



Item 6.1: Review 2024 Financial Summary

Richard Scheel

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

Finance and Audit Committee Meeting

ERCOT Public

December 2, 2024

Overview

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

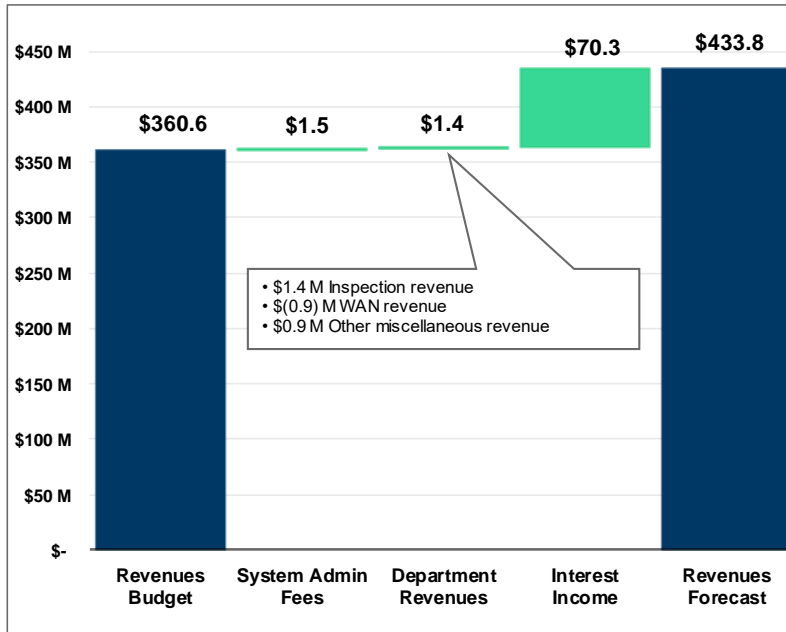
Key Takeaways

- ERCOT's year-to-date October 2024 actual revenues net of expenditures were \$92.5 million favorable to budget, driven by interest income being favorable by \$55.3 million, project expenditures being favorable by \$7.3 million, and by staffing management being favorable by \$13.3 million
- ERCOT's year-end 2024 forecasted revenues net of expenditures are \$93.9 million favorable to budget, driven by interest income forecasted to be favorable by \$70.3 million and by staffing management to be favorable by \$13.5 million
- ERCOT had \$160.5 million of operating funds as of October 31, 2024, compared to \$55.0 million of operating funds as of October 31, 2023

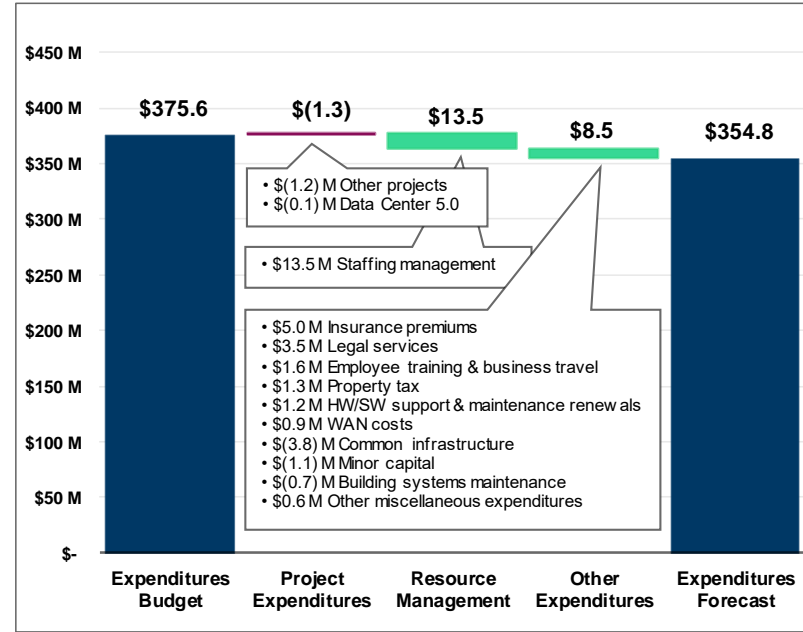
Review 2024 Financial Summary: 2024 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$93.9 M

Revenues Year-End Forecast
Variance to Budget = \$73.2 M [20.3%]



Expenditures Year-End Forecast
Variance to Budget = \$20.7 M [5.5%]



