Preliminary Offering Memorandum or any Issuer Free Writing Communication issued

prior to such Applicable Time included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Issuer, ERCOT and the Initial Purchasers have agreed to terminate the old purchase contracts and have entered into new purchase contracts with purchasers of the Bonds, then “Applicable Time” will refer to the first of such times when such new purchase contracts are entered into. The Issuer represents, warrants and agrees that it has treated and agrees that it will treat each of the free writing communication listed on Schedule III hereto as an Issuer Free Writing Communication.

(b) Each Issuer Free Writing Communication, as of its issue date and at all subsequent times through the completion of the offer and sale of the Bonds on the Closing Date or until any earlier date that the Issuer or ERCOT notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Preliminary Offering Memorandum. If at any time following issuance of an Issuer Free Writing Communication there occurred or occurs an event or development the result of which is that such Issuer Free Writing Communication conflicts or would conflict with the information then contained in the Preliminary Offering Memorandum or includes or would include an untrue statement of a material fact or, when considered together with the Preliminary Offering Memorandum, omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, (i) ERCOT or the Issuer has promptly notified or will promptly notify the Representatives and (ii) ERCOT or the Issuer has promptly amended or will promptly amend or supplement such Issuer Free Writing Communication to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer Free Writing Communication in reliance upon and in conformity with any Initial Purchaser Information.

(c) The Issuer has been duly formed and is validly existing as a limited liability company in good standing under the Delaware Limited Liability Company Act, as amended, with full limited liability company power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Bonds, the Sale Agreement, the Servicing Agreement, the Indenture, the Second Amended And Restated Limited Liability Company Agreement of the Issuer to be dated as of August 14, 2025 (the “LLC Agreement”), the Amended and Restated Intercreditor Agreement to be dated as of August 14, 2025 by and among ERCOT as the initial servicer (the “Initial Servicer”) of the Bonds and the Texas Electric Market Stabilization Funding N LLC Texas Stabilization N Bonds, Series 2022 (the “Series N Bonds”), the Issuer, U.S. Bank National Association, as Indenture Trustee, Texas Electric Market Stabilization Funding N LLC as issuer of the Series N Bonds and U.S. Bank Trust Company, National Association as trustee for the Series N Bonds (the “Intercreditor Agreement”) the administration agreement dated November 12, 2021 between the Issuer and ERCOT (the “Administration Agreement”) and the other agreements and instruments contemplated by the Preliminary Offering Memorandum (collectively, the “Issuer Documents”) and to

own its properties and conduct its business as described in the Preliminary Offering Memorandum; the Issuer has been duly qualified as a foreign limited liability company for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where failure to so qualify or to be in good standing would not have a material adverse effect on the business, properties or financial condition of the Issuer; the Issuer has conducted and will conduct no business in the future that would be inconsistent with the description of the Issuer's business set forth in the Preliminary Offering Memorandum; the Issuer is not a party to or bound by any agreement or instrument other than the Issuer Documents and other agreements or instruments incidental to its formation and the Rating Agency Letter (as defined below); the Issuer has no material liabilities or obligations other than those arising out of the transactions contemplated by the Issuer Documents and as described in the Preliminary Offering Memorandum; ERCOT is the beneficial owner of all of the limited liability company interests of the Issuer; and based on current law, the Issuer is not classified as an association taxable as a corporation for United States federal income tax purposes.

(d) The issuance and sale of the Bonds by the Issuer, the purchase of the Default Property by the Issuer from ERCOT and the consummation of the transactions herein contemplated by the Issuer, and the fulfillment of the terms thereof on the part of the Issuer to be fulfilled, will not result in a breach of any of the terms or provisions of, or constitute a default under (i) the Issuer's certificate of formation or LLC Agreement (collectively, the "Issuer Charter Documents"), (ii) any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other agreement or instrument to which the Issuer is now a party or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Issuer of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or any of its properties.

(e) This Purchase Agreement has been duly authorized, executed and delivered by the Issuer, which has the necessary limited liability company power and authority to execute, deliver and perform its obligations under this Purchase Agreement.

(f) The Issuer (i) is not in violation of the Issuer Charter Documents, (ii) is not in default and no event has occurred which, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except for any such defaults that would not, individually or in the aggregate, have a material adverse effect on its business, property or financial condition, and (iii) is not in violation of any law, ordinance, governmental rule, regulation or court decree to which it or its property may be subject, except for any such violations that would not, individually or in the aggregate, have a material adverse effect on its business, property or financial condition.

(g) The Indenture has been duly authorized by the Issuer, and, on the Closing Date, will have been duly executed and delivered by the Issuer and will be a valid and binding instrument, enforceable against the Issuer in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance, fraudulent transfer, moratorium or other similar laws relating to or affecting creditors' or secured parties' rights generally and by general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law; and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy (collectively, the "Enforceability Exceptions"). On the Closing Date, the Indenture will conform in all material respects to the description thereof in the Preliminary Offering Memorandum and Final Offering Memorandum.

(h) The Bonds have been duly authorized by the Issuer for issuance and sale to the Initial Purchasers pursuant to this Purchase Agreement and, when executed by the Issuer and authenticated by the Indenture Trustee in accordance with the Indenture and delivered to the Initial Purchasers against payment therefor in accordance with the terms of this Purchase Agreement, will constitute valid and binding obligations of the Issuer entitled to the benefits of the Indenture and enforceable against the Issuer in accordance with their terms, except as the enforceability thereof may be limited by the Enforceability Exceptions, and the Bonds conform in all material respects to the description thereof in the Preliminary Offering Memorandum and Final Offering Memorandum. The Issuer has all requisite limited liability company power and authority to issue, sell and deliver the Bonds in accordance with and upon the terms and conditions set forth in this Purchase Agreement and in the Preliminary Offering Memorandum and Final Offering Memorandum.

(i) There are no legal or governmental actions, suits or proceedings pending or, to the Issuer's knowledge, threatened (i) against the Issuer or (ii) which has as the subject thereof any property owned or leased by the Issuer, except for such actions, suits or proceedings that, if determined adversely to the Issuer, would not reasonably be expected to result in a material adverse effect on its business, properly or financial condition or materially adversely affect the consummation of the offering of the Bonds.

(j) Other than the filing of the issuance advice letter and non-action on the part of the PUCT contemplated by Ordering Paragraphs 7A and 7E of the Debt Obligation Order, no approval, authorization, consent or order of any public board or body (except such as have been already obtained and other than in connection or in compliance with the provisions of applicable blue-sky laws or securities laws of any state, as to which the Issuer makes no representations or warranties), is legally required for the issuance and sale by the Issuer of the Bonds.

(k) The Issuer is not, and, after giving effect to the sale and issuance of the Bonds, will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

(l) The Issuer will rely on an exclusion or exemption from the definition of “investment company” under the 1940 Act under Rule 3a-7 under the 1940 Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is not a “covered fund” for purposes of regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(m) The nationally recognized accounting firm which has performed certain procedures with respect to certain statistical and structural information contained in the Preliminary Offering Memorandum and the Final Offering Memorandum, is a firm of independent public accountants.

(n) Each of the Sale Agreement, the Ratification Agreement, the Servicing Agreement, the Intercreditor Agreement, the Administration Agreement and LLC Agreement has been duly authorized by the Issuer, and each of the Sale Agreement and Administration Agreement constitutes a valid and legally binding obligation of the Issuer and when each of the Servicing Agreement, the Intercreditor Agreement, the Ratification Agreement and the LLC Agreement are executed and delivered by the Issuer on or prior to the Closing Date and the other parties thereto, such agreement will constitute a valid and legally binding obligation of the Issuer, in each case enforceable against the Issuer in accordance with its terms, except as the enforceability thereof may be limited by the Enforceability Exceptions.

