



Item 5.1: Review 2023 Financial Summary

Sean Taylor

Vice President and Chief Financial Officer

Finance and Audit Committee Meeting

ERCOT Public

April 18, 2023

Overview

- **Purpose**
 - To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of February 28, 2023
- **Voting Items / Requests**
 - No action is requested of the F&A Committee or Board; for discussion only

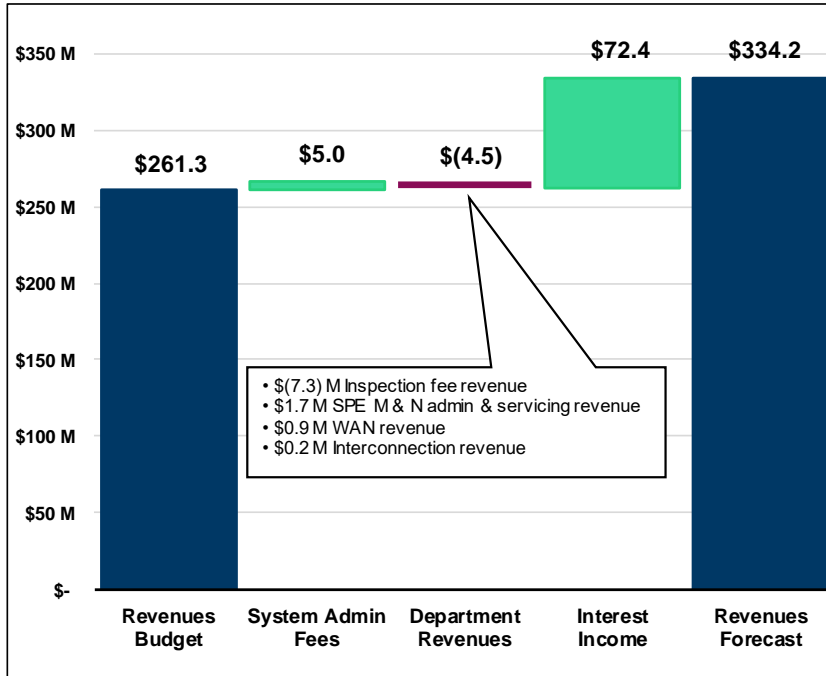
• Key Takeaways

- ERCOT's year-to-date 2023 actual revenues net of expenditures are \$7.6 million favorable to budget, driven by interest income being favorable by \$17.9 million, partially offset by resource management being unfavorable by \$(6.8) million
- ERCOT's year-end 2023 forecasted revenues net of expenditures are \$32.3 million favorable to budget, driven by interest income forecasted to be favorable by \$72.4 million, partially offset by resource management to be unfavorable by \$(31.8) million
- ERCOT's unrestricted cash and bond investments increased \$946.9 million year-over-year, driven by an increase in Congestion Revenue Right (CRR) auction receipts held which includes the full replenishment of CRRs temporarily used for market liquidity
- ERCOT's February 28, 2023 operating use of CRR funds was \$30.8 million compared to no use as of February 28, 2022 when ERCOT held \$10.5 million in operating cash

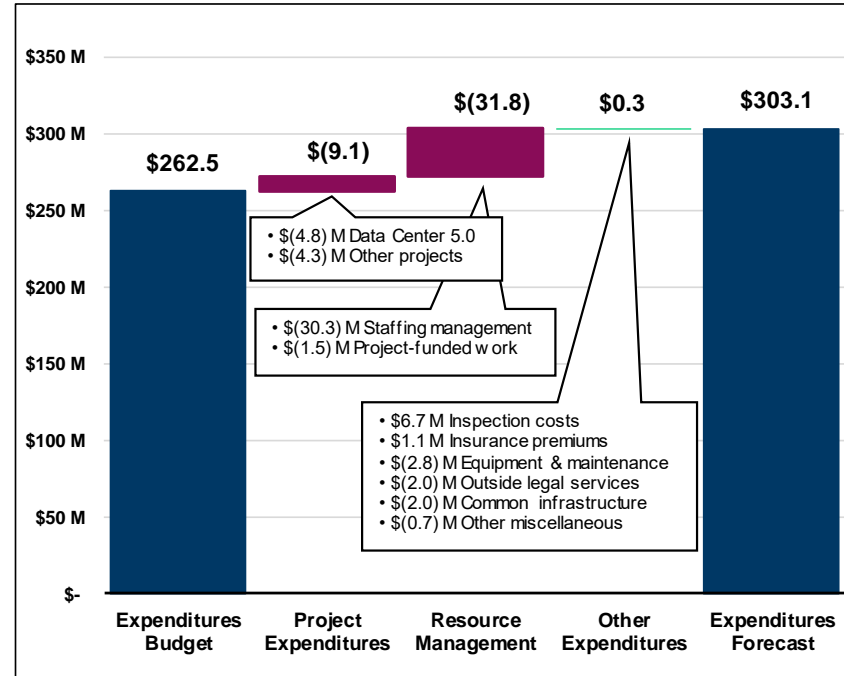
Review 2023 Financial Summary: 2023 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$32.3 M

Revenues Year-End Forecast
Variance to Budget = \$72.9 M [27.9%]



