



Item 8.2: Periodic Report on Investments

Leslie Wiley
Treasurer

Finance and Audit Committee Meeting

ERCOT Public
February 27, 2023

Overview

- **Purpose**
 - To provide the Finance and Audit (F&A) Committee a periodic review of investment compliance and performance
- **Voting Items / Requests**
 - No action is requested of the F&A Committee or Board; for discussion only

- **Key Takeaways**
 - ERCOT is in compliance with all investment requirements
 - As previously discussed, ERCOT's investment yields continue to increase. As of the end of December 2022, ERCOT's Money Market Mutual Fund (MMMF) yields exceeded 4% and the purchase yield of ERCOT's U.S. Treasury Obligation Portfolio equaled approximately 3.6%

Investment Compliance

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

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

Investment Compliance

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

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

Electric Reliability Council of Texas, Inc.
Investment Compliance
December 31, 2022
(\$ in 000's)

Money Market Mutual Funds (MMMF)

	Funds Held at ERCOT (Ending Balance)	Funds Held at Trustee (Ending Balance)	Month End Yield	Monthly Investment Income
ERCOT, Inc. Unrestricted	\$ 2,194,611	\$ -	N/A	\$ 5,673
ERCOT, Inc. Restricted (Collateral)	1,370,169	-	N/A	5,398
Total ERCOT, Inc. MMMF	<u>\$ 3,564,780</u>	<u>\$ -</u>	<u>4.08%</u>	<u>\$ 11,071</u>
Texas Electric Market Stabilization Funding M, LLC	\$ 17,646	\$ 26,316	4.14%	\$ 140
Texas Electric Market Stabilization Funding N, LLC	\$ 2,755	\$ 77,401	4.15%	\$ 249

U.S. Treasury Obligation Portfolio

	Purchase Price	Duration	Purchase Yield	Monthly Accrued Interest
ERCOT, Inc. Unrestricted	\$ 504,184	0.45	3.63%	\$ 1,220

Statement of Compliance

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

Money Market Mutual Funds (MMMF)

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

U.S. Treasury Obligation Portfolio

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

Signature on File

Sean Taylor Vice President and CFO

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

Note: Schedule may not foot due to rounding.



Investment Compliance

Appendices

Electric Reliability Council of Texas, Inc.
Money Market Mutual Funds (MMMF)
December 31, 2022
(\$ in 000's)

	Unrestricted	Restricted	Total Ending	Percentage	Month	Unrestricted	Restricted	Total
	Ending Balance	Ending Balance	Balance	of Portfolio	End Yield	Monthly Investment Income	Monthly Investment Income	Monthly Investment Income
MMMF								
Allspring 100% Treasury Money Market Fund (Admin)	\$ -	\$ 306	\$ 306	0.0%	3.62%	\$ -	\$ 1	\$ 1
Allspring Treasury Plus Money Market Fund (Institutional)	2,300	277,833	280,133	7.9%	4.08%	99	789	888
BlackRock Institutional T-Fund (60) MMF	4,310	273,950	278,260	7.8%	4.04%	102	765	867
BlackRock Institutional Treasury Trust Fund MMF	1,050	468	1,518	0.0%	3.94%	3	1	5
Dreyfus Treasury Prime Cash Management MMF	99,800	114,624	214,424	6.0%	3.92%	23	634	656
Federated Fund 0125 US Treasury Cash Reserves Fund	600	611	1,211	0.0%	3.83%	2	2	4
Federated Fund 068 Treasury Obligations Fund	262,200	5,671	267,871	7.5%	4.15%	877	79	956
Fidelity 680 Institutional MMF: Treasury Only Portfolio	500	1,709	2,209	0.1%	3.80%	143	6	149
Fidelity Investments Money Market Treasury Portfolio (Class I)	275,300	20,571	295,871	8.3%	4.18%	743	87	829
First Amer Treas Oblig/CI Z	196,550	107,979	304,529	8.5%	4.16%	694	265	959
Goldman Sachs Treasury Instruments Fund 506	203,000	56,197	259,197	7.3%	3.97%	320	365	685
Invesco Institutional Treasury Portfolio	302,678	1,450	304,128	8.5%	4.24%	934	40	974
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	68,178	233,705	301,883	8.5%	4.16%	193	690	883
Morgan Stanley Fund 8304 Treasury	241,690	34,820	276,510	7.8%	4.09%	563	342	905
State Street Global Advisors Institutional Treasury MMF	180,200	126,060	306,260	8.6%	3.79%	38	657	695
UBS Select Treasury Preferred Fund 46	306,055	470	306,525	8.6%	4.20%	860	99	959
Western Asset Institutional US Treasury Reserves	50,200	113,744	163,944	4.6%	3.98%	79	576	655
Total MMMF	\$ 2,194,611	\$ 1,370,169	\$ 3,564,780	100%	4.08%	\$ 5,673	\$ 5,398	\$ 11,071

Note: Schedule may not foot due to rounding.

