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| NPRR Number | [1225](https://www.ercot.com/mktrules/issues/NPRR1225) | NPRR Title | Exclusion of Lubbock Load from Securitization Charges |
| Date of Decision | August 20, 2024 |
| Action | Recommended Approval |
| Timeline  | Normal |
| Estimated Impacts | Cost/Budgetary: None Project Duration: Not applicable  |
| Proposed Effective Date | The first of the month following Public Utility Commission of Texas (PUCT) approval |
| Priority and Rank Assigned | Not applicable |
| Nodal Protocol Sections Requiring Revision  | 26.2, Securitization Default Charges27.3, Securitization Uplift Charge27.5.4, Determination of Securitization Uplift Charge Credit Exposure for a Counter-Party |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This Nodal Protocol Revision Request (NPRR) updates the Protocols to align with the PUCT’s decisions in PUCT Docket No. 56119, Petition of Electric Reliability Council of Texas, Inc. for Expedited Declaratory Order Regarding Public Utility Regulatory Act Chapter 39, Subchapter N; and Docket No. 56122, Petition of Electric Reliability Council of Texas, Inc. for Expedited Declaratory Order Regarding Public Utility Regulatory Act Chapter 39, Subchapter M. To comply with the PUCT’s declaratory orders, ERCOT changed its Settlement systems to implement the PUCT-ordered exclusions to be effective on or before March 4, 2024, the day on which the transfer of Lubbock Power and Light (LP&L) retail Customers to Retail Electric Providers (REPs) began. This NPRR reflects in the Protocols those exclusions. The changes include:* Incorporating the Load activity for current and future end-use Customers in LP&L's service area to the billing determinant Opt-Out LSE Real-Time Adjusted Metered Load (OPTOUTLSERTAML) in Section 27.3; and
* Updating the calculation of Securitization Default Charge Real-Time Adjusted Metered Load (SDCRTAML) in Section 26.2.  A new billing determinant, RTAMLEXSECM, was created to exclude the Load activity for end-use Customers in LP&L's service area, replacing the existing Real-Time Adjusted Metered Load (RTAML) billing determinant in this calculation.
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| Reason for Revision |  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission Administrative Regulatory requirements ERCOT Board/PUCT Directive*(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* |
| Justification of Reason for Revision and Market Impacts | In Docket No. 56119, the PUCT granted ERCOT’s petition and issued a Declaratory Order concluding in part that end-use Customers in the service area of the City of Lubbock, acting by and through LP&L remain exempt from the assessment of Securitization Uplift Charges upon the commencement of LP&L’s transition to retail competition. The PUCT interpreted PURA § 39.151(j-1) and the PUCT’s Debt Obligation Order in PUCT Docket No. 52322, 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, ordering, inter alia, that ERCOT must not assess Securitization Uplift Charges to Qualified Scheduling Entities (QSEs) representing Load Serving Entities (LSEs) for the portion of Load they serve that is associated with those current and future Electric Service Identifiers (ESI IDs) registered to LP&L as a Transmission and/or Distribution Service Provider (TDSP) in LP&L’s service area.Similarly, in Docket No. 56122, the PUCT granted ERCOT’s petition and issued a Declaratory Order concluding in part that end-use Customers in the service area of LP&L remain exempt from the assessment of Securitization Default Charges upon the commencement of LP&L’s transition to retail competition. Interpreting PURA § 39.151(j-1) and the PUCT’s Debt Obligation Order in PUCT Docket No. 52321, 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, the PUC ordered, inter alia, that ERCOT continue to exclude LP&L and implement a process to exclude the current and future ESI IDs registered to LP&L as a TDSP from the calculation of Securitization Default Charges. The Commission concluded that ERCOT should exclude only market activity used to calculate Securitization Default Charges based on the volume of Load activity for end-use Customers in LP&L’s service area; ERCOT cannot identify, segregate, and remove other market activities included in the Securitization Default Charge assessment methodology, such as energy trades, Day-Ahead activity, and Congestion Revenue Rights (CRRs) purchased and owned. This NPRR reflects the PUCT’s decisions in its declaratory orders issued in PUCT Dockets Nos. 56119 and 56122, consistent with the legislative intent (codified in PURA § 39.151(j-1)) that end-use Customers in the service area of LP&L should not be subject to Securitization Default Charges and Securitization Uplift Charges.  |
| PRS Decision | On 5/9/24, PRS voted unanimously to recommend approval of NPRR1225 as submitted. All Market Segments participated in the vote.On 6/13/24, PRS voted unanimously to endorse and forward to TAC the 5/9/24 PRS Report and 4/11/24 Impact Analysis for NPRR1225. All Market Segments participated in the vote. |
| Summary of PRS Discussion | On 5/9/24, ERCOT Staff provided an overview of NPRR1225.On 6/13/24, there was no discussion. |
| TAC Decision | On 6/24/24, TAC voted unanimously to recommend approval of NPRR1225 as recommended by PRS in the 6/13/24 PRS Report. All Market Segments participated in the vote. |
| Summary of TAC Discussion | On 6/24/24, there was no additional discussion beyond TAC review of the items below. |
| TAC Review/Justification of Recommendation |  Revision Request ties to Reason for Revision as explained in Justification  Impact Analysis reviewed and impacts are justified as explained in Justification Opinions were reviewed and discussed Comments were reviewed and discussed (if applicable) Other: (explain) |
| ERCOT Board Decision | On 8/20/24, the ERCOT Board voted unanimously to recommend approval of NPRR1225 as recommended by TAC in the 6/24/24 TAC Report. |

