



Item 5.1: Review 2024 Financial Summary

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Controller

Finance and Audit Committee Meeting

ERCOT Public
August 19, 2024

Overview

- **Purpose**
 - To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of June 30, 2024
- **Voting Items / Requests**
 - No action is requested of the F&A Committee or Board; for discussion only

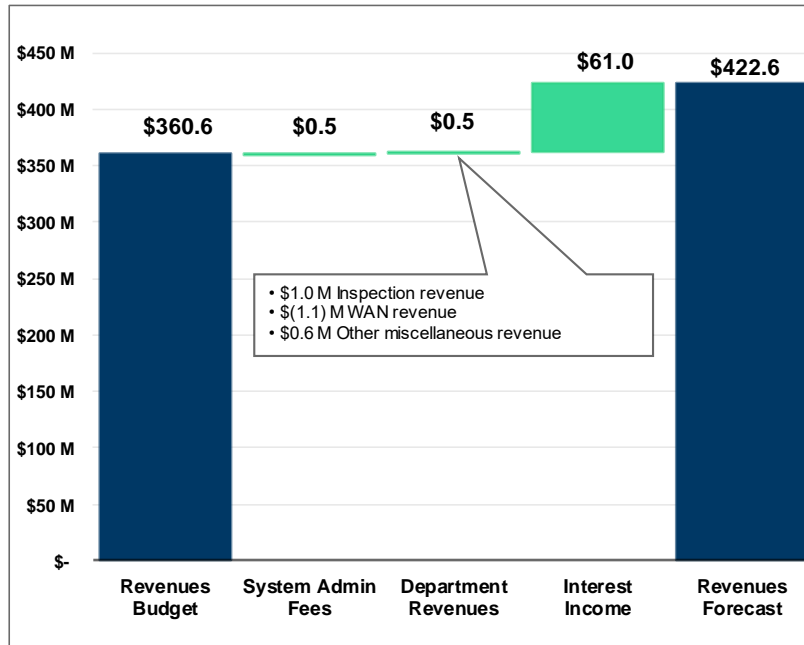
Key Takeaways

- ERCOT's year-to-date June 2024 actual revenues net of expenditures were \$53.5 million favorable to budget, driven by interest income being favorable by \$27.9 million, project expenditures being favorable by \$8.9 million, and by staffing management being favorable by \$8.6 million
- ERCOT's year-end 2024 forecasted revenues net of expenditures are \$84.2 million favorable to budget, driven by interest income forecasted to be favorable by \$61.0 million and by staffing management to be favorable by \$10.6 million
- ERCOT had \$118.5 million of operating funds as of June 30, 2024, compared to \$2.3 million operating use of Congestion Revenue Right (CRR) funds as of June 30, 2023

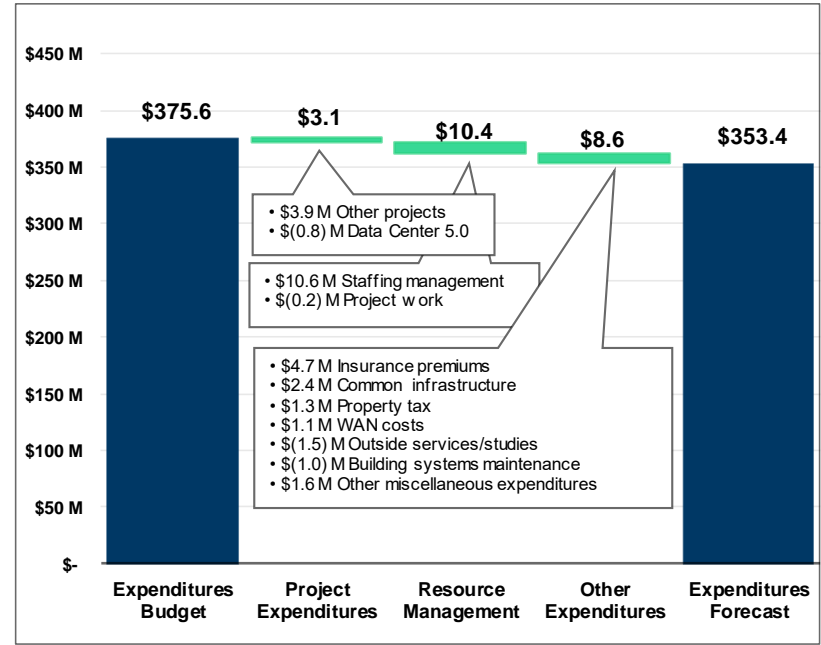
Review 2024 Financial Summary: 2024 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$84.2 M

Revenues Year-End Forecast
Variance to Budget = \$62.0 M [17.2%]



Expenditures Year-End Forecast
Variance to Budget = \$22.2 M [5.9%]