(o) The Issuer has complied with the written representations, acknowledgements and covenants (the “17g-5 Representations”) relating to compliance with Rule 17g-5 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) set forth in the undertaking letter, dated as of May 16, 2025, by ERCOT to Moody’s Investors Service, Inc. (“Moody’s”) and the Issuer (the “Rating Agency Letter”), other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Initial Purchaser of the representations and warranties and covenants set forth in Section 13 hereof.

(p) The purchase of the Default Property by the Issuer and the sale of the Bonds are not subject to the five percent (5%) risk retention requirements imposed by Section 15G of the Exchange Act, due to the exemption provided in Rule 19(b)(8) of the risk retention regulations in 17 C.F.R. Part 246 of the Exchange Act, or Regulation RR.

(q) Assuming that the representations, warranties and covenants made or deemed made by holders and beneficial owners of the Bonds are true and correct and have been and will be complied with and that such Bonds are offered and sold in accordance with this Purchase Agreement, the Initial Purchaser Information and the Final Offering Memorandum, the offering of such Bonds to the Initial Purchasers will meet the requirements of Section 4(a)(2) of the Securities Act and the offer, resale and delivery of such Bonds by the Initial Purchasers in the manner contemplated by this Purchase Agreement will meet the requirements of Rule 144A(d)(3) under the Securities Act, as applicable, and no registration of such Bonds under the Securities Act and no qualification of the Indenture under the Trust Indenture Act of 1939, as amended, is

required for the offer, sale and delivery of such Bonds in the manner contemplated by this Purchase Agreement.

4. Representations and Warranties of ERCOT. ERCOT represents and warrants to the several Initial Purchasers that:

(a) As of its date, and as of the Applicable Time, the Preliminary Offering Memorandum, each Issuer Free Writing Communication (other than the Pricing Term Sheet) and the data provided to the Initial Purchasers in order to produce the InTex File did not include any untrue statement of a material fact nor did the Preliminary Offering Memorandum, or each Issuer Free Writing Communication (other than the Pricing Term Sheet) and the data provided to the Initial Purchasers in order to produce the InTex File when considered together with the Preliminary Offering Memorandum omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that the principal amount of the Bonds, the initial principal balance, the scheduled final payment date, the final maturity date, the expected average life and related security data, proceeds to the Issuer, Initial Purchasers' allocation for the Bonds, selling concession, reallowance, discounts, issuance date, the expected amortization schedule and the expected outstanding principal balance schedule described in the Preliminary Offering Memorandum were subject to completion or change based on market conditions, and the interest rate, price to the public and initial purchaser discounts and commissions for the Bonds as well as certain other information dependent on the foregoing and other pricing related information was not included in the Preliminary Offering Memorandum). The Preliminary Offering Memorandum, the Issuer Free Writing Communications, the data provided to the Initial Purchasers in order to produce the InTex File, at the Applicable Time, did not, and at all subsequent times through the completion of the offer and the sale of the Bonds on the Closing Date, will not when considered together include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The two preceding sentences do not apply to statements in or omissions from the Preliminary Offering Memorandum, the Pricing Term Sheet or any other Issuer Free Writing Communication in reliance upon and in conformity with any Initial Purchaser Information. ERCOT represents, warrants and agrees that it has treated and agrees that it will treat each of the free writing communications listed on Schedule III hereto as an Issuer Free Writing Communication.

(b) Each Issuer Free Writing Communication, as of its issue date and at all subsequent times through the completion of the offer and sale of the Bonds on the Closing Date or until any earlier date that the Issuer or ERCOT notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Preliminary Offering Memorandum. If at any time following issuance of an Issuer Free Writing Communication there occurred or occurs an event or development the result of which is that such Issuer Free Writing Communication conflicts or would conflict with the information then contained in the Preliminary Offering Memorandum or

includes or would include an untrue statement of a material fact or, when considered together with the Preliminary Offering Memorandum, omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, (i) ERCOT or the Issuer has promptly notified or will promptly notify the Representatives and (ii) ERCOT or the Issuer has promptly amended or will promptly amend or supplement such Issuer Free Writing Communication to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer Free Writing Communication in reliance upon and in conformity with any Initial Purchaser Information.

(c) ERCOT has been duly incorporated and is validly existing as a nonprofit corporation in good standing under the laws of the State of Texas, has the corporate power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as set forth in or contemplated by the Preliminary Offering Memorandum, except where the failure to be in good standing would not have a material adverse effect on the business, property or financial condition of ERCOT, and has all requisite power and authority to have sold the Default Property as described in the Preliminary Offering Memorandum and to otherwise perform its obligation under any Issuer Document to which it is a party. ERCOT is the beneficial owner of all of the limited liability company interests of the Issuer.

(d) Other than the Issuer and Texas Electric Market Stabilization Funding N LLC, ERCOT has no significant subsidiaries within the meaning of Rule 1-02(w) of Regulation S-X.

(e) The transfer by ERCOT of all of its rights and interests under the Debt Obligation Order relating to the Bonds to the Issuer as provided in the Sale Agreement as ratified and confirmed by the Ratification Agreement, the execution, delivery and compliance by ERCOT with all of the provisions of the Issuer Documents to which ERCOT is a party, the consummation of the transactions herein contemplated by ERCOT, and the fulfillment of the terms thereof on the part of ERCOT to be fulfilled, did not and will not result in a breach of (i) any of the terms or provisions of, or constitute a default under, ERCOT's composite of amended and restated certificate of incorporation or bylaws (collectively, the "ERCOT Charter Documents"), (ii) any of the terms of, or constitute a material default under, any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other agreement or instrument to which ERCOT is now a party or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to ERCOT of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over ERCOT or any of its properties, except where such breach could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, property or financial condition of ERCOT and its subsidiaries considered as a whole.

(f) This Purchase Agreement has been duly authorized, executed and delivered by ERCOT, which has the necessary corporate power and authority to execute, deliver and perform its obligations under this Purchase Agreement.

(g) ERCOT (i) is not in violation of the ERCOT Charter Documents, (ii) is not in default and no event has occurred which, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, except for any such defaults that would not, individually or in the aggregate, have a material adverse effect on the business, property or financial condition of ERCOT, or (iii) is not in violation of any law, ordinance, governmental rule, regulation or court decree to which it or its property may be subject, except for any such violations that would not, individually or in the aggregate, have a material adverse effect on the business, property or financial condition of ERCOT and its subsidiaries considered as a whole.

(h) Except as set forth or contemplated in the Preliminary Offering Memorandum, there is no litigation or governmental proceeding to which ERCOT is a party or to which any property of ERCOT is subject or which is pending or, to the knowledge of ERCOT, threatened against ERCOT or any of its subsidiaries that would reasonably be expected to, individually or in the aggregate, result in a material adverse effect on the Issuer's business, property, or financial condition of ERCOT and its subsidiaries considered as a whole or on ERCOT's ability to perform its obligations under the Sale Agreement and the Servicing Agreement.

(i) Neither ERCOT nor any of its subsidiaries nor, to the knowledge ERCOT, any director, officer, agent or employee of ERCOT is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and ERCOT will not directly or indirectly use the proceeds of the offering paid by the Issuer to ERCOT for the Default Property, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(j) Other than any necessary action of the PUCT, any filings required under Subchapter M of Chapter 39 of the Texas Utilities Code or the Debt Obligation Order or as otherwise set forth or contemplated in the Preliminary Offering Memorandum, including the filing of the issuance advice letter and non-action on the part of the PUCT contemplated by Ordering Paragraphs 7A and 7E of the Debt Obligation Order, no approval, authorization, consent or order of any public board or body (except such as have been already obtained and other than in connection or in compliance with the provisions of applicable blue-sky laws or securities laws of any state, as to which ERCOT makes no representations or warranties), is legally required for the issuance and sale by the Issuer of the Bonds.