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| **Opinions** |
| Credit Review | ERCOT Credit Staff and CFSG have reviewed NPRR1225 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. |
| Independent Market Monitor Opinion | IMM has no opinion on NPRR1225. |
| ERCOT Opinion | ERCOT supports approval of NPRR1225. |
| ERCOT Market Impact Statement | ERCOT Staff has reviewed NPRR1225 and believes the market impact for NPRR1225 properly aligns Protocol language with as-built Settlement system calculations to exclude LP&L Load from Securitization uplift and default charges, as directed by the PUCT. |

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| Sponsor |
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| Phone Number | 512-248-6472 / 512-225-7182 |
| Cell Number |  |
| Market Segment | Not applicable |

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| **Comments Received** |
| Comment Author | **Comment Summary** |
| None |  |

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| **Market Rules Notes** |

Please note that the following NPRR(s) also propose revisions to the following section(s):

* NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources
	+ Section 26.2
* NPRR1246, Energy Storage Resource Terminology Alignment for the Single-Model Era
	+ Section 26.2

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| Proposed Protocol Language Revision |

**26.2 Securitization Default Charges**

(1) ERCOT shall issue Invoices to Qualified Scheduling Entities (QSEs) and Congestion Revenue Right (CRR) Account Holders to collect the monthly amount determined by ERCOT to be necessary to repay the Securitization Default Balance. ERCOT may assess Securitization Default Charges over a period of up to 30 years.

(2) Each Counter-Party’s share of the Securitization Default Charge for a month is calculated using the best available Settlement data for the most recent month for which ERCOT has posted Final Settlement data for all Operating Days in the month (referred to below as “the reference month”), as follows:

**SDCRSCP** ***cp* = TSDCMA \* SDCMMARS** ***cp***

Where:

SDCMMARS *cp* = SDCMMA *cp* / SDCMMATOT

SDCMMA *cp* = Max { ∑*mp* (SDCRTMG *mp*+ SDCRTDCIMP *mp*),

∑*mp* (SDCRTAML *mp* + SDCWSLTOT *mp*),

∑*mp*SDCRTQQES *mp*,

∑*mp* SDCRTQQEP *mp*,

∑*mp* SDCDAES *mp*,

∑*mp* SDCDAEP *mp*,

∑*mp* (SDCRTOBL *mp +* SDCRTOBLLO *mp*),

∑*mp* (SDCDAOPT *mp*+ SDCDAOBL *mp*+SDCOPTS *mp*+SDCOBLS *mp*),

∑*mp* (SDCOPTP *mp*+ SDCOBLP *mp*)}

SDCMMATOT = ∑*cp* (SDCMMA *cp*)