Charts may not foot due to rounding

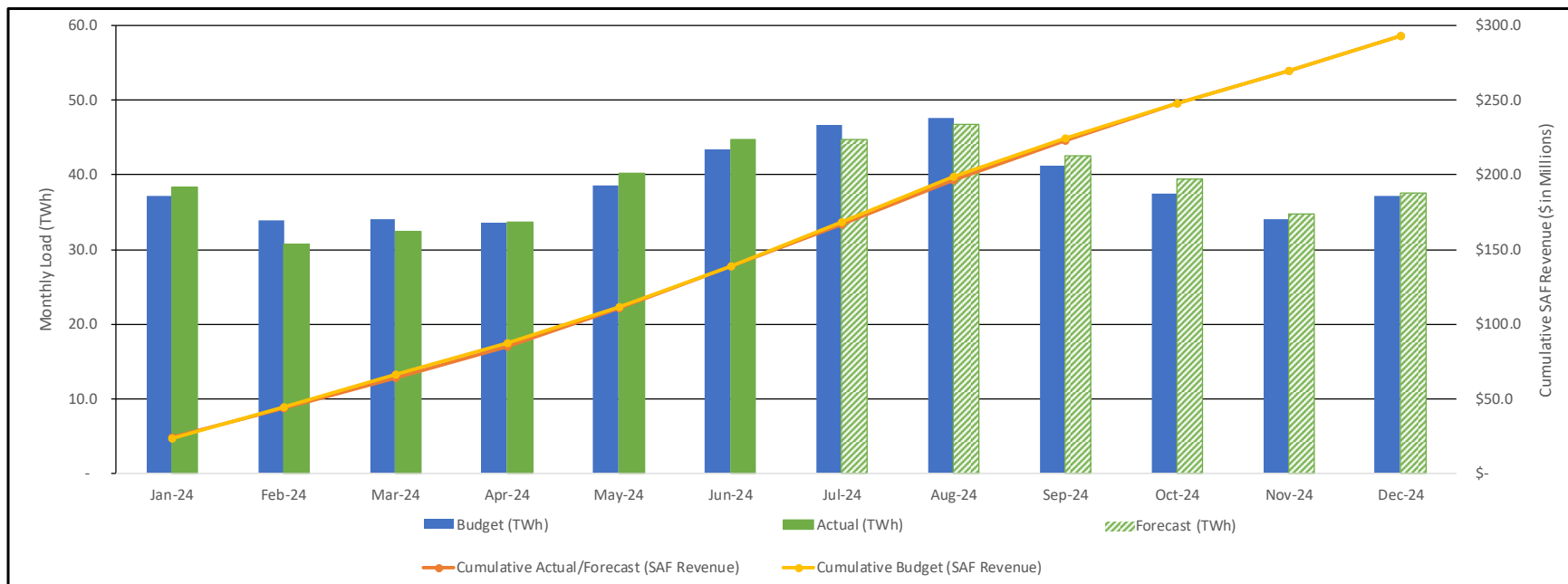
Key Takeaway: The forecasted year-end 2024 results are a net available amount of \$69.3 M versus a budgeted amount of \$(14.9) M, an \$84.2 M favorable variance



Review 2024 Financial Summary:

2024 Budget versus Actual:

Monthly TWh Load and Cumulative System Administration Fee (SAF) Revenue



Load (TWh):	FY 2023	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	FY 2024
Budget	434.0	37.1	33.9	34.0	33.6	38.5	43.5	46.7	47.6	41.3	37.5	34.1	37.2	465.0
Actual/Forecast	445.9	38.3	30.8	32.4	33.6	40.2	44.7	44.8	46.8	42.5	39.4	34.7	37.5	465.8
Variance	11.9	1.2	(3.1)	(1.6)	0.1	1.6	1.2	(1.9)	(0.9)	1.3	1.9	0.6	0.4	0.8
Variance (%)	2.7%	3.2%	-9.2%	-4.6%	0.2%	4.3%	2.8%	-4.1%	-1.8%	3.1%	5.1%	1.7%	1.0%	0.2%

SAF Revenue (\$ in Millions):	FY 2023	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	FY 2024
Cumulative Budget	\$ 240.9	\$ 23.4	\$ 44.7	\$ 66.2	\$ 87.3	\$ 111.6	\$ 139.0	\$ 168.4	\$ 198.4	\$ 224.4	\$ 248.0	\$ 269.5	\$ 292.9	\$ 292.9
Cumulative Actual/Forecast	\$ 247.5	\$ 24.1	\$ 43.5	\$ 64.0	\$ 85.2	\$ 110.5	\$ 138.6	\$ 166.8	\$ 196.3	\$ 223.1	\$ 247.9	\$ 269.8	\$ 293.4	\$ 293.4
Cumulative Variance	\$ 6.6	\$ 0.7	\$ (1.2)	\$ (2.2)	\$ (2.2)	\$ (1.1)	\$ (0.4)	\$ (1.6)	\$ (2.1)	\$ (1.3)	\$ (0.1)	\$ 0.3	\$ 0.5	\$ 0.5
Cumulative Variance (%)	2.7%	3.2%	-2.7%	-3.3%	-2.5%	-1.0%	-0.3%	-0.9%	-1.1%	-0.6%	0.0%	0.1%	0.2%	0.2%



Review 2024 Financial Summary: ERCOT Statements of Financial Position

As of June 30
Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2024	2023	2024	2023	2024	2023
Assets						
Unrestricted cash	\$ 522.8	\$ 1,851.5	\$ 4.1	\$ 4.1	\$ -	\$ -
Bond Investments	1,841.2	417.0	-	-	-	-
Total unrestricted cash and bond investments	2,364.0	2,268.5	4.1	4.1	-	-
Restricted cash and interest receivable	1,538.2	1,281.7	31.2	30.8	76.1	77.5
Other current assets	56.1	59.6	8.9	10.0	44.8	43.0
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	182.7	180.2	378.4	387.4	1,984.4	2,027.8
Total assets	\$ 4,155.6	\$ 3,804.6	\$ 422.6	\$ 432.3	\$ 2,105.3	\$ 2,148.3
Liabilities and Net Assets						
CRR auction liabilities-current	\$ 1,406.5	\$ 1,258.7	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	770.5	876.2	-	-	-	-
Other market liabilities	68.6	135.9	-	-	-	-
Total market settlement liabilities	2,245.6	2,270.8	-	-	-	-
Security deposits and interest payable	1,537.8	1,281.3	21.0	19.3	3.6	3.7
Other current liabilities	52.2	35.4	16.7	17.3	87.9	87.9
Other long-term liabilities	29.6	33.6	380.9	391.7	2,003.2	2,046.1
Net assets without donor restrictions	290.4	183.5	4.0	4.0	10.6	10.6
Total liabilities and net assets	\$ 4,155.6	\$ 3,804.6	\$ 422.6	\$ 432.3	\$ 2,105.3	\$ 2,148.3

