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PUC DOCKET NO. 52709

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

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

FEBRUARY 14, 2025

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

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S
MANDATORY, SEMI-ANNUAL INTERIM 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 (the Commission) in Docket No. 52321¹ (hereinafter, the Debt Obligation Order), 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 (the Servicer), hereby submits its mandatory semi-annual true-up filing, report of recoveries, and notice of a need for a default charge increase (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 under Subchapter M 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. 52321. 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 (the Default Balance) and approved the assessment of 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

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, Findings of Fact Nos. 67-71 and 74 and Ordering Paragraphs Nos. 15 and 15A (Nov. 14, 2021) [hereinafter, Final Order].

Electric Market Stabilization M Funding LLC (the Issuer) issued on November 12, 2021, the Texas Stabilization M Bonds, Series 2021 (the Stabilization M Bonds) in an aggregate principal amount of \$800 million. The Servicer began billing default charges, consistent with the requirements of the Debt Obligation Order, 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 (the Servicing Agreement) that was entered into between the Issuer and the Servicer, dated November 12, 2021. The Servicer remits default charges received to the Indenture Trustee to repay the Stabilization M Bonds. The Debt Obligation Order, ERCOT Protocols, and the Servicing Agreement set out the terms and conditions under which the default charges will be billed and collected with respect to the Stabilization M Bonds.

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. Those recoveries (Recoveries) as they represent amounts that were a part of the Default Balance are, pursuant to the Debt Obligation Order and PURA, payable by ERCOT to the Issuer.² Effective February 1, 2023, the Issuer optionally early redeemed \$382,288,420 of the Stabilization M Bonds using the proceeds of Recoveries previously paid by ERCOT to the Issuer.

The Debt Obligation Order requires the Servicer to semi-annually conduct an interim true-up calculation every year until the scheduled maturity of the Bonds.³ If such an interim calculation projects under-collections of default charges, then the Servicer will implement a true-up adjustment in accordance with the standard true-up procedure for the remainder of the annual true-up period.⁴ The Servicing Agreement requires such a semi-annual true-up calculation to be prepared no later

² PURA 39.603(c).

³ Final Order, *supra* note 1 at Finding of Fact No. 68

⁴ *Id.*

than forty-five (45) days prior to the first Collection Period of each April.⁵ True-up adjustments are based on cumulative differences, regardless of the reason, between the periodic payment requirements and the amount of default charge remittances made to the Indenture Trustee by the Servicer. In accordance with the Debt Obligation Order, the Servicer is providing this mandatory Semi-Annual Interim True-Up Calculation (as hereinafter defined) and notice of adjustment.⁶

The Default Charges are presently in the monthly amount of \$2,234,826. As shown in Attachment 1 and the accompanying Work Papers to this filing, the monthly Default Charges must be increased from \$2,234,826 to \$2,393,201.

Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Debt Obligation Order.

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 Section 39.603(c), amounts repaid or recovered can be used to pay portions of the default charges over the remaining term of the Stabilization M Bonds.⁷

See the Recoveries Report, included in the Attachment 1, reflecting that since the issuance of the Stabilization M Bonds to the date of this True-Up Filing there has been a recovery of unpaid obligations in the aggregate amount of \$382,467,244.98. On February 1, 2023, recoveries totaling \$382,288,420 were used to optionally early redeem portions of the Stabilization M Bonds. Subsequently recoveries in the amount of \$168,842.42 and \$9,980.98 were remitted to the Issuer for delivery to the Indenture Trustee and used to pay amounts due on the Stabilization M Bonds at the time of the February 1, 2025 semiannual payment date. Similarly, the Servicer intends to pay to the Issuer for delivery to the Indenture Trustee the

⁵ Servicing Agreement at Section 4.01(b)(i).

⁶ Final Order, *supra* note 1, at Finding of Fact Nos. 65 and 66 and Ordering Paragraphs Nos. 15 and 15A.

⁷ Final Order, *supra* note 1, at Finding of Fact No. 69.

net amount in recoveries currently on hand, \$19,517.43, for use to pay amounts due on the Stabilization M Bonds at the time of the August 1, 2025 semiannual payment date, thereby reducing the amount of the Default Charge needed to be collected over the remaining term of the Stabilization M Bonds.

III. Purpose of Filing and Jurisdiction

The Servicer is submitting this Mandatory, Semi-annual Interim True-Up Filing in accordance with Debt Obligation Order, Findings of Fact No. 68 and 71.b and Ordering Paragraph No. 15A. The Commission has jurisdiction over true-up calculations and adjustments pursuant to PURA § 39.603.

IV. Notice

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

Texas Electric Market Stabilization Funding M LLC:	Texas Electric Market Stabilization Funding M LLC 8000 Metropolis Drive (Building E), Suite 100 Austin, Texas 78744 Attn: Chief Executive Officer
Texas Treasury Safekeeping Trust Company:	Texas Treasury Safekeeping Trust Company 208 East 10 th Street, 4 th Floor Austin, Texas 78701 Attn: Genoveva Minjares Email: accounting@ttstc.texas.gov legal@ttstc.texas.gov
U.S. Bank Trust Company, National Association:	U.S. Bank Trust Company, National Association 13737 Noel Road, 8 th Floor Dallas, Texas 75240 Attn: Corporate Trust Services