Expenditures Year-End Forecast
Variance to Budget = \$(40.6) M [-15.5%]



Charts may not foot due to rounding

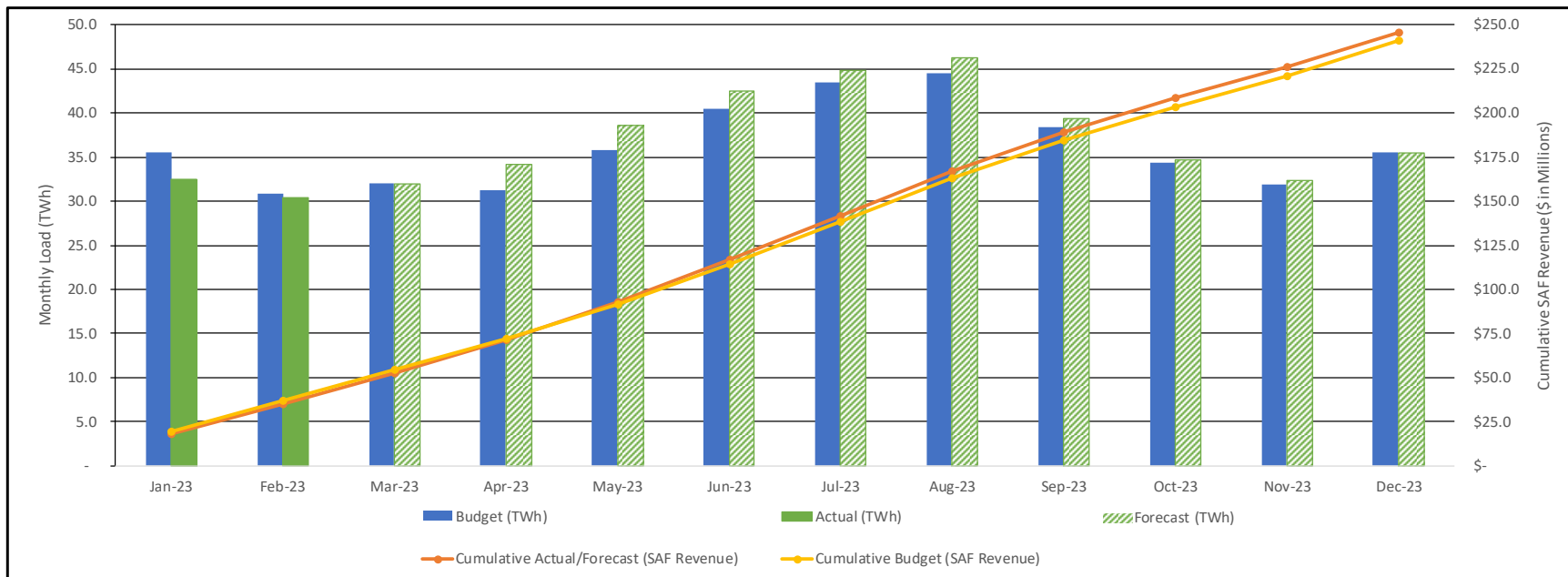
Key Takeaway: The forecasted year-end 2023 results are a net available amount of \$31.1 M versus a budgeted amount of \$(1.1) M, a \$32.3 M favorable variance



Review 2023 Financial Summary:

2023 Budget versus Actual:

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



Load (TWh):	FY 2022	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2023
Budget	419.6	35.6	30.9	32.0	31.2	35.8	40.4	43.5	44.4	38.4	34.4	31.9	35.6	434.0
Actual/Forecast	431.0	32.4	30.4	32.0	34.2	38.6	42.5	44.9	46.2	39.4	34.7	32.3	35.5	443.1
Variance	11.4	(3.1)	(0.4)	0.0	3.0	2.8	2.1	1.4	1.8	0.9	0.3	0.5	(0.1)	9.1
Variance (%)	2.7%	-8.8%	-1.4%	0.0%	9.7%	7.8%	5.2%	3.1%	4.0%	2.4%	0.8%	1.5%	-0.3%	2.1%

SAF Revenue (\$ in Millions):	FY 2022	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2023
Cumulative Budget	\$ 232.9	\$ 19.7	\$ 36.9	\$ 54.6	\$ 71.9	\$ 91.8	\$ 114.2	\$ 138.4	\$ 163.0	\$ 184.4	\$ 203.4	\$ 221.1	\$ 240.9	\$ 240.9
Cumulative Actual/Forecast	\$ 239.2	\$ 18.0	\$ 34.9	\$ 52.6	\$ 71.6	\$ 93.0	\$ 116.7	\$ 141.6	\$ 167.2	\$ 189.1	\$ 208.3	\$ 226.2	\$ 245.9	\$ 245.9
Cumulative Variance	\$ (1.7)	\$ (1.7)	\$ (2.0)	\$ (2.0)	\$ (0.3)	\$ 1.3	\$ 2.4	\$ 3.2	\$ 4.2	\$ 4.7	\$ 4.8	\$ 5.1	\$ 5.0	\$ 5.0
Cumulative Variance (%)	-8.8%	-8.8%	-5.4%	-3.6%	-0.4%	1.4%	2.1%	2.3%	2.6%	2.5%	2.4%	2.3%	2.1%	2.1%