Charts may not foot due to rounding

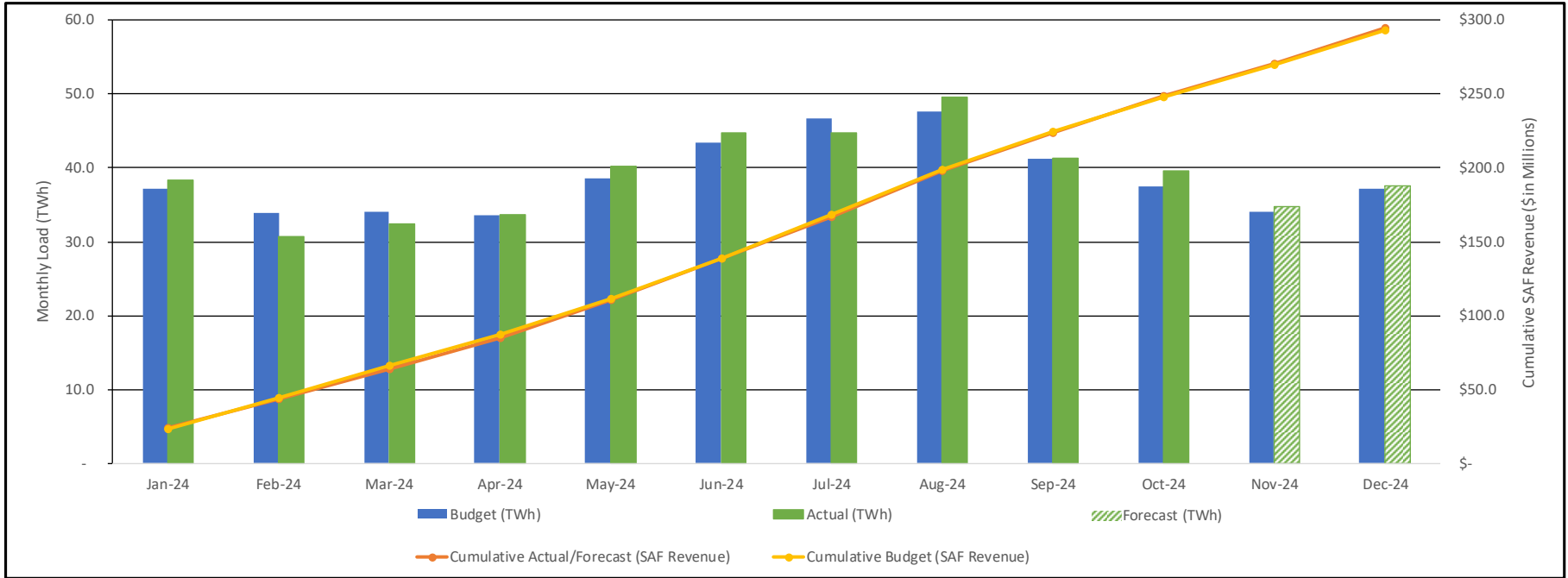
Key Takeaway: The forecasted year-end 2024 results are a net available amount of \$79.0 M versus a budgeted amount of \$(14.9) M, a \$93.9 M favorable variance



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	41.3	39.6	34.7	37.5	467.4
Variance	11.9	1.2	(3.1)	(1.6)	0.1	1.6	1.2	(1.9)	1.9	0.0	2.1	0.6	0.4	2.4
Variance (%)	2.7%	3.2%	-9.2%	-4.6%	0.2%	4.3%	2.8%	-4.2%	4.0%	0.0%	5.6%	1.7%	1.0%	0.5%

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	\$ 224.0	\$ 248.9	\$ 270.8	\$ 294.5	\$ 294.5
Cumulative Variance	\$ 6.6	\$ 0.7	\$ (1.2)	\$ (2.2)	\$ (2.2)	\$ (1.1)	\$ (0.4)	\$ (1.6)	\$ (0.4)	\$ (0.4)	\$ 0.9	\$ 1.3	\$ 1.5	\$ 1.5
Cumulative Variance (%)	2.7%	3.2%	-2.7%	-3.3%	-2.5%	-1.0%	-0.3%	-0.9%	-0.2%	-0.2%	0.4%	0.5%	0.5%	0.5%



Review 2024 Financial Summary: ERCOT Statements of Financial Position

As of October 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	\$ 667.2	\$ 668.4	\$ 4.1	\$ 4.1	\$ -	\$ -
Bond Investments	1,683.5	1,661.7	-	-	-	-
Total unrestricted cash and bond investments	2,350.7	2,330.1	4.1	4.1	-	-
Restricted cash and interest receivable	1,697.5	1,595.7	28.5	26.1	52.8	52.9
Other current assets	59.0	53.3	7.6	10.3	45.4	43.9
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	184.3	179.7	376.2	383.7	1,969.4	2,013.8
Total assets	\$ 4,306.1	\$ 4,173.4	\$ 416.4	\$ 424.2	\$ 2,067.6	\$ 2,110.6
Liabilities and Net Assets						
CRR auction liabilities-current	\$ 1,228.9	\$ 1,176.3	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	886.6	962.6	-	-	-	-
Other market liabilities	74.8	136.3	-	-	-	-
Total market settlement liabilities	2,190.3	2,275.2	-	-	-	-
Security deposits and interest payable	1,697.1	1,594.9	22.0	19.6	3.8	3.6
Other current liabilities	50.2	41.1	13.0	14.2	72.2	71.6
Other long-term liabilities	28.5	32.6	377.4	386.4	1,981.0	2,024.8
Net assets without donor restrictions	340.0	229.6	4.0	4.0	10.6	10.6
Total liabilities and net assets	\$ 4,306.1	\$ 4,173.4	\$ 416.4	\$ 424.2	\$ 2,067.6	\$ 2,110.6

Key Takeaway:

- ERCOT's net assets without donor restrictions increased \$110.4 M year-over-year, mainly driven by favorable interest income
- TEMSFM's other long-term liabilities decreased \$9.1 M year-over-year, driven by lower balance of long-term debt payable liabilities
- TEMSFN's other long-term liabilities decreased \$43.8 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 Ten Months Ended October
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	\$ 264.7	\$ 220.8	\$ 9.7	\$ 11.1	\$ 83.1	\$ 84.7
Operating expenses	270.9	235.9	0.5	0.6	1.0	1.1
(Loss) income from operations	(6.2)	(15.1)	9.2	10.5	82.1	83.6
*Other income (expense)	95.8	89.6	(9.2)	(10.5)	(82.1)	(83.6)
Change in net assets without donor restrictions	89.6	74.5	-	-	-	-
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	\$ 340.0	\$ 229.6	\$ 4.0	\$ 4.0	\$ 10.6	\$ 10.6

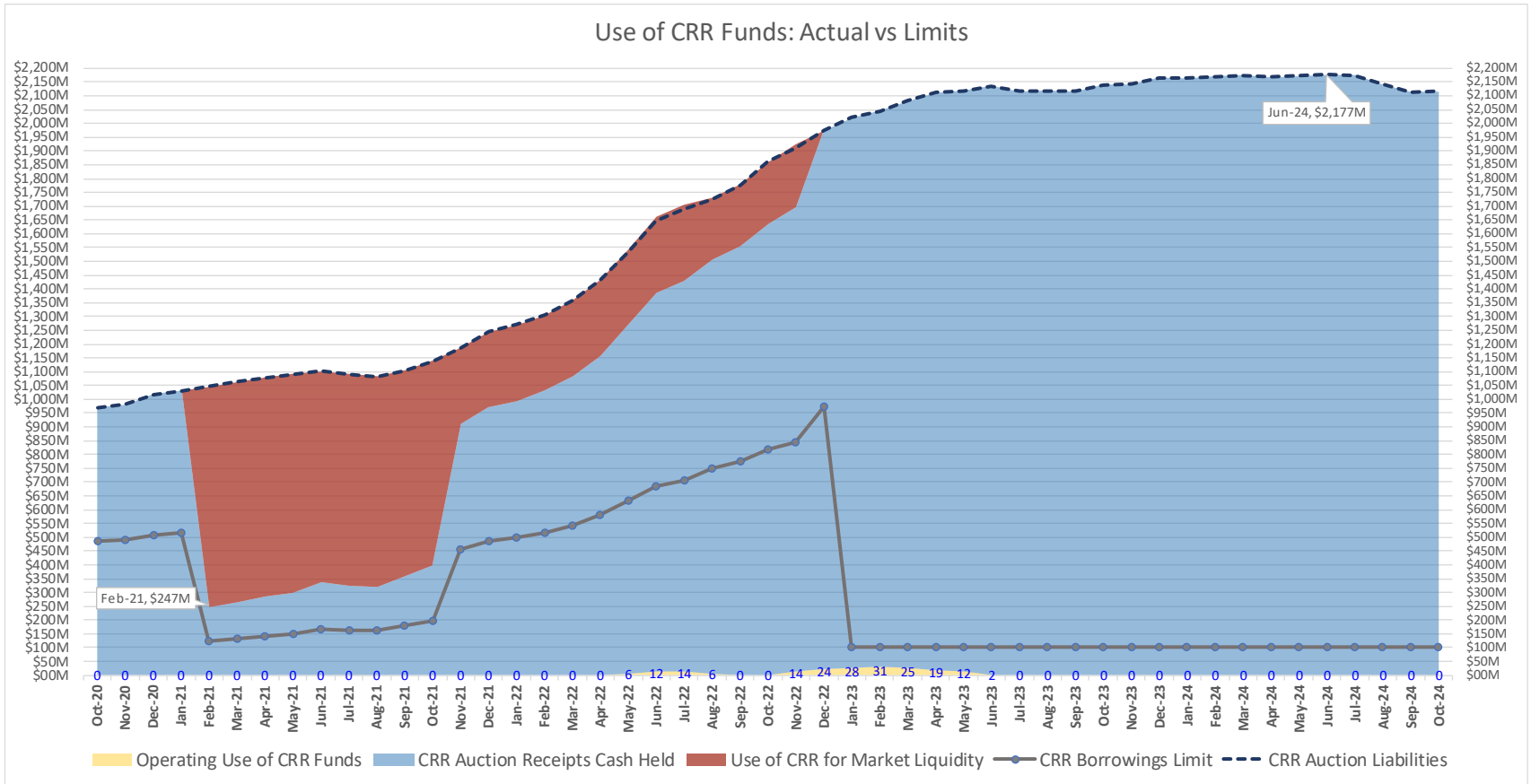
* Bond investment fair value adjustment is reported monthly in 2024 vs annually in 2023

Key Takeaways: ERCOT's year-over-year change in net assets without donor restrictions (equity) increased by \$15.1 M:

- \$43.9 M increase in operating revenues, driven by
 - \$38.6 M (18%) increase in system admin fee revenue
- \$35.0 M increase in operating expenses, driven by
 - \$23.2 M (17%) increase in salaries and related benefits expense
 - \$5.8 M (20%) increase in depreciation expense
 - \$5.2 M (30%) increase in outside services expense
 - \$2.5 M (8%) increase in hardware and software maintenance expense
 - \$1.7 M (14%) decrease in other expense mainly driven by insurance premiums
- \$6.2 M increase in other income (interest income)
 - \$13.1 M (15%) increase in interest income
 - \$6.4 M increase in U.S. Treasury obligations fair value adjustment loss (\$4.1 M loss in 2024 vs \$2.3 M gain in 2023)
 - \$0.5 M (250%) increase in investment expenses



