



Item 5.1: Review 2024 Financial Summary

Richard Scheel

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

Finance and Audit Committee Meeting

ERCOT Public

October 9, 2024

Overview

- **Purpose**
 - To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of August 31, 2024
- **Voting Items / Requests**
 - No action is requested of the F&A Committee or Board; for discussion only

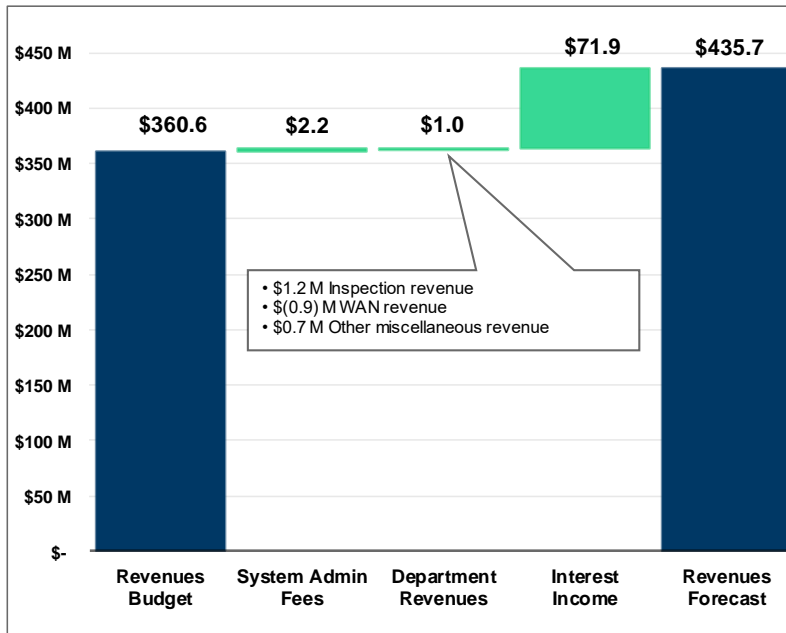
Key Takeaways

- ERCOT's year-to-date August 2024 actual revenues net of expenditures were \$74.6 million favorable to budget, driven by interest income being favorable by \$47.7 million, project expenditures being favorable by \$5.6 million, and by staffing management being favorable by \$10.7 million
- ERCOT's year-end 2024 forecasted revenues net of expenditures are \$94.8 million favorable to budget, driven by interest income forecasted to be favorable by \$71.9 million and by staffing management to be favorable by \$11.9 million
- ERCOT had \$151.2 million of operating funds as of August 31, 2024, compared to \$30.7 million operating use of Congestion Revenue Right (CRR) funds as of August 31, 2023

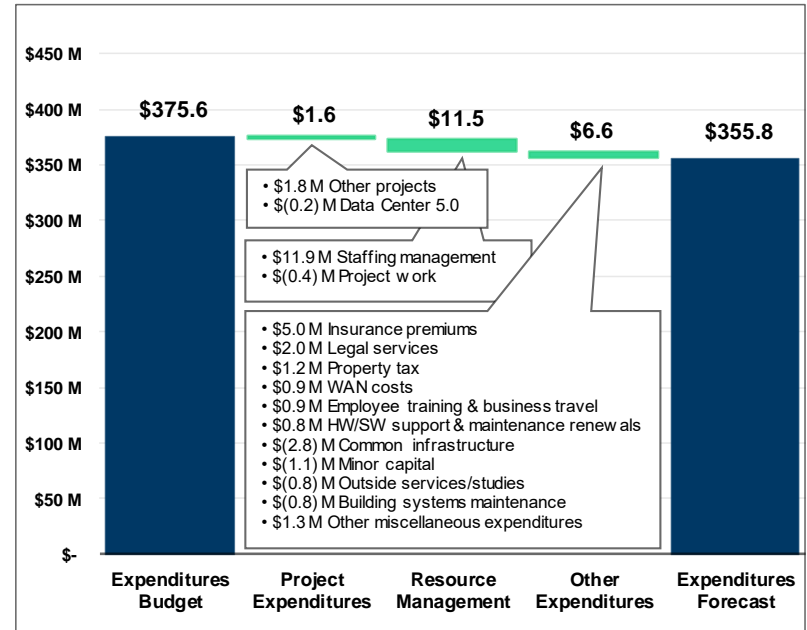
Review 2024 Financial Summary: 2024 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$94.8 M

Revenues Year-End Forecast
Variance to Budget = \$75.1 M [20.8%]



Expenditures Year-End Forecast
Variance to Budget = \$19.7 M [5.2%]