Review 2023 Financial Summary: ERCOT Statements of Financial Position

As of February 28
Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2023	2022	2023	2022	2023	2022
Assets						
Unrestricted cash	\$ 1,599.6	\$ 1,113.9	\$ 4.1	\$ 4.0	\$ -	\$ -
Bond Investments	461.2	-	-	-	-	-
Total unrestricted cash and bond investments	2,060.8	1,113.9	4.1	4.0	-	-
Restricted cash and interest receivable	1,327.1	1,030.9	25.0	72.7	27.0	-
Other current assets	66.5	35.2	8.8	17.2	42.9	-
Long-term investment in subsidiary	14.5	4.0	-	-	-	-
Other long-term assets	182.1	156.7	390.8	780.9	2,042.4	-
Total assets	\$ 3,651.0	\$ 2,340.7	\$ 428.7	\$ 874.8	\$ 2,112.3	\$ -
Liabilities and Net Assets						
CRR auction liabilities-current	\$ 1,119.0	\$ 738.1	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	926.4	567.5	-	-	-	-
Other market liabilities	45.4	72.7	-	-	-	-
Use of CRR for market liquidity	-	(274.9)	-	-	-	-
Total market settlement liabilities	2,090.8	1,103.4	-	-	-	-
Security deposits and interest payable	1,327.1	1,030.9	19.4	65.4	3.3	-
Other current liabilities	36.7	38.2	13.6	21.2	52.5	-
Other long-term liabilities	35.6	39.4	391.7	784.2	2,045.9	-
Net assets without donor restrictions	160.8	128.8	4.0	4.0	10.6	-
Total liabilities and net assets	\$ 3,651.0	\$ 2,340.7	\$ 428.7	\$ 874.8	\$ 2,112.3	\$ -

Key Takeaways:

- ERCOT's unrestricted cash and bond investments increased \$946.9 M, driven by an increase in CRR auction receipts held and the full replenishment of CRRs temporarily used for market liquidity
- TEMSFM's restricted cash and interest receivable decreased \$47.7 M, driven by \$50.0 M used to replenish CRR temporarily used for market liquidity
- TEMSFM's other long-term assets decreased \$390.1 M and other long-term liabilities decreased \$392.5 M, primarily due to the early redemption of bond principal, driven by receipt of the Brazos settlement funds



Review 2023 Financial Summary: ERCOT Statements of Activities and Net Assets

*For the Two Months Ended February
Dollars in Millions*

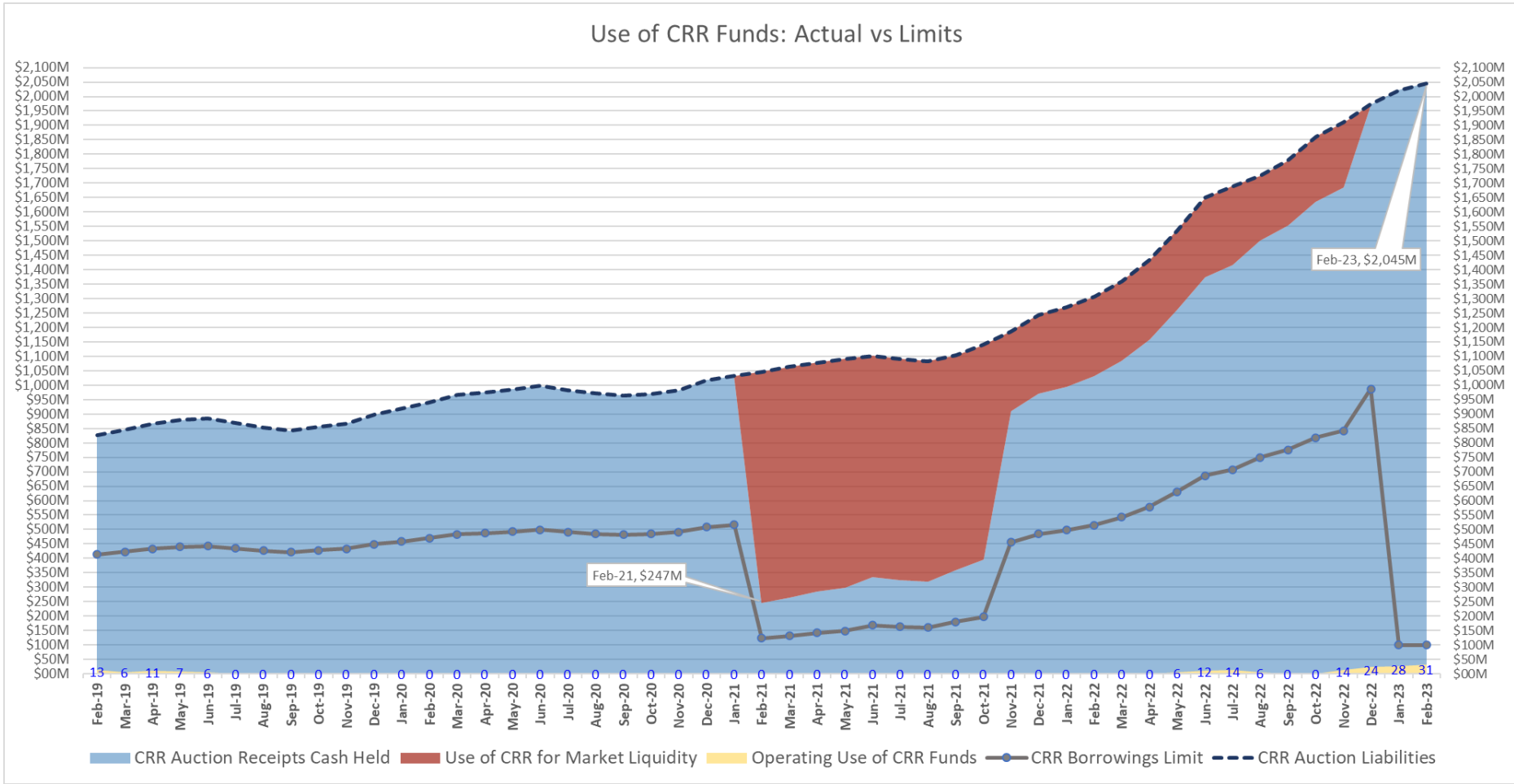
	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2023	2022	2022	2021	2022	2021
Operating revenues	\$ 36.3	\$ 38.4	\$ 3.0	\$ 4.1	\$ 17.0	\$ -
Operating expenses	48.3	39.9	0.2	0.1	0.2	-
Income (loss) from operations	(12.0)	(1.5)	2.8	4.0	16.8	-
Other income (expense)	17.7	(0.2)	(2.8)	(4.0)	(16.8)	-
Change in net assets without donor restrictions	5.7	(1.7)	-	-	-	-
Net assets without donor restrictions, beginning of year	155.1	130.5	4.0	4.0	10.6	-
Equity contribution from parent company	-	-	-	-	-	-
Net assets without donor restrictions, end of period	\$ 160.8	\$ 128.8	\$ 4.0	\$ 4.0	\$ 10.6	\$ -

