



Item 4.2: Periodic Report on Investments

Sean Taylor

Senior Vice President, Chief Financial Officer, and
Chief Risk Officer

Finance and Audit Committee Meeting

ERCOT Public

June 17, 2024

Overview

- **Purpose**
 - To provide the Finance and Audit (F&A) Committee a periodic review of investment compliance and performance
- **Voting Items / Requests**
 - No action is requested of the F&A Committee or Board; for discussion only
- **Key Takeaways**
 - ERCOT is in compliance with all investment requirements
 - ERCOT's Money Market Mutual Fund (MMMF) investment yields slightly decreased since the February yields reported at the prior F&A meeting. As of the end of April 2024, ERCOT's MMMF yields equaled approximately 5.18% and the purchase yield of ERCOT's U.S. Treasury Obligation Portfolio equaled approximately 5.20%

Investment Compliance

Money Market Mutual Funds (MMMF)	Compliance
Credit analysis reviewed by Investment Officer. MMMF must maintain a minimum rating consistent with the U.S. Government.	Yes
100% treasury analysis reviewed by Investment Officers. MMMF invested in U.S. Treasury Securities or a combination of U.S. Treasury Securities and repurchase agreements backed by U.S. Treasury Securities.	Yes
Concentration analysis reviewed by Investment Officers. No more than 10% of investable funds will be maintained in any one ERCOT Inc. MMMF.	Yes
Each MMMF has assets under management of at least \$1 billion.	Yes
There are no direct investments in any of the institutions listed in the divestment provisions as outlined in Texas Government Code Chapter 809.	Yes
There are no MMMF listed in the divestment provisions as outlined in Texas Government Code Chapter 809.	Yes

Key Takeaway: ERCOT is in compliance with all MMMF investment requirements

Investment Compliance

U.S. Treasury Obligation Portfolio	Compliance
Review the portfolio to ensure investments are matched with anticipated cash flow requirements and in compliance with the Investment Management Agreement.	Yes
Investments will have a legal final maturity of not more than three years.	Yes
There are no direct investments in any of the institutions listed in the divestment provisions as outlined in Texas Government Code Chapter 809.	Yes
There are no money market mutual funds listed in the divestment provisions as outlined in Texas Government Code Chapter 809.	Yes

Key Takeaway: ERCOT is in compliance with all U.S. Treasury Obligation Portfolio investment requirements

Electric Reliability Council of Texas, Inc.
Investment Compliance
April 30, 2024
(\$ in 000's)

Money Market Mutual Funds (MMMF)	Funds Held at ERCOT (Ending Balance)	Funds Held at Trustee (Ending Balance)	Month End Yield	Monthly Investment Income
ERCOT, Inc. Unrestricted	\$ 430,411	\$ -	N/A	\$ 1,915
ERCOT, Inc. Restricted (Collateral)	1,482,333	-	N/A	6,079
Total ERCOT, Inc. MMMF	<u>\$ 1,912,744</u>	<u>\$ -</u>	5.18%	<u>\$ 7,995</u>
Texas Electric Market Stabilization Funding M, LLC	\$ 18,264	\$ 12,632	5.18%	\$ 127
Texas Electric Market Stabilization Funding N, LLC	\$ 3,102	\$ 48,764	5.20%	\$ 199

U.S. Treasury Obligation Portfolio	Purchase Price	Duration	Purchase Yield	Monthly Investment Income
ERCOT, Inc. Unrestricted	\$ 1,839,042	0.82	5.20%	\$ 7,656

Statement of Compliance

Upon a review of the investment activity, I have no knowledge of any ERCOT action that does not comply with that required by the Investment Corporate Standard since the last report provided to the Finance and Audit Committee.

Money Market Mutual Funds (MMMF)

- Credit analysis must maintain a minimum rating consistent with the U.S. Government.
- 100% treasury analysis reviewed by Investment Officers. MMMF invested in U.S. Treasury Securities or a combination of U.S. Treasury Securities and repurchase agreements backed by U.S. Treasury Securities.
- Concentration analysis reviewed by Investment Officers. No more than 10% of investable funds will be maintained in any one ERCOT, Inc. MMMF.
- Each MMMF has assets under management of at least \$1 billion.
- There are no direct investments in any of the institutions listed in the divestment provisions as outlined in Texas Government Code Chapter 809.
- There are no MMMF listed in the divestment provisions as outlined in Texas Government Code Chapter 809.

U.S. Treasury Obligation Portfolio

- Review the portfolio to ensure investments are matched with anticipated cash flow requirements and in compliance with the Investment Management Agreement.
- Investments will have a legal final maturity of not more than three years.
- There are no direct investments in any of the institutions listed in the divestment provisions as outlined in Texas Government Code Chapter 809.
- There are no MMMF listed in the divestment provisions as outlined in Texas Government Code Chapter 809.

Signature on File

Sean Taylor Senior Vice President, CFO, and CRO

Note: Investment monthly holdings are available for review upon request.

Note: Schedule may not foot due to rounding.