Charts may not foot due to rounding

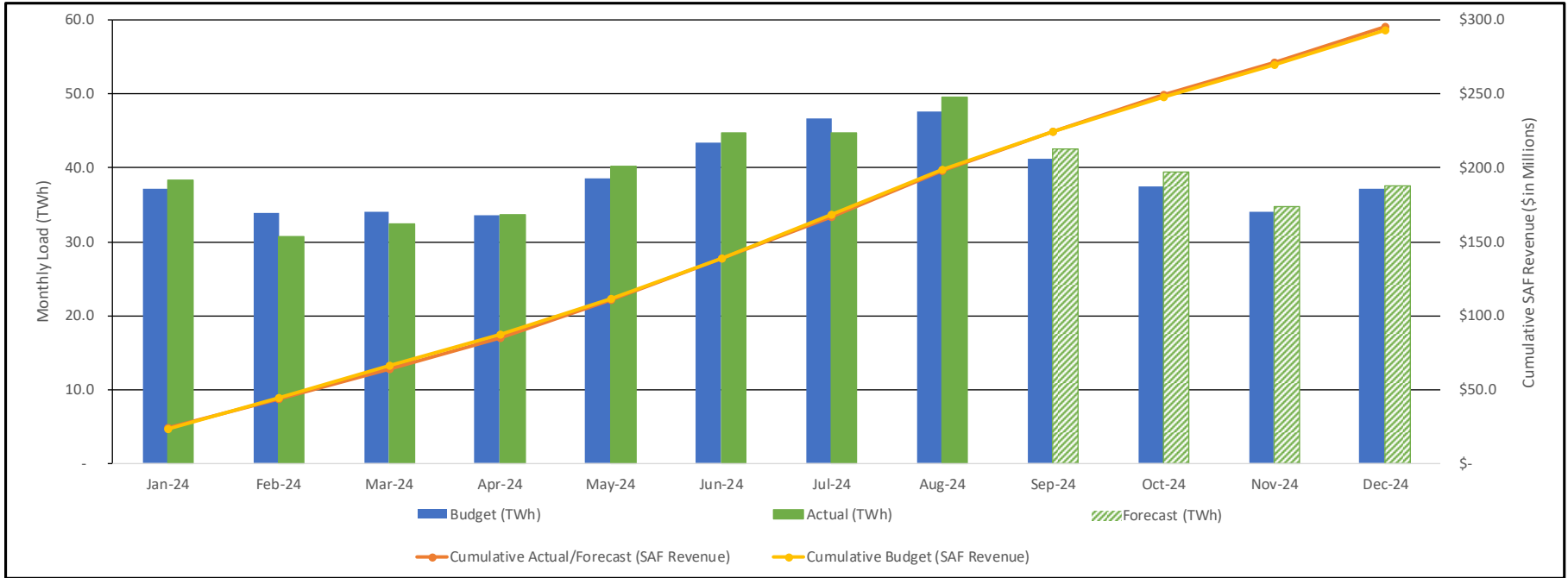
Key Takeaway: The forecasted year-end 2024 results are a net available amount of \$79.9 M versus a budgeted amount of \$(14.9) M, a \$94.8 M favorable variance



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	49.5	42.5	39.4	34.7	37.5	468.5
Variance	11.9	1.2	(3.1)	(1.6)	0.1	1.6	1.2	(1.9)	1.9	1.3	1.9	0.6	0.4	3.5
Variance (%)	2.7%	3.2%	-9.2%	-4.6%	0.2%	4.3%	2.8%	-4.2%	4.0%	3.1%	5.1%	1.7%	1.0%	0.8%

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	\$ 198.0	\$ 224.8	\$ 249.7	\$ 271.5	\$ 295.2	\$ 295.2
Cumulative Variance	\$ 6.6	\$ 0.7	\$ (1.2)	\$ (2.2)	\$ (2.2)	\$ (1.1)	\$ (0.4)	\$ (1.6)	\$ (0.4)	\$ 0.4	\$ 1.6	\$ 2.0	\$ 2.2	\$ 2.2
Cumulative Variance (%)	2.7%	3.2%	-2.7%	-3.3%	-2.5%	-1.0%	-0.3%	-0.9%	-0.2%	0.2%	0.7%	0.7%	0.8%	0.8%



Review 2024 Financial Summary: ERCOT Statements of Financial Position

As of August 31
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	\$ 527.0	\$ 2,724.3	\$ 4.0	\$ 4.0	\$ -	\$ -
Bond Investments	1,837.4	317.7	-	-	-	-
Total unrestricted cash and bond investments	2,364.4	3,042.0	4.0	4.0	-	-
Restricted cash and interest receivable	1,508.3	1,964.2	24.2	22.9	28.4	29.8
Other current assets	64.5	64.3	8.3	10.2	45.1	43.2
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	186.2	179.8	377.3	385.7	1,977.0	2,020.8
Total assets	\$ 4,138.0	\$ 5,264.9	\$ 413.8	\$ 422.8	\$ 2,050.5	\$ 2,093.8
Liabilities and Net Assets						
CRR auction liabilities-current	\$ 1,331.3	\$ 1,223.7	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	810.8	895.7	-	-	-	-
Other market liabilities	71.1	891.8	-	-	-	-
Total market settlement liabilities	2,213.2	3,011.2	-	-	-	-
Security deposits and interest payable	1,507.9	1,963.8	21.5	19.6	3.5	3.4
Other current liabilities	63.3	44.4	10.8	12.7	55.5	55.2
Other long-term liabilities	29.6	33.6	377.5	386.5	1,980.9	2,024.6
Net assets without donor restrictions	324.0	211.9	4.0	4.0	10.6	10.6
Total liabilities and net assets	\$ 4,138.0	\$ 5,264.9	\$ 413.8	\$ 422.8	\$ 2,050.5	\$ 2,093.8

Key Takeaway:

- ERCOT's bond investments increased \$1,519.7 M year-over-year, driven by the \$1,335.0 M additional bond investment in September 2023
- ERCOT's other market liabilities decreased \$820.7 M year-over-year, driven by the higher market prepayments at end of August 2023
- TEMSFM's other long-term liabilities decreased \$9.0 M year-over-year, driven by lower balance of long-term debt payable liabilities
- TEMSFN's other long-term liabilities decreased \$43.7 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 Eight Months Ended August
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	\$ 209.2	\$ 175.3	\$ 7.8	\$ 9.1	\$ 66.5	\$ 67.8
Operating expenses	215.6	189.2	0.5	0.5	0.8	0.9
(Loss) income from operations	(6.4)	(13.9)	7.3	8.6	65.7	66.9
*Other income (expense)	80.0	70.7	(7.3)	(8.6)	(65.7)	(66.9)
Change in net assets without donor restrictions	73.6	56.8	-	-	-	-
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	\$ 324.0	\$ 211.9	\$ 4.0	\$ 4.0	\$ 10.6	\$ 10.6

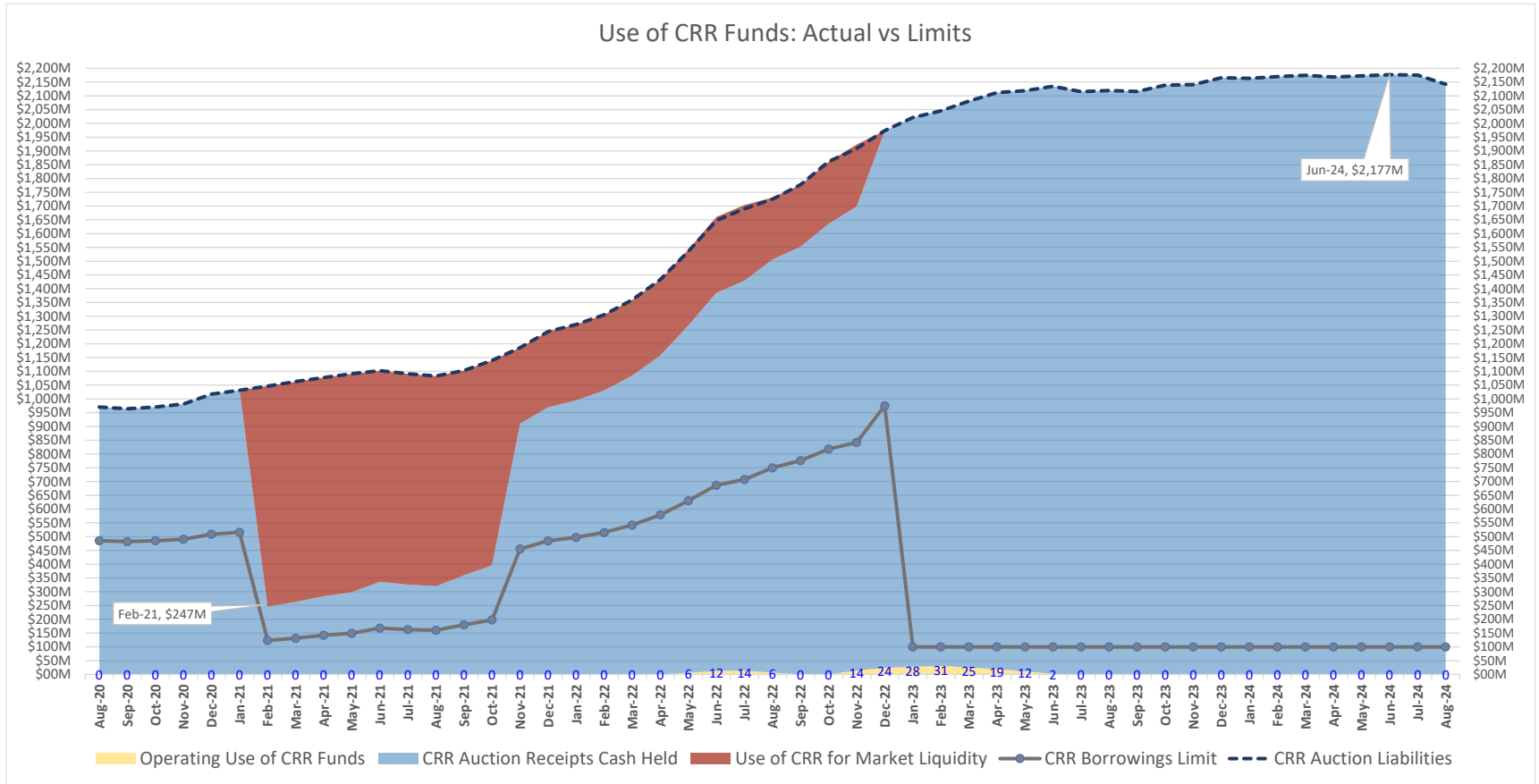
* Bond investment fair value adjustment is reported monthly in 2024 vs annually in 2023

Key Takeaways: ERCOT's year-over-year change in net assets without donor restrictions (equity) increased by \$16.8 M:

- \$33.9 M increase in operating revenues, driven by
 - \$31.4 M (19%) increase in system admin fee revenue
- \$26.4 M increase in operating expenses, driven by
 - \$18.1 M (16%) increase in salaries and related benefits expense
 - \$4.3 M (19%) increase in depreciation expense
 - \$4.0 M (30%) increase in outside services expense
 - \$1.9 M (7%) increase in hardware and software maintenance expense
 - \$1.9 M (21%) decrease in other expense mainly driven by insurance premiums
- \$9.3 M increase in other income (interest income)
 - \$12.4 M (18%) increase in interest income
 - \$3.1 M (134%) increase in U.S. Treasury obligations fair value adjustment loss (\$0.8 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 August 2024, Unrestricted Cash and Bond Investments exceeded Market Liabilities by \$151.2 M



Review 2024 Financial Summary:

Appendices

Electric Reliability Council of Texas, Inc. 2024 Financial Summary As of September 19, 2024 (\$ in Millions)						Year-to-Date (August 31)					Year-End (December 31)				
						2023		2024			2023		2024		
Line	Actual	Budget	Actual	Variance		Actual	Budget	Forecast	Variance		Actual	Budget	Forecast	Variance	
				\$	%				\$	%				\$	%
1	System Administration Revenue	\$ 166.6	\$ 198.4	\$ 198.0	\$ (0.4)	(0.2)	\$ 247.5	\$ 292.9	\$ 295.2	\$ 2.2	0.8				
2	Department Net Expenditures														
3	Chief Information Office	69.8	83.3	75.3	8.0	9.7	107.0	124.9	124.3	0.6	0.5				
4	Chief Operations Office	43.6	58.7	52.4	6.3	10.7	65.6	86.8	79.4	7.4	8.5				
5	General Counsel	28.3	34.4	32.9	1.5	4.3	42.0	58.0	54.6	3.4	5.9				
6	Chief Financial Office	15.4	18.7	14.6	4.0	21.6	22.5	28.4	22.2	6.2	21.9				
7	Human Resources	4.5	7.8	5.1	2.7	35.0	7.4	12.6	9.9	2.7	21.5				
8	Chief Executive Office	4.1	4.3	4.6	(0.3)	(6.1)	5.2	5.6	5.9	(0.4)	(6.5)				
9	Project Funded Labor	(9.8)	(12.9)	(12.1)	(0.7)	(5.6)	(14.9)	(19.3)	(18.2)	(1.1)	(5.8)				
10	Total Department Net Expenditures	156.0	194.3	172.7	21.6	11.1	234.8	297.1	278.2	18.9	6.4				
11	Net Revenues After Department Expenditures	10.6	4.1	25.3	21.2	513.0	12.6	(4.2)	17.0	21.1	507.4				
12															
13	Less: Project Expenditures	21.6	39.4	33.8	5.6	14.1	38.4	59.1	57.5	1.6	2.7				
14	Less: Interest Expense	0.8	0.9	0.8	0.1	13.0	1.2	1.4	1.2	0.2	11.9				
15	Add: Interest Income	71.4	33.2	80.9	47.7	143.9	120.2	49.8	121.7	71.9	144.5				
16															
17	Net Available	\$ 59.6	\$ (3.0)	\$ 71.6	\$ 74.6	>1,000.0	\$ 93.2	\$ (14.9)	\$ 79.9	\$ 94.8	635.7				

Note: Schedule may not foot due to rounding



Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of September 19, 2024			
Line		Year-to-Date (August 31)	Year-End (December 31)
1	System Administration Revenue	-\$17.7 M - Weather +\$17.3 M - Economy	+\$2.2 M - Based on current actuals and load forecast for remainder of year
3	Chief Information Office	+\$0.8 M - WAN costs +\$0.4 M - HW/SW support & maintenance renewals +\$0.7 M - Contingent labor [Resource Management - Staffing Management] +\$0.4 M - Telecommunications +\$0.5 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Outside services/studies +\$0.3 M - Employee training & business travel +\$0.2 M - Data service subscriptions +\$0.1 M - Fiber lease -\$0.6 M - WAN revenue -\$0.1 M - Minor capital -\$0.1 M - ERCOT Innovation Summit <u>Timing Differences</u> +\$3.7 M - Common infrastructure +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Outside services/studies +\$0.1 M - Employee training & business travel +\$0.1 M - Other miscellaneous expenditures	+\$0.9 M - WAN costs +\$0.8 M - HW/SW support & maintenance renewals +\$0.7 M - Contingent labor [Resource Management - Staffing Management] +\$0.6 M - Telecommunications +\$0.5 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Outside services/studies +\$0.3 M - Employee training & business travel +\$0.3 M - Data service subscriptions +\$0.1 M - Fiber lease -\$2.8 M - Common infrastructure -\$0.9 M - WAN revenue -\$0.5 M - Minor capital -\$0.1 M - ERCOT Innovation Summit -\$0.1 M - Other miscellaneous expenditures
4	Chief Operations Office	+\$6.0 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.5 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Employee training & business travel -\$0.9 M - Outside services/studies -\$0.3 M - Minor capital -\$0.1 M - Operator training seminar revenue -\$0.1 M - Data service subscriptions +\$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> +\$0.6 M - Outside services/studies +\$0.2 M - Employee training & business travel	+\$7.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$1.2 M - Inspection revenue +\$0.6 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Employee training & business travel +\$0.2 M - Interconnection revenue -\$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 - IT hardware +\$0.1 M - Other miscellaneous expenditures



Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of September 19, 2024		
Line	Year-to-Date (August 31)	Year-End (December 31)
5 General Counsel	+\$0.2 M - Legal services +\$0.9 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Outside services/studies +\$0.2 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Registration fees revenue +\$0.2 M - Employee training & business travel +\$0.2 M - Membership dues revenue +\$0.1 M - Electricity -\$0.7 M - Building systems maintenance -\$0.1 M - Minor capital -\$0.2 M - Software <u>Timing Differences</u> +\$0.1 M - Outside services/studies +\$0.1 M - Other miscellaneous expenditures	+\$2.0 M - Legal services +\$1.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Outside services/studies +\$0.2 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Registration fees revenue +\$0.2 M - Employee training & business travel +\$0.2 M - Membership dues revenue +\$0.1 M - Electricity -\$0.8 M - Building systems maintenance -\$0.3 M - Minor capital -\$0.2 M - Software
6 Chief Financial Office	+\$3.0 M - Insurance premiums +\$0.8 M - Property tax +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - SPE M & N administration & servicing revenue -\$0.3 M - Outside services/studies <u>Timing Differences</u> +\$0.1 M - Other miscellaneous expenditures	+\$5.0 M - Insurance premiums +\$1.2 M - Property tax +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - SPE M & N administration & servicing revenue -\$0.6 M - Outside services/studies
7 Human Resources	+\$0.8 M - Outside services/studies +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Recruiting & pre-employment costs +\$0.2 M - Corporate events +\$0.1 M - Employee training & business travel +\$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> +\$0.6 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Health & wellness expense	+\$1.2 M - Outside services/studies +\$0.5 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Recruiting & pre-employment costs +\$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 +\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] <u>Timing Differences</u> +\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$0.5 M - Outside services/studies +\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]
9 Project Funded Labor	-\$0.7 M - Multiple projects [Resource Management - Project-Funded Work]	-\$1.1 M - Multiple projects [Resource Management - Project-Funded Work]
13 Project Expenditures	+\$1.6 M - All projects <u>Timing Differences</u> +\$4.0 M - All projects	+\$1.6 M - All projects
14 Interest Expense	+\$0.1 M - Bank fees	+\$0.1 M - Bank fees +\$0.1 M - Capitalized interest
15 Interest Income	+\$43.2 M - Interest rate +\$5.3 M - Investment balance <u>Timing Differences</u> -\$0.8 M - Fair value adjustment	+\$59.2 M - Interest rate +\$6.5 M - Investment balance +\$6.2 M - Fair value adjustment

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

Line	Project	Year-to-Date As of August 31, 2024		Year-End (YE) As of September 19, 2024		Life-to-Date As of August 31, 2024		Estimate-at-Completion (EAC) As of September 19, 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	\$ 3.1	46%	\$ 6.8	12%	\$ 3.4	14%	\$ 24.8	12%	\$ 24.8	-
2	RTC-B Program Control	1.6	29%	5.7	10%	2.6	18%	13.9	7%	13.9	-
3	RTC-B Commercial Applications	0.7	82%	0.9	2%	0.9	16%	5.8	3%	5.8	-
4	RTC-B Integration & Information	0.5	43%	1.1	2%	0.5	9%	5.3	3%	5.3	-
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	1.3	1%	1.3	-
6	Subtotal - Market Design Projects	6.0	41%	14.5	25%	7.3	14%	51.2	24%	51.2	-
7	Data Center 5.0 (DC5) Program	3.9	68%	5.7	10%	58.4	96%	60.6	29%	61.1	0.5
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	7.1	70%	10.1	18%	7.1	62%	11.5	5%	11.5	-
10	NMMS IMM Schema upgrade to CIM 16	0.1	14%	1.0	2%	0.2	4%	4.4	2%	4.5	0.0
11	Market Management System (MMS) Outage Scheduler (OS) Red Hat Enterprise Linux (RHEL) Migration	1.2	116%	1.0	2%	4.6	104%	4.4	2%	4.4	0.0
12	ServiceNow Self Hosted Migration	0.0	0%	4.3	7%	0.0	0%	4.4	2%	4.4	-
13	ServiceNow Change Management	0.2	7%	2.1	4%	0.2	4%	3.9	2%	3.9	-
14	Microsoft SharePoint Migration – Phase 2	0.0	10%	0.2	0%	0.0	1%	3.3	2%	3.3	-
15	Treasury Management Risk Mitigation	0.7	100%	0.7	1%	2.7	100%	2.7	1%	2.7	(0.0)
16	Test Data Management	-	0%	3.5	6%	-	0%	2.6	1%	2.6	-
17	Treasury Single Source of Truth	0.0	4%	0.6	1%	0.0	1%	2.1	1%	2.1	-
18	Texas Standard Electronic Transaction (Texas SET) 5.0	0.7	76%	0.9	2%	1.8	89%	2.0	1%	2.0	0.0
19	TIBCO BusinessWorks Upgrade	1.5	146%	1.0	2%	2.4	120%	2.0	1%	2.0	-
20	Total Projects with EAC Over \$2.0M	20.8	46%	45.0	78%	101.6	59%	172.2	81%	172.6	0.4
21	Other Projects	13.1	105%	12.5	22%	26.1	66%	39.8	19%	41.3	1.6
22	Total Project Expenditures	\$ 33.8	59%	\$ 57.5	100%	\$ 127.7	60%	\$ 211.9	100%	\$ 213.9	\$ 1.9