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



Key Takeaway: As of October 2024, Unrestricted Cash and Bond Investments exceeded Market Liabilities by \$160.5 M



Review 2024 Financial Summary:

Appendices

Electric Reliability Council of Texas, Inc.
2024 Financial Summary
As of November 14, 2024
(\$ in Millions)

Line	Year-to-Date (October 31)					Year-End (December 31)				
	2023		2024			2023		2024		
	Actual	Budget	Actual	Variance	%	Actual	Budget	Forecast	Variance	%
	\$	\$	\$	\$	%	\$	\$	\$	\$	%
1 System Administration Revenue	\$ 210.3	\$ 248.0	\$ 248.9	\$ 0.9	0.4	\$ 247.5	\$ 292.9	\$ 294.5	\$ 1.5	0.5
2 Department Net Expenditures										
3 Chief Information Office	88.2	104.0	94.3	9.7	9.3	107.0	124.8	123.1	1.7	1.3
4 Chief Operations Office	55.4	72.5	64.4	8.1	11.1	65.6	86.9	78.1	8.8	10.1
5 General Counsel	35.1	44.0	40.4	3.7	8.3	42.0	58.2	52.2	6.0	10.3
6 Chief Financial Office	19.0	23.6	18.3	5.3	22.6	22.5	28.4	22.1	6.3	22.2
7 Human Resources	5.6	10.1	6.8	3.2	32.1	7.4	12.5	9.3	3.2	25.7
8 Chief Executive Office	4.7	4.9	5.3	(0.4)	(7.2)	5.2	5.6	6.4	(0.8)	(13.8)
9 Project Funded Labor	(12.8)	(16.0)	(15.4)	(0.7)	(4.2)	(14.9)	(19.3)	(18.2)	(1.1)	(5.7)
10 Total Department Net Expenditures	195.2	243.1	214.2	28.9	11.9	234.8	297.1	273.0	24.1	8.1
11 Net Revenues After Department Expenditures	15.1	4.9	34.7	29.9	609.8	12.6	(4.2)	21.5	25.6	615.7
12										
13 Less: Project Expenditures	26.6	49.3	42.0	7.3	14.8	38.4	59.1	60.4	(1.3)	(2.2)
14 Less: Taylor Office Transformation	-	-	0.0	(0.0)	0.0	-	-	0.9	(0.9)	0.0
15 Less: Interest Expense	1.0	1.2	1.0	0.1	11.3	1.2	1.4	1.2	0.2	11.6
16 Add: Interest Income	90.6	41.5	96.8	55.3	133.4	120.2	49.8	120.1	70.3	141.3
17										
18 Net Available	\$ 78.1	\$ (4.1)	\$ 88.5	\$ 92.5	>1,000.0	\$ 93.2	\$ (14.9)	\$ 79.0	\$ 93.9	629.6

Note: Schedule may not foot due to rounding



Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of November 14, 2024		
Line	Year-to-Date (October 31)	Year-End (December 31)
1 System Administration Revenue	+\$22.0 M - Economy -\$21.1 M - Weather	+\$1.5 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	+\$1.1 M - HW/SW support & maintenance renewals +\$1.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.9 M - WAN costs +\$0.8 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.8 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.6 M - Outside services/studies +\$0.5 M - Telecommunications +\$0.4 M - Employee training & business travel +\$0.2 M - Data service subscriptions +\$0.1 M - Fiber lease -\$0.7 M - WAN revenue -\$0.1 M - ERCOT Innovation Summit <u>Timing Differences</u> +\$3.7 M - Common infrastructure +\$0.2 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.1 M - Outside services/studies	+\$1.2 M - HW/SW support & maintenance renewals +\$1.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.9 M - WAN costs +\$0.9 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.8 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.6 M - Outside services/studies +\$0.6 M - Telecommunications +\$0.5 M - Employee training & business travel +\$0.3 M - Data service subscriptions +\$0.1 M - Fiber lease -\$3.8 M - Common infrastructure -\$0.9 M - WAN revenue -\$0.5 M - Minor capital -\$0.1 M - ERCOT Innovation Summit
4 Chief Operations Office	+\$7.0 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.6 M - Inspection revenue +\$0.7 M - Contingent labor [Resource Management - Staffing Management] +\$0.6 M - Employee training & business travel +\$0.2 M - Interconnection revenue -\$0.7 M - Outside services/studies -\$0.3 M - Minor capital -\$0.2 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue +\$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> +\$0.2 M - Black start training & operator training seminar revenue	+\$7.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$1.4 M - Inspection revenue +\$0.8 M - Contingent labor [Resource Management - Staffing Management] +\$0.7 M - Employee training & business travel +\$0.3 M - Interconnection revenue -\$1.3 M - Outside services/studies -\$0.3 M - Minor capital -\$0.2 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue -\$0.1 M - Company dues +\$0.1 M - Other miscellaneous expenditures



Electric Reliability Council of Texas, Inc.
 2024 Financial Summary Variance Explanations
 As of November 14, 2024