Key Takeaway:

- ERCOT's bond investments increased \$1,424.2 M year-over-year, driven by the \$1,335.0 M additional bond investment in September 2023
- TEMSFM's other long-term liabilities decreased \$10.8 M year-over-year, driven by lower balance of long-term debt payable liabilities
- TEMSFN's other long-term liabilities decreased \$42.9 M year-over-year, driven by lower balance of long-term debt payable liabilities



Review 2024 Financial Summary: ERCOT Statements of Activities and Net Assets

For the Six Months Ended June 30

Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2024	2023	2024	2023	2024	2023
Operating revenues	\$ 147.6	\$ 119.2	\$ 6.0	\$ 7.1	\$ 49.9	\$ 50.9
Operating expenses	159.8	141.7	0.4	0.4	0.6	0.7
(Loss) income from operations	(12.2)	(22.5)	5.6	6.7	49.3	50.2
*Other income (expense)	52.2	50.9	(5.6)	(6.7)	(49.3)	(50.2)
Change in net assets without donor restrictions	40.0	28.4	-	-	-	-
Net assets without donor restrictions, beginning of year	250.4	155.1	4.0	4.0	10.6	10.6
Net assets without donor restrictions, end of period	\$ 290.4	\$ 183.5	\$ 4.0	\$ 4.0	\$ 10.6	\$ 10.6

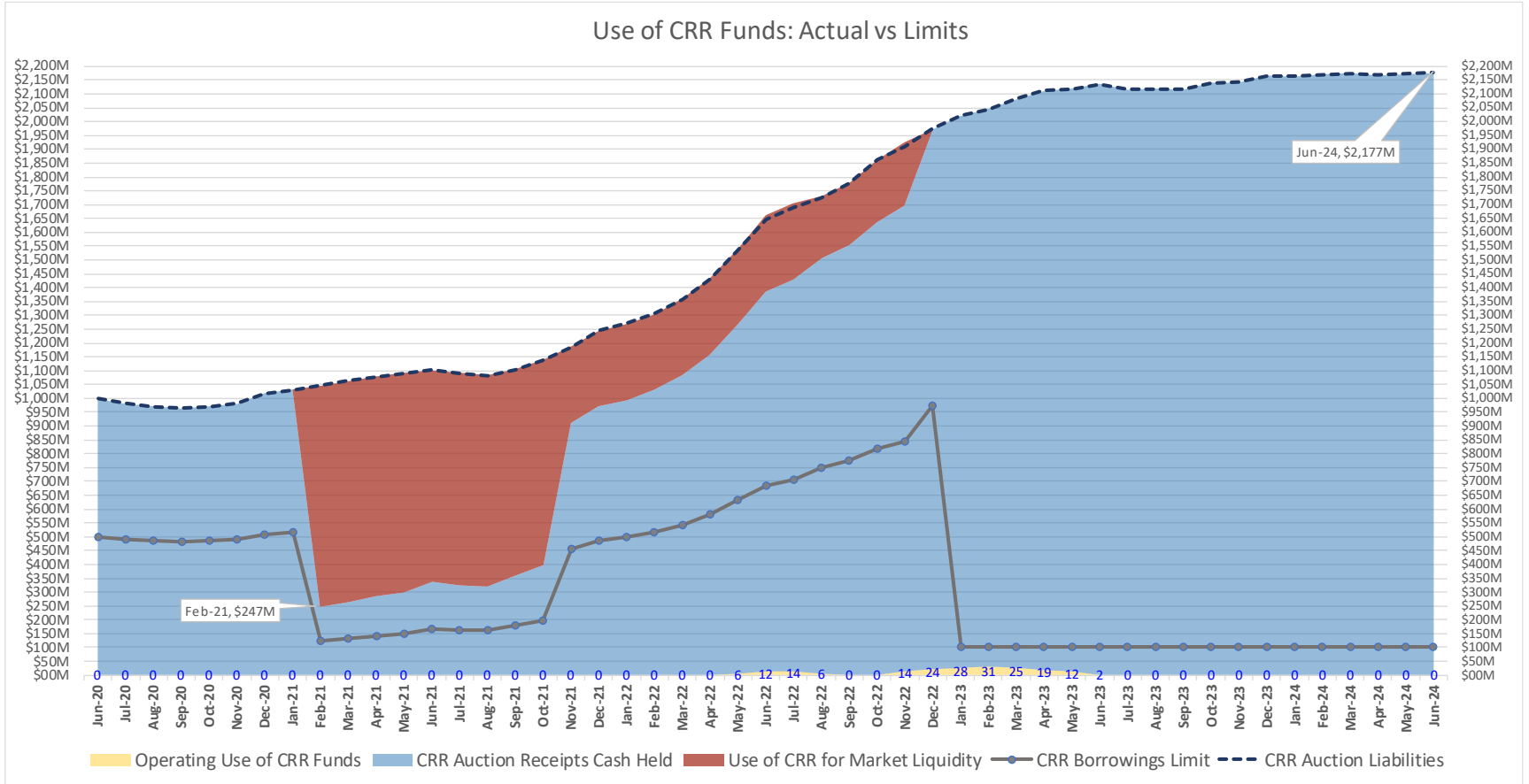
* Bond investment fair value adjustment is reported monthly in 2024 vs annually in 2023

