DOCKET NO. 52709

COMPLIANCE FILING FOR DOCKET NO. 52321 (APPLICATION OF ELECTRIC RELIABILITY COUNCIL OF TEXAS INC. FOR A DEBT OBLIGATION ORDER PURSUANT TO CHAPTER 39, SUBCHAPTER M, OF THE PUBLIC UTILITY REGULATORY ACT)	§ § § § § § § §	**PUBLIC UTILITY COMMISSION** **OF TEXAS**

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

Pursuant to the Debt Obligation Order adopted by the Public Utility Commission of Texas (Commission) in Docket No. 52321 (Debt Obligation Order),[1] Electric Reliability Council of Texas, Inc. (ERCOT), as the servicer of the bonds issued under Subchapter M of Chapter 39 of the Public Utility Regulatory Act[2] (Servicer), hereby submits its annual true-up filing, report of recoveries, and notice of Default Charge adjustment (2026 Annual True-Up Filing). In support of this 2026 Annual True-Up Filing, ERCOT respectfully shows as follows:

I. Background

On July 16, 2021, ERCOT filed an application in Docket No. 52321 for a debt obligation order under Subchapter M of Chapter 39 of the Public Utility Regulatory Act (PURA) to securitize extraordinary costs incurred due to Winter Storm Uri. On October 14, 2021, the Commission issued a Debt Obligation Order that authorized the issuance of the debt obligations in an aggregate amount of up to $800 million (Default Balance) and approved the

[1] *Application of the Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act*, Docket No. 52321, Final Debt Obligation Order (Oct. 14, 2021). Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Debt Obligation Order.

[2] Public Utility Regulatory Act, TEX. UTIL. CODE §§ 11.001-66.017 (PURA).

assessment of default charges (Default Charges) to all wholesale Market Participants (except those expressly exempted by PURA) in an amount sufficient to ensure the recovery of amounts expected to be necessary to timely provide all payments of debt service and other required amounts and charges in connection with the issuance of the debt obligations.

In accordance with the Debt Obligation Order, Texas Electric Market Stabilization M Funding LLC (Issuer) issued on November 12, 2021 the Texas Stabilization M Bonds, Series 2021 (Stabilization M Bonds), in an aggregate principal amount of $800 million. Consistent with the requirements of the Debt Obligation Order, ERCOT as Servicer began billing Default Charges in January 2022. As Servicer for the Issuer, ERCOT bills, collects, receives, and adjusts the Default Charges imposed pursuant to the Default Property Servicing Agreement that was entered into between the Issuer and the Servicer, dated November 12, 2021 (Servicing Agreement).

On August 14, 2025, the Texas Electric Market Stabilization Funding M LLC Texas Stabilization M Bonds, Series 2025 (Series 2025), was issued to refinance the unpaid balance due on the initial Texas Electric Market Stabilization Funding M LLC Texas M Stabilization Bonds, Series 2021 (Series 2021), resulting in the Amended and Restated Default Property Servicing Agreement, dated August 14, 2025 (Amended and Restated Servicing Agreement).[3] ERCOT as Servicer remits Default Charges received to the Indenture Trustee to repay the Stabilization M Bonds. Together, the Debt Obligation Order, ERCOT Protocols, and the Amended and Restated Servicing Agreement set out the terms and conditions under which the Default Charges are billed and collected with respect to the Stabilization M Bonds.

[3] *Compliance Filing for Docket No. 52321 (Application of Electric Reliability Council of Texas Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act)*, Filing of the Final Amended and Restated Default Property Servicing Agreement related to the Texas Stabilization M Bonds, Series 2025 (Sept. 19, 2025).

As required under PURA § 39.159(c), ERCOT has successfully pursued collection of amounts owed by Market Participants that otherwise would have been borne by other Market Participants or their customers. As those recoveries (Recoveries) represent amounts that were a part of the Default Balance, pursuant to PURA and the Debt Obligation Order, they are payable by ERCOT to the Issuer.[4]

The Debt Obligation Order and the Amended and Restated Servicing Agreement require the Servicer to review and adjust the Default Charges annually to correct for any under- or over-collections and to ensure the expected recovery of an amount sufficient to produce substantially level annual debt service over the expected interest and amortization periods of the Stabilization M Bonds to timely provide all payments of debt service.[5] Accordingly, ERCOT as Servicer hereby provides its Annual Calculation (defined below), report of recoveries, and notice of Default Charge adjustment.

The Default Charges are presently in the monthly amount of $2,255,839. As shown in **Attachment 1** and the accompanying work papers to this filing, the monthly Default Charges must be increased from $2,255,839 to $2,266,200. Therefore, as shown in Attachment 1 and the accompanying work papers, the Default Charges should be increased from $2,255,839 to $2,266,200 effective November 1, 2026.

