



## Recommendation for Action

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**File #:** 22-3314, **Agenda Item #:** 71.

10/13/2022

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**Posting Language**

Authorize negotiation and execution of a payment-option election and release agreement with the Electric Reliability Council of Texas (ERCOT) related to a settlement of claims in the Brazos Electric Cooperative bankruptcy proceeding in Case No. 21-30725 in the United States Bankruptcy Court for the Southern District of Texas.

**Lead Department**

Austin Energy

**Fiscal Note:**

A fiscal note is not required.

**For More Information:**

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**Additional Backup Information:**

On September 13, the court overseeing the Brazos Electric Cooperative bankruptcy related to Winter Storm Uri conditionally approved a Chapter 11 reorganization plan (the "Plan") for that utility. Among other things, the Plan will provide for the resolution and settlement of ERCOT's claims against Brazos related to power transactions during Winter Storm Uri (the "Short Pay Claim"). The Plan will also govern the distribution of the proceeds from the settlement to ERCOT market participants, including Austin Energy. For Austin Energy, the payment options consist of a choice between a 65% accelerated cash payment (payable partly at the start of the Plan with the remainder over the course of the first Plan year) or a nominal 100% recovery payable over the course of 30-years, though substantially back-loaded and without any interest. Either option will require a full release of ERCOT from any additional amounts and other liability.

ERCOT has issued an Election Notice requiring market participants, including Austin Energy, to choose their settlement options no later than October 21, 2022. This action will authorize the City Manager to execute any documents necessary to effectuate a settlement with ERCOT under the proposed Plan and settlement of the Short Pay Claim.

**Strategic Outcome(s):**

Government that Works for All.