UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	Chapter 11
SHANNON WIND, LLC,	Case No. 26-90124 (ARP)
Debtor.[1]	

DEBTOR'S OBJECTION TO CLAIM NO. 18 FILED BY TRANSGUARD INSURANCE COMPANY

THIS IS AN OBJECTION TO YOUR CLAIM. THIS OBJECTION ASKS THE COURT TO DISALLOW THE CLAIM THAT YOU FILED IN THIS BANKRUPTCY CASE. IF YOU DO NOT FILE A RESPONSE WITHIN 30 DAYS AFTER THE OBJECTION WAS SERVED ON YOU, YOUR CLAIM MAY BE DISALLOWED WITHOUT A HEARING.

A hearing has been set on this matter on June 24, 2026 at 9:00 a.m. (prevailing Central Time) in Courtroom 400, 4th Floor, Bob Casey United States Courthouse, 515 Rusk St., Houston, Texas 77002.

You may participate in the hearing either in person or by an audio and video connection. Audio communication will be by use of the Court's dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Pérez's conference room number is 282694. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Pérez's homepage. The meeting code is "judgeperez". Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Pérez's homepage. Select the case name, complete the required fields and click "Submit" to complete your appearance.

[1] The last four digits of the Debtor's financial tax identification number are 3562. For the purpose of this chapter 11 case, the Debtor's address is 1920 McKinney Ave, Suite 950, Dallas, TX, 75201. Additional information regarding the Debtor's case can be found on the website of the Debtor's claims and noticing agent at https://www.veritaglobal.net/Shannon (the "**Claims Agent Website**").

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Shannon Wind, LLC (the "**Debtor**") hereby objects (this "**Objection**") to claim number 18 (the "**Claim**") filed by Transguard Insurance Company (the "**Claimant**"), and in support thereof, relies upon the *Declaration of John Shepherd in Support of Debtor's Objection to Certain Proofs of Claim* (the "**Declaration**"), attached hereto as **Exhibit A**, and respectfully states as follows:

RELIEF REQUESTED

1. By this Objection, the Debtor seeks entry of an order, substantially in the form attached hereto (the "**Proposed Order**") disallowing the Claim in its entirety.

2. The Claim is premised upon allegations that the Debtor had a duty to provide continuous electricity to customers during Winter Storm Uri. The Claimant is an insurer that alleges it satisfied its insureds' claims arising from the widespread power outages during Winter Storm Uri. Claimant has asserted rights of subrogation to recover from the Debtor (and other power generators) amounts paid to cover insured claims.

3. As discussed further herein, the Texas courts have rejected any theory of liability for power generators arising from the failure of the power grid during Winter Storm Uri. Accordingly, because the Claimant's insureds have no viable claims against the Debtor, Claimant's purported subrogation and other derivative claims fail as a matter of law and must be disallowed.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334, and the *Order of Reference to Bankruptcy Judges* from the United States District Court for the Southern District of Texas (the "**Court**"), dated May 24, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(B). The Debtor confirms its consent to entry of a final order in connection with this Objection to the extent that it is later determined that the Court, absent consent of the

parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

5. Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The statutory and legal predicates for the relief requested herein are sections 105, 502 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "**Bankruptcy Code**"), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), Rules 3007-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the "**Bankruptcy Local Rules**"), and Section M of the *Procedures for Complex Cases in the Southern District of Texas* (the "**Complex Rules**").

PROCEDURAL BACKGROUND

7. On January 25, 2026 (the "**Petition Date**"), the Debtor filed voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Case**"). The Debtor is operating its business and managing its properties as debtor and debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in this Chapter 11 Case.

8. Additional information regarding the Debtor' businesses, capital structure, and the circumstances leading to the filing of this Chapter 11 Case is set forth in the *Declaration of John Shepherd in Support of Chapter 11 Petition and First Day Motions* (the "**First Day Declaration**"), which is incorporated herein by reference. Docket No. 14.