Key Takeaways: ERCOT's year-over-year change in net assets without donor restrictions (equity) increased by \$11.6 M:

- \$28.4 M increase in operating revenues, driven by
 - \$26.5 M (24%) increase in system admin fee revenue
- \$18.1 M increase in operating expenses, driven by
 - \$13.4 M (16%) increase in salaries and related benefits expense
 - \$2.8 M (17%) increase in depreciation expense
 - \$2.1 M (21%) increase in outside services expense
 - \$0.9 M (5%) increase in hardware and software maintenance expense
 - \$1.1 M (18%) decrease in other expense mainly driven by insurance premium
- \$1.3 M increase in other income (interest income)
 - \$12.3 M (25%) increase in interest income
 - \$11.0 M (478%) increase in U.S. Treasury obligations fair value adjustment loss (\$8.7 M loss in 2024 vs \$2.3 M gain in 2023)



Review 2024 Financial Summary: Use of CRR Funds: Actual vs Limits



Key Takeaway: As of June 2024, Unrestricted Cash and Bond Investments exceeded Market Liabilities by \$118.5 M



Review 2024 Financial Summary:

Appendices

Electric Reliability Council of Texas, Inc. 2024 Financial Summary As of August 1, 2024 (\$ in Millions)						Year-to-Date (June 30)					Year-End (December 31)				
						2023		2024			Variance		2023		2024
Line	Actual	Budget	Actual	\$	%	Actual	Budget	Forecast	\$	%	Actual	Budget	Forecast	\$	%
1 System Administration Revenue	\$ 112.1	\$ 139.0	\$ 138.6	\$ (0.4)	(0.3)	\$ 247.5	\$ 292.9	\$ 293.4	\$ 0.5	0.2					
2 Department Net Expenditures															
3 Chief Information Office	54.0	64.7	58.8	6.0	9.3	110.4	129.5	123.5	6.0	4.6					
4 Chief Operations Office	32.0	43.3	38.0	5.4	12.4	65.6	86.7	80.3	6.4	7.4					
5 General Counsel	19.4	22.8	21.5	1.4	6.0	38.6	53.5	53.0	0.5	0.8					
6 Chief Financial Office	11.5	14.1	11.0	3.1	22.0	22.5	28.5	22.4	6.1	21.5					
7 Human Resources	3.1	5.8	3.7	2.0	35.6	7.4	12.6	11.1	1.5	12.1					
8 Chief Executive Office	3.3	3.7	3.9	(0.3)	(7.2)	5.2	5.6	5.8	(0.2)	(4.0)					
9 Project Funded Labor	(7.2)	(9.6)	(9.1)	(0.6)	(5.8)	(14.9)	(19.3)	(18.4)	(0.9)	(4.7)					
10 Total Department Net Expenditures	\$ 116.3	\$ 144.8	\$ 127.7	\$ 17.0	11.8	\$ 234.9	\$ 297.1	\$ 277.7	\$ 19.4	6.5					
11 Net Revenues After Department Expenditures	(4.1)	(5.8)	10.9	16.7	289.2	12.6	(4.2)	15.8	19.9	478.7					
12															
13 Less: Project Expenditures	16.6	29.6	20.7	8.9	30.0	38.4	59.1	56.0	3.1	5.2					
14 Less: Interest Expense	0.6	0.7	0.6	0.1	15.8	1.2	1.4	1.3	0.1	8.7					
15 Add: Interest Income	51.5	24.9	52.7	27.9	112.0	120.2	49.8	110.8	61.0	122.7					
16															
17 Net Available	\$ 30.2	\$ (11.2)	\$ 42.4	\$ 53.5	479.7	\$ 93.2	\$ (14.9)	\$ 69.3	\$ 84.2	564.5					

Note: Schedule may not foot due to rounding



Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of August 1, 2024		
Line	Year-to-Date (June 30)	Year-End (December 31)
1 System Administration Revenue	-\$12.1 M - Weather +\$11.7 M - Economy	+\$0.5 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	+\$2.1 M - Common infrastructure +\$0.7 M - WAN costs +\$0.7 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - HW/SW support & maintenance renewals +\$0.3 M - Telecommunications +\$0.5 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Outside services/studies +\$0.2 M - Employee training & business travel +\$0.1 M - Data service subscriptions -\$0.5 M - WAN revenue -\$0.1 M - Minor capital -\$0.1 M - ERCOT Innovation Summit +\$0.2 M - Other miscellaneous expenditures <u>Timing Differences</u> +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Minor capital +\$0.2 M - Outside services/studies +\$0.2 M - HW/SW vendor support services [Resource Management - Project-Funded Work]	+\$2.4 M - Common infrastructure +\$1.1 M - WAN costs +\$0.7 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.6 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.6 M - HW/SW support & maintenance renewals +\$0.5 M - Telecommunications +\$0.5 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Outside services/studies +\$0.2 M - Employee training & business travel +\$0.2 M - Data service subscriptions -\$1.1 M - WAN revenue -\$0.1 M - Minor capital -\$0.1 M - ERCOT Innovation Summit +\$0.3 M - Other miscellaneous expenditures
4 Chief Operations Office	+\$4.8 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Employee training & business travel -\$0.4 M - Outside services/studies -\$0.3 M - Minor capital -\$0.1 M - Operator training seminar revenue -\$0.1 M - Data service subscriptions <u>Timing Differences</u> +\$0.8 M - Outside services/studies +\$0.3 M - Employee training & business travel -\$0.1 M - Interconnection revenue	+\$6.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$1.0 M - Inspection revenue +\$0.5 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Interconnection revenue +\$0.1 M - Employee training & business travel -\$1.4 M - Outside services/studies -\$0.3 M - Minor capital -\$0.1 M - Operator training seminar revenue -\$0.1 M - Company dues -\$0.1 M - Data service subscriptions +\$0.1 M - Other miscellaneous expenditures
5 General Counsel	+\$0.6 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Outside services/studies +\$0.2 M - Registration fees revenue +\$0.1 M - Electricity +\$0.1 M - Employee training & business travel +\$0.1 M - Membership dues revenue -\$0.1 M - Building systems maintenance -\$0.1 M - Software <u>Timing Differences</u> +\$0.1 M - Employee training & business travel +\$0.1 M - Other miscellaneous expenditures	+\$1.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Outside services/studies +\$0.2 M - Registration fees revenue +\$0.1 M - Electricity +\$0.1 M - Employee training & business travel +\$0.1 M - Membership dues revenue -\$1.0 M - Building systems maintenance -\$0.2 M - Minor capital -\$0.2 M - Software



Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of August 1, 2024		
Line	Year-to-Date (June 30)	Year-End (December 31)
6 Chief Financial Office	+\$2.3 M - Insurance premiums +\$0.6 M - Property tax +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - SPE M & N administration & servicing revenue -\$0.2 M - Outside services/studies	+\$4.7 M - Insurance premiums +\$1.3 M - Property tax +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - SPE M & N administration & servicing revenue -\$0.5 M - Outside services/studies
7 Human Resources	+\$0.4 M - Outside services/studies +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Corporate events +\$0.1 M - Employee training & business travel <u>Timing Differences</u> +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Recruiting & pre-employment costs +\$0.1 M - Outside services/studies +\$0.1 M - Health & wellness expense	+\$0.4 M - Outside services/studies +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Corporate events +\$0.1 M - Employee training & business travel +\$0.1 M - Other miscellaneous expenditures
8 Chief Executive Office	-\$0.5 M - Outside services/studies +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$0.5 M - Outside services/studies +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]
9 Project Funded Labor	-\$0.6 M - Multiple projects [Resource Management - Project-Funded Work]	-\$0.9 M - Multiple projects [Resource Management - Project-Funded Work]
13 Project Expenditures	+\$3.1 M - All projects <u>Timing Differences</u> +\$5.8 M - All projects	+\$3.1 M - All projects
14 Interest Expense	+\$0.1 M - Bank fees	+\$0.1 M - Bank fees
15 Interest Income	+\$32.8 M - Interest rate +\$3.7 M - Investment balance -\$2.7 M - Fair value adjustment <u>Timing Differences</u> -\$5.9 M - Fair value adjustment	+\$58.7 M - Interest rate +\$5.0 M - Investment balance -\$2.7 M - Fair value adjustment



Electric Reliability Council of Texas, Inc.
Project Expenditures Summary
(\$ in Millions)

Line	Project	Year-to-Date As of June 30, 2024		Year-End (YE) As of August 1, 2024		Life-to-Date As of June 30, 2024		Estimate-at-Completion (EAC) As of August 1, 2024			
		Actual	% of YE Forecast	YE Forecast	% of All Included Projects	Actual	% of EAC Forecast	EAC Forecast	% of All Included Projects	Budget	Variance
1	RTC-B Grid & Markets	\$ 2.2	36%	\$ 6.1	11%	\$ 2.4	10%	\$ 24.8	12%	\$ 24.8	-
2	RTC-B Program Control	1.1	19%	5.8	10%	2.0	15%	13.9	7%	13.9	-
3	RTC-B Commercial Applications	0.5	35%	1.5	3%	0.8	13%	5.8	3%	5.8	-
4	RTC-B Integration & Information	0.3	41%	0.7	1%	0.3	6%	5.3	3%	5.3	-
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	1.3	1%	1.3	-
6	Subtotal - Market Design Projects	4.1	29%	14.2	25%	5.5	11%	51.2	24%	51.2	-
7	Data Center 5.0 (DC5) Program	3.1	54%	5.8	10%	57.6	95%	60.8	29%	60.7	(0.1)
8	Energy Management System (EMS) Upgrade 2024	(0.6)	100%	(0.6)	-1%	16.9	100%	16.9	8%	16.8	(0.1)
9	Second iTest Environment	0.1	1%	10.3	18%	0.1	1%	11.5	5%	11.5	-
10	Market Management System (MMS) Outage Scheduler (OS) Red Hat Enterprise Linux (RHEL) Migration	1.3	108%	1.2	2%	4.7	102%	4.6	2%	4.6	(0.0)
11	ServiceNow Self Hosted Migration	0.0	0%	4.3	8%	0.0	0%	4.5	2%	4.4	(0.0)
12	ServiceNow Change Management	0.1	4%	2.1	4%	0.1	2%	3.9	2%	3.9	-
13	Treasury Management Risk Mitigation	0.7	100%	0.7	1%	2.7	100%	2.7	1%	2.7	(0.0)
14	Test Data Management	-	0%	3.1	5%	-	0%	2.6	1%	2.6	0.0
15	Texas Standard Electronic Transaction (Texas SET) 5.0	0.5	54%	0.9	2%	1.6	79%	2.1	1%	2.0	(0.0)
16	TIBCO BusinessWorks Upgrade	1.4	94%	1.5	3%	2.3	113%	2.0	1%	2.0	(0.0)
17	Total Projects with EAC Budget Over \$2.0M	10.7	25%	43.4	78%	91.5	56%	162.8	78%	162.4	(0.3)
18	Other Projects	10.0	79%	12.6	22%	23.0	50%	46.2	22%	47.9	1.7
19	Total Project Expenditures	\$ 20.7	37%	\$ 56.0	100%	\$ 114.5	55%	\$ 209.0	100%	\$ 210.3	\$ 1.3

