



**DRAFT GENERAL SESSION MINUTES OF THE
FINANCE AND AUDIT COMMITTEE MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

8000 Metropolis Drive (Building E), Suite 100, Boardroom A
Austin, Texas 78744
April 22, 2024

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance and Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation/Role (if any)	Voting Category
Flexon, Bob	N/A	Voting
Flores, Bill (Chair)	N/A	Voting
Heeg, Peggy	N/A (<i>Not Present for Agenda Item 3</i>)	Voting
Hjaltman, Courtney	Office of Public Utility Council (OPUC), Public Counsel	Voting

Other Board Members:

Director	Affiliation/Role (if any)	Voting Category
England, Julie	N/A	Voting
Foster, Paul	N/A	Voting
Gleeson, Thomas	Public Utility Commission of Texas (PUCT, Commission), Chair	Non-Voting
Vegas, Pablo	ERCOT President and Chief Executive Officer (CEO)	Non-Voting

Officers and Guests:

Officer/Guest	Role
Jackson, Kathleen	PUCT Commissioner
Rainwater, Kim	ERCOT Corporate Counsel
Rychetsky, Penny	ERCOT Director of Internal Audit
Scheel, Richard	ERCOT Controller
Seely, Chad V.	ERCOT Senior Vice President, General Counsel and Corporate Secretary
Slaughter, Sarah	Baker Tilly US, LLP (Baker Tilly), Senior Manager
Spak, Mara	ERCOT Vice President of Human Resources



Taylor, Sean	ERCOT Senior Vice President, Chief Financial Officer and Chief Risk Officer
Worthman, Aaron	Baker Tilly US, Partner

Call General Session to Order (Agenda Item 1)

Bill Flores, F&A Committee Chair, determined that a quorum was present and called the F&A Committee meeting to order at approximately 9:00 a.m. Chair Flores highlighted the Antitrust Admonition and addressed the following Agenda Items in the order below.

Notice of Public Comment, if Any (Agenda Item 2)

Chair Flores announced that on the agenda for the meeting, which was posted publicly on April 15, 2024, ERCOT had provided instructions for members of the public who were interested in commenting in person and that to date no individuals had expressed interest in commenting, which Chad Seely confirmed.

February 26, 2024 General Session Meeting Minutes (Agenda Item 3)

Chair Flores entertained a motion to approve the February 26, 2024 General Session Meeting Minutes (Minutes).

Courtney Hjaltman moved to approve the Minutes as presented. Bob Flexon seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Meeting with Independent Financial Auditor; Review of Requirements for Annual Audit of Financial Statements and Annual Servicer’s Certificate (Agenda Items 4 and 4.1)

Richard Scheel presented the Review of Requirements for Annual Audit of Financial Statements and Annual Servicer’s Certificate.

Report on December 31, 2023 Financial Audit and Annual Servicer’s Certificate (Agenda Item 4.2)

Aaron Worthman and Sarah Slaughter presented Baker Tilly’s independent certified accountant’s Report on December 31, 2023 Financial Audit and Annual Servicer’s Certificate. Mr. Worthman indicated an expectation for ERCOT to receive unmodified audit opinions for the 2023 ERCOT, Inc. consolidated financial statements, Texas Electric Market Stabilization Funding M LLC (TEMSFM) financial statements, and Texas Electric Market Stabilization Funding N LLC (TEMSFN) financial statements. Mr. Worthman also reported ERCOT received the report regarding the annual assessment of compliance regarding ERCOT’s role as servicer of TEMSFN. Chair Flores indicated the Committee would vote on the Committee’s recommendations to the Board regarding acceptance of the financial statements following Executive Session.

Review of Audited Financial Statements and Annual Servicer’s Certificate (Agenda Item 4.3)

Mr. Scheel presented the Review of Audited Financial Statements and Annual Servicer’s Certificate. Mr. Scheel reported ERCOT is in compliance with the requirements of the servicing criteria.



Committee Briefs (Agenda Item 5)

Chair Flores invited Sean Taylor to present the Committee Briefs.

Review 2023 Financial Summary (Agenda Item 5.1)

Mr. Taylor presented the 2024 Financial Summary that highlighted ERCOT had \$71.6 million operating fund as of February 29, 2024; ERCOT's year-to-date February 2024 actual revenues net of expenditures were \$16.4 million favorable to budget; and year-end 2024 forecasted revenues net of expenditures are \$72.5 million favorable to budget. Committee members and Mr. Taylor discussed staffing projections, resource management, and Congestion Revenue Right auction revenues.

Periodic Report on Investments (Agenda Item 5.2)

Mr. Taylor presented the Periodic Report on Investments, including that ERCOT is in compliance with all investment requirements.

Periodic Report on Debt Compliance (Agenda Item 5.3)

Mr. Taylor presented the Periodic Report on Debt Compliance and reported ERCOT is in compliance with all debt requirements, including securitization. Committee members and Mr. Taylor discussed disclosure requirements regarding refinancing of the Subchapter M securitization.

Future Agenda Items (Agenda Item 6)

Mr. Taylor presented the Future Agenda Items. Mr. Taylor highlighted items anticipated for the June and August 2024 Committee meetings.

Other Business (Agenda Item 7)

No other business was discussed at this time.

Executive Session

Chair Flores recessed General Session at approximately 9:43 a.m. and convened Executive Session at approximately 9:53 a.m. Chair Flores reconvened General Session at approximately 10:40 a.m.

2023 Financial Statements Audit Reports; Recommendation regarding Acceptance of ERCOT Consolidated Financial Statements Audit Report; Recommendation regarding Acceptance of Texas Electric Market Stabilization Funding M LLC Financial Statements Audit Report; and Recommendation regarding Acceptance of Texas Electric Market Stabilization Funding N LLC Financial Statements Audit Report (Agenda Items 8 – 8.3)

Chair Flores entertained a motion for the Recommendation regarding Acceptance of the 2023 Financial Statements Audit Reports for ERCOT, Inc. consolidated, TEMSFM, and TEMSFN.

Peggy Heeg moved to recommend that the Board accept the audited financials and Financial Statements Audit Reports for (1) ERCOT, Inc. consolidated; (2) TEMSFM; and (3) TEMSFN. Mr. Flexon seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Vote on Matters from Executive Session (Agenda Item 9)

Chair Flores entertained a motion for one risk management matter discussed during Executive Session.

Ms. Heeg moved to recommend that the Board select the auditor discussed during Executive Session under Agenda Item ES 2.4 as the Independent Financial Auditor to perform the following for the year ending December 31, 2024: (1) the financial statements audit, annual servicer’s certificate examination, and Form 990 review for ERCOT, Inc.; (2) the financial statements audit and consolidation procedures for TEMSFM; and (3) the financial statements audit and consolidation procedures for TEMSFN. Mr. Flexon seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 10)

Chair Flores adjourned General Session and the meeting at approximately 10:42 a.m.

Committee materials and presentations from the meeting are available on ERCOT’s website at http://www.ercot.com/committees/board/finance_audit/.

Jonathan M. Levine
Assistant Corporate Secretary

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