

Item 5.3: Periodic Report on Debt Compliance

Leslie Wiley Treasurer

Finance and Audit Committee Meeting

ERCOT Public June 20, 2022

ERCOT Debt Compliance Through Q1 2022

Select Debt Provision	2012 Private Placement	2019 Revolver
The Debt Coverage Ratio is not less than 1.10:1.00 as of the last day of the fiscal year	Yes 12/31/2021: 3.28:1.00	Yes 12/31/2021: 3.28:1.00
No merger or consolidation with another entity is contemplated at this time	None	None
No Asset Sale has been consummated or is currently contemplated	None	None
No Priority Debt has been created, incurred, assumed, or guaranteed at this time	None	None
No notice or event of default or any judgements or orders for the payment in excess of \$500,000 which could have a material adverse effect	None	None
No matters expected to have a Material Adverse Effect on the ability of ERCOT to perform its obligations under the borrowing agreements	None	None
The principal of and premium, if any, and interest has been punctually paid	Current – paid on 3/29/22	N/A – No balance on revolver
Provide financial statements annually	Yes – 2021 statements provided on 4/29/22	Yes – 2021 statements provided on 4/29/22
Provide financial statements quarterly	Yes – 3/31/22 statements provided on 5/20/22	N/A



Securitization 2021 Annual Compliance

Select Debt Provision	Subchapter M
The principal of and premium, if any, and interest on the M Bonds has been duly and punctually paid	N/A
The Issuer shall punctually perform and observe all of its obligations and agreements contained in the transaction documents	Current – provided on 3/31/22
The Issuer has at all times maintain its Required Capital	Current – provided on 3/31/22
No, sale, transfer, exchange or otherwise disposal of any of the properties or assets of the Issuer occurred	None
No debt obligations under the Securitization Law or any similar law (other than the Texas Stabilization M Bonds) has been incurred	None
No merger or consolidation is contemplated at this time	None
No asset sale, conveyed, exchanged, transferred or disposed has occurred	None
The Issuer has not changed its name, identity or structure or the location of its chief executive office, unless at least ten (10) Business Days prior to the effective date of any such change the Issuer delivered to the Indenture Trustee such documents, instruments or agreements, executed by the Issuer, as necessary to reflect such change and to continue the perfection of the security interest	The Issuer's address changed and did not notify the Indenture Trustee 10 days prior to change. The Issuer did notify the Indenture Trustee on 3/31/22 with the annual compliance.



Debt Compliance Report

Appendices



ERCOT Debt Officer's Certificate

THE UNDERSIGNED HEREBY CERTIFIES THAT:

- 1. I am the duly appointed Vice President and Chief Financial Officer of ERCOT;
- 2. The attached Exhibit 1 provides the information required to establish ERCOT's compliance with the requirements of Sections 10.2 through Section 10.4 and Section 10.9 of the Agreement, inclusive, during the fiscal year ending March 31, 2022 pursuant to Section 7.2(a) of the Agreement;
- 3. I have reviewed the relevant terms of the Agreement in connection with Section 7.2(b) of the Agreement; and I have made, or have caused to be made under my supervision, a review of the transactions and conditions of ERCOT from the beginning of the fiscal year ending March 31, 2022 to the date of this Officer's Certificate; and
- 4. The review described in the preceding paragraph did not disclose, and I have no personal knowledge of, the existence during such period of any condition or event which constitutes a Default or an Event of Default under the Agreement.
- 5. Debt Coverage Ratio as of December 31, 2021 statements (see attached Exhibit 2, in 000's):

a.	EBITDA	\$	27,714
b.	Debt service expense	\$	4,000
c.	Interest expense	\$	4,461
d.	Ratio of (a) to sum of (b) & (c) =	3.2	8 : 1.00
e.	Minimum	1.1	0:1.00

The foregoing statements are made this 28th day of May 2022.

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Signature on file Sean Taylor

Vice President and Chief Financial Officer



ERCOT Debt Financial Statement Certificate

THE UNDERSIGNED HEREBY CERTIFIES THAT:

- 1. I am the duly appointed Vice President and Chief Financial Officer of ERCOT;
- 2. The financial statements attached fairly present, in all material respects, the financial position of ERCOT, its results of operations and cash flows, all subject to changes resulting from year-end adjustments, as of and for the quarterly period ended March 31, 2021.

The foregoing statements are made this 28th day of May 2022.