9. On February 27, 2026, the Court entered that certain *Amended Order (I) Updating Deadlines for the Filing of Proofs of Claim, Including Requests for Payment Under Section 503(b)(9), (II) Approving the Form and Manner for Filing Proofs of Claim, (III) Approving the Form and Manner of Notice Thereof, Including Section 503(b)(9) Requests, and (IV) Granting Related Relief* [Docket No. 123], which established that (i) a proof of claim (including requests for

payment under § 503(b)(9) of the Bankruptcy Code) against the Debtor must be filed so that it is actually received on or before April 20, 2026 at 5:00 p.m. (prevailing Central Time) at the addresses and in the form set forth therein, and (ii) governmental entities may file a proof of claim against the Debtor so that it is actually received on or before July 24, 2026 at 5:00 p.m. (prevailing Central Time). *Id.*

10. On April 20, 2026, the Claimant filed the Claim with the Kurtzman Carson Consultants, LLC d/b/a Verita Global in the amount of $956,277.64. Claim No. 18. The Claim generally alleges "prepetition general unsecured claims arising from prepetition events, including Winter Storm Uri and the related February 2021 Texas energy failure, and from resulting insurer payments and subrogation rights associated with losses sustained by insureds in Texas." *Id.*

FACTUAL BACKGROUND

11. The Debtor owns a 204.1 megawatt wind farm consisting of 119 wind turbines in Clay County, Texas. The Debtor's wind farm feeds power into the Electric Reliability Council of Texas (ERCOT) grid and connects via transmission lines managed by Oncor Electric Delivery Co. *First Day Declaration* at ¶ 12.

12. In February 2021, during Winter Storm Uri, Texas experienced extreme conditions, including freezing temperatures and dangerous weather, which prompted state and federal disaster declarations and caused widespread power outages. *In re Luminant Generation Co. LLC*, 711 S.W.3d 13, 18 (Tex. App. 2023). For many Texans, the extreme temperatures resulted in heavy accumulations of snow and ice. *Id.* The Debtor's wind farm suffered significant blade icing that impeded energy production during the winter storm. First Day Declaration at ¶ 31. The prolonged cold temperatures led to an extreme demand for electricity, causing power blackouts across the state. *Luminant Generation*, 711 S.W.3d at 18.

13. Following Winter Storm Uri, hundreds of retail electricity customers sued hundreds of entities involved in the electricity market in Texas—including natural gas providers, power generators and co-generators, transmission utilities, public power companies, retail electric providers, and ERCOT—for damages sustained due to the loss of electrical power. *Luminant*, 711 S.W.3d at 18. The Texas Multi-District Litigation Panel established a pretrial multidistrict litigation ("**MDL**") court to streamline the various lawsuits. *Id.* at 18-19.

14. The pretrial MDL court ordered the parties to select five bellwether suits to proceed first with dispositive motions and discovery. *Id.* at 19. The wholesale power generators moved to dismiss the plaintiffs' claims in the pretrial MDL court. *Luminant Generation*, 711 S.W.3d at 19. The pretrial MDL court dismissed the causes of action against the power generators for tortious interference with contract, civil conspiracy, concert of action, and indivisible injury—and allowed the claims for negligence, gross negligence, negligent undertaking, and nuisance to proceed. *Id.* Thereafter, the power generators sought mandamus relief from the denial in part of their motion to dismiss from the Court of Appeals of Texas, arguing that the claims brought by the plaintiffs have no basis in law or fact and that the pretrial MDL court abused its discretion. *Id.* at 18.

15. On December 14, 2023, the Court of Appeals issued an opinion which, *inter alia*, held that "Texas does not currently recognize a legal duty owed by wholesale power generators to retail customers to provide continuous electricity to the electric grid, and ultimately to the retail customers, under the allegations pleaded here by the retail customers." *Id.* at 24. The court also declined to create a new duty for wholesale power generators to supply continuous electricity to retail customers. *Id.* at 27-28.

16. The plaintiffs filed a petition for writ of mandamus with the Texas Supreme Court seeking review of the Court of Appeals' decision. On March 27, 2026, the Supreme Court denied

the petition for writ of mandamus. *See* Mar. 27, 2026 Order, Tex. Sup. Ct. Case Nos. 25-0094, 25-0103, 25-0114, 25-0121, and 25-0129. As a result, the Court of Appeals' decision that wholesale power generators have no duties to customers is binding precedent.

BASIS FOR RELIEF

17. Section 502 of the Bankruptcy Code provides, in pertinent part, as follows: "[a] claim or interest, proof of which is filed under § 501 of [the Bankruptcy Code], is deemed allowed, unless a party in interest . . . objects." 11 U.S.C. § 502(a). The Court shall not allow a claim if "such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law . . . ." *See* 11 U.S.C. § 502(b)(1).