Note: Schedule may not foot due to rounding



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Financial Position****As of June 30, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 522,775	\$ 1,851,545
Accounts receivable	3,615	3,509
Unbilled revenue	10,547	5,788
Interest receivable	18,080	12,869
Receivable from intercompany	703	380
Restricted cash and cash equivalents	1,532,032	1,276,844
Short-term investments	1,305,221	416,151
Prepaid expenses and other current assets	38,341	42,755
Total current assets	3,431,314	3,609,841
Long-term investments	541,543	14,579
Property and equipment, net	150,180	141,251
Systems under development	31,605	37,939
Other long term assets	951	1,054
Total assets	<u>\$ 4,155,593</u>	<u>\$ 3,804,664</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 11,957	\$ 2,662
Accrued liabilities	31,771	24,872
Payable to intercompany	442	414
Deferred revenue	10,327	8,336
Market settlement liabilities	1,475,103	1,394,574
Security deposits	1,531,590	1,276,430
Debt payable, current portion	4,000	4,000
Total current liabilities	3,065,190	2,711,288
Long-term liabilities:		
Debt payable, less current portion:		
Principal	29,000	33,000
Less unamortized debt issuance costs	112	130
Debt payable less current portion and unamortized debt issuance costs	28,888	32,870
Long-term CRR liabilities	770,459	876,187
Other long-term liabilities	706	771
Total long-term liabilities	800,053	909,828
Total liabilities	3,865,243	3,621,116
Net assets without donor restrictions	290,350	183,548
Total liabilities and net assets	<u>\$ 4,155,593</u>	<u>\$ 3,804,664</u>



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Activities and Changes in Net Assets
For the Six Months Ended June 30, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Operating revenues		
System administration fees	\$ 138,623	\$ 112,127
Other services revenue	8,997	7,053
Total operating revenues	147,620	119,180
Operating expenses		
Salaries and related benefits	96,732	83,288
Facility and equipment costs	4,648	4,569
Outside services	12,207	10,074
Hardware and software maintenance and licensing	20,854	19,952
Depreciation	19,684	16,844
Other	5,679	6,939
Total operating expenses	159,804	141,666
Loss from operations	(12,184)	(22,486)
Other income (expense)		
Investment return, net	52,735	51,527
Interest expense	(602)	(596)
Non-operating income	5	1
Change in net assets without donor restrictions	39,954	28,446
Net assets without donor restrictions, beginning of year	250,396	155,102
Net assets without donor restrictions, end of period	\$ 290,350	\$ 183,548

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Cash Flows****For the Six Months Ended June 30, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Operating activities:		
Change in net assets without donor restrictions	\$ 39,954	\$ 28,446
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	19,684	16,844
Amortization of right-of-use assets	148	126
Amortization of debt issuance costs	9	8
Amortization of bond investment discount	(30,506)	(8,169)
Unrealized loss (gains) on bond investments	8,676	(2,259)
Changes in operating assets and liabilities:		
Accounts receivable	2,028	2,116
Unbilled revenue	(3,016)	(589)
Interest receivable	(1,241)	(1,168)
Receivable from intercompany	(153)	554
Prepaid expenses and other assets	3,460	(6,611)
Other long-term liabilities	3	28
Accounts payable	1,655	(5,138)
Accrued liabilities	(4,049)	4,996
Payable to intercompany	(280)	(382,333)
Deferred revenue	1,325	666
Security deposits	3,659	(122,131)
Market settlement liabilities	69,415	(109,096)
Long-term CRR liabilities	(48,174)	30,601
Net cash provided by (used in) operating activities	<u>62,597</u>	<u>(553,109)</u>
Investing activities:		
Purchase of investments	(622,873)	(252,209)
Proceeds from investments	575,000	351,505
Capital expenditures for property and equipment and systems under development	(21,604)	(16,445)
Net cash (used in) provided by investing activities	<u>(69,477)</u>	<u>82,851</u>
Financing activities:		
Repayment of debt payable	(2,000)	(2,000)
Net cash (used in) financing activities	<u>(2,000)</u>	<u>(2,000)</u>
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(8,880)	(472,258)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	3,600,647
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 2,054,807</u>	<u>\$ 3,128,389</u>