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Signature on File
Sean Taylor
Vice President and Chief Financial Officer



ERCOT Statement of Financial Position

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Statements of Financial Position As of March 31, 2022 and 2021 (Dollars in Thousands)

Assets		03.31.22 (unaudited)		03.31.21 (unaudited)
Current assets:		(unaudited)		(unaudited)
Cash and cash equivalents	\$	1,221,488	Ф	381,871
Accounts receivable	Ψ	19,320	Ψ	4,005
Unbilled revenue		3,285		1,983
Restricted cash and cash equivalents		972,498		453,477
Short term investments		972,490		455,477
Prepaid expenses and other current assets		30,474		29,628
Total current assets	-	2,247,065		870,964
Long term investments		2,247,003		670,904
Property and equipment, net		112,214		103,257
Systems under development		43,085		33,326
· ·		779,293		33,320
Default charges receivable, non current		779,293		896
Other long term assets Total assets	\$	3,182,393	\$	1,008,443
Total assets	<u> </u>	3, 182,393	Ф	1,008,443
11.1992				
Liabilities and Net Assets				
Current liabilities:	_		_	
Accounts payable	\$	1,305	\$	7,121
Accrued liabilities		33,637		16,565
Finance lease liabilities current		12,507		-
Deferred revenue		229		228
Market settlement liabilities		560,728		(97,579)
Security deposits		972,498		453,477
Notes payable, current portion		17,912		4,000
Total current liabilities		1,598,816		383,812
Long term liabilities:				
Notes payable, less current portion:				
Principal		824,088		42,000
Less unamortized debt issuance costs		2,033		169
Notes payable less current portion and unamortized debt issuance costs		822,055		41,831
Long term CRR liabilities		637,124		450,827
Other long term liabilities		595		455
Total long term liabilities		1,459,774		493,113
Total liabilities		3,058,590		876,925
Net assets without donor restrictions		123,803		131,518
Total liabilities and net assets	\$	3,182,393	\$	1,008,443



ERCOT Statement of Activities

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Statements of Activities

For the Three Months Ended March 31, 2022 and 2021

(Dollars in Thousands)

	<u>03.31.22</u> (unaudited)	<u>03.31.21</u> (unaudited)
Operating revenues		
System administration fees	\$ 52,998 \$	48,497
Other services revenue	3,143	2,869
Default charges fees	6,105	
Total operating revenues	62,246	51,366
Operating expenses		
Salaries and related benefits	33,870	32,587
Facility and equipment costs	2,439	2,554
Outside services	8,791	3,766
Hardware and software maintenance and licensing	8,035	7,468
Depreciation	6,243	6,938
Other	3,284	1,531
Total operating expenses	62,662	54,844
Income (loss) from operations	(416)	(3,478)
Other income (expense)		
Investment return, net	99	180
Interest expense	(6,355)	(310)
Non-operating income	-	2
Change in net assets without donor restrictions	(6,672)	(3,606)
Net assets without donor restrictions, beginning of year	130,475	135,124
Net assets without donor restrictions, end of period	\$ 123,803 \$	131,518



ERCOT Statement of Cash Flows

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Statements of Cash Flows

For the Three Months Ended March 31, 2022 and 2021

(Dollars in Thousands)