Investment Compliance

Appendices

**Electric Reliability Council of Texas, Inc.
Money Market Mutual Funds (MMMF)**

April 30, 2024

(\$ in 000's)

	Unrestricted	Restricted	Total Ending	Percentage	Month	Unrestricted	Restricted	Total
	Ending Balance	Ending Balance	Balance	of Portfolio	End Yield	Monthly	Monthly	Monthly
MMMF						Investment	Investment	Investment
						Income	Income	Income
Allspring 100% Treasury Money Market Fund (Admin)	\$ -	\$ 326	\$ 326	0.02%	5.05%	\$ -	\$ 1	\$ 1
Allspring Treasury Plus Money Market Fund (Institutional)	100	161,046	161,146	8.42%	5.15%	0	680	681
BlackRock Institutional T-Fund (60) MMF	610	165,131	165,741	8.67%	5.17%	3	702	705
BlackRock Institutional Treasury Trust Fund MMF	50	499	549	0.03%	5.19%	0	2	2
Dreyfus Treasury Prime Cash Management MMF	400	166,998	167,398	8.75%	5.17%	2	710	712
Federated Fund 0125 US Treasury Cash Reserves Fund	300	651	951	0.05%	5.16%	1	3	4
Federated Fund 068 Treasury Obligations Fund	700	162,232	162,932	8.52%	5.15%	3	688	691
Fidelity 680 Institutional MMF: Treasury Only Portfolio	500	10,381	10,881	0.57%	5.21%	2	45	47
Fidelity Investments Money Market Treasury Portfolio (Class I)	78,400	82,955	161,355	8.44%	5.21%	403	176	579
First Amer Treas Oblig/CI Z	50	678	728	0.04%	5.16%	0	3	3
Goldman Sachs Treasury Instruments Fund 506	800	152,216	153,016	8.00%	5.16%	3	644	647
Invesco Institutional Treasury Portfolio	278	157,029	157,307	8.22%	5.21%	4	635	639
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	52,328	100,797	153,125	8.01%	5.17%	232	428	659
Morgan Stanley Fund 8304 Treasury	990	160,536	161,526	8.44%	5.13%	4	679	683
State Street Global Advisors Institutional Treasury MMF	144,200	594	144,794	7.57%	5.22%	619	3	622
UBS Select Treasury Preferred Fund 46	150,205	1,472	151,677	7.93%	5.22%	636	6	642
Western Asset Institutional US Treasury Reserves	500	158,792	159,292	8.33%	5.17%	2	675	677
Total MMMF	\$ 430,411	\$ 1,482,333	\$ 1,912,744	100.00%	5.18%	\$ 1,915	\$ 6,079	\$ 7,995

Note: Schedule may not foot due to rounding.



**Texas Electric Market Stabilization Funding M, LLC (TEMSFM)
Money Market Mutual Funds (MMMF)**

April 30, 2024

(\$ in 000's)

	Ending Balance	Month End Yield	Monthly Investment Income
MMMF held at ERCOT, Inc.			
Capital			
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	\$ 4,052	5.15%	\$ 16
	4,052	5.15%	16
Escrow (Collateral)			
BlackRock Liquidity Funds: T-Fund	3,396	5.18%	14
Invesco Treasury Portfolio	3,570	5.18%	15
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	3,621	5.15%	15
UBS Select Treasury Preferred Fund	3,624	5.24%	16
Total Escrow (Collateral) MMMF	14,211	5.19%	61
Total MMMF held at ERCOT, Inc.	18,264	5.18%	77
MMMF held at Trustee			
Debt Service			
First Am Treas Ob Fund	5,665	5.17%	20
Invesco Treasury Portfolio/Instit	720	5.21%	3
Total Debt Service MMMF	6,385	5.19%	23
Debt Service Reserve			
Allspring Treasury Plus Money Market Fund (Institutional)	4,053	5.16%	17
JPMorgan TR I 100 US TR Cap	2,193	5.19%	9
Total Debt Service Reserve MMMF	6,246	5.17%	27
Total MMMF held at Trustee	12,632	5.17%	50
Total TEMSFM MMMF	\$ 30,895	5.18%	\$ 127

Note: Schedule may not foot due to rounding.



**Texas Electric Market Stabilization Funding N, LLC (TEMSFN)
Money Market Mutual Funds (MMMF)**

April 30, 2024

(\$ in 000's)

	Ending Balance	Month End Yield	Monthly Investment Income
MMMF held at ERCOT, Inc.			
Escrow (collateral)			
BlackRock Liquidity Funds: T-Fund	\$ 1,551	5.18%	\$ 7
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	1,552	5.15%	7
Total MMMF held at ERCOT, Inc.	3,102	5.17%	13
 MMMF held at Trustee			
Debt Service			
Invesco Treasury Portfolio Institutional	36,970	5.21%	135
First Am Treas Ob Fund	1,077	5.17%	5
Total Debt Service MMMF	38,047	5.21%	140
Capital			
JPMorgan TR I 100 US TR Cap	10,717	5.19%	46
Total Capital MMMF	10,717	5.19%	46
Total MMMF held at Trustee	48,764	5.21%	185
 Total TEMSFN MMMF	\$ 51,867	5.20%	\$ 199

Note: Schedule may not foot due to rounding.