Line	Year-to-Date (October 31)	Year-End (December 31)
5 General Counsel	+\$0.6 M - Legal services +\$1.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.5 M - Outside services/studies +\$0.3 M - Registration fees revenue +\$0.3 M - Employee training & business travel +\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Electricity +\$0.1 M - Membership dues revenue -\$0.3 M - Software <u>Timing Differences</u> +\$0.2 M - Membership dues revenue +\$0.2 M - Building systems maintenance +\$0.1 M - Other miscellaneous expenditures -\$0.1 M - Minor capital	+\$3.5 M - Legal services +\$1.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.6 M - Minor capital +\$0.5 M - Outside services/studies +\$0.3 M - Registration fees revenue +\$0.3 M - Employee training & business travel +\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Electricity +\$0.1 M - Membership dues revenue -\$0.7 M - Building systems maintenance -\$0.4 M - Texas Reliability Entity (TRE) penalty -\$0.3 M - Software
6 Chief Financial Office	+\$4.0 M - Insurance premiums +\$1.1 M - Property tax +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - SPE M & N administration & servicing revenue +\$0.1 M - Employee training & business travel -\$0.4 M - Outside services/studies	+\$5.0 M - Insurance premiums +\$1.3 M - Property tax +\$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - SPE M & N administration & servicing revenue +\$0.1 M - Employee training & business travel -\$0.8 M - Outside services/studies
7 Human Resources	+\$0.9 M - Outside services/studies +\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.4 M - Contingent labor [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 - Health & wellness expense +\$0.1 M - Non-monetary reward & recognition +\$0.1 M - Data service subscriptions <u>Timing Differences</u> +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	+\$1.2 M - Outside services/studies +\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.5 M - Contingent labor [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 - Health & wellness expense +\$0.1 M - Non-monetary reward & recognition +\$0.1 M - Data service subscriptions
8 Chief Executive Office	-\$0.5 M - Outside services/studies -\$0.1 M - Employee training & business travel <u>Timing Differences</u> +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$0.5 M - Outside services/studies -\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Employee training & business travel
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	<u>Timing Differences</u> +\$7.3 M - All projects	-\$1.3 M - All projects
14 Taylor Office Transformation	No material variance	-\$0.9 M - Minor capital
15 Interest Expense	+\$0.1 M - Capitalized interest	+\$0.1 M - Bank fees +\$0.1 M - Capitalized interest
16 Interest Income	+\$53.0 M - Interest rate +\$6.5 M - Investment balance -\$4.2 M - Fair value adjustment	+\$60.7 M - Interest rate +\$6.9 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		Year-End (YE)		Life-to-Date		Estimate-at-Completion (EAC)			
		As of October 31, 2024		As of November 14, 2024		As of October 31, 2024		As of November 14, 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	\$ 4.6	74%	\$ 6.2	10%	\$ 4.8	23%	\$ 20.7	9%	\$ 20.8	\$ 0.1
2	RTC-B Program Control	2.8	84%	3.4	6%	3.7	17%	21.4	10%	21.4	-
3	RTC-B Commercial Applications	0.8	87%	1.0	2%	1.1	46%	2.3	1%	2.3	(0.0)
4	RTC-B Integration & Information	0.9	60%	1.6	3%	1.0	15%	6.4	3%	6.4	(0.0)
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	1.3	1%	1.3	-
6	Subtotal - Market Design Projects	9.2	76%	12.1	20%	10.6	20%	52.2	23%	52.2	0.0
7	Data Center 5.0 (DC5) Program	4.2	76%	5.5	9%	58.7	97%	60.7	27%	61.1	0.4
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	7.4	84%	8.8	15%	7.4	59%	12.6	6%	12.6	-
10	Test Data Management	0.0	0%	8.4	14%	0.0	0%	7.3	3%	7.3	-
11	NMMS IMM Schema upgrade to CIM 16	0.5	54%	1.0	2%	0.5	12%	4.4	2%	4.5	0.0
12	Market Management System (MMS) Outage Scheduler (OS) Red Hat Enterprise Linux (RHEL) Migration	1.1	100%	1.1	2%	4.4	100%	4.4	2%	4.4	(0.0)
13	ServiceNow Self Hosted Migration	2.0	47%	4.3	7%	2.0	45%	4.4	2%	4.4	-
14	ServiceNow Change Management	0.3	14%	2.1	4%	0.3	7%	3.9	2%	3.9	-
15	Microsoft SharePoint Migration – Phase 2	0.1	57%	0.1	0%	0.1	2%	3.3	1%	3.3	-
16	Treasury Management Risk Mitigation	0.7	100%	0.7	1%	2.7	100%	2.7	1%	2.7	(0.0)
17	Treasury Single Source of Truth	0.0	14%	0.3	1%	0.0	2%	2.1	1%	2.1	-
18	Texas Standard Electronic Transaction (Texas SET) 5.0	0.9	97%	0.9	2%	2.0	99%	2.1	1%	2.0	(0.0)
19	TIBCO BusinessWorks Upgrade	0.4	92%	0.4	1%	1.3	97%	1.3	1%	2.0	0.6
20	Total Projects with EAC Over \$2.0M	26.3	58%	45.3	75%	107.1	60%	178.5	80%	179.4	0.9
21	Other Projects	15.7	104%	15.1	25%	28.7	63%	45.4	20%	46.2	0.9
22	Total Project Expenditures	\$ 42.0	69%	\$ 60.4	100%	\$ 135.8	61%	\$ 223.8	100%	\$ 225.6	\$ 1.7