II. Recoveries

The Debt Obligation Order requires the Servicer to periodically report on amounts repaid by, or recovered from, Market Participants whose unpaid obligations from the period of emergency were included in the Stabilization M Bonds so that, consistent with PURA § 39.603(c), amounts

[4] PURA § 39.603(c).

[5] Debt Obligation Order at Finding of Fact No. 65; Amended and Restated Servicing Agreement § 4.01(b).

repaid or recovered can be used to pay portions of the Default Charges over the remaining term of the Stabilization M Bonds.[6]

As set forth in the Recoveries Report included in Attachment 1, since the issuance of the Series 2021 Stabilization M Bonds to the date of this 2026 Annual True-Up Filing, there has been a recovery of unpaid obligations in the aggregate amount of $382,487,344.59.

III. Purpose of Filing and Jurisdiction

ERCOT as Servicer is submitting this 2026 Annual True-Up Filing in accordance with the Debt Obligation Order and the Amended and Restated Servicing Agreement. The Commission has jurisdiction over true-up calculations and adjustments pursuant to PURA § 39.603.

IV. Notice

In accordance with Section 4.01(f)(i)(B) of the Amended and Restated Servicing Agreement, a copy of this 2026 Annual True-Up Filing is being sent to the following parties:

Texas Electric Market Stabilization Funding M LLC:	Texas Electric Market Stabilization Funding M LLC 8000 Metropolis Drive (Building E), Suite 100 Austin, Texas 78744 Attn: Chief Executive Officer
U.S. Bank National Association:	U.S. Bank National Association Trust Department 13737 Noel Road, 8th Floor Dallas, Texas 75240 Attn: Corporate Trust Services

[6] Debt Obligation Order at Finding of Fact No. 69.

V. Annual Calculation & True-Up Adjustment

The Debt Obligation Order sets forth the procedures related to the mandatory annual true-up calculations and true-up adjustments.[7] Specifically, the Debt Obligation Order directs the Servicer to provide a standard mandatory annual true-up calculation (Annual Calculation) once a year. If the Annual Calculation estimates over- or under-collections of the Default Charges, during the upcoming annual true-up period the Servicer must take such anticipated under- or over-collections into account when implementing a true-up adjustment in accordance with the standard true-up procedure for the next annual true-up period.[8]

The Annual Calculation requires the Servicer to: (i) calculate under-collections for the preceding annual period by subtracting the previous period's Default Charge revenues collected from the periodic billing requirement determined for the same period; (ii) estimate any anticipated under- or over-collections for the upcoming annual period; (iii) calculate the periodic billing requirement for the upcoming annual period, taking into account the total amount of prior and anticipated under-collection amounts described in steps (i) and (ii) above, and calculate the monthly amortization amount for the periodic billing requirement; and (iv) assess the updated monthly amortization amount to each Qualified Scheduling Entity and Congestion Revenue Right Account Holder in accordance with the Default Charges assessment methodology.[9]

The required Annual Calculation is provided on Attachment 1 and the accompanying work papers and results in a need to increase the monthly Default Charges from $2,255,839 to $2,266,200.

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[7] Debt Obligation Order at Findings of Fact Nos. 65–66, 71, and 74.

[8] Debt Obligation Order at Finding of Fact No. 71.

[9] *Id.*

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

The Servicer is required to provide the Annual Calculation on each September 15 beginning on September 15, 2026 until the final payment of the Texas Stabilization M Bonds.[10] In addition to filing its Annual Calculation, the Servicer is required to file notice regarding the mandatory annual true-up adjustments with the Commission not less than 45 days prior to the first billing cycle of the month in which the revised Default Charges shall come into effect.[11] This 2026 Annual True-Up Filing is therefore timely filed.

Under the Debt Obligation Order, the Commission has 15 days after the date of this filing to confirm this 2026 Annual True-Up Filing complies with PURA and the Debt Obligation Order.[12] Any true-up adjustment filed with the Commission is effective on its proposed effective date, which will not be less than 15 days after filing.[13] Any necessary corrections to the adjusted Default Charge due to mathematical errors in the calculation of the Default Charge will be made in future true-up adjustments.[14]

VII. Conclusion

Based on the foregoing, ERCOT as Servicer respectfully requests that the Commission issue an order confirming this 2026 Annual True-Up Filing complies with PURA and the Debt Obligation Order.

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[10] Amended and Restated Servicing Agreement § 4.01(b).

[11] *Id.* § 4.01(f)

[12] Debt Obligation Order at Finding of Fact No. 74.