Where:

**S**DCRTMG *mp* = ∑ *r, p, i* (RTMG *mp, r, p, i*), excluding RTMG for Reliability Must-Run (RMR) Resources and RTMG in Reliability Unit Commitment (RUC)-Committed Intervals for RUC-committed Resources

**S**DCRTDCIMP *mp* = ∑*p, i* (RTDCIMP *mp, p, i*) / 4

**S**DCRTAML *mp* = max(0,∑*p, i* (RTAMLEXSECM *mp, p, i*))

**S**DCRTQQES *mp* = ∑*p, i* (RTQQES *mp, p, i*) / 4

**S**DCRTQQEP *mp* = ∑*p, i* (RTQQEP *mp, p, i*) / 4

**S**DCDAES *mp* = ∑*p, h* (DAES *mp, p, h*)

**S**DCDAEP *mp* = ∑*p, h* (DAEP *mp, p, h*)

**S**DCRTOBL *mp* = ∑*(j, k), h* (RTOBL*mp, (j, k), h*)

**S**DCRTOBLLO *mp* = ∑*(j, k), h* (RTOBLLO*mp, (j, k), h*)

**S**DCDAOPT *mp* = ∑*(j, k), h* (OPT*mp, (j, k), h*)

**S**DCDAOBL *mp* = ∑*(j, k), h* (DAOBL*mp, (j, k), h*)

**S**DCOPTS *mp* = ∑*(j, k), h* (OPTS*mp, (j, k), h*)

**S**DCOBLS *mp* = ∑*(j, k), h* (OBLS*mp, (j, k), h*)

**S**DCOPTP *mp* = ∑*(j, k), h* (OPTP*mp, j, h*)

**S**DCOBLP *mp* = ∑*(j, k), h* (OBLP*mp, (j, k), h*)

**S**DCWSLTOT *mp* = (-1) \* ∑*r, b* (MEBL *mp, r, b*)

The above variables are defined as follows:

| **Variable** | **Unit** | **Definition** |
| --- | --- | --- |
| SDCRSCP *cp* | $ | *Securitization Default Charge Ratio Share per Counter-Party*—The Counter-Party’s pro rata portion of the total Securitization Charges for a month.  |
| TSDCMA | $ | *Total Securitization Default Charge Monthly Amount*—The amount ERCOT determines must be collected for the month in order to timely repay the Securitization Default Balance. |
| SDCMMARS *cp* | None | *Securitization Default Charge Maximum MWh Activity Ratio Share*—The Counter-Party’s pro rata share of Maximum MWh Activity. |
| SDCMMA *cp* | MWh | *Securitization Default Charge Maximum MWh Activity*—The maximum MWh activity of all Market Participants represented by the Counter-Party in the DAM, RTM and CRR Auction for the reference month. |
| SDCMMATOT | MWh | *Securitization Default Charge Maximum MWh Activity Total*—The sum of all Counter-Party’s Maximum MWh Activity. |
| RTMG *mp, p, r, i* | MWh | *Real-Time Metered Generation per Market Participant per Settlement Point per Resource*—The Real-Time energy produced by the Generation Resource *r* represented by Market Participant *mp*, at Resource Node *p*, for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| SDCRTMG *mp* | MWh | *Securitization Default Charge Real-Time Metered Generation per Market Participant*—The monthly sum in the reference month of Real-Time energy produced by Generation Resources represented by Market Participant *mp*, excluding generation for RMR Resources and generation in RUC-Committed Intervals, where the Market Participant is a QSE assigned to the registered Counter-Party.  |
| RTDCIMP *mp, p, i* | MW | *Real-Time DC Import per QSE per Settlement Point*—The aggregated Direct Current Tie (DC Tie) Schedule submitted by Market Participant *mp,* as an importer into the ERCOT System through DC Tie *p*, for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| SDCRTDCIMP *mp* | MW | *Securitization Default Charge Real-Time DC Import per Market Participant*—The monthly sum in the reference month of the aggregated DC Tie Schedule submitted by Market Participant *mp*, as an importer into the ERCOT System where the Market Participant is a QSE assigned to a registered Counter-Party. |
| RTAMLEXSECM *mp, p, i* | MWh | *Real-Time Adjusted Metered Load Excluding Load Exempt from Sub M per Market Participant per Settlement Point*—The sum of the Adjusted Metered Load (AML), excluding Load that is exempt from Securitization Default Charges pursuant to the Declaratory Order entered by the Public Utility Commission of Texas (PUCT) in PUCT Docket No. 56122, *Petition of Electric Reliability Council of Texas, Inc. for Expedited Declaratory Order Regarding Public Utility Regulatory Act Chapter 39, Subchapter M*, at the Electrical Buses that are included in Settlement Point *p* represented by Market Participant *mp* for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| SDCRTAML *mp* | MWh | *Securitization Default Charge Real-Time Adjusted Metered Load per Market Participant*—The monthly sum in the reference month of the AML, excluding Load exempt from Securitization Default Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56122, represented by Market Participant *mp*, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTQQES *mp, p, i* | MW | *QSE-to-QSE Energy Sale per Market Participant per Settlement Point*—The amount of MW sold by Market Participant *mp* through Energy Trades at Settlement Point *p* for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| SDCRTQQES *mp* | MWh | *Securitization Default Charge QSE-to-QSE Energy Sale per Market Participant*—The monthly sum in the reference month of MW sold by Market Participant *mp* through Energy Trades, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTQQEP *mp, p, i* | MW | *QSE-to-QSE Energy Purchase per Market Participant per Settlement Point*—The amount of MW bought by Market Participant *mp* through Energy Trades at Settlement Point *p* for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| SDCRTQQEP *mp* | MWh | *Securitization Default Charge QSE-to-QSE Energy Purchase per Market Participant*—The monthly sum in the reference month of MW bought by Market Participant *mp* through Energy Trades, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| DAES *mp, p, h* | MW | *Day-Ahead Energy Sale per Market Participant per Settlement Point per hour*—The total amount of energy represented by Market Participant *mp*’s cleared Three-Part Supply Offers in the DAM and cleared DAM Energy-Only Offers at Settlement Point *p*, for the hour *h*, where the Market Participant is a QSE. |
| SDCDAES *mp* | MWh | *Securitization Default Charge Day-Ahead Energy Sale per Market Participant*—The monthly total in the reference month of energy represented by Market Participant *mp*’s cleared Three-Part Supply Offers in the DAM and cleared DAM Energy-Only Offer Curves, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| DAEP *mp, p, h* | MW | *Day-Ahead Energy Purchase per Market Participant per Settlement Point per hour*—The total amount of energy represented by Market Participant *mp*’s cleared DAM Energy Bids at Settlement Point *p* for the hour *h*, where the Market Participant is a QSE. |
| SDCDAEP *mp* | MWh | *Securitization Default Charge Day-Ahead Energy Purchase per Market Participant*—The monthly total in the reference month of energy represented by Market Participant *mp*’s cleared DAM Energy Bids, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTOBL *mp, (j, k), h* | MW | *Real-Time Obligation per Market Participant per source and sink pair per hour*—The number of Market Participant *mp*’s Point-to-Point (PTP) Obligations with the source *j* and the sink *k* settled in Real-Time for the hour *h*, and where the Market Participant is a QSE. |