Texas Electric Market Stabilization Funding M, LLC
Money Market Mutual Funds (MMMF)
December 31, 2022

(\$ in 000's)

	Ending Balance	Month End Yield	Monthly Investment Income
MMMF held at ERCOT, Inc.			
Capital			
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	\$ 4,044	4.13%	\$ 13
	4,044	4.13%	13
Escrow (Collateral)			
BlackRock Liquidity Funds: T-Fund	3,089	4.04%	10
Invesco Treasury Portfolio	3,438	4.21%	12
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	3,589	4.09%	12
UBS Select Treasury Preferred Fund	3,487	4.20%	12
Total Escrow (Collateral) MMMF	13,603	4.14%	45
Total MMMF held at ERCOT, Inc.	17,646	4.13%	59
MMMF held at Trustee			
Debt Service			
First Am Treas Ob Fund	17,470	4.16%	53
Invesco Treasury Portfolio/Instit	3,969	4.20%	13
Total Debt Service MMMF	21,438	4.18%	66
Debt Service Reserve			
Allspring Treasury Plus Money Market Fund (Institutional)	4,041	4.08%	12
JPMorgan TR I 100 US TR Cap	837	3.87%	3
Total Debt Service Reserve MMMF	4,878	3.97%	15
Total MMMF held at Trustee	26,316	4.13%	81
Total TEMSFM MMMF	\$ 43,962	4.14%	\$ 140

Note: Schedule may not foot due to rounding.

Texas Electric Market Stabilization Funding N, LLC
Money Market Mutual Funds (MMMF)
December 31, 2022
(\$ in 000's)

	Ending Balance	Month End Yield	Monthly Investment Income
MMMF held at ERCOT, Inc.			
Escrow (collateral)			
BlackRock Liquidity Funds: T-Fund	\$ 1,377	4.04%	\$ 5
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	1,377	4.09%	5
Total MMMF held at ERCOT, Inc.	2,755	4.07%	9
MMMF held at Trustee			
Debt Service			
Invesco Treasury Portfolio Institutional	66,740	4.20%	206
Total Debt Service MMMF	66,740	4.20%	206
Capital			
JPMorgan TR I 100 US TR Cap	10,660	3.87%	34
Total Capital MMMF	10,660	3.87%	34
Total MMMF held at Trustee	77,401	4.15%	240
Total TEMSFN MMMF	\$ 80,155	4.15%	\$ 249

Note: Schedule may not foot due to rounding.

Electric Reliability Council of Texas, Inc.
Summary of U.S. Treasury Obligation Portfolio Results
December 31, 2022
(\$ in 000's)

Maturity Date	Purchase Price	Discount / (Premium)	Monthly Accrued Interest	Coupon Rate	Purchase Yield	Current Market Yield	Duration
01/31/23	\$ 49,807	\$ 193	\$ 366	1.75%	3.17%	3.48%	0.08
02/28/23	49,998	12	255	1.50%	4.18%	4.18%	0.16
03/31/23	49,162	838	16	0.13%	3.24%	4.49%	0.24
04/30/23	48,989	1,011	11	0.13%	3.37%	4.68%	0.33
05/31/23	48,857	1,143	5	0.13%	3.36%	4.62%	0.41
06/30/23	48,687	1,313	31	0.13%	3.45%	4.78%	0.49
07/31/23	48,528	1,472	26	0.13%	3.49%	4.76%	0.57
08/31/23	48,343	1,657	21	0.13%	3.59%	4.79%	0.65
09/30/23	49,189	811	176	1.38%	3.51%	4.79%	0.73
10/31/23	62,623	902	313	2.88%	4.64%	4.72%	0.81
Cash	54	-	-	0.00%	0.00%	0.00%	-
Total Investments	\$ 504,238	\$ 9,351	\$ 1,220		3.63%	4.50%	0.45

Note: Schedule may not foot due to rounding.