Key Takeaways: ERCOT's year-over-year change in net assets without donor restrictions (equity) for the two months ended February increased by \$7.4 M:

- \$2.1 M decrease in operating revenues, driven by
 - \$1.2 M (3%) decrease from system administration fee revenue
 - \$0.9 M (61%) decrease in generation interconnection revenue
- \$8.4 M increase in operating expenses, driven by
 - \$7.5 M (33%) increase in salaries and related benefits expense
 - \$1.1 M (26%) increase in depreciation expense
 - \$1.0 M (19%) increase in hardware and software maintenance expense
 - \$1.0 M (24%) decrease in outside services expense
- \$17.9 M increase in other income (interest income)



Review 2023 Financial Summary: Use of CRR Funds: Actual vs Limits



Key Takeaway: As of February 2023, Operating Use of CRR Funds is \$30.8 M



Review 2023 Financial Summary:

Appendices

Electric Reliability Council of Texas, Inc. 2023 Financial Summary As of March 30, 2023 (\$ in Millions)										
						Year-to-Date (February 28)				
Line	2022		2023			2022		2023		
	Actual	Budget	Actual	Variance		Actual	Budget	Forecast	Variance	
				\$	%				\$	%
1	\$ 36.0	\$ 36.9	\$ 34.9	\$ (2.0)	(5.4)	\$ 239.2	\$ 240.9	\$ 245.9	\$ 5.0	2.1
2	Department Net Expenditures									
3	14.6	16.1	16.9	(0.8)	(5.1)	91.8	96.8	106.2	(9.4)	(9.7)
4	5.6	6.6	6.6	0.0	0.4	37.6	40.2	41.6	(1.4)	(3.5)
5	5.9	4.4	5.3	(0.9)	(19.4)	30.3	26.7	33.8	(7.1)	(26.7)
6	3.8	4.1	4.9	(0.8)	(20.3)	23.8	24.3	28.1	(3.8)	(15.6)
7	2.7	3.0	3.5	(0.5)	(18.2)	16.1	17.6	19.8	(2.2)	(12.4)
8	1.0	1.6	3.0	(1.4)	(89.0)	13.1	9.5	18.7	(9.2)	(97.8)
9	1.1	1.4	1.5	(0.1)	(5.6)	7.0	8.3	8.2	0.1	1.3
10	0.1	0.2	1.4	(1.2)	(553.2)	1.8	1.7	3.6	(2.0)	(115.0)
11	(1.2)	(2.3)	(2.0)	(0.3)	(14.1)	(11.7)	(13.9)	(12.8)	(1.2)	(8.3)
12	33.6	35.0	41.0	(6.0)	(17.1)	209.7	211.1	247.2	(36.1)	(17.1)
13	2.4	1.8	(6.1)	(8.0)	(435.0)	29.5	29.8	(1.2)	(31.1)	(104.2)
14										
15	3.4	4.9	7.3	(2.3)	(47.6)	54.0	29.5	38.6	(9.1)	(30.7)
16	0.0	0.0	0.0	0.0	0.0	15.4	0.0	0.0	0.0	0.0
17	0.2	0.2	0.2	0.0	17.9	1.1	1.5	1.5	(0.1)	(3.7)
18	0.0	0.0	17.9	17.9	>1,000.0	25.0	0.0	72.5	72.4	>1,000.0
19										
20	\$ (1.2)	\$ (3.3)	\$ 4.3	\$ 7.6	230.6	\$ (16.0)	\$ (1.1)	\$ 31.1	\$ 32.3	>1,000.0
Note: Schedule may not foot due to rounding										