| SDCRTOBL *mp* | MWh | *Securitization Default Charge Real-Time Obligation per Market Participant*—The monthly total in the reference month of Market Participant *mp*’s PTP Obligations settled in Real-Time, counting the quantity only once per source and sink pair, and where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTOBLLO *q, (j, k)* | MW | *Real-Time Obligation with Links to an Option per QSE per pair of source and sink*⎯The total MW of the QSE’s PTP Obligation with Links to an Option Bids cleared in the DAM and settled in Real-Time for the source *j* and the sink *k* for the hour. |
| SDCRTOBLLO *q, (j, k)* | MW | *Securitization Default Charge Real-Time Obligation with Links to an Option per QSE per pair of source and sink*⎯The monthly total in the reference month of Market Participant *mp*’s MW of PTP Obligation with Links to Options Bids cleared in the DAM and settled in Real-Time for the source *j* and the sink *k* for the hour, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| OPT *mp, (j, k), h* | MW | *Day-Ahead Option per Market Participant per source and sink pair per hour*⎯The number of Market Participant *mp*’s PTP Options with the source *j* and the sink *k* owned in the DAM for the hour *h*, and where the Market Participant is a CRR Account Holder.  |
| SDCDAOPT *mp* | MWh | *Securitization Default Charge Day-Ahead Option per Market Participant*⎯The monthly total in the reference month of Market Participant *mp*’s PTP Options owned in the DAM, counting the ownership quantity only once per source and sink pair, and where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| DAOBL *mp, (j, k), h* | MW | *Day-Ahead Obligation per Market Participant per source and sink pair per hour*—The number of Market Participant *mp*’s PTP Obligations with the source *j* and the sink *k* owned in the DAM for the hour *h*, and where the Market Participant is a CRR Account Holder.  |
| SDCDAOBL *mp* | MWh | *Securitization Default Charge Day-Ahead Obligation per Market Participant*⎯The monthly total in the reference month of Market Participant *mp*’s PTP Obligations owned in the DAM, counting the ownership quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OPTS *mp, (j, k), a, h* | MW | *PTP Option Sale per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Option offers with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| SDCOPTS *mp* | MWh | *Securitization Default Charge PTP Option Sale per Market Participant*—The MW quantity that represents the monthly total in the reference month of Market Participant *mp*’s PTP Option offers awarded in CRR Auctions, counting the awarded quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OBLS *mp, (j, k), a, h* | MW | *PTP Obligation Sale per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Obligation offers with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| SDCOBLS *mp* | MWh | *Securitization Default Charge PTP Obligation Sale per Market Participant*—The MW quantity that represents the monthly total in the reference month of Market Participant *mp*’s PTP Obligation offers awarded in CRR Auctions, counting the quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OPTP *mp, (j, k), a, h* | MW | *PTP Option Purchase per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Option bids with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| SDCOPTP *mp* | MWh | *Securitization Default Charge PTP Option Purchase per Market Participant*—The MW quantity that represents the monthly total in the reference month of Market Participant *mp*’s PTP Option bids awarded in CRR Auctions, counting the quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OBLP *mp, (j, k), a, h* | MW | *PTP Obligation Purchase per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Obligation bids with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| SDCOBLP *mp* | MWh | *Securitization Default Charge PTP Obligation Purchase per Market Participant*—The MW quantity that represents the monthly total in the reference month of Market Participant *mp*’s PTP Obligation bids awarded in CRR Auctions, counting the quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| SDCWSLTOT *mp* | MWh | *Securitization Default Charge Metered Energy for Wholesale Storage Load at bus per Market Participant*⎯The monthly sum in the reference month of Market Participant *mp*’s Wholesale Storage Load (WSL) energy metered by the Settlement Meter which measures WSL. |
| MEBL *mp, r, b* | MWh | *Metered Energy for Wholesale Storage Load at bus*⎯The WSL energy metered by the Settlement Meter which measures WSL for the 15-minute Settlement Interval represented as a negative value, for the Market Participant *mp*, Resource *r*, at bus *b*.  |
| *cp* | none | A registered Counter-Party. |
| *mp* | none | A Market Participant that is a QSE or CRR Account Holder with activity in the reference month, except for a Market Participant exempt from Securitization Default Charges pursuant to the Final Order entered by the Public Utility Commission of Texas (PUCT) in PUCT Docket No. 52321, Application of Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M. Defaulted Market Participants with market activity in the reference month are included in the calculation. |
| *j* | none | A source Settlement Point. |
| *k* | none | A sink Settlement Point. |
| *a* | none | A CRR Auction. |
| *p* | none | A Settlement Point. |
| *i* | none | A 15-minute Settlement Interval. |
| *h* | none | The hour that includes the Settlement Interval *i*. |
| *r* | none  | A Resource.  |