Note: Schedule may not foot due to rounding



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Statements of Financial Position

As of August 31, 2024 and 2023

(Dollars in Thousands)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 526,963	\$ 2,724,257
Accounts receivable	11,920	9,879
Unbilled revenue	5,999	3,017
Interest receivable	18,538	19,154
Receivable from intercompany	432	130
Restricted cash and cash equivalents	1,501,640	1,954,986
Short-term investments	1,262,272	316,296
Prepaid expenses and other current assets	43,499	42,750
Total current assets	3,371,263	5,070,469
Long-term investments	580,489	14,579
Property and equipment, net	154,235	139,611
Systems under development	31,068	39,233
Other long term assets	903	1,006
Total assets	\$ 4,137,958	\$ 5,264,898
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 19,334	\$ 8,612
Accrued liabilities	35,315	32,091
Payable to intercompany	446	366
Deferred revenue	10,865	8,487
Market settlement liabilities	1,402,425	2,115,497
Security deposits	1,501,194	1,954,620
Debt payable, current portion	4,000	4,000
Total current liabilities	2,973,579	4,123,673
Long-term liabilities:		
Debt payable, less current portion:		
Principal	29,000	33,000
Less unamortized debt issuance costs	109	127
Debt payable less current portion and unamortized debt issuance costs	28,891	32,873
Long-term CRR liabilities	810,769	895,733
Other long-term liabilities	675	743
Total long-term liabilities	840,335	929,349
Total liabilities	3,813,914	5,053,022
Net assets without donor restrictions	324,044	211,876
Total liabilities and net assets	\$ 4,137,958	\$ 5,264,898



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Activities and Changes in Net Assets
For the Eight Months Ended August 31, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Operating revenues		
System administration fees	\$ 198,029	\$ 166,589
Other services revenue	11,164	8,737
Total operating revenues	209,193	175,326
Operating expenses		
Salaries and related benefits	128,978	110,755
Facility and equipment costs	6,438	6,538
Outside services	17,402	13,408
Hardware and software maintenance and licensing	28,237	26,321
Depreciation	27,063	22,722
Other	7,499	9,444
Total operating expenses	215,617	189,188
Loss from operations	(6,424)	(13,862)
Other income (expense)		
Investment return, net	80,890	71,430
Interest expense	(823)	(795)
Non-operating income	5	1
Change in net assets without donor restrictions	73,648	56,774
Net assets without donor restrictions, beginning of year	250,396	155,102
Net assets without donor restrictions, end of period	\$ 324,044	\$ 211,876

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Cash Flows****For the Eight Months Ended August 31, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Operating activities:		
Change in net assets without donor restrictions	\$ 73,648	\$ 56,774
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	27,063	22,722
Amortization of right-of-use assets	200	176
Amortization of debt issuance costs	12	11
Amortization of bond investment discount	(40,478)	(11,194)
Unrealized loss (gains) on bond investments	775	(2,259)
Changes in operating assets and liabilities:		
Accounts receivable	(6,277)	(4,254)
Unbilled revenue	1,532	2,182
Interest receivable	(1,183)	(3,144)
Receivable from intercompany	118	804
Prepaid expenses and other assets	(1,698)	(6,606)
Other long-term liabilities	(28)	(1)
Accounts payable	5,018	855
Accrued liabilities	(116)	7,922
Payable to intercompany	(276)	(382,381)
Deferred revenue	1,863	817
Security deposits	(26,737)	556,060
Market settlement liabilities	(3,263)	611,827
Long-term CRR liabilities	(7,864)	50,147
Net cash provided by operating activities	<u>22,309</u>	<u>900,458</u>
Investing activities:		
Purchase of investments	(839,672)	(455,364)
Proceeds from investments	813,675	657,540
Capital expenditures for property and equipment and systems under development	(29,396)	(22,038)
Net cash (used in) provided by investing activities	<u>(55,393)</u>	<u>180,138</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) increase in cash, cash equivalents, and restricted cash and cash equivalents	(35,084)	1,078,596
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>\$ 2,028,603</u>	<u>\$ 4,679,243</u>