Note: Schedule may not foot due to rounding



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Financial Position****As of October 31, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 667,204	\$ 668,422
Accounts receivable	3,427	3,662
Unbilled revenue	6,796	2,982
Interest receivable	15,830	14,440
Receivable from intercompany	587	358
Restricted cash and cash equivalents	1,690,949	1,587,753
Short-term investments	1,040,193	975,227
Prepaid expenses and other current assets	45,343	44,509
Total current assets	3,470,329	3,297,353
Long-term investments	651,533	696,338
Property and equipment, net	153,035	139,573
Systems under development	30,288	39,137
Other long term assets	882	962
Total assets	\$ 4,306,067	\$ 4,173,363
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 2,565	\$ 1,858
Accrued liabilities	38,581	33,832
Payable to intercompany	462	750
Deferred revenue	11,158	8,549
Market settlement liabilities	1,303,668	1,312,596
Security deposits	1,690,487	1,587,003
Debt payable, current portion	4,000	4,000
Total current liabilities	3,050,921	2,948,588
Long-term liabilities:		
Debt payable, less current portion:		
Principal	28,000	32,000
Less unamortized debt issuance costs	106	124
Debt payable less current portion and unamortized debt issuance costs	27,894	31,876
Long-term CRR liabilities	886,636	962,575
Other long-term liabilities	661	723
Total long-term liabilities	915,191	995,174
Total liabilities	3,966,112	3,943,762
Net assets without donor restrictions	339,955	229,601
Total liabilities and net assets	\$ 4,306,067	\$ 4,173,363



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

	2024	2023
Operating revenues		
System administration fees	\$ 248,946	\$ 210,343
Other services revenue	15,741	10,480
Total operating revenues	264,687	220,823
Operating expenses		
Salaries and related benefits	160,894	137,691
Facility and equipment costs	8,036	8,105
Outside services	22,140	16,988
Hardware and software maintenance and licensing	35,466	32,928
Depreciation	34,434	28,658
Other	9,880	11,525
Total operating expenses	270,850	235,895
Loss from operations	(6,163)	(15,072)
Other income (expense)		
Investment return, net	96,756	90,596
Interest expense	(1,042)	(1,031)
Non-operating income	8	6
Change in net assets without donor restrictions	89,559	74,499
Net assets without donor restrictions, beginning of year	250,396	155,102
Net assets without donor restrictions, end of period	\$ 339,955	\$ 229,601

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

(Dollars in Thousands)

	2024	2023
Operating activities:		
Change in net assets without donor restrictions	\$ 89,559	\$ 74,499
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	34,434	28,658
Amortization of right-of-use assets	248	225
Amortization of debt issuance costs	15	14
Amortization of bond investment discount	(49,369)	(18,386)
Unrealized loss (gains) on bond investments	4,181	(2,259)
Changes in operating assets and liabilities:		
Accounts receivable	2,216	1,963
Unbilled revenue	735	2,216
Interest receivable	1,473	196
Receivable from intercompany	(37)	576
Prepaid expenses and other assets	(3,542)	(8,365)
Other long-term liabilities	(42)	(20)
Accounts payable	(6,516)	(5,993)
Accrued liabilities	3,158	11,216
Payable to intercompany	(260)	(381,997)
Deferred revenue	2,156	879
Security deposits	162,556	188,442
Market settlement liabilities	(102,020)	(191,074)
Long-term CRR liabilities	68,003	116,989
Net cash provided by (used in) operating activities	<u>206,948</u>	<u>(182,221)</u>
Investing activities:		
Purchase of investments	(1,050,152)	(2,057,122)
Proceeds from investments	1,180,675	925,800
Capital expenditures for property and equipment and systems under development	(40,005)	(27,929)
Net cash provided by (used in) investing activities	<u>90,518</u>	<u>(1,159,251)</u>
Financing activities:		
Repayment of debt payable	(3,000)	(3,000)
Net cash (used in) financing activities	<u>(3,000)</u>	<u>(3,000)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	294,466	(1,344,472)
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>\$ 2,358,153</u>	<u>\$ 2,256,175</u>