(3) The Securitization Default Charge amount will be allocated to the QSE or CRR Account Holder assigned to a registered Counter-Party based on the pro-rata share of MWhs that the QSE or CRR Account Holder contributed to its Counter-Party’s maximum MWh activity ratio share.

(4) As needed, but no less than annually, ERCOT will conduct an evaluation to determine if the Total Securitization Default Charge Monthly Amount (TSDCMA), which is the amount collected each month to repay the Securitization Default Balance, should be modified. In conducting this evaluation, ERCOT will calculate the amount that must be collected each month to service the then-remaining Securitization Default Balance debt in even monthly amounts over the remaining tenor of the debt.

(5) If ERCOT modifies the TSDCMA pursuant to paragraph (4) above, ERCOT will issue a Market Notice notifying Market Participants of the change no later than 15 days before the beginning of the month in which the new TSDCMA will be used to calculate the Securitization Default Charges.

**27.3 Securitization Uplift Charge**

(1) ERCOT shall allocate to Qualified Scheduling Entities (QSEs) representing obligated Load Serving Entities (LSEs), the Securitization Uplift Charge that is to be collected for the Operating Day. The resulting charge to each QSE for the Operating Day is calculated as follows:

**LASUCAMT *q, d* = SUCDA *d* \* DQSELSELRS *q, d***

Where:

DQSELSELRS *q, d* = DQSELSERTAML *q, d /* DERCOTQSELSERTAML *d*

DQSELSERTAML *q, d* = max(0, $\sum\_{i,l}^{ }($LSERTAML *l*, *q, i*))

DERCOTQSELSERTAML *d =*$\sum\_{q}^{ }($DQSELSERTAML *q, d*)

LSERTAML *l*, *q, i* = PRELIMLSERTAML *l*, *q, i* – OPTOUTLSERTAML *l*, *q, i*

The above variables are defined as follows:

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| --- | --- | --- |
| **Variable** | **Unit** | **Definition** |
| LASUCAMT *q, d* | $ | *Load-Allocated Securitization Uplift Charge Amount per QSE —* The charge allocated to QSE *q*, for the QSE’s share of the total amount of Securitization Uplift Charges assessed for Operating Day *d*. |
| SUCDA *d* | $ | *Securitization Uplift Charge Daily Amount —* The total amount of Securitization Uplift Charges assessed for Operating Day *d*. |
| DQSELSELRS *q, d* | none | *Daily QSE Non-Opted-Out LSE Load Ratio Share —* The ratio of Daily QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load (DQSELSERTAML) to Daily ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load (DERCOTQSELSERTAML), for a QSE *q*, for the Operating Day *d*.  |
| PRELIMLSERTAML *l*, *q, i* | MWh | *Preliminary Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML), including the RTAML of Securitization Uplift Charge Opt-Out Entities that are Customers of Retail Electric Providers (REPs), but excluding the RTAML of Securitization Uplift Charge Opt-Out Entities that are LSEs and excluding Direct Current Tie (DC Tie) exports, for LSE *l* represented by QSE *q*, for the 15-minute Settlement Interval *i*. |
| LSERTAML *l*, *q, i* | MWh | *Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML), excluding the RTAML for Securitization Uplift Charge Opt-Out Entities, Load that is exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the Public Utility Commission of Texas (PUCT) in PUCT Docket No. 56119, *Petition of Electric Reliability Council of Texas, Inc. for Expedited Declaratory Order Regarding Public Utility Regulatory Act Chapter 39, Subchapter N*, and DC Tie exports, for LSE *l* represented by QSE *q*, for the 15-minute Settlement Interval *i*. |
| OPTOUTLSERTAML *l*, *q, i* | MWh | *Opt-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML) of Securitization Uplift Charge Opt-Out Entities that are transmission-voltage Customers and Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119 for LSE *l* represented by QSE *q*, for the 15-minute Settlement Interval *i*. |
| DQSELSERTAML *q, d* | MWh | *Daily QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML), excluding the RTAML for Securitization Uplift Charge Opt-Out Entities, Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119, and DC Tie exports, for a QSE *q*, for the Operating Day *d*. |
| DERCOTQSELSERTAML *d* | MWh | *Daily ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The ERCOT total Real-Time Adjusted Metered Load (RTAML), excluding the RTAML for Securitization Uplift Charge Opt-Out Entities, Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119, and DC Tie exports, for the Operating Day *d*. |
| *q* | none | A QSE |
| *l* | none | An LSE |
| *d* | none | An Operating Day |
| *i* | none | A 15-minute Settlement Interval |

(2) As needed, but no less often than quarterly, ERCOT will, to ensure the Securitization Uplift Charge is repaid in substantially equal payments over its term, conduct an evaluation to:

(a) Calculate under-collections or over-collections from the preceding evaluation period;

(b) Estimate any anticipated under-collections or over-collections for the current or upcoming evaluation period; and

(c) Calculate the periodic billing requirement for the upcoming evaluation period, taking into account the total amount of prior and anticipated over-collection and under-collection amounts, and calculate the Securitization Uplift Charge Daily Amount for future periodic billing requirements.

(3) If it is determined in the re-estimation process that the Securitization Uplift Charge Daily Amount needs to be revised, ERCOT will issue a Market Notice notifying Market Participants of the change no later than 15 calendar days before the Operating Day in which the new Securitization Uplift Charge Daily Amount will become effective.

(4) An LSE that is not a Securitization Uplift Charge Opt-Out Entity is responsible for remitting payment to its QSE for the LSE’s share of the Securitization Uplift Charge, based on the LSE’s Non-Opted-Out LSE Adjusted Metered Load (AML). An LSE may not pass through the Securitization Uplift Charge to any transmission-voltage Customer that is a Securitization Uplift Charge Opt-Out Entity. ERCOT shall post to the ERCOT website a list that consists solely of every Electric Service Identifier (ESI ID) associated with a transmission-voltage Customer that is a Securitization Uplift Charge Opt-Out Entity. This list of ESI IDs will not include the identity of the Customer or its Retail Electric Provider (REP).

***27.5.4 Determination of Securitization Uplift Charge Credit Exposure for a Counter-Party***

(1) For each Counter-Party, ERCOT shall calculate the Securitization Uplift Charge Credit Exposure for Securitization Uplift Charge Initial Invoices as follows:

LASUCCE *cp* = $\sum\_{fmu=1}^{nfmu}($Max (CPMQSELSELRS *cp, om, las,* CPIEMLSELRS *cp* up to 40 days after the operating month in which a non-opted-out Counter-Party Load Serving Entity (LSE) commences having Real-Time Adjusted Metered Load (AML))\* MTSUCDA *fmu*)

CPMQSELSELRS *cp, om, las* = $\sum\_{q}^{}($MQSELSELRS *q, om*)

CPIEMLSELRS *cp* = CPIEMLSE *cp* / (MERCOTQSELSERTAML *om* + CPIEMLSE *cp*)