Electric Reliability Council of Texas, Inc. 2023 Financial Summary Variance Explanations As of March 30, 2023		
Line	Year-to-Date (February 28)	Year-End (December 31)
1 System Administration Revenue	-\$2.7 M - Weather +\$0.7 M - Economy	+\$5.0 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	-\$1.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.8 M - Common infrastructure +\$0.4 M - HW/SW support & maintenance renewals +\$0.2 M - Outside services/studies <u>Timing Differences</u> +\$0.4 M - WAN costs +\$0.2 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.1 M - Employee training & business travel -\$0.1 M - WAN revenue	-\$5.9 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$1.7 M - Contingent labor [Resource Management - Staffing Management] -\$2.0 M - Common infrastructure -\$0.6 M - WAN costs -\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work] -\$0.3 M - Minor capital -\$0.2 M - Employee training & business travel +\$0.9 M - WAN revenue +\$0.5 M - HW/SW support & maintenance renewals +\$0.2 M - Outside services/studies +\$0.1 M - Data service subscriptions -\$0.1 M - Other miscellaneous
4 Chief Administrative Office	-\$0.7 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - SPE M & N administration & servicing revenue +\$0.3 M - Insurance premiums +\$0.1 M - Property tax +\$0.1 M - Outside services/studies	-\$3.8 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.5 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Recruiting & pre-employment costs -\$0.1 M - Data service subscriptions -\$0.1 M - Corporate events -\$0.1 M - Employee training & business travel +\$1.7 M - SPE M & N administration & servicing revenue +\$1.1 M - Insurance premiums +\$0.6 M - Property tax

Electric Reliability Council of Texas, Inc. 2023 Financial Summary Variance Explanations As of March 30, 2023		
Line	Year-to-Date (February 28)	Year-End (December 31)
5 General Counsel	-\$0.1 M - Equipment & maintenance -\$0.9 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Outside legal services +\$0.2 M - Outside services/studies	-\$2.8 M - Equipment & maintenance -\$2.5 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$2.0 M - Outside legal services -\$0.2 M - Minor capital -\$0.1 M - Rentals & leases -\$0.1 M - Electricity -\$0.1 M - Board member expense +\$0.7 M - Outside services/studies
6 System Operations	-\$0.8 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	-\$3.8 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - Software +\$0.2 M - Data service subscriptions
7 Commercial Operations	-\$0.4 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Contingent labor [Resource Management - Staffing Management]	-\$1.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.5 M - Contingent labor [Resource Management - Staffing Management] -\$0.3 M - Outside services/studies -\$0.2 M - Data service subscriptions
8 System Planning & Weatherization	-\$1.8 M - Inspection revenue -\$1.0 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.2 M - Contingent labor [Resource Management - Staffing Management] +\$1.7 M - Inspection costs <u>Timing Differences</u> -\$0.3 M - Interconnection revenue +\$0.2 M - Outside services/studies	-\$7.3 M - Inspection revenue -\$6.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$1.6 M - Contingent labor [Resource Management - Staffing Management] -\$0.9 M - Outside services/studies -\$0.1 M - Minor capital +\$6.7 M - Inspection costs +\$0.2 M - Interconnection revenue
9 Public Affairs	+\$0.1 M - Outside services/studies -\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	+\$0.9 M - Outside services/studies -\$0.8 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]
10 Chief Executive Office	-\$1.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Outside services/studies	-\$1.7 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.3 M - Outside services/studies
11 Project Funded Labor	-\$0.3 M - Multiple projects [Resource Management - Project-Funded Work]	-\$1.2 M - Multiple projects [Resource Management - Project-Funded Work]
15 Project Expenditures	-\$2.3 M - All projects	-\$9.1 M - All projects
16 Interest Expense	No material variance	-\$0.2 M - Capitalized interest +\$0.1 M - Revolver
17 Interest Income	+\$17.9 M - Interest rate	+\$72.4 M - Interest rate