(k) ERCOT is not and after giving effect to the sale and issuance of the Bonds, neither ERCOT nor the Issuer will be, an “investment company” within the meaning of the 1940 Act.

(l) Relying on an exclusion or exemption from the definition of “investment company” under the 1940 Act under Rule 3a-7 under the 1940 Act, although additional exclusions or exemptions may be available, the Issuer is not a “covered fund” for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(m) Each of the Sale Agreement, the Ratification Agreement, the Servicing Agreement, the Intercreditor Agreement, the Administration Agreement and LLC Agreement has been duly authorized by ERCOT, and each of the Sale Agreement and the Administration Agreement constitutes a valid and legally binding obligation of ERCOT and when each of the Servicing Agreement, the Intercreditor Agreement, the Ratification Agreement and the LLC Agreement are executed and delivered by ERCOT and the other parties thereto on or prior to the Closing Date, such agreement will constitute a valid and legally binding obligation of ERCOT, in each case enforceable against ERCOT in accordance with its terms, except as the enforceability thereof may be limited by the Enforceability Exceptions.

(n) There will be no Texas transfer taxes related to the prior transfer of the Default Property under the Sale Agreement or payable related to the issuance and sale of the Bonds to the Initial Purchasers pursuant to this Purchase Agreement required to be paid at or prior to the Closing Date by ERCOT or the Issuer.

(o) The nationally recognized accounting firm referenced in Section 3(m) and 9(s) is a firm of independent public accountants with respect to ERCOT as required by the Securities Act and the rules and regulations of the PUCT thereunder.

(p) ERCOT, in its capacity as sponsor with the respect to the Bonds, has caused the Issuer to comply with the 17g-5 Representations, other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Initial Purchaser of the representations and warranties and covenants set forth in Section 13 hereof.

(q) The sale of the Default Property by ERCOT and the issuance of the Bonds are not subject to the five percent (5%) risk retention requirements imposed by Section 15G of the Exchange Act, due to the exemption provided in Rule 19(b)(8) of the risk retention regulations in 17 C.F.R. Part 246 of the Exchange Act, or Regulation RR.

(r) Assuming that the representations, warranties and covenants made or deemed made by holders and beneficial owners of the Bonds are true and correct and have been and will be complied with and that such Bonds are offered and sold in accordance with this Purchase Agreement, the Initial Purchaser Information and the Final Offering Memorandum, the offering of such Bonds to the Initial Purchasers will meet the

requirements of Section 4(a)(2) of the Securities Act and the offer, resale and delivery of such Bonds by the Initial Purchasers in the manner contemplated by this Purchase Agreement will meet the requirements of Rule 144A(d)(3) under the Securities Act, as applicable, and no registration of such Bonds under the Securities Act and no qualification of the Indenture under the Trust Indenture Act of 1939, as amended, is required for the offer, sale and delivery of such Bonds in the manner contemplated by this Purchase Agreement.

5. Investor Communications.

(a) Issuer and ERCOT represent and agree that, unless they obtain the prior consent of the Representatives, and each Initial Purchaser represents and agrees that, unless it obtains the prior consent of the Issuer and ERCOT and the Representatives, it has not made and will not make any offer relating to the Bonds that would constitute an Issuer Free Writing Communication; provided that the prior written consent of the parties hereto shall be deemed to have been given in respect of the Pricing Term Sheet, the InTex File and each other Issuer Free Writing Communication identified in Schedule III hereto.

(b) ERCOT and the Issuer (or the Representatives at the direction of the Issuer) will prepare a final pricing term sheet relating to the Bonds (the "Pricing Term Sheet"), containing information that describes the final pricing terms of the Bonds and otherwise in a form consented to by the Representatives. The Pricing Term Sheet is an Issuer Free Writing Communication for purposes of this Purchase Agreement.

The Issuer and the Representatives shall have the right to require additional specific legends or notations to appear on any Issuer Free Writing Communication, the right to require changes regarding the use of terminology and the right to determine the types of information appearing therein with the approval of, in the case of the Issuer, Representatives and, in the case of the Representatives, the Issuer (which in either case shall not be unreasonably withheld).

6. Purchase and Sale. On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Issuer shall sell to each of the Initial Purchasers, and each Initial Purchaser shall purchase from the Issuer, at the time and place herein specified, severally and not jointly, at the purchase price set forth in Schedule I hereto, the principal amount of the Bonds set forth opposite such Initial Purchaser's name in Schedule II hereto. The Initial Purchasers agree to make a distribution of the Bonds. The Issuer shall pay (in the form of a discount to the principal amount of the offered Bonds) to the Initial Purchasers a commission equal to \$1,516,400.00.

7. Time and Place of Closing. Delivery of the Bonds against payment of the aggregate purchase price therefor by wire transfer in federal funds shall be made at the place, on the date and at the time specified in Schedule I hereto, or at such other place, time and date as shall be agreed upon in writing by the Issuer and the Representatives. The hour and date of such delivery and payment are herein called the "Closing Date". The Bonds shall be delivered to DTC or to U.S. Bank, National Association, as custodian for DTC, in fully registered global form registered in the name of Cede & Co., for the respective accounts specified by the

Representatives not later than the close of business on the business day preceding the Closing Date or such other time as may be agreed upon by the Representatives. The Issuer agrees to make the Bonds available to the Representatives for checking purposes not later than 1:00 P.M. New York Time on the last business day preceding the Closing Date at the place specified for delivery of the Bonds in Schedule I hereto, or at such other place as the Issuer may specify.

If any Initial Purchaser shall fail or refuse to purchase and pay for the aggregate principal amount of Bonds that such Initial Purchaser has agreed to purchase and pay for hereunder, the Issuer shall immediately give notice to the other Initial Purchasers of the default of such Initial Purchaser, and the other Initial Purchasers shall have the right within 24 hours after the receipt of such notice to determine to purchase, or to procure one or more others, who are members of the Financial Industry Regulatory Authority ("FINRA") (or, if not members of FINRA, who are not eligible for membership in FINRA and who agree (i) to make no sales within the United States, its territories or its possessions or to persons who are citizens thereof or residents therein and (ii) in making sales to comply with FINRA's Conduct Rules) and satisfactory to the Issuer, to purchase, upon the terms herein set forth, the aggregate principal amount of Bonds that the defaulting Initial Purchaser had agreed to purchase. If any non-defaulting Initial Purchaser or Initial Purchasers shall determine to exercise such right, such Initial Purchaser or Initial Purchasers shall give written notice to the Issuer of the determination in that regard within 24 hours after receipt of notice of any such default, and thereupon the Closing Date shall be postponed for such period, not exceeding three business days, as the Issuer shall determine. If in the event of such a default no non-defaulting Initial Purchaser shall give such notice, then this Purchase Agreement may be terminated by the Issuer, upon like notice given to the non-defaulting Initial Purchasers, within a further period of 24 hours. If in such case the Issuer shall not elect to terminate this Purchase Agreement it shall have the right, irrespective of such default:

(a) to require each non-defaulting Initial Purchaser to purchase and pay for the respective aggregate principal amount of Bonds that it had agreed to purchase hereunder as hereinabove provided and, in addition, the aggregate principal amount of Bonds that the defaulting Initial Purchaser shall have so failed to purchase up to an aggregate principal amount of Bonds equal to one-ninth (1/9) of the aggregate principal amount of Bonds that such non-defaulting Initial Purchaser has otherwise agreed to purchase hereunder, and/or

(b) to procure one or more persons, reasonably acceptable to the Representatives, who are members of FINRA (or, if not members of FINRA, who are not eligible for membership in FINRA and who agree (i) to make no sales within the United States, its territories or its possessions or to persons who are citizens thereof or residents therein and (ii) in making sales to comply with FINRA's Conduct Rules), to purchase, upon the terms herein set forth, either all or a part of the aggregate principal amount of Bonds that such defaulting Initial Purchaser had agreed to purchase or that portion thereof that the remaining Initial Purchasers shall not be obligated to purchase pursuant to the foregoing clause (a).