Operating activities: \$ (6,672) \$ (3,006) Change in net assets without donor restrictions 4 (3,006)<		<u>03.31.22</u> (unaudited)	03.31.21 (unaudited)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities: 6,243 6,938 Depreciation/amortization of assets 6,223 4 Amortization of debt issuance costs 22 4 Repayments of interest portion of finance lease liabilities (11) - Amortization of bond premium - 290 Net gain on capital assets - (2) Changes in operating assets and liabilities: - (2) Accounts receivable (345) 1,018 Unbilled revenue 5,847 624 Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term liabilities (64) (142) Accounts payable (1,668) 3,125 Accounts payable (1,668) 3,125 Accured liabilities (64) (142) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabiliti	Operating activities:		
Depreciation/amortization of assets 6,243 6,938 Amortization of debt issuance costs 22	· ·	\$ (6,672) \$	(3,606)
Depreciation/amortization of assets	Adjustments to reconcile change in net assets without donor restrictions		
Amortization of debt issuance costs 22 4 Repayments of interest portion of finance lease liabilities (11) - Amortization of bond premium - 290 Net gain on capital assets - (2) Changes in operating assets and liabilities: - (2) Accounts receivable (345) 1,018 Unbilled revenue 5,847 624 Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accured liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (768,962) Long-term CRR liabilities 3,3,292 (915,109) Net cash provided by (used in) operating activities - 130,505 Investments	· · · · ·		
Repayments of interest portion of finance lease liabilities (11) - Amortization of bond premium - 290 Net gain on capital assets - (2) Changes in operating assets and liabilities: - (345) 1,018 Unbilled revenue 5,847 624 Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Acrued liabilities (64) (142) Deferred revenue (843) (732) Security deposits (153,464) (205,682) Market settlement liabilities (26,156) (76,962) Long-term CRR liabilities (32,922) (915,109) Net cash provided by (used in) operating activities - (27,830) Proceeds from Investments - (7,197) (6,116) Proceeds from sale of property and equipment and systems under development	•	-, -	6,938
Amortization of bond premium - 290 Net gain on capital assets - (2) Changes in operating assets and liabilities: - (345) 1,018 Accounts receivable (5,945) 1,018 Unbilled revenue 5,847 624 Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accrued liabilities (843) (732) Security deposits (163,644) (205,682) Market settlement liabilities (16,686) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities 3(3,922) (915,109) Investing activities: - (27,830) Proceeds from Investments - (27,830) Investment in subsidiary - (7,197) (6,116) <t< td=""><td>Amortization of debt issuance costs</td><td>22</td><td>4</td></t<>	Amortization of debt issuance costs	22	4
Net gain on capital assets - (2) Changes in operating assets and liabilities: - (345) 1,018 Accounts receivable (345) 1,018 Unbilled revenue 5,847 624 Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term liabilities (64) (142) Accounts payable (15,655) 3,125 Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 3(32,922) (915,109) Investing activities: - (27,830) Net cash provided by (used in) operating activities - (27,830) Proceeds from Investments - - (27,830) Investing activities: - 2 2 Proceeds from Investments - - 2 2 </td <td>Repayments of interest portion of finance lease liabilities</td> <td>(11)</td> <td>-</td>	Repayments of interest portion of finance lease liabilities	(11)	-
Changes in operating assets and liabilities: (345) 1,018 Accounts receivable 5,847 624 Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accrued liabilities 5,629 (1,688) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities 2 (27,830) Proceeds from Investments - (27,830) Proceeds from Investments - (27,830) Investing activities: - 2 Perceeds from sale of property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment and systems under development (7,197) <td>Amortization of bond premium</td> <td>-</td> <td>290</td>	Amortization of bond premium	-	290
Accounts receivable	Net gain on capital assets	-	(2)
Unbilled revenue 5,847 624 Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Market settlement liabilities 148,530 73,780 Net cash provided by (used in) operating activities 3(32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,506 Investing activities: - 130,506 Investment in subsidiary - 2 Net cash (used in) provided by investing activities (7,197) (6,116) Proceeds from sale of property and equipment activities <	Changes in operating assets and liabilities:		
Prepaid expenses and other assets (5,092) (2,841) Default charges receivable, non current 4,888 - Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities (32,922) (915,109) Net cash provided by (used in) operating activities 32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary - 130,505 Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment and systems under development - 2 Net cash (used in) provided by investing activities (7,197)	Accounts receivable	(345)	1,018
Default charges receivable, non current 4,888 - Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities 3(32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary - 130,505 Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment and systems under development (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of prin	Unbilled revenue	5,847	624
Other long-term assets 131 147 Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities (32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - (27,830) Investment in subsidiary - 130,505 Investment in subsidiary - 2 Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment and systems under development - 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payab		(5,092)	(2,841)
Other long-term liabilities (64) (142) Accounts payable (1,565) 3,125 Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities 5 (27,830) Proceeds from Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary - 130,505 Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment - 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (1,24) - Payment of debt issuance costs (1,124) (1,00	Default charges receivable, non current	4,888	-