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

Line	Project	Year-to-Date As of February 28, 2023		Year-End (YE) As of March 30, 2023		Life-to-Date As of February 28, 2023		Estimate -at-Completion (EAC) As of March 30, 2023			
		Actual	% of YE Forecast	YE Forecast	% of All Included Projects	Actual	% of EAC Forecast	EAC Forecast	% of All Included Projects	Budget	Variance
		1	Data Center 5.0 (DC5) Program	\$ 5.1	42%	\$ 12.3	32%	\$ 47.5	79%	\$ 59.9	33%
2	Market Design	0.0	0%	2.4	6%	0.8	1%	58.6	33%	58.6	0.0
3	Energy Management System (EMS) Upgrade 2024	0.6	8%	6.6	17%	13.3	67%	19.8	11%	20.0	0.2
4	Grid Geospatial (Grid Geo) Program	0.1	19%	0.4	1%	8.0	92%	8.7	5%	8.6	(0.1)
5	Bulk Electrical System (BES) Active Directory Isolation	0.1	60%	0.2	1%	2.8	97%	2.9	2%	2.9	(0.0)
6	Market Management System (MMS) Outage Scheduler (OS) Red Hat Enterprise Linux (RHEL) Migration	0.0	0%	1.7	4%	0.0	0%	2.6	1%	2.7	0.0
7	Network Model Management System (NMMS) Tech Health	0.1	75%	0.1	0%	2.5	99%	2.6	1%	2.6	(0.0)
8	Treasury Management Risk Mitigation	0.2	20%	0.9	2%	0.3	14%	2.3	1%	2.3	0.0
9	Total Projects with EAC Budget Over \$2.0M	6.2	25%	24.7	64%	75.3	48%	157.4	88%	160.6	3.2
10	Other Projects	1.1	8%	13.9	36%	9.9	45%	21.9	12%	25.8	3.9
11	Total Project Expenditures	\$ 7.3	19%	\$ 38.6	100%	\$ 85.2	48%	\$ 179.3	100%	\$ 186.5	\$ 7.1

Note: Schedule may not foot due to rounding

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Financial Position****As of February 28, 2023 and 2022**

(Dollars in Thousands)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,599,560	\$ 1,113,875
Accounts receivable	10,785	5,654
Unbilled revenue	3,120	3,672
Receivable from intercompany	275	-
Interest receivable	10,609	8
Restricted cash and cash equivalents	1,322,912	1,030,851
Short-term investments	460,222	-
Prepaid expenses and other current assets	46,871	25,911
Total current assets	3,454,354	2,179,971
Long-term investments	14,579	4,000
Property and equipment, net	134,647	112,729
Systems under development	46,554	43,224
Other long term assets	864	780
Total assets	\$ 3,650,998	\$ 2,340,704
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 8,341	\$ 2,341
Accrued liabilities	19,967	17,011
Payable to intercompany	794	-
Finance lease liabilities current	-	12,597
Deferred revenue	7,799	2,254
Market settlement liabilities	1,164,370	535,913
Security deposits	1,322,908	1,030,851
Debt payable, current portion	4,000	4,000
Total current liabilities	2,528,179	1,604,967
Long-term liabilities:		
Debt payable, less current portion:		
Principal	35,000	39,000
Less unamortized debt issuance costs	135	153
Debt payable less current portion and unamortized debt issuance costs	34,865	38,847
Long-term CRR liabilities	926,406	567,468
Other long-term liabilities	715	643
Total long-term liabilities	961,986	606,958
Total liabilities	3,490,165	2,211,925
Net assets without donor restrictions	160,833	128,779
Total liabilities and net assets	\$ 3,650,998	\$ 2,340,704

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Activities and Net Assets
For the Two Months Ended February 28, 2023 and 2022
(Dollars in Thousands)

	2023	2022
Operating revenues		
System administration fees	\$ 34,880	\$ 36,034
Other services revenue	1,418	2,360
Total operating revenues	36,298	38,394
Operating expenses		
Salaries and related benefits	30,141	22,659
Facility and equipment costs	1,434	1,585
Outside services	3,188	4,205
Hardware and software maintenance and licensing	6,169	5,189
Depreciation	5,218	4,128
Other	2,138	2,149
Total operating expenses	48,288	39,915
Loss from operations	(11,990)	(1,521)
Other income (expense)		
Investment return, net	17,907	17
Interest expense	(187)	(192)
Non-operating income	1	-
Change in net assets without donor restrictions	5,731	(1,696)
Net assets without donor restrictions, beginning of year	155,102	130,475
Net assets without donor restrictions, end of period	\$ 160,833	\$ 128,779

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Cash Flows
For the Two Months Ended February 28, 2023 and 2022
(Dollars in Thousands)

	2023	2022
Operating activities:		
Change in net assets without donor restrictions	\$ 5,731	\$ (1,696)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	5,218	4,128
Amortization of debt issuance costs	3	3
Interest expense accrual on finance lease liabilities	-	-
Repayments of interest portion of finance lease liabilities	-	(5)
Amortization of bond (discount) premium	(2,470)	-
Unrealized losses on bond investments	(2,207)	-
Changes in operating assets and liabilities:		
Accounts receivable	(5,160)	(598)
Unbilled revenue	2,079	2,279
Receivable from intercompany	659	-
Interest receivable	370	(1)
Prepaid expenses and other assets	(10,727)	(537)
Other long-term assets	37	87
Other long-term liabilities	(28)	(16)
Accounts payable	97	(1,658)
Accrued liabilities	894	(7,130)
Payable to intercompany	(381,953)	-
Deferred revenue	129	(818)
Security deposits	(75,653)	(44,692)
Market settlement liabilities	(339,300)	(50,971)
Long-term CRR liabilities	80,820	78,874
Net cash (used in) operating activities	<u>(721,461)</u>	<u>(22,751)</u>
Investing activities:		
Purchase of investments	(50,536)	-
Proceeds from investments	100,010	-
Capital expenditures for property and equipment and systems under development	(6,188)	(3,293)
Net cash provided by (used in) investing activities	<u>43,286</u>	<u>(3,293)</u>
Financing activities:		
Repayments of principal portion of finance lease liabilities	-	(40)
Net cash (used in) financing activities	<u>-</u>	<u>(40)</u>
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(678,175)	(26,084)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	3,600,647	2,170,810
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 2,922,472</u>	<u>\$ 2,144,726</u>