MQSELSELRS *q, om* = MQSELSERTAML *q, om* / MERCOTQSELSERTAML *om*

MQSELSERTAML *q, om* = $\sum\_{d}^{}($DQSELSERTAML *q, d*)

MERCOTQSELSERTAML *om* = $\sum\_{q, d}^{ }($DQSELSERTAML *q, d*)

The above variables are defined as follows:

| **Variable** | **Unit** | **Description** |
| --- | --- | --- |
| LASUCCE *cp* | $ | *Load-Allocated Securitization Uplift Charge Credit Exposure –* Estimated forward exposure representing unbilled Securitization Uplift Charge Initial Invoices for Counter-Party *cp* for *nfmu* months. |
| CPMQSELSELRS *cp, om, las* | None | *Counter-Party Monthly QSE Non-Opted-Out LSE Load Ratio Share —* MQSELSELRS for all the QSEs represented by the Counter-Party *cp* representing the daily ratios of AML to the total AML, excluding the AML for Securitization Uplift Charge Opt-Out Entities, Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119, and Direct Current Tie (DC Tie) exports, for a QSE, for all the Operating Days *d* in the operating month *om* for the Settlement Type *las*.  |
| CPIEMLSE *cp* | MWh | *Counter-Party Initial Estimated Monthly Non-Opted-Out LSE Load —* The average estimated Load for a full month provided by a non-opted-out Counter-Party *cp* that does not yet have AML. |
| CPIEMLSELRS *cp* | None | *Counter-Party Initial Estimated Monthly Non-Opted-Out LSE Load Ratio Share —* The Load Ratio Share (LRS) for a Counter-Party *cp* that does not yet have AML, computed using CPIEMLSE. |
| MTSUCDA | $ | *Monthly Total of Securitization Uplift Charge Daily Amounts* – The monthly sum of the amounts to be uplifted for all the Operating Days *od* in operating month *om*.  |
| DQSELSERTAML *q, d* | MWH | *Daily QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The Real-Time Adjusted Metered Load (RTAML) excluding the RTAML for Securitization Uplift Charge Opt-Out Entities, Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119, and DC Tie exports, for a QSE *q*, for the Operating Day *d*. |
| MQSELSELRS *q, om* | none | *Monthly QSE Non-Opted-Out LSE Load Ratio Share —* The ratio of AML to the total AML, excluding the AML for Securitization Uplift Charge Opt-Out Entities, Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119, and DC Tie exports, for a QSE *q*, for all the Operating Days *d* in the operating month *om.* |
| MQSELSERTAML *q, om* | MWH | *Monthly QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The RTAML excluding the RTAML for Securitization Uplift Charge Opt-Out Entities, Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119, and DC Tie exports, for a QSE *q*, for all the Operating Days *d* in the operating month *om.* |
| MERCOTQSELSERTAML *om* | MWH | *Monthly ERCOT QSE Non-Opted-Out LSE Real-Time Adjusted Metered Load* — The ERCOT total RTAML excluding the RTAML for Securitization Uplift Charge Opt-Out Entities, Load exempt from Securitization Uplift Charges pursuant to the Declaratory Order entered by the PUCT in PUCT Docket No. 56119, and DC Tie exports, for all the Operating Days *d* in the operating month *om.* |
| *cp* | none | A registered Counter-Party. |
| *om* | none | *Operating Month* *–* The most recent month for which all the daily ratios of AML to the total AML, excluding the AML for Securitization Uplift Charge Opt-Out Entities and DC Tie exports, for a QSE are available for all days of the month. |
| *fmu* | none | *Forward Month –* A month from Securitization Uplift Charge forward months. |
| *nfmu* | none | *Number of forward months* *–* Total number of forward months Monthly Securitization Uplift Charge is extrapolated. |
| *d* | none | An Operating Day. |

The above parameters are defined as follows:

| **Parameter** | **Unit** | **Current Value** |
| --- | --- | --- |
| *nfmu* | Months | 2 |
| *las* | Settlement Type | Load-Allocated Initial Settlements |