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of August 31, 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	\$ 526,963	\$ 4,018	\$ -	\$ -	\$ 530,981
Securitization charges receivable, current	-	8,312	44,656	-	52,968
Accounts receivable	11,920	-	-	-	11,920
Unbilled revenue	5,999	-	-	(138)	5,861
Interest receivable	18,538	117	98	-	18,753
Receivable from intercompany	432	-	446	(878)	-
Restricted cash and cash equivalents	1,501,640	24,140	28,296	-	1,554,076
Short-term investments	1,262,272	-	-	-	1,262,272
Prepaid expenses and other current assets	43,499	-	-	-	43,499
Total current assets	3,371,263	36,587	73,496	(1,016)	3,480,330
Long-term investments	580,489	-	-	(14,579)	565,910
Property and equipment, net	154,235	-	-	-	154,235
Systems under development	31,068	-	-	-	31,068
Securitization charges receivable, non current	-	377,260	1,976,984	-	2,354,244
Other long term assets	903	-	-	-	903
Total assets	\$ 4,137,958	\$ 413,847	\$ 2,050,480	\$ (15,595)	\$ 6,586,690
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 19,334	\$ 11	\$ 10	\$ -	\$ 19,355
Accrued liabilities	35,315	1,966	10,877	-	48,158
Payable to intercompany	446	379	191	(1,016)	-
Deferred revenue	10,865	-	-	-	10,865
Market settlement liabilities	1,402,425	-	-	-	1,402,425
Security deposits	1,501,194	21,377	3,433	-	1,526,004
Debt payable, current portion	4,000	8,608	44,504	-	57,112
Total current liabilities	2,973,579	32,341	59,015	(1,016)	3,063,919
Long-term liabilities:					
Debt payable, less current portion:					
Principal	29,000	379,914	1,992,932	-	2,401,846
Less unamortized discount and debt issuance costs	109	2,408	12,046	-	14,563
Debt payable less current portion and unamortized discount and debt issuance costs	28,891	377,506	1,980,886	-	2,387,283
Long-term CRR liabilities	810,769	-	-	-	810,769
Other long-term liabilities	675	-	-	-	675
Total long-term liabilities	840,335	377,506	1,980,886	-	3,198,727
Total liabilities	3,813,914	409,847	2,039,901	(1,016)	6,262,646
Net assets without donor restrictions	324,044	4,000	10,579	(14,579)	324,044
Total liabilities and net assets	\$ 4,137,958	\$ 413,847	\$ 2,050,480	\$ (15,595)	\$ 6,586,690



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Eight Months Ended August 31, 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	\$ 198,029	\$ -	\$ -	\$ -	\$ 198,029
Other services revenue	11,164	-	-	(1,105)	10,059
Securitization charges fees	-	7,817	66,511	-	74,328
Total operating revenues	209,193	7,817	66,511	(1,105)	282,416
Operating expenses					
Salaries and related benefits	128,978	-	-	-	128,978
Facility and equipment costs	6,438	-	-	-	6,438
Outside services	17,402	499	816	(1,105)	17,612
Hardware and software maintenance and licensing	28,237	-	1	-	28,238
Depreciation	27,063	-	-	-	27,063
Other	7,499	-	-	-	7,499
Total operating expenses	215,617	499	817	(1,105)	215,828
(Loss) income from operations	(6,424)	7,318	65,694	-	66,588
Other income (expense)					
Investment return, net	80,890	528	1,322	-	82,740
Interest expense	(823)	(7,846)	(67,016)	-	(75,685)
Non-operating income	5	-	-	-	5
Change in net assets without donor restrictions	73,648	-	-	-	73,648
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	\$ 324,044	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 324,044



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Eight Months Ended August 31, 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	\$ 73,648	\$ -	\$ -	\$ -	\$ 73,648
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	27,063	-	-	-	27,063
Amortization of right-of-use assets	200	-	-	-	200
Amortization of discount & debt issuance costs	12	52	498	-	562
Amortization of bond investment discount	(40,478)	-	-	-	(40,478)
Unrealized loss on bond investments	775	-	-	-	775
Changes in operating assets and liabilities:					
Securitization charges receivable	-	6,840	28,557	(276)	35,121
Accounts receivable	(6,277)	-	-	-	(6,277)
Unbilled revenue	1,532	-	-	(553)	979
Interest receivable	(1,183)	(37)	37	257	(926)
Receivable from intercompany	118	-	-	(118)	-
Prepaid expenses and other assets	(1,698)	-	-	-	(1,698)
Other long-term liabilities	(28)	-	-	-	(28)
Accounts payable	5,018	7	10	-	5,035
Accrued liabilities	(116)	(3,906)	(33,168)	-	(37,190)
Payable to intercompany	(276)	(166)	(391)	833	-
Deferred revenue	1,863	-	-	-	1,863
Security deposits	(26,737)	809	101	-	(25,827)
Market settlement liabilities	(3,263)	-	-	-	(3,263)
Long-term CRR liabilities	(7,864)	-	-	-	(7,864)
Net cash provided by (used in) operating activities	22,309	3,599	(4,356)	143	21,695
Investing activities:					
Purchase of investments	(839,672)	-	-	-	(839,672)
Proceeds from investments	813,675	-	-	-	813,675
Capital expenditures for property and equipment and systems under development	(29,396)	-	-	-	(29,396)
Net cash (used in) investing activities	(55,393)	-	-	-	(55,393)
Financing activities:					
Repayment of debt payable	(2,000)	(10,260)	(42,732)	-	(54,992)
Payment of debt issuance costs	-	-	-	(143)	(143)
Net cash (used in) financing activities	(2,000)	(10,260)	(42,732)	(143)	(55,135)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(35,084)	(6,661)	(47,088)	-	(88,833)
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	\$ 2,028,603	\$ 28,158	\$ 28,296	\$ -	\$ 2,085,057