In the event the Issuer shall exercise its rights under (a) and/or (b) above, the Issuer shall give written notice thereof to the non-defaulting Initial Purchasers within such

further period of 24 hours, and thereupon the Closing Date shall be postponed for such period, not exceeding three business days, as the Issuer shall determine.

In the computation of any period of 24 hours referred to in this Section 7, there shall be excluded a period of 24 hours in respect of each Saturday, Sunday or legal holiday that would otherwise be included in such period of time.

Any action taken by the Issuer or ERCOT under this Section 7 shall not relieve any defaulting Initial Purchaser from liability in respect of any default of such Initial Purchaser under this Purchase Agreement. Termination of this Purchase Agreement pursuant to Section 7 shall be without any liability on the part of the Issuer, ERCOT or any non-defaulting Initial Purchaser, except as otherwise provided in Sections 8(a)(iv) and 11 hereof.

8. Covenants.

(a) Covenants of the Issuer. The Issuer covenants and agrees with the several Initial Purchasers that:

(i) The Issuer will deliver to the Initial Purchasers, as soon as practicable after the date hereof, as many copies of the Preliminary Offering Memorandum and Final Offering Memorandum as they may reasonably request.

(ii) If, during the 90-day period following the date of this Purchase Agreement any event relating to or affecting the Issuer or ERCOT or of which the Issuer shall be advised in writing by the Representatives shall occur that, in the Issuer's reasonable judgment after consultation with Counsel for the Initial Purchasers (as defined in Section 8(a)(viii)), should be set forth in a supplement to, or an amendment of, the Pricing Package or Final Offering Memorandum in order to make the Pricing Package or Final Offering Memorandum not misleading in the light of the circumstances when such Pricing Package or Final Offering Memorandum is delivered to an Eligible Purchaser, the Issuer will, at its own expense, prepare an appropriate amendment or supplement to such Pricing Package or Final Offering Memorandum so that the Pricing Package or Final Offering Memorandum, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances when the Pricing Package or Final Offering Memorandum is delivered to an Eligible Purchaser, not misleading; provided that should such event relate solely to the activities of an Initial Purchaser, then such Initial Purchaser shall assume the expense of preparing and furnishing any such amendment or supplement. In case any Initial Purchaser is required to deliver a Final Offering Memorandum after the expiration of 90 days from the date of this Purchase Agreement, the Issuer, upon the Representatives' request, will furnish to said Initial Purchaser, at the Issuer's expense, a reasonable quantity of any such amendment or supplement referred to in this Section 8(a)(ii).

(iii) The Issuer will furnish such proper information as may be lawfully required and otherwise cooperate in qualifying the Bonds for offer and sale under the blue-sky laws of the states of the United States as the Representatives may designate; provided that the Issuer shall not be required to qualify as a foreign limited liability company or dealer in securities, to file any consents to service of process under the laws of any jurisdiction, or meet any other requirements deemed by the Issuer to be unduly burdensome.

(iv) The Issuer or ERCOT will, except as herein provided, pay or cause to be paid all expenses and taxes (except transfer taxes) in connection with (i) the preparation by it of the Preliminary Offering Memorandum and Final Offering Memorandum (including any amendments and supplements thereto) and any Issuer Free Writing Communications, (ii) the issuance and delivery of the Bonds as provided in Section 7 hereof (including, without limitation, reasonable fees and disbursements of Counsel for the Initial Purchasers and all trustee, rating agency and PUCT advisor fees), (iii) the qualification of the Bonds under blue-sky laws (including counsel fees not to exceed \$15,000), (iv) except as provided in Section 8(a)(ii) hereof, the printing and delivery to the Initial Purchasers of reasonable quantities of the Pricing Package and Final Offering Memorandum. If the obligation of the Initial Purchasers to purchase the Bonds terminates in accordance with the provisions of Sections 7 (but excluding terminations arising thereunder out of an Initial Purchaser default), 9, 10 or 12 hereof, the Issuer or ERCOT (i) will reimburse the Initial Purchasers for the reasonable fees and disbursements of Counsel for the Initial Purchasers, and (ii) will reimburse the Initial Purchasers for their reasonable out-of-pocket expenses, such out-of-pocket expenses in an aggregate amount not exceeding \$200,000, incurred in contemplation of the performance of this Purchase Agreement. The Issuer shall not in any event be liable to any of the several Initial Purchasers for damages on account of loss of anticipated profits.

(v) During the period from the date of this Purchase Agreement to the date that is five days after the Closing Date, the Issuer will not, without the prior written consent of the Representatives, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any asset-backed securities or securities that are similar to the Bonds.

(vi) To the extent, if any, that any rating necessary to satisfy the condition set forth in Section 9(x) of this Purchase Agreement is conditioned upon the furnishing of documents or the taking of other actions by the Issuer on or after the Closing Date, the Issuer shall furnish such documents and take such other actions.

(vii) For a period from the date of this Purchase Agreement until the retirement of the Bonds or until such time as the Initial Purchasers shall cease to maintain a secondary market in the Bonds, whichever occurs first, the Issuer shall, consistent with the Issuer's obligations under applicable law, make available on the website associated with the Issuer's parent, such periodic reports, if any, as are

required by the Basic Documents. The Issuer shall also, to the extent permitted by and consistent with the Issuer's obligations under applicable law, include in the periodic and other reports posted on the website associated with the Issuer's parent, such information as required by Section 3.07(g) of the Indenture with respect to the Bonds. To the extent that the Issuer's obligations are terminated or limited by an amendment to Section 3.07(g) of the Indenture, or otherwise, such obligations shall be correspondingly terminated or limited hereunder.

(viii) The Issuer and ERCOT will not prepare any amendment or supplement to the Final Offering Memorandum or amendment or supplement to the Pricing Package, without prior notice to the Initial Purchasers, or to which Hunton Andrews Kurth LLP, who are acting as counsel for the Initial Purchasers ("Counsel for the Initial Purchasers"), shall reasonably object by written notice to ERCOT and the Issuer.

(ix) So long as any of the Bonds are outstanding, the Issuer will furnish to the Representatives, if and to the extent not posted on the Issuer's or its affiliate's website, (A) as soon as available, a copy of each report of the Issuer mailed to the Bondholders (to the extent such reports are not publicly available on the PUCT's website), (B) upon request, a copy of any filings with the PUCT pursuant to the Debt Obligation Order including, but not limited to, any issuance advice letter or any quarterly or more frequent true-up adjustment filings, and (C) from time to time, any information concerning the Issuer as the Representatives may reasonably request.

(x) So long as the Bonds are rated by any Rating Agency, the Issuer will comply with the 17g-5 Representations, other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Initial Purchaser of the representations and warranties and covenants set forth in Section 13 hereof.

(xi) While any of the Bonds remain "restricted securities" as defined under the Securities Act, upon the request of a holder of the Bonds, the Issuer will provide such holder and a prospective purchaser designated by such holder information satisfying the requirements of Rule 144A(d)(4) under the Securities Act.

(b) Covenants of ERCOT. ERCOT covenants and agrees with the several Initial Purchasers that, to the extent that the Issuer has not already performed such act pursuant to Section 8(a):

(i) To the extent permitted by applicable law and the agreements and instruments that bind ERCOT, ERCOT will use its reasonable best efforts to cause the Issuer to comply with the covenants set forth in Section 8(a) hereof.