V. Semi-Annual Interim Calculation & True-Up Adjustment

Findings of Fact Nos. 68 and 71b of the Debt Obligation Order set forth the procedures related to mandatory annual true-up calculations and true-up adjustments. Findings of Fact No. 68 and 71b and Ordering Paragraphs 15 and 15A of the Debt Obligation Order requires the Servicer to

provide a standard mandatory semi-annual true-up calculation (the Semi-Annual Calculation) once a year. If the Semi-Annual Calculation estimates under-collections of the default charges or over-collection of default charges, during the upcoming annual true-up period the Servicer must implement a true-up adjustment in accordance with the standard true-up procedure for the remainder of the annual-true-up period.⁸

The Semi-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-collections or over collections for 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 (QSE) and Congestion Revenue Right (CRR) Account Holder in accordance with the default charges assessment methodology. The required Semi-Annual Calculation is provided on Attachment 1 and the accompanying Work Papers and results in a need to slightly increase the monthly default charges

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

The Servicer is required to provide the Semi-Annual Calculation each year no later than forty-five (45) days prior to the first Collection Period of April until the final payment of the Stabilization M Bonds. Therefore, this mandatory Semi-Annual Calculation is timely filed.

In addition to filing the Semi-Annual Calculation, the Servicer is required to file notice regarding mandatory semi-annual 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 default charges shall come into effect. In accordance with Finding of Fact No. 74 of the Debt Obligation Order, the Commission has fifteen (15)

⁸ Final Order, *supra* note 1, at Finding of Fact No. 68.

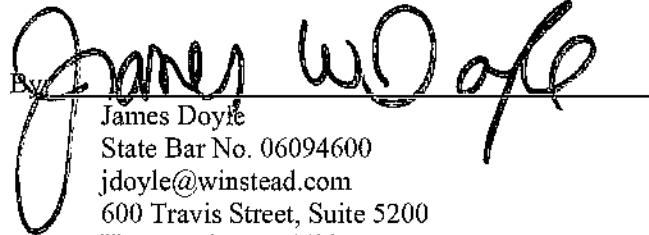
days after the date of this filing to confirm the true-up filing complies with PURA and the Debt Obligation Order. Any true-up adjustment filed with the Commission is effective on its proposed effective date, which will not be less than fifteen (15) days after filing. Any necessary corrections to the adjusted default charge due to mathematical errors in the calculation of the default charge will be made in future true-up adjustments.

VII. 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: 

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Facsimile: (713) 650-2400

ATTORNEY FOR ERCOT

**ATTACHMENT 1
MANDATORY SEMI-ANNUAL TRUE-UP ADJUSTMENT**

For the period February 1, 2025 through July 31, 2025	Amounts
Beginning Excess Subaccount Balance	\$1,915,778
 Anticipated Outflows	
For the Payment Date August 1, 2025	
Principal – paid on August 1, 2025	\$3,460,705
Interest – paid on August 1, 2025	\$11,632,481
Supplemental capital account – 6 months funded by August 1, 2025	\$500,000
Servicing Fee – paid on August 1, 2025	\$200,000
Administration Fee – paid on August 1, 2025	\$50,000
Operating Expenses – paid on August 1, 2025	\$44,500
Total August 1, 2025 estimated outflows	\$15,887,686
 Anticipated Inflows	
For the period February 1, 2025 through July 31, 2025	
Anticipated funds transferred to Trust	\$13,428,473
 Default Charges commencing May 1, 2025	 \$2,393,201
Current Default Charges	\$2,234,826
True Up Increase/(Decrease)	\$158,375

RECOVERY REPORTS

Name	Amount
Brazos Electric Power Cooperative Inc.	\$374,763,872.00
Eagles View Partners LTD	\$1,777.01
Energy Monger LLC	\$450,827.09
GB Power LLC	\$469,791.88
Gridplus Texas Inc.	\$495,358.00
Illuminar Energy LLC	\$5,823,570.47
MQE LLC	\$419,528.00
Volt Electricity Provider LP	\$42,521.53
Aggregate Total Recoveries Previously Remitted to the Indenture Trustee for Application to Stabilization M Bonds \$382,467,245.98	

Recoveries Subsequent to February 2024	
Name	Amount
EAGLES VIEW PARTNERS LTD (CP)	\$0.01
ENERGY MONGER LLC (CP)	\$20.60
GBPOWER LLC (CP)	\$30.17
GRIDPLUS TEXAS INC (CP)	\$9,244.32
ILUMINAR ENERGY LLC (CP)	\$221.09
MQE LLC (CP)	\$36.68
VOLT ELECTRICITY PROVIDER LP (CP)	\$9,964.56
Total	\$19,517.43

ATTACHMENT 2
SUPPORTING AFFIDAVIT

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

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

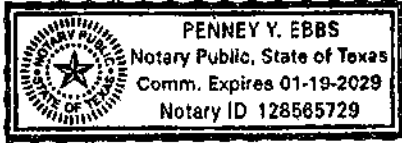
- 1. My name is Richard Scheel. I am over the age of 21, a resident of Texas, and of sound mind and competent to testify to the matters stated herein. I am the Senior Vice President, Chief Financial Officer, and Chief Risk Officer for Electric Reliability Council of Texas, Inc., authorized to represent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

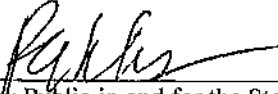
The foregoing statements are true and correct. This concludes my affidavit.



RICHARD SCHEEL

SUBSCRIBED AND SWORN BEFORE ME by the said Richard Scheel this 14TH day of February, 2025.





Notary Public in and for the State of Texas