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of June 30, 2024
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 522,775	\$ 4,087	\$ -	\$ -	\$ 526,862
Securitization charges receivable, current	-	8,909	44,355	-	53,264
Accounts receivable	3,615	-	-	-	3,615
Unbilled revenue	10,547	-	-	(691)	9,856
Interest receivable	18,080	144	301	-	18,525
Receivable from intercompany	703	-	442	(1,145)	-
Restricted cash and cash equivalents	1,532,032	31,050	75,785	-	1,638,867
Short-term investments	1,305,221	-	-	-	1,305,221
Prepaid expenses and other current assets	38,341	-	-	-	38,341
Total current assets	3,431,314	44,190	120,883	(1,836)	3,594,551
Long-term investments	541,543	-	-	(14,579)	526,964
Property and equipment, net	150,180	-	-	-	150,180
Systems under development	31,605	-	-	-	31,605
Securitization charges receivable, non current	-	378,386	1,984,429	-	2,362,815
Other long term assets	951	-	-	-	951
Total assets	\$ 4,155,593	\$ 422,576	\$ 2,105,312	\$ (16,415)	\$ 6,667,066
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 11,957	\$ -	\$ -	\$ -	\$ 11,957
Accrued liabilities	31,771	5,736	43,784	-	81,291
Payable to intercompany	442	602	792	(1,836)	-
Deferred revenue	10,327	-	-	-	10,327
Market settlement liabilities	1,475,103	-	-	-	1,475,103
Security deposits	1,531,590	20,923	3,310	-	1,555,823
Debt payable, current portion	4,000	10,412	43,609	-	58,021
Total current liabilities	3,065,190	37,673	91,495	(1,836)	3,192,522
Long-term liabilities:					
Debt payable, less current portion:					
Principal	29,000	383,278	2,015,409	-	2,427,687
Less unamortized discount and debt issuance costs	112	2,375	12,171	-	14,658
Debt payable less current portion and unamortized discount and debt issuance costs	28,888	380,903	2,003,238	-	2,413,029
Long-term CRR liabilities	770,459	-	-	-	770,459
Other long-term liabilities	706	-	-	-	706
Total long-term liabilities	800,053	380,903	2,003,238	-	3,184,194
Total liabilities	3,865,243	418,576	2,094,733	(1,836)	6,376,716
Net assets without donor restrictions	290,350	4,000	10,579	(14,579)	290,350
Total liabilities and net assets	\$ 4,155,593	\$ 422,576	\$ 2,105,312	\$ (16,415)	\$ 6,667,066



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Six Months Ended June 30, 2024

(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 138,623	\$ -	\$ -	\$ -	\$ 138,623
Other services revenue	8,997	-	-	(829)	8,168
Securitization charges fees	-	5,962	49,957	-	55,919
Total operating revenues	147,620	5,962	49,957	(829)	202,710
Operating expenses					
Salaries and related benefits	96,732	-	-	-	96,732
Facility and equipment costs	4,648	-	-	-	4,648
Outside services	12,207	377	612	(829)	12,367
Hardware and software maintenance and licensing	20,854	-	-	-	20,854
Depreciation	19,684	-	-	-	19,684
Other	5,679	-	-	-	5,679
Total operating expenses	159,804	377	612	(829)	159,964
(Loss) income from operations	(12,184)	5,585	49,345	-	42,746
Other income (expense)					
Investment return, net	52,735	312	993	-	54,040
Interest expense	(602)	(5,897)	(50,338)	-	(56,837)
Non-operating income	5	-	-	-	5
Change in net assets without donor restrictions	39,954	-	-	-	39,954
Net assets without donor restrictions, beginning of year	250,396	4,000	10,579	(14,579)	250,396
Net assets without donor restrictions, end of period	\$ 290,350	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 290,350



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2024
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 39,954	\$ -	\$ -	\$ -	\$ 39,954
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	19,684	-	-	-	19,684
Amortization of right-of-use assets	148	-	-	-	148
Amortization of discount & debt issuance costs	9	38	373	-	420
Amortization of bond investment discount	(30,506)	-	-	-	(30,506)
Unrealized loss on bond investments	8,676	-	-	-	8,676
Changes in operating assets and liabilities:					
Securitization charges receivable	-	5,117	21,417	(280)	26,254
Accounts receivable	2,028	-	-	-	2,028
Unbilled revenue	(3,016)	-	-	-	(3,016)
Interest receivable	(1,241)	2	17	4	(1,218)
Receivable from intercompany	(153)	-	-	153	-
Prepaid expenses and other assets	3,460	-	-	-	3,460
Other long-term liabilities	3	-	-	-	3
Accounts payable	1,655	(4)	-	-	1,651
Accrued liabilities	(4,049)	(131)	(260)	-	(4,440)
Payable to intercompany	(280)	33	26	221	-
Deferred revenue	1,325	-	-	-	1,325
Security deposits	3,659	355	(22)	-	3,992
Market settlement liabilities	69,415	-	-	-	69,415
Long-term CRR liabilities	(48,174)	-	-	-	(48,174)
Net cash provided by operating activities	62,597	5,410	21,551	98	89,656
Investing activities:					
Purchase of investments	(622,873)	-	-	-	(622,873)
Proceeds from investments	575,000	-	-	-	575,000
Capital expenditures for property and equipment and systems under development	(21,604)	-	-	-	(21,604)
Net cash (used in) investing activities	(69,477)	-	-	-	(69,477)
Financing activities:					
Repayment of debt payable	(2,000)	(5,092)	(21,150)	-	(28,242)
Payment of debt issuance costs	-	-	-	(98)	(98)
Net cash (used in) financing activities	(2,000)	(5,092)	(21,150)	(98)	(28,340)
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(8,880)	318	401	-	(8,161)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	34,819	75,384	-	2,173,890
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,054,807	\$ 35,137	\$ 75,785	\$ -	\$ 2,165,729