(ii) If, during the 90-day period following the date of this Purchase Agreement any event relating to or affecting the Issuer or ERCOT or of which ERCOT shall be advised in writing by the Representatives shall occur that, in ERCOT's reasonable judgment after consultation with Counsel for the Initial Purchasers, should be set forth in a supplement to, or an amendment of, the Pricing Package or Final Offering Memorandum in order to make the Pricing Package or Final Offering Memorandum not misleading in the light of the circumstances when such Pricing Package or Final Offering Memorandum is delivered to an Eligible Purchaser, ERCOT will, at its own expense, prepare an appropriate amendment or supplement to such Pricing Package or Final Offering Memorandum so that the Pricing Package or Final Offering Memorandum, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances when the Pricing Package or Final Offering Memorandum is delivered to an Eligible Purchaser, not misleading; provided that should such event relate solely to the activities of an Initial Purchaser, then such Initial Purchaser shall assume the expense of preparing and furnishing any such amendment or supplement. In case any Initial Purchaser is required to deliver a Final Offering Memorandum after the expiration of 90 days from the date of this Purchase Agreement, ERCOT, upon the Representatives' request, will furnish to said Initial Purchaser, at ERCOT's expense, a reasonable quantity of any such amendment or supplement referred to in this Section 8(b)(ii).

(iii) During the period from the date of this Purchase Agreement to the date that is five days after the Closing Date, ERCOT will not, without the prior written consent of the Representatives, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any asset-backed securities or other securities similar to the Bonds.

(iv) ERCOT will cause the proceeds for the issuance and sale of the Bonds to be applied for the purposes described in the Preliminary Offering Memorandum.

(v) To the extent, if any, that any rating necessary to satisfy the condition set forth in Section 9(w) of this Purchase Agreement is conditioned upon the furnishing of documents or the taking of other actions by ERCOT on or after the Closing Date, ERCOT shall furnish such documents and take such other actions.

(vi) The initial Default Charges will be calculated in accordance with the Debt Obligation Order.

(vii) ERCOT will not prepare any amendment or supplement to the Final Offering Memorandum or amendment or supplement to the Pricing Package without prior notice to the Initial Purchasers or to which Counsel for the Initial Purchasers shall reasonably object by written notice to ERCOT.

(viii) So long as any of the Bonds are outstanding, ERCOT, in its capacity as sponsor with respect to the Bonds, will cause the Issuer to furnish to the Representatives, if and to the extent not posted on ERCOT or its affiliate's website, (A) upon request, a copy of any filings with the PUCT pursuant to the Debt Obligation Order including, but not limited to any issuance advice letter, any quarterly or more frequent true-up adjustment filings, and (B) from time to time, any public financial information in respect of ERCOT, or any material information regarding the Default Property to the extent it is reasonably available (other than confidential or proprietary information) concerning the Issuer as the Representatives may reasonably request.

(ix) So long as the Bonds are rated by a Rating Agency, ERCOT, in its capacity as sponsor with respect to the Bonds, will cause the Issuer to comply with the 17g-5 Representations, other than (x) any noncompliance of the 17g-5 Representations that would not have a material adverse effect on the rating of the Bonds or the Bonds or (y) any noncompliance arising from the breach by an Initial Purchaser of the representations and warranties and covenants set forth in Section 13 hereof.

(x) While any of the Bonds remain "restricted securities" as defined under the Securities Act, upon the request of a holder of the Bonds, ERCOT will provide such holder and a prospective purchaser designated by such holder information satisfying the requirements of Rule 144A(d)(4) under the Securities Act.

9. Conditions to the Obligations of the Initial Purchasers. The obligations of the Initial Purchasers to purchase the Bonds shall be subject to the accuracy of the representations and warranties on the part of the Issuer and ERCOT contained in this Purchase Agreement, on the part of ERCOT contained in Article III of the Sale Agreement, and on the part of ERCOT contained in Section 6.01 of the Servicing Agreement as of the Closing Date, to the accuracy of the statements of the Issuer and ERCOT made in any certificates pursuant to the provisions hereof, to the performance by the Issuer and ERCOT of their obligations hereunder, to the accountant's agreed-upon procedures letters dated as of the Applicable Time, with respect to the Final Offering Memorandum, and one dated as of the date hereof, with respect to the Preliminary Offering Memorandum and to the following additional conditions:

(a) The Final Offering Memorandum shall have been delivered to the Initial Purchasers, on the second business day after the date of this Purchase Agreement.

(b) Hunton Andrews Kurth LLP, as Counsel for the Initial Purchasers, shall have furnished to the Representatives their written opinion, dated the Closing Date, with respect to the issuance and sale of the Bonds, the Indenture, the other Issuer Documents, the Preliminary Offering Memorandum, Final Offering Memorandum and other related matters; and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(c) Richards, Layton & Finger, P.A., special Delaware counsel for the Issuer, shall have furnished to the Representatives their written opinion, dated the Closing Date, regarding the filing of a voluntary bankruptcy petition.

(d) Richards, Layton & Finger, P.A., special Delaware counsel for the Issuer, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain Delaware Uniform Commercial Code matters.

(e) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain aspects of the transactions contemplated by the Issuer Documents, including the Indenture and the Trustee's security interest under the Uniform Commercial Code and regarding certain Texas perfection and priority issues.

(f) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding other disclosure matters.

(g) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, i) to the effect that a court sitting in bankruptcy would not order the substantive consolidation of the assets and liabilities of the Issuer with those of ERCOT in connection with a bankruptcy, reorganization or other insolvency proceeding involving ERCOT, ii) that if ERCOT were to become a debtor in such insolvency proceeding, such court would hold that the Default Property is not property of the estate of ERCOT and iii) regarding bankruptcy and corporate governance matters.

(h) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain Texas constitutional matters relating to the Default Property.

(i) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain federal tax matters.

(j) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, with respect to the characterization of the transfer of the Default Property by ERCOT to the Issuer as a "true sale" for federal and Texas law purposes.

(k) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives its written respective opinions, dated the Closing Date, in form and

substance reasonably satisfactory to the Representatives, regarding certain federal constitutional matters relating to the Default Property.

(l) Porter Hedges LLP, counsel for the Indenture Trustee, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain matters relating to the Indenture Trustee and the Securities Intermediary.

(m) Kutak Rock, LLP, special regulatory counsel for ERCOT and the Issuer, shall have furnished to the Representatives their opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, with respect to the treatment of the Bonds and Regulation RR.

(n) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives its letter regarding negative assurance.

(o) Richards, Layton & Finger, P.A., special Delaware counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain matters of Delaware law.

(p) Winstead PC, counsel for the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding certain Texas regulatory issues.

(q) Winstead PC, counsel to the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding the consequences of the abolishment of the PUCT or the repeal of PURA by operation of the Texas Sunset Act.

(r) Winstead PC, counsel to the Issuer and ERCOT, shall have furnished to the Representatives their written opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives, regarding additional corporate matters.

(s) On or before the date of this Purchase Agreement and on or before the Closing Date, a nationally recognized accounting firm reasonably acceptable to the Representatives shall have furnished to the Representatives one or more reports regarding certain calculations and computations relating to the Bonds, in form or substance reasonably satisfactory to the Representatives, in each case in respect of which the Representatives shall have made specific requests therefor and shall have provided acknowledgment or similar letters to such firm reasonably necessary in order for such firm to issue such reports, including the accountant's agreed-upon procedures letters dated as of the Applicable Time, with respect to the Final Offering Memorandum, and one dated as of the date hereof, with respect to the Preliminary Offering Memorandum.

(t) Subsequent to the respective dates as of which information is given in each of the Preliminary Offering Memorandum and the Final Offering Memorandum,

there shall not have been any change specified in the letters required by subsection (s) of this Section 9 which is, in the judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Bonds as contemplated by the Preliminary Offering Memorandum and the Final Offering Memorandum.

