



## **Filing Receipt**

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**PUC DOCKET NO. 52710**

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

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

**JUNE 14, 2024**

**TABLE OF CONTENTS**

<b><u>SECTION</u></b>	<b><u>PAGE</u></b>
Petition.....	2
Attachment 1 – True-Up Calculation.....	8
Attachment 2 – Supporting Affidavit.....	9
Workpapers .....	10

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<b>THE PUBLIC UTILITY</b>	<b>§</b>	
<b>REGULATORY ACT)</b>	<b>§</b>	

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

Pursuant to the Debt Obligation Order adopted by the Public Utility Commission of Texas (the Commission) in Docket No. 52322<sup>1</sup> (hereinafter, the Debt Obligation Order), Electric Reliability Council of Texas, Inc. (ERCOT), as the servicer of the bonds issued under Subchapter N of Chapter 39 of the Public Utility Regulatory Act (the Servicer), hereby submits its June 2024 quarterly true-up filing and notice of Uplift Charge adjustment (True-Up Filing). In support of this True-Up Filing, the Servicer respectfully shows as follows:

**I. Background**

On July 16, 2021, ERCOT filed an application for a debt obligation order from the Commission under Subchapter N of Chapter 39 of the Public Utility Regulatory Act (PURA) to securitize extraordinary costs incurred due to Winter Storm Uri. That proceeding was assigned Docket No. 52322. On October 13, 2021, the Commission issued a Debt Obligation Order that authorized the issuance of the debt obligations in an aggregate amount of up to \$2.1 billion (the Uplift Balance), plus upfront costs, and approved the assessment of Uplift

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

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

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

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

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

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

This True-Up Filing reflects a need to slightly increase the daily Uplift Charges. The increase, of \$2,735, is primarily attributable to the August 1, 2024 bond payment being partially funded from the Excess Subaccount Balance. That payment will reduce the Excess Subaccount Balance which must be reflected in setting the Uplift Charges for the next true-up period before the upcoming February 1, 2025 bond payment. Because the Excess Subaccount Balance is a component of the calculation of the daily Uplift Charges, the lower Excess Subaccount Balance has resulted in a need to slightly increase the daily Uplift Charges in the upcoming quarter period to ensure adequate funds are on hand to make the upcoming, February 1, 2025 semi-annual payment due on the Stabilization N Bonds. Therefore, as shown in Attachment 1 and the accompanying Work Papers to this True-Up Filing, the daily Uplift Charges should be slightly increased from \$381,889 to \$384,624, effective August 1, 2024.

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

The Servicer is submitting its quarterly True-Up Filing in accordance with Debt Obligation Order, Findings of Fact Nos. 196-197 & 200 and Ordering Paragraphs No. 33 and 66. The Commission has jurisdiction over true-up calculations and adjustments pursuant to PURA § 39.653.

## **III. Notice**

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

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

Texas Electric Market Stabilization Funding N  
LLC:

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

U.S. Bank Trust Company, National Association:

U.S. Bank Trust Company, National Association  
190 S. LaSalle Street, 7th Floor  
Chicago, Illinois 60603  
Attn: Corporate Trust Services-TX Stabilization  
N Bonds

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

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

The Quarterly Calculation requires the Servicer to (i) calculate under-collections or over-collections for the preceding true-up period by subtracting the previous period's Uplift Charge revenues collected from the periodic billing requirement determined for the same period; (ii) estimate any anticipated under-collections or overcollections for the current or upcoming true-up period; (iii) calculate the periodic billing requirement for the upcoming true-up period, taking into account the total amount of prior and anticipated over-collection and under-collection amounts described in steps (i) and (ii) above, and calculate the daily amortization amount for the periodic

billing requirement; and (iv) assess the updated daily amortization amount to each QSE in accordance with the Uplift Charges assessment methodology.<sup>5</sup> The required Quarterly Calculation is provided on Attachment 1 and the accompanying Work Papers and results in a slight increase of the daily Uplift Charges from \$381,889 to \$384,624.

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

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

In addition to filing the Quarterly Calculation, the Servicer is required to file notice regarding quarterly true-up adjustments with the Commission not less than forty-five (45) days prior to the first billing cycle of the month in which the revised Uplift Charges shall come into effect.<sup>6</sup> The Servicer proposes an effective date of the revised Uplift Charges to be the August 2024 billing period. In accordance with Finding of Fact No. 205 of the Debt Obligation Order, the Commission has fifteen (15) days after the date of this filing to confirm the true-up adjustment complies with PURA and the Debt Obligation Order. Any true-up adjustment filed with the Commission is effective on its proposed effective date, which will not be less than fifteen (15) days after filing. Any necessary corrections to the adjusted Uplift Charge due to mathematical errors in the calculation of the Uplift Charge will be made in future true-up adjustments.