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of February 28, 2023
(Dollars in Thousands)

	Texas Electric Market		Texas Electric Market			
	ERCOT	Stabilization Funding M	Stabilization Funding N	Eliminations	Consolidated	
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,599,560	\$ 4,071	\$ -	\$ -	\$ 1,603,631	
Accounts receivable	10,785	-	-	-	10,785	
Unbilled revenue	3,120	-	-	(138)	2,982	
Securitization charges receivable, current	-	8,775	42,017	-	50,792	
Receivable from intercompany	275	4	790	(1,069)	-	
Interest receivable	10,609	89	71	-	10,769	
Restricted cash and cash equivalents	1,322,912	24,906	26,991	-	1,374,809	
Current investments	460,222	-	-	-	460,222	
Prepaid expenses and other current assets	46,871	2	-	-	46,873	
Total current assets	3,454,354	37,847	69,869	(1,207)	3,560,863	
Long-term investments	14,579	-	-	(14,579)	-	
Property and equipment, net	134,647	-	-	-	134,647	
Systems under development	46,554	-	-	-	46,554	
Securitization charges receivable, non current	-	390,803	2,042,412	-	2,433,215	
Other long term assets	864	-	-	-	864	
Total assets	\$ 3,650,998	\$ 428,650	\$ 2,112,281	\$ (15,786)	\$ 6,176,143	
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 8,341	\$ -	\$ -	\$ -	\$ 8,341	
Accrued liabilities	19,967	3,432	10,367	-	33,766	
Payable to intercompany	794	128	285	(1,207)	-	
Deferred revenue	7,799	-	-	-	7,799	
Market settlement liabilities	1,164,370	-	-	-	1,164,370	
Security deposits	1,322,908	19,311	3,323	-	1,345,542	
Debt payable, current portion	4,000	10,110	41,874	-	55,984	
Total current liabilities	2,528,179	32,981	55,849	(1,207)	2,615,802	
Long-term liabilities:						
Debt payable, less current portion:						
Principal	35,000	393,690	2,059,019	-	2,487,709	
Less unamortized discount and debt issuance costs	135	2,021	13,166	-	15,322	
Debt payable less current portion and unamortized discount and debt issuance costs	34,865	391,669	2,045,853	-	2,472,387	
Long-term CRR liabilities	926,406	-	-	-	926,406	
Other long-term liabilities	715	-	-	-	715	
Total long-term liabilities	961,986	391,669	2,045,853	-	3,399,508	
Total liabilities	3,490,165	424,650	2,101,702	(1,207)	6,015,310	
Net assets without donor restrictions	160,833	4,000	10,579	(14,579)	160,833	
Total liabilities and net assets	\$ 3,650,998	\$ 428,650	\$ 2,112,281	\$ (15,786)	\$ 6,176,143	

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Net Assets
For the Two Months Ended February 28, 2023
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M	Texas Electric Market Stabilization Funding N	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 34,880	\$ -	\$ -	\$ -	\$ 34,880
Other services revenue	1,418	-	-	(276)	1,142
Securitization charges fees	-	3,010	17,003	-	20,013
Total operating revenues	36,298	3,010	17,003	(276)	56,035
Operating expenses					
Salaries and related benefits	30,141	-	-	-	30,141
Facility and equipment costs	1,434	-	-	-	1,434
Outside services	3,188	179	185	(276)	3,276
Hardware and software maintenance and licensing	6,169	-	-	-	6,169
Depreciation	5,218	-	-	-	5,218
Other	2,138	1	-	-	2,139
Total operating expenses	48,288	180	185	(276)	48,377
(Loss) income from operations	(11,990)	2,830	16,818	-	7,658
Other income (expense)					
Investment return, net	17,907	152	287	-	18,346
Interest expense	(187)	(2,982)	(17,105)	-	(20,274)
Non-operating income	1	-	-	-	1
Change in net assets without donor restrictions	5,731	-	-	-	5,731
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	\$ 160,833	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 160,833