(u) The LLC Agreement, the Intercreditor Agreement, the Ratification Agreement, the Servicing Agreement and the Indenture and any amendment or supplement to any of the foregoing shall have been executed and delivered.

(v) Since the respective dates as of which information is given in each of the Preliminary Offering Memorandum and as of the Closing Date there shall have been no (i) material adverse change in the business, property or financial condition of ERCOT and its subsidiaries, taken as a whole, whether or not in the ordinary course of business, or of the Issuer or (ii) adverse development concerning the business or assets of ERCOT and its subsidiaries, taken as a whole, or of the Issuer which would be reasonably likely to result in a material adverse change in the prospective business, property or financial condition of ERCOT and its subsidiaries, taken as a whole, or of the Issuer, whether or not in the ordinary course of business, or (iii) development which would be reasonably likely to result in a material adverse change, in the Default Property, the Bonds or the Debt Obligation Order.

(w) At the Closing Date, (i) the Bonds shall be rated at least the rating set forth in the Pricing Term Sheet by Moody's, and the Issuer shall have delivered to the Initial Purchasers a letter from such rating agency, or other evidence satisfactory to the Initial Purchasers, confirming that the Bonds have such ratings, and (ii) Moody's shall have not, since the date of this Purchase Agreement, downgraded or publicly announced that it has under surveillance or review, with possible negative implications, its ratings of the Bonds.

(x) The Issuer and ERCOT shall have furnished or caused to be furnished to the Representatives at the Closing Date certificates of officers of ERCOT and the Issuer, reasonably satisfactory to the Representatives, as to the accuracy of the representations and warranties of the Issuer and ERCOT herein, in the Sale Agreement, Servicing Agreement and the Indenture at and as of the Closing Date, as to the performance by the Issuer and ERCOT of all of their obligations hereunder to be performed at or prior to such Closing Date, as to the matters set forth in subsection (u) of this Section and as to such other matters as the Representatives may reasonably request.

(y) An issuance advice letter, in a form consistent with the provisions of the Debt Obligation Order, shall have been filed with the PUCT and shall have become effective.

(z) On or prior to the Closing Date, the Issuer shall have delivered to the Representatives evidence, in form and substance reasonably satisfactory to the Representatives, that appropriate filings have been or are being made in accordance with the Debt Obligation Order and other applicable law reflecting the grant of a security

interest by the Issuer in the collateral relating to the Bonds to the Indenture Trustee, including the filing of the requisite notices in the office of the Secretary of State of the State of Delaware.

(aa) On or prior to the Closing Date, ERCOT shall have funded the supplemental capital subaccount of the Issuer with cash in an amount equal to \$1,895,500.

(bb) The Issuer and ERCOT shall have furnished or caused to be furnished or agree to furnish to Moody's at the Closing Date such opinions and certificates as Moody's shall have reasonably requested prior to the Closing Date.

Any opinion letters delivered on the Closing Date to Moody's beyond those being delivered to the Initial Purchasers above shall either (x) include the Initial Purchasers as addressees or (y) be accompanied by reliance letters addressed to the Initial Purchasers referencing such letters.

If any of the conditions specified in this Section 9 shall not have been fulfilled when and as provided in this Purchase Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Purchase Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and Counsel for the Initial Purchasers, all obligations of the Initial Purchasers hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to ERCOT and the Issuer in writing or by telephone or facsimile confirmed in writing.

10. Conditions of Issuer's Obligations. The obligation of the Issuer to deliver the Bonds shall be subject to the conditions that the issuance advice letter described in Section 9(z) shall have become effective. In case this condition shall not have been fulfilled, this Purchase Agreement may be terminated by the Issuer upon notice thereof to the Initial Purchasers. Any such termination shall be without liability of any party to any other party except as otherwise provided in Section 11 hereof.

11. Indemnification and Contribution.

(a) ERCOT and the Issuer, jointly and severally, shall indemnify, defend and hold harmless each Initial Purchaser, each Initial Purchaser's officers, directors, employees and affiliates of each Initial Purchaser and each person who controls any Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or Exchange Act or any other statute or common law and shall reimburse each such Initial Purchaser and controlling person for any reasonable legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) as and when incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary

Offering Memorandum, any Issuer Free Writing Communication, the Pricing Term Sheet, the InTex File or the Final Offering Memorandum or, in each case, any amendment or supplement thereto, or any omission or alleged omission in the Preliminary Offering Memorandum, any Issuer Free Writing Communication, Pricing Term Sheet, InTex File or the Final Offering Memorandum, when considered collectively, to state therein a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading or (ii) any information prepared by or on behalf of ERCOT or the Issuer and provided to the Initial Purchasers; provided, however, that the indemnity agreement contained in this Section 11 shall not apply to any such losses, claims, damages, liabilities, expenses or actions arising out of, or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, in each case if such statement or omission was made in reliance upon and in conformity with any Initial Purchaser Information (as defined in Section 11(b) hereof). The indemnity agreement of ERCOT and the Issuer contained in this Section 11 and the representations and warranties of the Issuer and ERCOT contained in Sections 3 and 4 hereof shall remain operative and in full force and effect regardless of any termination of this Purchase Agreement or of any investigation made by or on behalf of any Initial Purchaser, its officers or its directors or any such controlling person, and shall survive the delivery of the Bonds.

(b) Each Initial Purchaser shall severally and not jointly indemnify, defend and hold harmless ERCOT and the Issuer, each of ERCOT's and Issuer's respective officers, directors, managers, employees and affiliates, and each person who controls the Issuer or ERCOT within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or the Exchange Act or any other statute or common law and shall reimburse each of them for any reasonable legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) as and when incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Final Offering Memorandum, any Issuer Free Writing Communication, the Preliminary Offering Memorandum, the Pricing Term Sheet, the InTex File or in each case any amendment or supplement thereto, or any omission or alleged omission in the Preliminary Offering Memorandum, any Issuer Free Writing Communication, Pricing Term, Sheet, InTex File or the Final Offering Memorandum, when considered collectively, to state therein a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; if such statement or omission was made in reliance upon and in conformity with the Initial Purchaser Information. The only such information furnished to ERCOT by the Initial Purchasers in writing expressly for use in such foregoing documents is set forth in Schedule IV hereto (the "Initial Purchaser Information"). The indemnity agreement of the respective Initial Purchasers contained in this Section 11 and the representations and warranties of the Initial Purchasers contained in Sections 5 and 13 hereof shall remain operative and in full force and effect regardless of any termination of

this Purchase Agreement or of any investigation made by or on behalf of ERCOT or the Issuer, their directors, managers or officers, any such Initial Purchaser, or any such controlling person, and shall survive the delivery of the Bonds.