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of June 30, 2023
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,851,545	\$ 4,076	\$ -	\$ -	\$ 1,855,621
Securitization charges receivable, current	-	9,963	42,590	-	52,553
Accounts receivable	3,509	-	-	-	3,509
Unbilled revenue	5,788	-	-	(691)	5,097
Interest receivable	12,869	139	291	-	13,299
Receivable from intercompany	380	4	410	(794)	-
Restricted cash and cash equivalents	1,276,844	30,748	77,198	-	1,384,790
Short-term investments	416,151	-	-	-	416,151
Prepaid expenses and other current assets	42,755	2	-	-	42,757
Total current assets	3,609,841	44,932	120,489	(1,485)	3,773,777
Long-term investments	14,579	-	-	(14,579)	-
Property and equipment, net	141,251	-	-	-	141,251
Systems under development	37,939	-	-	-	37,939
Securitization charges receivable, non current	-	387,383	2,027,821	-	2,415,204
Other long term assets	1,054	-	-	-	1,054
Total assets	\$ 3,804,664	\$ 432,315	\$ 2,148,310	\$ (16,064)	\$ 6,369,225
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 2,662	\$ 4	\$ -	\$ -	\$ 2,666
Accrued liabilities	24,872	7,016	45,604	-	77,492
Payable to intercompany	414	324	747	(1,485)	-
Deferred revenue	8,336	-	-	-	8,336
Market settlement liabilities	1,394,574	-	-	-	1,394,574
Security deposits	1,276,430	19,167	3,404	-	1,299,001
Debt payable, current portion	4,000	10,110	41,874	-	55,984
Total current liabilities	2,711,288	36,621	91,629	(1,485)	2,838,053
Long-term liabilities:					
Debt payable, less current portion:					
Principal	33,000	393,690	2,059,019	-	2,485,709
Less unamortized discount and debt issuance costs	130	1,996	12,917	-	15,043
Debt payable less current portion and unamortized discount and debt issuance costs	32,870	391,694	2,046,102	-	2,470,666
Long-term CRR liabilities	876,187	-	-	-	876,187
Other long-term liabilities	771	-	-	-	771
Total long-term liabilities	909,828	391,694	2,046,102	-	3,347,624
Total liabilities	3,621,116	428,315	2,137,731	(1,485)	6,185,677
Net assets without donor restrictions	183,548	4,000	10,579	(14,579)	183,548
Total liabilities and net assets	\$ 3,804,664	\$ 432,315	\$ 2,148,310	\$ (16,064)	\$ 6,369,225



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Six Months Ended June 30, 2023
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 112,127	\$ -	\$ -	\$ -	\$ 112,127
Other services revenue	7,053	-	-	(829)	6,224
Securitization charges fees	-	7,119	50,949	-	58,068
Total operating revenues	119,180	7,119	50,949	(829)	176,419
Operating expenses					
Salaries and related benefits	83,288	-	-	-	83,288
Facility and equipment costs	4,569	-	-	-	4,569
Outside services	10,074	400	650	(829)	10,295
Hardware and software maintenance and licensing	19,952	-	-	-	19,952
Depreciation	16,844	-	-	-	16,844
Other	6,939	3	1	-	6,943
Total operating expenses	141,666	403	651	(829)	141,891
(Loss) income from operations	(22,486)	6,716	50,298	-	34,528
Other income (expense)					
Investment return, net	51,527	289	911	-	52,727
Interest expense	(596)	(7,005)	(51,209)	-	(58,810)
Non-operating income	1	-	-	-	1
Change in net assets without donor restrictions	28,446	-	-	-	28,446
Net assets without donor restrictions, beginning of year	155,102	4,000	10,579	(14,579)	155,102
Net assets without donor restrictions, end of period	\$ 183,548	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 183,548



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2023

(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 28,446	\$ -	\$ -	\$ -	\$ 28,446
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	16,844	-	-	-	16,844
Amortization of right-of-use assets	126	-	-	-	126
Amortization of debt issuance costs	8	38	374	-	420
Amortization of bond investment discount	(8,169)	-	-	-	(8,169)
Unrealized losses on bond investments	(2,259)	-	-	-	(2,259)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	4,952	19,295	409	24,656
Accounts receivable	2,116	-	-	-	2,116
Unbilled revenue	(589)	-	1,843	(318)	936
Interest receivable	(1,168)	63	239	-	(866)
Receivable from intercompany	554	382,289	453	(383,296)	-
Prepaid expenses and other assets	(6,611)	-	-	-	(6,611)
Other long-term liabilities	28	-	-	-	28
Accounts payable	(5,138)	-	-	-	(5,138)
Accrued liabilities	4,996	(4,899)	(10,444)	-	(10,347)
Payable to intercompany	(382,333)	(99)	(52)	382,484	-
Deferred revenue	666	-	-	-	666
Security deposits	(122,131)	602	365	-	(121,164)
Market settlement liabilities	(109,096)	-	-	-	(109,096)
Long-term CRR liabilities	30,601	-	-	-	30,601
Net cash (used in) provided by operating activities	(553,109)	382,946	12,073	(721)	(158,811)
Investing activities:					
Purchase of investments	(252,209)	-	-	-	(252,209)
Proceeds from investments	351,505	-	-	-	351,505
Capital expenditures for property and equipment and systems under development	(16,445)	-	-	-	(16,445)
Net cash provided by investing activities	82,851	-	-	-	82,851
Financing activities:					
Repayment of debt payable	(2,000)	(391,956)	(14,807)	-	(408,763)
Payment of debt issuance costs	-	(213)	(508)	721	-
Net cash (used in) financing activities	(2,000)	(392,169)	(15,315)	721	(408,763)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(472,258)	(9,223)	(3,242)	-	(484,723)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	3,600,647	44,047	80,440	-	3,725,134
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 3,128,389	\$ 34,824	\$ 77,198	\$ -	\$ 3,240,411