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of August 31, 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	\$ 2,724,257	\$ 4,017	\$ -	\$ -	\$ 2,728,274
Securitization charges receivable, current	-	10,285	42,879	-	53,164
Accounts receivable	9,879	-	-	-	9,879
Unbilled revenue	3,017	-	-	(138)	2,879
Interest receivable	19,154	115	94	-	19,363
Receivable from intercompany	130	4	361	(495)	-
Restricted cash and cash equivalents	1,954,986	22,794	29,701	-	2,007,481
Short-term investments	316,296	-	-	-	316,296
Prepaid expenses and other current assets	42,750	-	-	-	42,750
Total current assets	5,070,469	37,215	73,035	(633)	5,180,086
Long-term investments	14,579	-	-	(14,579)	-
Property and equipment, net	139,611	-	-	-	139,611
Systems under development	39,233	-	-	-	39,233
Securitization charges receivable, non current	-	385,661	2,020,772	-	2,406,433
Other long term assets	1,006	-	-	-	1,006
Total assets	\$ 5,264,898	\$ 422,876	\$ 2,093,807	\$ (15,212)	\$ 7,766,369
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 8,612	\$ -	\$ -	\$ -	\$ 8,612
Accrued liabilities	32,091	2,550	12,328	-	46,969
Payable to intercompany	366	74	193	(633)	-
Deferred revenue	8,487	-	-	-	8,487
Market settlement liabilities	2,115,497	-	-	-	2,115,497
Security deposits	1,954,620	19,453	3,332	-	1,977,405
Debt payable, current portion	4,000	10,260	42,733	-	56,993
Total current liabilities	4,123,673	32,337	58,586	(633)	4,213,963
Long-term liabilities:					
Debt payable, less current portion:					
Principal	33,000	388,522	2,037,435	-	2,458,957
Less unamortized discount and debt issuance costs	127	1,983	12,793	-	14,903
Debt payable less current portion and unamortized discount and debt issuance costs	32,873	386,539	2,024,642	-	2,444,054
Long-term CRR liabilities	895,733	-	-	-	895,733
Other long-term liabilities	743	-	-	-	743
Total long-term liabilities	929,349	386,539	2,024,642	-	3,340,530
Total liabilities	5,053,022	418,876	2,083,228	(633)	7,554,493
Net assets without donor restrictions	211,876	4,000	10,579	(14,579)	211,876
Total liabilities and net assets	\$ 5,264,898	\$ 422,876	\$ 2,093,807	\$ (15,212)	\$ 7,766,369



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Eight Months Ended August 31, 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	\$ 166,589	\$ -	\$ -	\$ -	\$ 166,589
Other services revenue	8,737	-	-	(1,105)	7,632
Securitization charges fees	-	9,075	67,812	-	76,887
Total operating revenues	175,326	9,075	67,812	(1,105)	251,108
Operating expenses					
Salaries and related benefits	110,755	-	-	-	110,755
Facility and equipment costs	6,538	-	-	-	6,538
Outside services	13,408	538	865	(1,105)	13,706
Hardware and software maintenance and licensing	26,321	-	-	-	26,321
Depreciation	22,722	-	-	-	22,722
Other	9,444	3	1	-	9,448
Total operating expenses	189,188	541	866	(1,105)	189,490
(Loss) income from operations	(13,862)	8,534	66,946	-	61,618
Other income (expense)					
Investment return, net	71,430	470	1,241	-	73,141
Interest expense	(795)	(9,004)	(68,187)	-	(77,986)
Non-operating income	1	-	-	-	1
Change in net assets without donor restrictions	56,774	-	-	-	56,774
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	\$ 211,876	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 211,876

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Eight Months Ended August 31, 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	\$ 56,774	\$ -	\$ -	\$ -	\$ 56,774
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	22,722	-	-	-	22,722
Amortization of right-of-use assets	176	-	-	-	176
Amortization of debt issuance costs	11	51	498	-	560
Amortization of bond investment discount	(11,194)	-	-	-	(11,194)
Unrealized losses on bond investments	(2,259)	-	-	-	(2,259)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	6,352	26,558	(93)	32,817
Accounts receivable	(4,254)	-	-	-	(4,254)
Unbilled revenue	2,182	-	1,843	(871)	3,154
Interest receivable	(3,144)	61	239	-	(2,844)
Receivable from intercompany	804	382,289	-	(383,093)	-
Prepaid expenses and other assets	(6,606)	2	-	-	(6,604)
Other long-term liabilities	(1)	-	-	-	(1)
Accounts payable	855	(4)	-	-	851
Accrued liabilities	7,922	(9,339)	(43,524)	-	(44,941)
Payable to intercompany	(382,381)	(349)	(606)	383,336	-
Deferred revenue	817	-	-	-	817
Security deposits	556,060	888	293	-	557,241
Market settlement liabilities	611,827	-	-	-	611,827
Long-term CRR liabilities	50,147	-	-	-	50,147
Net cash provided by (used in) operating activities	900,458	379,951	(14,699)	(721)	1,264,989
Investing activities:					
Purchase of investments	(455,364)	-	-	-	(455,364)
Proceeds from investments	657,540	-	-	-	657,540
Capital expenditures for property and equipment and systems under development	(22,038)	-	-	-	(22,038)
Net cash provided by investing activities	180,138	-	-	-	180,138
Financing activities:					
Repayment of debt payable	(2,000)	(396,974)	(35,532)	-	(434,506)
Payment of debt issuance costs	-	(213)	(508)	721	-
Net cash (used in) financing activities	(2,000)	(397,187)	(36,040)	721	(434,506)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	1,078,596	(17,236)	(50,739)	-	1,010,621
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	\$ 4,679,243	\$ 26,811	\$ 29,701	\$ -	\$ 4,735,755