(c) ERCOT, the Issuer and the several Initial Purchasers each shall, upon the receipt of notice of the commencement of any action against it or any person controlling it as aforesaid, in respect of which indemnity may be sought on account of any indemnity agreement contained herein, promptly give written notice of the commencement thereof to the party or parties against whom indemnity shall be sought under (a) or (b) above, but the failure to notify such indemnifying party or parties of any such action shall not relieve such indemnifying party or parties from any liability hereunder to the extent such indemnifying party or parties is/are not materially prejudiced as a result of such failure to notify and in any event shall not relieve such indemnifying party or parties from any liability which it or they may have to the indemnified party otherwise than on account of such indemnity agreement. In case such notice of any such action shall be so given, such indemnifying party shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume (in conjunction with any other indemnifying parties) the defense of such action, in which event such defense shall be conducted by counsel chosen by such indemnifying party or parties and reasonably satisfactory to the indemnified party or parties who shall be defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them. Notwithstanding the foregoing, each indemnified party shall have the right to employ one separate counsel and one local counsel if (i) the indemnifying party shall elect not to assume the defense of such action, (ii) counsel to the indemnifying party is not reasonably satisfactory to the indemnified party, (iii) the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to the indemnifying party, or (iii) the indemnifying party shall authorize the indemnified party to employ separate counsel, and, in each case, such indemnifying party will reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them (including one local counsel). If the defendants in any such action (including impleaded parties) include both the indemnified party and the indemnifying party and counsel for the indemnifying party shall have reasonably concluded that there may be a conflict of interest involved in the representation by a single counsel of both the indemnifying party and the indemnified party, the indemnified party or parties shall have the right to select separate counsel (including local counsel), satisfactory to the indemnifying party, whose reasonable fees and expenses shall be paid by such indemnifying party, to participate in the defense of such action on behalf of such indemnified party or parties (it being understood, however, that the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (in addition to one local counsel) representing the indemnified parties who are parties to such action). Each of ERCOT, Issuer and the several Initial Purchasers agrees that without the other party's prior written consent, which consent shall not be unreasonably withheld, it will not settle, compromise or consent to the entry of any judgment in any claim in respect of which indemnification may be sought under the indemnification provisions of this Purchase Agreement, unless such settlement, compromise or consent (i) includes an unconditional release of such

other party from all liability arising out of such claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such other party.

(d) If the indemnification provided for in subparagraph (a) or (b) above shall be unavailable to or insufficient to hold harmless an indemnified party, each indemnifying party agrees to contribute to such indemnified party with respect to any and all losses, claims, damages, liabilities and expenses for which each such indemnification provided for in subparagraph (a) or (b) above shall be unavailable or insufficient, in such proportion as shall be appropriate to reflect (i) the relative benefits received by ERCOT and the Issuer on the one hand and the Initial Purchasers on the other hand from the offering of the Bonds pursuant to this Purchase Agreement or (ii) if an allocation solely on the basis provided by clause (i) is not permitted by applicable law or is inequitable or against public policy, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of each indemnifying party on the one hand and the indemnified party on the other in connection with the statements or omissions which have resulted in such losses, claims, damages, liabilities and expenses and (iii) any other relevant equitable considerations; provided, however, that no indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party not guilty of such fraudulent misrepresentation. Relative Benefits received by ERCOT or the Issuer shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by the Issuer, and benefits received by the Initial Purchasers shall be deemed to be equal to the total initial purchaser discounts and commissions, in each case as set forth on the cover page of the Final Offering Memorandum. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or the indemnified party and each such party's relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. ERCOT, the Issuer and each of the Initial Purchasers agree that it would not be just and equitable if contributions pursuant to this subparagraph (d) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 11, no Initial Purchaser shall be required to contribute in excess of the amount equal to the excess of (i) the total initial purchaser discount and commissions received by it, over (ii) the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission. The obligations of each Initial Purchaser to contribute pursuant to this Section 11 are several and not joint and shall be in the same proportion as such Initial Purchaser's obligation to underwrite Bonds is to the total number of Bonds set forth in Schedule II hereto.

12. Termination. This Purchase Agreement may be terminated, at any time prior to the Closing Date with respect to the Bonds by the Representatives by written notice to the Issuer if after the date hereof and at or prior to the Closing Date (a) there shall have occurred

any general suspension of trading in securities on the New York Stock Exchange (“NYSE”) or there shall have been established by the NYSE, or by the Securities and Exchange Commission any general limitation on prices for such trading or any general restrictions on the distribution of securities, or a general banking moratorium declared by New York or federal authorities or (b) there shall have occurred any (i) material outbreak or escalation of hostilities (including, without limitation, an act of terrorism) or (ii) declaration by the United States of war or national or international calamity or crisis, including, but not limited to, a material escalation of hostilities or calamity that existed prior to the date of this Purchase Agreement or (iii) material adverse change in the financial markets in the United States, and the effect of any such event specified in clause (a) or (b) above on the financial markets of the United States shall be such as to materially and adversely affect, in the reasonable judgment of the Representatives, their ability to proceed with the offering or the delivery of the Bonds on the terms and in the manner contemplated by the Final Offering Memorandum. Any termination hereof pursuant to this Section 12 shall be without liability of any party to any other party except as otherwise provided in Sections 8(a)(iv) and 11 hereof.

13. Representations, Warranties and Covenants of the Initial Purchasers.

(a) The Initial Purchasers, severally and not jointly, represent, warrant and agree with the Issuer and ERCOT that, unless the Initial Purchasers obtained, or will obtain, the prior written consent of the Issuer or ERCOT, the Representatives (x) have not delivered, and will not deliver, any Rating Information (as defined below) to Moody’s until and unless the Issuer or ERCOT advises the Initial Purchasers that such Rating Information is posted to password-protected website maintained by the Servicer pursuant to paragraph (a)(3)(iii)(B) of Rule 17g-5 under the Exchange Act in the same form as it will be provided to Moody’s, and (y) have not participated, and will not participate, with Moody’s in any oral communication of any Rating Information without the participation of a representative of the Issuer or ERCOT. For purposes of this Section 13, “Rating Information” means any information provided to Moody’s for the purpose of determining an initial credit rating on the Bonds.

(b) Each Initial Purchaser, severally and not jointly, further represents and warrants to and agrees with the Issuer and ERCOT, that:

(i) Each Initial Purchaser is an accredited investor as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and a QIB;

(ii) the Bonds have not been registered under the Securities Act and may not be offered or sold except in accordance with Rule 144A or in transactions outside the United States in reliance on Regulation S;

(iii) Each Initial Purchaser, or any Person acting on its behalf, has not offered or sold, and will not offer or sell, any Bonds except to Persons whom the Initial Purchaser reasonably believes to be QIBs or in transactions outside the United States in reliance on Regulation S and otherwise in accordance with the

terms and conditions set forth in the Preliminary Offering Memorandum and the Final Offering Memorandum.

Each Initial Purchaser acknowledges that the Issuer and ERCOT and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Section 9 hereof, counsel to the Issuer and ERCOT and counsel to the Initial Purchasers, will rely upon the accuracy and truth of the foregoing representations and warranties and each Initial Purchaser hereby consents to such reliance.

(c) No Boycott of Israel. To the extent this Purchase Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, each of the Representatives, on behalf of itself, and not any other Initial Purchasers hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Purchase Agreement. The foregoing verification is made solely to enable the Issuer, if it is required, to comply with such section and to the extent such section does not contravene applicable federal or Texas law. As used in the foregoing verification, “boycott Israel,” a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

(d) Iran, Sudan and Foreign Terrorist Organizations. Each Representative, on behalf of itself, and not any other Initial Purchasers represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the Issuer, if it is required, to comply with Section 2252.152, Texas Government Code, and to the extent such section does not contravene applicable federal or Texas law and excludes the Representatives and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, to the extent that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(e) Verification Regarding Energy Company Boycotts. To the extent this Purchase Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th

Texas Legislature, Regular Session), Texas Government Code, as amended, each Representative, on behalf of itself, and not any other Initial Purchasers hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Purchase Agreement. The foregoing verification is made solely to enable the Issuer, if it is required, to comply with such section and to the extent such section does not contravene applicable federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

(f) Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Purchase Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, each Representative, on behalf of itself, and not any other Initial Purchasers hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Purchase Agreement. The foregoing verification is made solely to enable the Issuer, if it is required, to comply with such section and to the extent such section does not contravene applicable federal or Texas law.

As used in the foregoing verification and the following definitions,

(i) “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to

engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association,

(ii) "firearm entity," a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and

(iii) "firearm trade association," a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

For purposes of this Section, each Representative understands "affiliate" to mean an entity that controls, is controlled by, or is under common control such Initial Purchaser within the meaning of Securities and Exchange Commission Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.]