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<sup>5</sup> *Id.* at Finding of Fact No. 200a.

<sup>6</sup> Servicing Agreement at Section 4.01(e)(i)(A).

**VI. Conclusion and Prayer**

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

Respectfully submitted,

WINSTEAD PC

By: 

James Doyle

State Bar No. 06094600

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Winstead PC

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Houston, Texas 77002

Telephone: (713) 650-8400

Facsimile: (713) 650-2400

**ATTORNEY FOR ERCOT**



**Attachment 1  
Quarterly True Up**

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

Amounts

Beginning Excess Subaccount Balance	\$1,068,231
Ending Excess Subaccount Balance	\$1,077,347

**INFLOWS**

Periodic billing requirements for the above true-up period	\$35,748,302
Amounts transferred to Trust through May 31, 2024	\$35,393,709
Interest Earnings on Subaccounts through May 31, 2024	\$568,309

**For the current true-up period June 1, 2024 through August 31, 2024**

Periodic billing requirement for the above true-up period	\$35,218,573
Anticipated funds to be transferred to Trust through August 31, 2024	\$35,133,788

**For the upcoming true-up period September 1, 2024 through November 30, 2024**

Periodic billing requirements for the above true-up period	\$35,000,784
Anticipated funds to be transferred to Trust through November 30, 2024	\$34,751,899
<b>Total Inflows</b>	<b>\$105,847,705</b>

**OUTFLOWS**

Anticipated outflow on August 1, 2024 payment date	\$72,137,813
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**Projected Net (Shortfall)/Surplus**

Daily Uplift Charges commencing August 1, 2024	\$384,624
Current Daily Uplift Charges	\$381,889
<b>True Up Increase/(Decrease)</b>	<b>\$2,735</b>

**ATTACHMENT 2  
SUPPORTING AFFIDAVIT**

**STATE OF TEXAS**

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§

**COUNTY OF WILLIAMSON**

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BEFORE ME, the undersigned notary public, on this day personally appeared Sean Taylor, who first being duly sworn, upon this oath said:

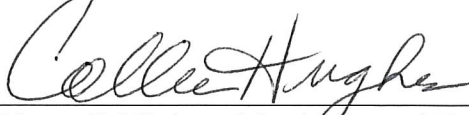
1. My name is Sean Taylor. I am over the age of 21, a resident of Texas, and of sound mind and competent to testify to the matters stated herein. I am the Senior Vice President, Chief Financial Officer, and Chief Risk Officer for Electric Reliability Council of Texas, Inc., authorized to represent Electric Reliability Council of Texas, Inc.
  
2. I have reviewed the Quarterly True-Up Compliance Filing and Notice of Uplift Charge Adjustment, and the statements and information therein are true and accurate to the best of my knowledge and belief, and I hereby adopt them as my own.

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

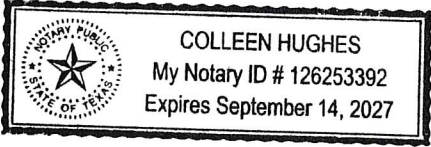


SEAN TAYLOR

SUBSCRIBED AND SWORN BEFORE ME by the said Sean Taylor on this 13<sup>th</sup> day of June 2024.



Notary Public in and for the State of Texas



STABILIZATION N BONDS WORKPAPERS

**AMOUNTS TRANSFERRED TO TRUST THROUGH MAY 31, 2024**

	<u>Amount Transferred</u>	<u>Interest Earned on Capital Subaccount</u>	<u>Interest Earned on Excess Subaccount</u>	<u>Interest Earned on General Subaccount</u>
MAR	\$11,366,275	\$47,041	\$4,714	\$86,416
APR	\$11,804,265	\$45,624	\$4,574	\$135,109
MAY	\$12,223,169	\$47,350	\$4,749	\$192,732
TOTAL	\$35,393,709	\$140,015	\$14,037	\$414,257
			Total Interest	\$568,309
			Total Inflows	\$35,962,018

**AMOUNTS ANTICIPATED TO BE TRANSFERRED TO TRUST  
THROUGH NOVEMBER 30, 2024**

	<u>Amount Anticipated to be Transferred</u>
JUNE	\$11,456,670
JULY	\$11,838,559
AUG	\$11,838,559
TOTAL	\$35,133,788

	<u>Amount Anticipated to be Transferred</u>
SEP	\$11,456,670
OCT	\$11,838,559
NOV	\$11,456,670
TOTAL	\$34,751,899