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of October 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	\$ 667,204	\$ 4,052	\$ -	\$ -	\$ 671,256
Securitization charges receivable, current	-	7,721	44,960	-	52,681
Accounts receivable	3,427	-	-	-	3,427
Unbilled revenue	6,796	-	-	(414)	6,382
Interest receivable	15,830	124	185	-	16,139
Receivable from intercompany	587	-	462	(1,049)	-
Restricted cash and cash equivalents	1,690,949	28,350	52,554	-	1,771,853
Short-term investments	1,040,193	-	-	-	1,040,193
Prepaid expenses and other current assets	45,343	-	-	-	45,343
Total current assets	3,470,329	40,247	98,161	(1,463)	3,607,274
Long-term investments	651,533	-	-	(14,579)	636,954
Property and equipment, net	153,035	-	-	-	153,035
Systems under development	30,288	-	-	-	30,288
Securitization charges receivable, non current	-	376,116	1,969,462	-	2,345,578
Other long term assets	882	-	-	-	882
Total assets	\$ 4,306,067	\$ 416,363	\$ 2,067,623	\$ (16,042)	\$ 6,774,011
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 2,565	\$ -	\$ -	\$ -	\$ 2,565
Accrued liabilities	38,581	4,020	27,428	-	70,029
Payable to intercompany	462	530	471	(1,463)	-
Deferred revenue	11,158	-	-	-	11,158
Market settlement liabilities	1,303,668	-	-	-	1,303,668
Security deposits	1,690,487	21,880	3,631	-	1,715,998
Debt payable, current portion	4,000	8,608	44,504	-	57,112
Total current liabilities	3,050,921	35,038	76,034	(1,463)	3,160,530
Long-term liabilities:					
Debt payable, less current portion:					
Principal	28,000	379,914	1,992,932	-	2,400,846
Less unamortized discount and debt issuance costs	106	2,589	11,922	-	14,617
Debt payable less current portion and unamortized discount and debt issuance costs	27,894	377,325	1,981,010	-	2,386,229
Long-term CRR liabilities	886,636	-	-	-	886,636
Other long-term liabilities	661	-	-	-	661
Total long-term liabilities	915,191	377,325	1,981,010	-	3,273,526
Total liabilities	3,966,112	412,363	2,057,044	(1,463)	6,434,056
Net assets without donor restrictions	339,955	4,000	10,579	(14,579)	339,955
Total liabilities and net assets	\$ 4,306,067	\$ 416,363	\$ 2,067,623	\$ (16,042)	\$ 6,774,011



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Ten Months Ended October 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	\$ 248,946	\$ -	\$ -	\$ -	\$ 248,946
Other services revenue	15,741	-	-	(1,382)	14,359
Securitization charges fees	-	9,683	83,095	-	92,778
Total operating revenues	264,687	9,683	83,095	(1,382)	356,083
Operating expenses					
Salaries and related benefits	160,894	-	-	-	160,894
Facility and equipment costs	8,036	-	-	-	8,036
Outside services	22,140	466	1,009	(1,382)	22,233
Hardware and software maintenance and licensing	35,466	-	1	-	35,467
Depreciation	34,434	-	-	-	34,434
Other	9,880	-	-	-	9,880
Total operating expenses	270,850	466	1,010	(1,382)	270,944
(Loss) income from operations	(6,163)	9,217	82,085	-	85,139
Other income (expense)					
Investment return, net	96,756	565	1,532	-	98,853
Interest expense	(1,042)	(9,782)	(83,617)	-	(94,441)
Non-operating income	8	-	-	-	8
Change in net assets without donor restrictions	89,559	-	-	-	89,559
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	\$ 339,955	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 339,955



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Ten Months Ended October 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	\$ 89,559	\$ -	\$ -	\$ -	\$ 89,559
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	34,434	-	-	-	34,434
Amortization of right-of-use assets	248	-	-	-	248
Amortization of discount & debt issuance costs	15	64	622	-	701
Amortization of bond investment discount	(49,369)	-	-	-	(49,369)
Unrealized loss on bond investments	4,181	-	-	-	4,181
Changes in operating assets and liabilities:					
Securitization charges receivable	-	8,575	35,759	(261)	44,073
Accounts receivable	2,216	-	-	-	2,216
Unbilled revenue	735	-	-	(276)	459
Interest receivable	1,473	(18)	36	138	1,629
Receivable from intercompany	(37)	-	-	37	-
Prepaid expenses and other assets	(3,542)	-	-	-	(3,542)
Other long-term liabilities	(42)	-	-	-	(42)
Accounts payable	(6,516)	(4)	-	-	(6,520)
Accrued liabilities	3,158	(2,004)	(16,616)	-	(15,462)
Payable to intercompany	(260)	(82)	(198)	540	-
Deferred revenue	2,156	-	-	-	2,156
Security deposits	162,556	1,312	299	-	164,167
Market settlement liabilities	(102,020)	-	-	-	(102,020)
Long-term CRR liabilities	68,003	-	-	-	68,003
Net cash provided by operating activities	206,948	7,843	19,902	178	234,871
Investing activities:					
Purchase of investments	(1,050,152)	-	-	-	(1,050,152)
Proceeds from investments	1,180,675	-	-	-	1,180,675
Capital expenditures for property and equipment and systems under development	(40,005)	-	-	-	(40,005)
Net cash provided by investing activities	90,518	-	-	-	90,518
Financing activities:					
Repayment of debt payable	(3,000)	(10,260)	(42,732)	-	(55,992)
Payment of debt issuance costs	-	-	-	(178)	(178)
Net cash (used in) financing activities	(3,000)	(10,260)	(42,732)	(178)	(56,170)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	294,466	(2,417)	(22,830)	-	269,219
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	\$ 2,358,153	\$ 32,402	\$ 52,554	\$ -	\$ 2,443,109