14. Absence of Fiduciary Relationship. Each of the Issuer and ERCOT acknowledges and agrees that the Initial Purchasers are acting solely in the capacity of an arm's length contractual counterparty to the Issuer and ERCOT with respect to the offering of the Bonds contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Issuer or ERCOT. Additionally, none of the Initial Purchasers is advising the Issuer or ERCOT as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Issuer and ERCOT shall

consult with their own advisors concerning such matters and shall be responsible for making their own independent investigation and appraisal of the transactions contemplated hereby, and the Initial Purchasers shall have no responsibility or liability to the Issuer or ERCOT with respect thereto. Any review by the Initial Purchasers of the Issuer or ERCOT, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Initial Purchasers and shall not be on behalf of the Issuer or ERCOT.

15. Notices. All communications hereunder will be in writing and may be given by United States mail, courier service, telecopy, telefax or facsimile (confirmed by telephone or in writing in the case of notice by telecopy, telefax or facsimile) or any other customary means of communication, and any such communication shall be effective when delivered, or if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid, and if sent to the Representatives, to it at the address specified in Schedule I hereto; and if sent to ERCOT, to it at 8000 Metropolis Drive (Building E), Suite 100, Austin, Texas 78744 Attention: Chief Financial Officer; and if sent to the Issuer, to it at 8000 Metropolis Drive (Building E), Suite 100, Austin, Texas 78744 Attention: Chief Executive Officer. The parties hereto, by notice to the others, may designate additional or different addresses for subsequent communications.

16. Successors. This Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 11 hereof, and no other person will have any right or obligation hereunder.

17. Applicable Law. This Purchase Agreement will be governed by and construed in accordance with the laws of the State of New York.

THIS PURCHASE AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS PURCHASE AGREEMENT, THE RELATIONSHIPS OF THE PARTIES AND/OR THE INTERPRETATIONS AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW). EACH OF THE PARTIES HERETO HEREBY AGREES TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF

THEM IN CONNECTION WITH THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

18. Counterparts. This Purchase Agreement may be signed in any number of counterparts, each of which shall be deemed an original, which taken together shall constitute one and the same instrument. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Purchase Agreement or any document to be signed in connection with this Purchase Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

19. Integration. This Purchase Agreement supersedes all prior agreements and understandings (whether written or oral) among the Issuer, ERCOT and the Initial Purchasers, or any of them, with respect to the subject matter hereof.

20. Recognition of the U.S. Special Resolution Regimes

(a) In the event that any Initial Purchaser that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Initial Purchaser of this Purchase Agreement, and any interest and obligation in or under this Purchase Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Purchase Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Initial Purchaser that is a Covered Entity or a BHC Act Affiliate of such Initial Purchaser becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Purchase Agreement that may be exercised against such Initial Purchaser are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Purchase Agreement were governed by the laws of the United States or a state of the United States.

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[Signature Page Follows]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among ERCOT, the Issuer and the several Initial Purchasers.

Very truly yours,

ELECTRIC RELIABILITY COUNCIL OF
TEXAS, INC.

By: 

Name: Richard L. Scheel

Title: Senior Vice President, Chief Financial
Officer, and Chief Risk Officer

TEXAS ELECTRIC MARKET STABILIZATION
FUNDING M LLC

By: 

Name: Richard L. Scheel

Title: Vice President and Chief Financial Officer

The foregoing Purchase Agreement is hereby confirmed and accepted by the Representatives on behalf of the Initial Purchasers as of the date specified in Schedule I hereto.

CITIGROUP GLOBAL MARKETS INC.

By: 
Name: Steffen Lunde
Title: Managing Director

BARCLAYS CAPITAL INC.

By: _____
Name: _____
Title: _____

The foregoing Purchase Agreement is hereby confirmed and accepted by the Representatives on behalf of the Initial Purchasers as of the date specified in Schedule I hereto.

CITIGROUP GLOBAL MARKETS INC.

By: _____
Name: _____
Title: _____

BARCLAYS CAPITAL INC.

By: Linda Zhou
Name: Linda Zhou
Title: Director

SCHEDULE I

Purchase Agreement dated August 5, 2025

Representatives: Citigroup Global Markets Inc. and Barclays Capital Inc.

c/o Citigroup Global Markets Inc.

Address: 388 Greenwich Street
New York, New York 10013

Attention: Steffen Lunde

c/o Barclays Capital Inc.

Address: 745 Seventh Avenue
New York, New York 10019

Attention: Eric Chang

Title, Purchase Price and Description of Bonds:

Title: Texas Electric Market Stabilization Funding M LLC, Senior Secured Texas Stabilization Subchapter M Bonds, Series 2025

	Total Principal Amount of Tranche	Bond Rate	Price to Public	Initial Purchaser Discounts and Commissions	Proceeds to Issuer (Before Expenses)
Per Tranche A Bond	\$379,100,000	5.147%	99.99249%	0.40%	\$377,555,129.59
Total	\$379,100,000				

Original Issue Discount (if any): \$28,470.41

Redemption provisions: None

Other provisions: None

Closing Date, Time and Location: August 14, 2025, 10:00 a.m.; offices of Winstead PC; 600 Travis Street, Suite 5200, Houston, Texas 77002 and simultaneously in the offices of Hunton Andrews Kurth LLP, 200 Park Avenue, New York, New York 10166

SCHEDULE II

Principal Amount of Bonds to be Purchased

Initial Purchaser	Tranche A	Total
Citigroup Global Markets Inc.	\$312,758,000	\$312,758,000
Barclays Capital Inc.	\$66,342,000	\$66,342,000
Total	\$379,100,000	\$379,100,000

SCHEDULE III

Schedule of Issuer Free Writing Communications

Electronic Road Show

Preliminary Term Sheet, dated July 31, 2025

Pricing Term Sheet, dated August 5, 2025

SCHEDULE IV

Descriptive List of Initial Purchaser Provided Information

A. Preliminary Offering Memorandum

(a) under the heading “PLAN OF SALE” in the Preliminary Offering Memorandum: (i) the first and third paragraphs, the second sentence of the fourth paragraph and the second and third sentence of the ninth paragraph immediately under “PLAN OF SALE”; (ii) all under the caption “The Initial Purchasers' Representations with Respect to EEA Related Investors”; (iii) all under the caption “Prohibition of sales to UK retail investors”; (iv) the entire first full paragraph under the caption “Various Types of Initial Purchaser Transactions That May Affect the Price of the 2025 M Bonds”; and (v) the third full paragraph under the caption “Various Types of Initial Purchaser Transactions That May Affect the Price of the 2025 M Bonds”; and (b) under the heading “OTHER RISKS ASSOCIATED WITH AN INVESTMENT IN THE 2025 M BONDS” in the Preliminary Offering Memorandum, the first sentence under the caption “The absence of a secondary market for the 2025 M Bonds might limit your ability to resell your 2025 M Bonds.”

B. Final Offering Memorandum

(a) under the heading “PLAN OF SALE” in the Final Offering Memorandum: (i) the first and third paragraphs, the second sentence of the fourth paragraph and the second and third sentence of the ninth paragraph immediately under “PLAN OF SALE”; (ii) all under the caption “The Initial Purchasers' Representations with Respect to EEA Related Investors”; (iii) all under the caption “Prohibition of sales to UK retail investors”; (iv) the entire first full paragraph under the caption “Various Types of Initial Purchaser Transactions That May Affect the Price of the 2025 M Bonds”; and (v) the third full paragraph under the caption “Various Types of Initial Purchaser Transactions That May Affect the Price of the 2025 M Bonds”; and (b) under the heading “OTHER RISKS ASSOCIATED WITH AN INVESTMENT IN THE 2025 M BONDS” in the Final Offering Memorandum, the first sentence under the caption “The absence of a secondary market for the 2025 M Bonds might limit your ability to resell your 2025 M Bonds.”