18. As set forth in Bankruptcy Rule 3001(f), a properly executed and filed proof of claim constitutes "prima facie evidence" of the validity and the amount of the claim under section 502(a) of the Bankruptcy Code. Fed. R. Bankr. P. 3001(f); *In re Tran*, 351 B.R. 440, 444 (Bankr. S.D. Tex. 2006); *In re Jack Kline Co., Inc.*, 440 B.R. 712, 742 (Bankr. S.D. Tex. 2010).

19. To receive the benefit of prima facie validity, evidence in the proof of claim must be "sufficient to sustain a judgment in favor of the issue which it supports." *Virginia v. Black*, 538 U.S. 343, 369 (2003); *In re Heritage Org., LLC*, 2006 WL 6508477, at *8 (Bankr. N.D. Tex. Jan. 27, 2006) (holding that to receive the benefit of prima facie validity, a proof of claim must assert factual allegations that would entitle the claimant to a recovery). If an objecting party refutes at least one of the allegations that are essential to the claim's legal sufficiency, the burden reverts to the claimant to prove the validity of its claim by a preponderance of the evidence. *See In re Fidelity Holding Co., Ltd.*, 837 F.2d 696, 698 (5th Cir. 1988); *In re Bryant*, 600 B.R. 533, 535-36 (Bankr. N.D. Tex. 2019) ("prima facie validity may be rebutted by the objecting party producing evidence 'of a probative force equal to that of the creditor's proof of claim'").

20. Despite this shifting burden during the claim objection process, the "ultimate burden of persuasion to establish the validity and amount of the claim by a preponderance of the evidence" is with the claimant. *In re Rally Partners, LP*, 306 B.R. 165, 168-69 (Bankr. E.D. Tex. 2003).

21. Additionally, Federal Rule 12(b)(6) standards governing dismissal can apply when a party objects to proof of claim and the sufficiency of the claim is questioned. *See In re GDC Technics, LLC*, 643 B.R. 417, 428 (Bankr. W.D. Tex. 2022) (applying Rule 12(b)(6) to the claims allowance process); *In re Cloud*, 214 F. 3d 1350, 2000 WL 634637 (5th Cir. May 4, 2000) (finding that the bankruptcy court did not abuse its discretion to apply Rule 12(b)(6) in dismissing a creditor's proof of claim); Fed. R. Bankr. P. 9014(c). Both Rule 12(b)(6) and the claims allowance process enable parties in interest to object to the legal sufficiency of a claim if it does not contain sufficient factual matter to state a claim for relief that is plausible on its face. *GDC Technics*, 643 B.R. at 427. If the claim does not satisfy the applicable pleading standard or elements of a cause of action, the court should disallow the claim. *Id.* at 427, 434-36.

OBJECTION TO CLAIM

22. As discussed above, binding precedent provides that "Texas does not currently recognize a legal duty owed by wholesale power generators to retail customers to provide continuous electricity to the electric grid, and ultimately to the retail customers." *Luminant Generation*, 711 S.W.3d at 24.

23. Here, the Claimant asserts a right of subrogation in its Claim, which is necessarily premised upon the insureds' ability to pursue claims against the Debtor. As a result of the Texas courts' determination that power generators such as the Debtor owe no legal duty to customers, the Claimant's alleged subrogation rights fail as a matter of law. *Interstate Fire Ins. Co. v. First*

Tape, Inc., 817 S.W.2d 142, 145 (Tex. App. 1991), *writ denied* (Feb. 12, 1992). ("[a]n insurer's right to subrogation derives from the rights of the insured, and is limited to those rights; there can be no subrogation where the insured has no cause of action against the defendant").

24. Accordingly, the Court should enter the Proposed Order and disallow the Claim in its entirety.

RESERVATION OF RIGHTS

25. This Objection is limited to the grounds stated herein, and the Debtor reserves the right to amend, modify, or supplement this Objection. Accordingly, should the grounds for objection stated in this Objection be dismissed or overruled, the Debtor reserves the right to object to the Claim on any other grounds (substantive or procedural) that the Debtor elects to pursue.