[13] *Id.*

[14] *Id.*

Dated: September 15, 2026

Respectfully submitted,

/s/ Elin Isenhower

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ATTORNEYS FOR ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

ATTACHMENT 1
MANDATORY ANNUAL TRUE-UP ADJUSTMENT

For the period August 1, 2025 through July 31, 2026	**Amounts**
Beginning Excess Subaccount Balance	$0
INFLOWS	
For the period August 1, 2025 through July 31, 2026	
Periodic billing requirements for the above period	$27,004,059
Amounts transferred to Trust August 1 through July 31, 2026	$27,325,085
Interest Earnings on Subaccounts from August 1 through July 31, 2026	$286,254
TOTAL Inflows at current Default Charge	$27,611,339
OUTFLOWS	
For the Payment Date February 1, 2026	
Principal – paid on February 1, 2026	$3,698,896
Interest – paid on February 1, 2026	$9,051,528
Servicing Fee – paid on February 1, 2026	$92,778
Administration Fee – paid on February 1, 2026	$46,389
Operating Expenses – paid on February 1, 2026	$75,432
TOTAL Outflows	$12,965,023
For the Payment Date August 1, 2026	
Principal – paid on August 1, 2026	$4,085,761
Interest – paid on August 1, 2026	$9,660,947
Servicing Fee – paid on August 1, 2026	$100,000
Administration Fee – paid on August 1, 2026	$50,000
Operating Expenses – paid on August 1, 2026	$34,875
TOTAL Outflows	$13,931,583
NET (SHORTFALL)/SURPLUS	
Anticipated under-collections if the Default Charges are not increased effective November 1, 2026	($93,234)
Default Charges commencing November 1, 2026	$2,266,200
Current Default Charges	$2,255,839
True Up Increase/(Decrease)	$10,361

AMOUNTS TRANSFERRED TO TRUST THROUGH JULY 31, 2026

	Amount Transferred	Interest Earned on Supplemental Capital Subaccount	Interest Earned on Excess Subaccount	Interest Earned on General Subaccount
AUG	$2,483,577	$0	$0	$0
SEP	$2,239,197	$3,872	$0	$3,774
OCT	$2,313,159	$6,341	$0	$11,734
NOV	$2,226,786	$6,376	$0	$19,315
DEC	$2,226,786	$6,029	$0	$25,242
JAN	$2,226,786	$6,064	$0	$32,628
FEB	$2,358,652	$5,864	$0	$35,085
MAR	$2,226,786	$5,170	$2,301	$2,806
APR	$2,255,839	$5,752	$2,637	$10,394
MAY	$2,255,839	$5,570	$2,553	$16,707
JUN	$2,255,839	$5,751	$2,619	$23,605
JUL	$2,255,839	$5,595	$2,558	$29,914
TOTAL	$27,325,085	$62,384	$12,668	$211,203
			Total Interest	$286,254
			Total Inflows	$27,611,339

RECOVERY REPORTS

Name	Amount
Brazos Electric Power Cooperative Inc.	$374,763,872.00
Eagles View Partners LTD	$1,777.02
Energy Monger LLC	$450,877.16
GB Power LLC	$469,867.06
Gridplus Texas Inc.	$504,624.29
Iluminar Energy LLC	$5,824,122.01
MQE LLC	$419,623.77
Volt Electricity Provider LP	$52,581.28
Aggregate Total Recoveries Previously Remitted to the Indenture Trustee for Application to Stabilization M Bonds $382,487,344.59	

Recoveries Subsequent to February 2026	
Name	**Amount**
ENERGY MONGER LLC (CP)	$29.47
GBPOWER LLC (CP)	$45.01
GRIDPLUS TEXAS INC (CP)	$21.97
ILUMINAR ENERGY LLC (CP)	$330.45
MQE LLC (CP)	$59.09
VOLT ELECTRICITY PROVIDER LP (CP)	$96.19
Total	**$582.18**

ATTACHMENT 2

SUPPORTING AFFIDAVIT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

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

1. My name is Richard L. Scheel. I am over the age of 21, a resident of Texas, and of sound mind and competent to testify to the matters stated herein. I am the Senior Vice President, Chief Financial Officer, and Chief Risk Officer for Electric Reliability Council of Texas, Inc. (ERCOT), and am authorized to make this affidavit on behalf of ERCOT.

2. I have reviewed ERCOT's 2026 Annual True-Up Compliance Filing, Report of Recoveries, and Notice of Default Charge Adjustment, and the factual statements and information therein are true and accurate to the best of my knowledge and belief.

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

RICHARD L. SCHEEL

SUBSCRIBED AND SWORN BEFORE ME by the said Richard L. Scheel this 15th day of September 2026.

NOTARY PUBLIC STATE OF TEXAS
MAYAMIKO NYALUBWE
Notary ID #132844555
My Commission Expires
April 24, 2029

Notary Public in and for the State of Texas