Electric Reliability Council of Texas, Inc.
Summary of U.S. Treasury Obligation Portfolio Results
April 30, 2024
(\$ in 000's)

Maturity Month	Par Value	Coupon Rate	Current Market Value	Current Market Yield	Purchase Price	Discount / (Premium)	Purchase Yield	Monthly Investment Income	Duration
FUZXX	\$ 170,307	0.00%	\$ 170,830	5.16%	\$ 170,307	\$ -	-	\$ 523	0.22
May-24	97,000	2.00%	97,537	5.51%	94,959	2,041	5.47%	440	0.08
Jun-24	99,000	1.75%	98,973	5.47%	96,492	2,508	5.45%	446	0.16
Jul-24	104,675	1.75%	104,194	5.40%	100,725	3,950	5.40%	466	0.25
Aug-24	106,000	1.25%	104,783	5.41%	102,228	3,772	5.46%	474	0.33
Sep-24	102,000	1.50%	100,525	5.37%	98,301	3,699	5.41%	452	0.41
Oct-24	100,000	0.63%	97,902	5.39%	95,393	4,607	5.40%	439	0.45
Nov-24	75,000	1.50%	73,822	5.39%	71,973	3,027	5.32%	324	0.56
Dec-24	66,000	1.00%	64,512	5.35%	62,846	3,154	5.33%	285	0.60
Jan-25	81,000	1.38%	78,949	5.33%	77,131	3,869	5.29%	346	0.73
Feb-25	84,000	2.00%	82,169	5.39%	80,516	3,484	5.29%	360	0.77
Mar-25	88,000	2.63%	86,148	5.27%	84,854	3,146	5.22%	373	0.88
Apr-25	82,000	2.88%	80,114	5.27%	79,211	2,789	5.20%	346	0.96
May-25	55,000	2.13%	53,815	5.26%	52,601	2,399	5.16%	229	1.00
Jun-25	55,000	2.75%	53,988	5.24%	52,984	2,016	5.10%	227	1.12
Jul-25	51,000	0.25%	48,004	5.22%	47,004	3,996	5.08%	203	1.22
Aug-25	56,000	2.00%	54,033	5.19%	53,114	2,886	5.08%	227	1.24
Sep-25	55,000	3.00%	53,513	5.20%	53,012	1,988	5.03%	224	1.36
Oct-25	52,000	0.25%	48,356	5.18%	47,410	4,590	5.00%	201	1.46
Nov-25	35,000	0.38%	32,545	5.16%	32,119	2,881	4.94%	134	1.54
Dec-25	31,000	4.00%	30,920	5.15%	30,462	538	4.93%	126	1.52
Jan-26	39,000	0.38%	35,973	5.13%	35,558	3,442	4.89%	147	1.70
Feb-26	39,000	2.50%	37,417	5.10%	37,132	1,868	4.86%	151	1.74
Mar-26	39,000	2.25%	37,104	5.05%	36,877	2,123	4.83%	150	1.83
Apr-26	39,000	2.38%	37,045	5.05%	36,917	2,083	4.82%	149	1.91
May-26	21,000	1.63%	19,783	5.04%	19,673	1,327	4.85%	40	1.94
Jun-26	21,000	1.88%	19,801	5.00%	19,729	1,271	4.80%	39	2.06
Jul-26	19,000	1.88%	17,844	4.99%	17,804	1,196	4.80%	36	2.14
Aug-26	20,000	1.50%	18,566	5.01%	18,556	1,444	4.80%	37	2.19
Sep-26	18,000	1.63%	16,677	4.96%	16,703	1,297	4.77%	33	2.31
Oct-26	18,000	1.13%	16,400	4.96%	16,448	1,552	4.77%	33	2.41
Total Investments	\$ 1,917,982	1.57%	\$ 1,872,243	5.28%	\$ 1,839,042	\$ 78,941	5.20%	\$ 7,656	0.82

Note: Schedule may not foot due to rounding.



Electric Reliability Council of Texas, Inc.
Investment Income as of
April 30, 2024
(\$ in 000's)

	<u>2024</u>	<u>2025</u>	<u>2026</u>
U.S. Treasury Obligation Portfolio			
Recognized - Investment Income	\$ 30,478	\$ -	\$ -
Unrealized - Investment Income (FMV Adjustment)	(10,664)	-	-
Unrecognized - Investment Income	46,422	29,204	4,902
Total U.S. Treasury Obligation Portfolio	66,237	29,204	4,902
Money Market Mutual Funds (MMMF)			
Recognized - Investment Income	10,207	-	-
Total MMMF	10,207	-	-
Total Investment Income	<u>\$ 76,443</u>	<u>\$ 29,204</u>	<u>\$ 4,902</u>
Interest Income Per Approved Budget	\$ 49,750	\$ 39,750	\$ 39,750