Accounts payable (1,565) 3,125 Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities (32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary - 130,505 Investment in subsidiary - 14,100 Capital expenditures for property and equipment and systems under development 7,197 (6,116) Proceeds from sale of property and equipment - 2 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (1,124) -	Other long-term assets	131	147
Accrued liabilities 5,629 (1,668) Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities 32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary - 130,505 Investment in subsidiary - 2 Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment and systems under development - 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (1,24) - Payment of debt issuance costs (1,124) (1,000) <td>Other long-term liabilities</td> <td>(64)</td> <td></td>	Other long-term liabilities	(64)	
Deferred revenue (843) (732) Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities (32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment - 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (124) - Payment of debt issuance costs (1,124) (1,000) Net cash (used in) provided by financing activities (1,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents, beginning of year 2,235,22	Accounts payable	(1,565)	3,125
Security deposits (163,464) (205,082) Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities (32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary - 130,505 Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment and systems under development - 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (124) - Payment of debt issuance costs (1,124) (1,000) Net cash (used in) provided by financing activities (1,124) (1,000) Net cash (used in) provided by financing activities and restricted cash and cash equivalents (ash and cash equivalents (beginning o	Accrued liabilities	5,629	(1,668)
Market settlement liabilities (26,156) (786,962) Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities (32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary - 130,505 Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment - 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (124) - Payment of debt issuance costs (11,124) (1,000) Net cash (used in) provided by financing activities (11,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents , beginning of year	Deferred revenue	(843)	(732)
Long-term CRR liabilities 148,530 73,780 Net cash provided by (used in) operating activities (32,922) (915,109) Investing activities: Purchase of Investments - (27,830) Proceeds from Investments - 130,505 Investment in subsidiary Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (124) - Payment of debt issuance costs Net cash (used in) provided by financing activities (1,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents , beginning of year 2,235,229 1,654,896	Security deposits	(163,464)	(205,082)
Investing activities: Purchase of Investments Proceeds from Investments Capital expenditures for property and equipment and systems under development Proceeds from sale of property and equipment and systems under development Proceeds from sale of property and equipment Net cash (used in) provided by investing activities Financing activities: Repayment of notes payable Repayments of principal portion of finance lease liabilities Net cash (used in) provided by financing activities Repayment of debt issuance costs Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents beginning of year (32,922) (915,109) (27,830) (27,830) (6,116) (6,116) (7,197) (6,116) (7,197) (6,116) (7,197) (6,116) (7,197) (6,116) (7,197) (96,561) (1,000)	Market settlement liabilities	(26, 156)	(786, 962)
Investing activities: Purchase of Investments Purchase of Investments Proceeds from Investments Proceeds from Investments Investment in subsidiary Capital expenditures for property and equipment and systems under development Proceeds from sale of property and equipment Net cash (used in) provided by investing activities Financing activities: Repayment of notes payable Repayments of principal portion of finance lease liabilities Payment of debt issuance costs Net cash (used in) provided by financing activities Net cash (used in) provided by financing activities Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents Payment of year (41,243) Reps,489	Long-term CRR liabilities	 148,530	73,780
Purchase of Investments Proceeds from Investments Proceeds from Investments Proceeds from Investments Investment in subsidiary Capital expenditures for property and equipment and systems under development Proceeds from sale of property and equipment Net cash (used in) provided by investing activities Financing activities: Repayment of notes payable Repayments of principal portion of finance lease liabilities Payment of debt issuance costs Net cash (used in) provided by financing activities Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents beginning of year 2,235,229 1,654,896	Net cash provided by (used in) operating activities	 (32,922)	(915,109)
Proceeds from Investments - 130,505 Investment in subsidiary Capital expenditures for property and equipment and systems under development (7,197) (6,116) Proceeds from sale of property and equipment - 2 Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (124) - Payment of debt issuance costs Net cash (used in) provided by financing activities (1,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents (544,896)	Investing activities:		
Investment in subsidiary Capital expenditures for property and equipment and systems under development Proceeds from sale of property and equipment Net cash (used in) provided by investing activities Financing activities: Repayment of notes payable Repayments of principal portion of finance lease liabilities Payment of debt issuance costs Net cash (used in) provided by financing activities (1,000) Repayments of principal portion of finance lease liabilities (1,000) Repayments of principal portion of finance lease liabilities (1,000) Repayment of debt issuance costs Net cash (used in) provided by financing activities (1,1124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents (54,896)	Purchase of Investments	-	(27,830)