26. Nothing contained herein shall be deemed: (a) an admission as to the amount of, basis for, or validity of the Claim against the Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) an impairment or waiver of the Debtor's or any other party in interest's right to dispute the Claim against, or interest in, the Debtor, or its property or estate; (c) a promise or requirement to pay any prepetition Claim; (d) an implication, admission, or finding as to (i) the validity, enforceability, or perfection of any interest or encumbrance on the property of the Debtor or its estate or (ii) the applicability of any exception or exclusion from property of the estate under section 541 of the Bankruptcy Code or other applicable law; (e) an impairment or waiver of any claims or causes of action which may exist against any entity; or (f) a waiver of the Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

NOTICE

27. Notice of this Objection will be provided to: (a) the U.S. Trustee; and (b) the affected Claimant party set forth on the proof of claim subject to this Objection or such claimant's

respective attorney of record, if applicable. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is necessary.

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CONCLUSION

WHEREFORE, premises considered, the Debtor respectfully requests that the Court enter the Proposed Order sustaining the Objection and granting such other and further relief as the Court may deem just and proper.

Dated: May 13, 2026
Houston, Texas

Respectfully submitted,

BRADLEY ARANT BOULT CUMMINGS LLP
/s/ James B. Bailey
Jarrod B. Martin (TX Bar No. 24070221)
Michael K. Riordan (TX Bar No. 24070502)
600 Travis Street, Suite 5600
Houston, Texas 77060
Telephone: (713) 576- 0300
Facsimile: (713) 547-0301
Email: jbmartin@bradley.com
mriordan@bradley.com

-and-

James Bailey (TX Bar No. 24108289)
1819 Fifth Avenue N.
Birmingham, AL 35203
Telephone: (205) 521-8000
Facsimile: (205) 488-6913
Email: jbailey@bradley.com

-and-

Alexandra E. Dugan (admitted *pro hac vice*)
1221 Broadway, Suite 2400
Nashville, TN 37203
Telephone: (615) 252-4638
Facsimile: (615) 252-4705
Email: adugan@bradley.com

Counsel to Shannon Wind, LLC

Certificate of Service

I certify that on the date hereof, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas. Additionally, the foregoing document will be served as set forth in a forthcoming affidavit filed by the Debtor's Claims and Noticing Agent.

/s/ James B. Bailey
OF COUNSEL

Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	Chapter 11
SHANNON WIND, LLC,	Case No. 26-90124 (ARP)
Debtor.[1]	

DECLARATION OF JOHN SHEPHERD IN SUPPORT OF DEBTOR'S OBJECTION TO CERTAIN PROOFS OF CLAIM

I, John Shepherd, pursuant to 28 U.S.C. § 1746, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the chief restructuring officer ("**CRO**") of Shannon Wind, LLC ("**Shannon Wind**" or the "**Debtor**").

2. I am over the age of 18 and authorized to submit this declaration (this "**Declaration**") on behalf of the Debtor. Currently, I am a Senior Managing Director in the Turnaround and Restructuring group at Accordion Partners, LLC ("**Accordion**"). Accordion is the financial advisor for the Debtor in this chapter 11 case.

3. I submit this declaration ("**Declaration**") in support of the Debtor's objection to certain proofs of claim filed in this Chapter 11 Case, filed contemporaneously herewith (the "**Objection**").[2]

[1] The last four digits of the Debtor's financial tax identification number are 3562. For the purpose of this chapter 11 case, the Debtor's address is 1920 McKinney Ave, Suite 950, Dallas, TX, 75201. Additional information regarding the Debtor's case can be found on the website of the Debtor's claims and noticing agent at https://www.veritaglobal.net/Shannon (the "**Claims Agent Website**").

[2] Capitalized terms used but not defined in herein shall have the meanings ascribed to such terms in the Objection unless otherwise noted herein.

4. I am generally familiar with the history of the Debtor, the Debtor's books and records, and this Chapter 11 Case. I have also consulted and worked closely with the Debtor's bankruptcy counsel, Bradley Arant Boult Cummings LLP. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge, my review of the relevant documents related to the Objection, or information provided by the Debtor's counsel and other advisors. As to matters involving United States bankruptcy law or rules or other applicable laws, I have relied on the advice of counsel. If I were called upon to testify, I could and would testify to each of the facts set forth herein.