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of October 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	\$ 668,422	\$ 4,052	\$ -	\$ -	\$ 672,474
Securitization charges receivable, current	-	10,336	43,171	-	53,507
Accounts receivable	3,662	-	-	-	3,662
Unbilled revenue	2,982	-	-	(415)	2,567
Interest receivable	14,440	130	209	-	14,779
Receivable from intercompany	358	-	750	(1,108)	-
Restricted cash and cash equivalents	1,587,753	25,968	52,708	-	1,666,429
Short-term investments	975,227	-	-	-	975,227
Prepaid expenses and other current assets	44,509	-	-	-	44,509
Total current assets	3,297,353	40,486	96,838	(1,523)	3,433,154
Long-term investments	696,338	-	-	(14,579)	682
Property and equipment, net	139,573	-	-	-	139,573
Systems under development	39,137	-	-	-	39,137
Securitization charges receivable, non current	-	383,761	2,013,754	-	2,397,515
Other long term assets	962	-	-	-	962
Total assets	\$ 4,173,363	\$ 424,247	\$ 2,110,592	\$ (16,102)	\$ 6,692,100
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 1,858	\$ -	\$ -	\$ -	\$ 1,858
Accrued liabilities	33,832	3,753	28,630	-	66,215
Payable to intercompany	750	293	480	(1,523)	-
Deferred revenue	8,549	-	-	-	8,549
Market settlement liabilities	1,312,596	-	-	-	1,312,596
Security deposits	1,587,003	19,489	3,404	-	1,609,896
Debt payable, current portion	4,000	10,260	42,733	-	56,993
Total current liabilities	2,948,588	33,795	75,247	(1,523)	3,056,107
Long-term liabilities:					
Debt payable, less current portion:					
Principal	32,000	388,522	2,037,435	-	2,457,957
Less unamortized discount and debt issuance costs	124	2,070	12,669	-	14,863
Debt payable less current portion and unamortized discount and debt issuance costs	31,876	386,452	2,024,766	-	2,443,094
Long-term CRR liabilities	962,575	-	-	-	962,575
Other long-term liabilities	723	-	-	-	723
Total long-term liabilities	995,174	386,452	2,024,766	-	3,406,392
Total liabilities	3,943,762	420,247	2,100,013	(1,523)	6,462,499
Net assets without donor restrictions	229,601	4,000	10,579	(14,579)	229,601
Total liabilities and net assets	\$ 4,173,363	\$ 424,247	\$ 2,110,592	\$ (16,102)	\$ 6,692,100



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Ten Months Ended October 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	\$ 210,343	\$ -	\$ -	\$ -	\$ 210,343
Other services revenue	10,480	-	-	(1,382)	9,098
Securitization charges fees	-	11,137	84,692	-	95,829
Total operating revenues	220,823	11,137	84,692	(1,382)	315,270
Operating expenses					
Salaries and related benefits	137,691	-	-	-	137,691
Facility and equipment costs	8,105	-	-	-	8,105
Outside services	16,988	655	1,069	(1,382)	17,330
Hardware and software maintenance and licensing	32,928	-	-	-	32,928
Depreciation	28,658	-	-	-	28,658
Other	11,525	3	1	-	11,529
Total operating expenses	235,895	658	1,070	(1,382)	236,241
(Loss) income from operations	(15,072)	10,479	83,622	-	79,029
Other income (expense)					
Investment return, net	90,596	512	1,470	-	92,578
Interest expense	(1,031)	(10,991)	(85,092)	-	(97,114)
Non-operating income	6	-	-	-	6
Change in net assets without donor restrictions	74,499	-	-	-	74,499
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	\$ 229,601	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 229,601



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Ten Months Ended October 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	\$ 74,499	\$ -	\$ -	\$ -	\$ 74,499
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	28,658	-	-	-	28,658
Amortization of right-of-use assets	225	-	-	-	225
Amortization of debt issuance costs	14	64	623	-	701
Amortization of bond investment discount	(18,386)	-	-	-	(18,386)
Unrealized gains on bond investments	(2,259)	-	-	-	(2,259)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	8,201	32,894	296	41,391
Accounts receivable	1,963	-	-	-	1,963
Unbilled revenue	2,216	-	1,843	(595)	3,464
Interest receivable	196	61	240	-	497
Receivable from intercompany	576	382,293	-	(382,869)	-
Prepaid expenses and other assets	(8,365)	2	-	-	(8,363)
Other long-term liabilities	(20)	-	-	-	(20)
Accounts payable	(5,993)	(4)	-	-	(5,997)
Accrued liabilities	11,216	(8,151)	(27,337)	-	(24,272)
Payable to intercompany	(381,997)	(230)	(319)	382,546	-
Deferred revenue	879	-	-	-	879
Security deposits	188,442	924	365	-	189,731
Market settlement liabilities	(191,074)	-	-	-	(191,074)
Long-term CRR liabilities	116,989	-	-	-	116,989
Net cash (used in) provided by operating activities	(182,221)	383,160	8,309	(622)	208,626
Investing activities:					
Purchase of investments	(2,057,122)	-	-	-	(2,057,122)
Proceeds from investments	925,800	-	-	-	925,800
Capital expenditures for property and equipment and systems under development	(27,929)	-	-	-	(27,929)
Net cash (used in) investing activities	(1,159,251)	-	-	-	(1,159,251)
Financing activities:					
Repayment of debt payable	(3,000)	(396,974)	(35,532)	-	(435,506)
Payment of debt issuance costs	-	(213)	(509)	622	(100)
Net cash (used in) financing activities	(3,000)	(397,187)	(36,041)	622	(435,606)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(1,344,472)	(14,027)	(27,732)	-	(1,386,231)
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	\$ 2,256,175	\$ 30,020	\$ 52,708	\$ -	\$ 2,338,903