Capital expenditures for property and equipment and systems under development Proceeds from sale of property and equipment Net cash (used in) provided by investing activities Financing activities: Repayment of notes payable Repayments of principal portion of finance lease liabilities Payment of debt issuance costs Net cash (used in) provided by financing activities Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents (41,243) Repayments of equivalents, and restricted cash and cash equivalents (41,243) Repayments of equivalents, and restricted cash and cash equivalents (41,243) Repayments of equivalents, and restricted cash and cash equivalents (41,243) Repayment of debt issuance costs Net cash (used in) provided by financing activities (41,243) Repayments of equivalents, and restricted cash and cash equivalents (41,243) Repayment of debt issuance costs Net cash (used in) provided by financing activities (41,243) Repayment of debt issuance costs Net cash (used in) provided by financing activities (41,243) Repayment of debt issuance costs Net cash, cash equivalents, and restricted cash and cash equivalents (41,243)	Proceeds from Investments	-	130,505
Proceeds from sale of property and equipment Net cash (used in) provided by investing activities Financing activities: Repayment of notes payable Repayments of principal portion of finance lease liabilities Payment of debt issuance costs Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents (41,243) Repayment of debt issuance costs (1,100) Repayment of debt issuance costs (1,1124) (1,000) Repayment of debt issuance costs (1,124) (1,000) Repayment of debt issuance costs (1,124) (1,000)	Investment in subsidiary		
Net cash (used in) provided by investing activities (7,197) 96,561 Financing activities: Repayment of notes payable (1,000) (1,000) Repayments of principal portion of finance lease liabilities (124) - Payment of debt issuance costs Net cash (used in) provided by financing activities (1,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents , beginning of year 2,235,229 1,654,896	Capital expenditures for property and equipment and systems under development	(7,197)	(6,116)
Financing activities: Repayment of notes payable Repayments of principal portion of finance lease liabilities Payment of debt issuance costs Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year 2,235,229 1,654,896	Proceeds from sale of property and equipment	-	2
Repayment of notes payable Repayments of principal portion of finance lease liabilities Repayments of principal portion of finance lease liabilities Repayment of debt issuance costs Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents (41,243) Repayment of notes payable (1,000) (1,00	Net cash (used in) provided by investing activities	(7,197)	96,561
Repayment of notes payable Repayments of principal portion of finance lease liabilities Repayments of principal portion of finance lease liabilities Repayment of debt issuance costs Net cash (used in) provided by financing activities Net increase in cash, cash equivalents, and restricted cash and cash equivalents Cash, cash equivalents, and restricted cash and cash equivalents (41,243) Repayment of notes payable (1,000) (1,00	Financing activities		
Repayments of principal portion of finance lease liabilities (124) - Payment of debt issuance costs Net cash (used in) provided by financing activities (1,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents of year (2,235,229) 1,654,896	-	(1,000)	(1,000)
Payment of debt issuance costs Net cash (used in) provided by financing activities (1,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents , beginning of year 2,235,229 1,654,896	• • • • • • • • • • • • • • • • • • • •	` ' '	(1,000)
Net cash (used in) provided by financing activities (1,124) (1,000) Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents , beginning of year 2,235,229 1,654,896		(124)	
Net increase in cash, cash equivalents, and restricted cash and cash equivalents (41,243) (819,548) Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year 2,235,229 1,654,896		 (1 124)	(1,000)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year 2,235,229 1,654,896	The cash (asea in) provided by illiancing activities	 (1,124)	(1,000)
	Net increase in cash, cash equivalents, and restricted cash and cash equivalents	(41,243)	(819,548)
Cash, cash equivalents, and restricted cash and cash equivalents, end of period \$2,193,986\\$ 835,348	Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,235,229	1,654,896
	Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,193,986 \$	835,348



Texas Electric Stabilization Funding M, LLC Annual Compliance

I, Leslie Wiley, certify that:

- (a) A review of Texas Electric Market Stabilization Funding M, LLC's (the "Issuer") activities undertaken since November 12, 2021 (the "Closing Date") of its performance under that certain Indenture dated as of the Closing Date between the Issuer and U.S. Bank, National Association (the "Indenture") has been made under my supervision.
- (b) To the best of my knowledge, based on such review, the Issuer has fulfilled all of its obligations under the Indenture in all material respects since the Closing Date other than:
 - (i) The Issuer changed the location of its chief executive office without providing notice to the Trustee ten (10) Business Days prior as required by Section 3.08(g) of the Trust Indenture. Notice of the Issuer's change of address has this date been provided to the Trustee. See Exhibit F to the Issuer's Checklist Annual Statement of Compliance of this date.
- (c) The attached Issuer's Checklist Annual Statement as to Compliance reflects some of the matters I reviewed to complete this Annual Statement of Compliance.

Date: March 31, 2022

Texas Electric Market Stabilization Funding M, LLC, a Delaware limited liability company

Signature on File

Leslie Wiley
Vice President & Treasurer