5. I, or one or more of the Debtor's advisors operating under my supervision and/or at my direction, have reviewed the Claim identified in the Objection, the claims register, and the facts and circumstances set forth in the Objection regarding such proof of claim. Based on this review, and upon consultation with the Debtor's counsel, I submit that the facts and circumstances set forth in the Objection are true and accurate to the best of my knowledge, information, and belief, and the Claim referenced in the Objection should be disallowed as set forth in the Objection.

6. In particular, in February 2021, during Winter Storm Uri, Texas experienced extreme conditions, including freezing temperatures and dangerous weather, which prompted state and federal disaster declarations and caused widespread power outages.

7. Following Winter Storm Uri, hundreds of retail electricity customers sued hundreds of entities involved in the electricity market in Texas, including wholesale power generators such as the Debtor. I understand that these lawsuits were consolidated in a pretrial multidistrict litigation.

8. As more particularly set forth in the Objection, the Texas state courts have made rulings in the multidistrict litigation holding that power generators such as the Debtor cannot be liable for damages arising from loss of power during Winter Storm Uri.

9. Accordingly, upon consultation with the Debtor's counsel, I have determined that the Claim was filed without sufficient legal basis for recovery from the Debtor or its estate.

10. For the reasons set forth above and as further discussed in the Objection, I believe that the Claim should be disallowed and expunged in its entirety.

[***SIGNATURE ON FOLLOWING PAGE***]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the facts set forth in the foregoing declaration are true and correct to the best of my knowledge, information, and belief.

Dated: May 13, 2026

John Shepherd

John Shepherd
Chief Restructuring Officer
Shannon Wind, LLC

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	Chapter 11
SHANNON WIND, LLC,	Case No. 26-90124 (ARP)
Debtor.[1]	

ORDER SUSTAINING DEBTOR'S OBJECTION TO CLAIM NO. 18 FILED BY TRANSGUARD INSURANCE COMPANY
(Related to Docket No. [ ])

Upon consideration of the objection (the "**Objection**")[2] of the Debtor in the above-captioned chapter 11 case (the "**Debtor**") to Claim No. 18 (the "**Claim**"), and this Court having found (i) that it has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; (ii) that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) in which this Court may enter a final order consistent with Article III of the United States Constitution; (iii) that venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (iv) that the relief sought in the Objection is in the best interests of the Debtor's estate and all parties in interest; (v) that due and proper notice of the Objection was provided to all necessary parties, including, without limitation, the holder of the Claim affected by the relief sought in the Objection; (vi) that notice of the Objection and the opportunity for a hearing on the Objection were appropriate under the circumstances, and that no other or further notice is necessary; and this Court having reviewed the Objection and having heard the statements in support of the relief requested therein at a hearing before this Court

[1] The last four digits of the Debtor's financial tax identification number are 3562. For the purpose of this chapter 11 case, the Debtor's address is 1920 McKinney Ave, Suite 950, Dallas, TX, 75201. Additional information regarding the Debtor's case can be found on the website of the Debtor's claims and noticing agent at https://www.veritaglobal.net/Shannon (the "**Claims Agent Website**").

[2] Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Objection.

(the "**Hearing**"), if any; and this Court having determined that the legal and factual bases set forth in the Objection and at the Hearing, if any, establish just cause for the relief granted herein; and upon the record in this Chapter 11 Case and all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, **IT IS HEREBY ORDERED THAT**:

1. The Objection is **SUSTAINED** as set forth herein.

2. The Claim is **DISALLOWED** in its entirety.

3. Kurtzman Carson Consultants LLC d/b/a Verita Global as claims, noticing, and solicitation agent, is authorized and directed to update the claims register maintained in this Chapter 11 Case to reflect the disallowance of the Claim.

4. The Debtor is authorized to take any action necessary or appropriate to implement and effectuate the terms of, and the relief granted in, this Order without seeking further order of the Court.

5. The Court shall retain exclusive jurisdiction over any matter arising from or related to the implementation, interpretation, and enforcement of this Order.

6. Any Bankruptcy Rule that might otherwise delay the effectiveness of this Order is hereby waived, and the terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

Dated: _____, 2026
Houston, Texas

ALFREDO R. PÉREZ
UNITED STATES BANKRUPTCY JUDGE