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Two Months Ended February 28, 2023
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M	Texas Electric Market Stabilization Funding N	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 5,731	\$ -	\$ -	\$ -	\$ 5,731
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	5,218	-	-	-	5,218
Amortization of discount & debt issuance costs	3	13	125	-	141
Amortization of bond investment discount	(2,470)	-	-	-	(2,470)
Unrealized losses on bond investments	(2,207)	-	-	-	(2,207)
Changes in operating assets and liabilities:					
Accounts receivable	(5,160)	-	-	-	(5,160)
Unbilled revenue	2,079	-	1,843	(871)	3,051
Securitization charges receivable	-	2,720	5,350	(385)	7,685
Receivable from intercompany	659	382,289	-	(382,948)	-
Interest receivable	370	54	178	-	602
Prepaid expenses and other assets	(10,727)	-	-	-	(10,727)
Other long-term assets	37	-	-	-	37
Other long-term liabilities	(28)	-	-	-	(28)
Accounts payable	97	(4)	-	-	93
Accrued liabilities	894	(8,211)	(44,892)	-	(52,209)
Payable to intercompany	(381,953)	(508)	(1,022)	383,483	-
Deferred revenue	129	-	-	-	129
Security deposits	(75,653)	746	284	-	(74,623)
Market settlement liabilities	(339,300)	-	-	-	(339,300)
Long-term CRR liabilities	80,820	-	-	-	80,820
Net cash (used in) provided by operating activities	(721,461)	377,099	(38,134)	(721)	(383,217)
Investing activities:					
Purchase of investments	(50,536)	-	-	-	(50,536)
Proceeds from investments	100,010	-	-	-	100,010
Capital expenditures for property and equipment and systems under development	(6,188)	-	-	-	(6,188)
Net cash provided by investing activities	43,286	-	-	-	43,286
Financing activities:					
Repayment of debt payable	-	(391,956)	(14,807)	-	(406,763)
Payment of debt issuance costs	-	(213)	(508)	721	-
Repayments of principal portion of finance lease liabilities	-	-	-	-	-
Net cash (used in) provided by financing activities	-	(392,169)	(15,315)	721	(406,763)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(678,175)	(15,070)	(53,449)	-	(746,694)
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	\$ 2,922,472	\$ 28,977	\$ 26,991	\$ -	\$ 2,978,440

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of February 28, 2022
(Dollars in Thousands)

	Texas Electric Market			
	ERCOT	Stabilization Funding M	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,113,875	\$ 4,000	\$ -	\$ 1,117,875
Accounts receivable	5,654	-	-	5,654
Unbilled revenue	3,672	1,477	(167)	4,982
Securitization charges receivable, current	-	15,768	-	15,768
Interest receivable	8	-	-	8
Restricted cash and cash equivalents	1,030,851	72,659	-	1,103,510
Prepaid expenses and other current assets	25,911	8	-	25,919
Total current assets	2,179,971	93,912	(167)	2,273,716
Long-term investments	4,000	-	(4,000)	-
Property and equipment, net	112,729	-	-	112,729
Systems under development	43,224	-	-	43,224
Securitization charges receivable, non current	-	780,922	-	780,922
Other long term assets	780	-	-	780
Total assets	\$ 2,340,704	\$ 874,834	\$ (4,167)	\$ 3,211,371
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 2,341	\$ -	\$ -	\$ 2,341
Accrued liabilities	17,011	7,155	-	24,166
Payable to intercompany	-	167	(167)	-
Finance lease liabilities current	12,597	-	-	12,597
Deferred revenue	2,254	-	-	2,254
Market settlement liabilities	535,913	-	-	535,913
Security deposits	1,030,851	65,399	-	1,096,250
Debt payable, current portion	4,000	13,912	-	17,912
Total current liabilities	1,604,967	86,633	(167)	1,691,433
Long-term liabilities:				
Debt payable, less current portion:				
Principal	39,000	786,088	-	825,088
Less unamortized discount and debt issuance costs	153	1,887	-	2,040
Debt payable less current portion and unamortized discount and debt issuance costs	38,847	784,201	-	823,048
Long-term CRR liabilities	567,468	-	-	567,468
Other long-term liabilities	643	-	-	643
Total long-term liabilities	606,958	784,201	-	1,391,159
Total liabilities	2,211,925	870,834	(167)	3,082,592
Net assets without donor restrictions	128,779	4,000	(4,000)	128,779
Total liabilities and net assets	\$ 2,340,704	\$ 874,834	\$ (4,167)	\$ 3,211,371

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Net Assets
For the Two Months Ended February 28, 2022

(Dollars in Thousands)

	Texas Electric Market			
	ERCOT	Stabilization Funding M	Eliminations	Consolidated
Operating revenues				
System administration fees	\$ 36,034	\$ -	\$ -	\$ 36,034
Other services revenue	2,360	-	(83)	2,277
Securitization charges fees	-	4,070	-	4,070
Total operating revenues	38,394	4,070	(83)	42,381
Operating expenses				
Salaries and related benefits	22,659	-	-	22,659
Facility and equipment costs	1,585	-	-	1,585
Outside services	4,205	83	(83)	4,205
Hardware and software maintenance and licensing	5,189	-	-	5,189
Depreciation	4,128	-	-	4,128
Other	2,149	-	-	2,149
Total operating expenses	39,915	83	(83)	39,915
(Loss) income from operations	(1,521)	3,987	-	2,466
Other income (expense)				
Investment return, net	17	-	-	17
Interest expense	(192)	(3,987)	-	(4,179)
Change in net assets without donor restrictions	(1,696)	-	-	(1,696)
Net assets without donor restrictions, beginning of year	130,475	4,000	(4,000)	130,475
Net assets without donor restrictions, end of period	\$ 128,779	\$ 4,000	\$ (4,000)	\$ 128,779

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Two Months Ended February 28, 2022
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M	Eliminations	Consolidated
Operating activities:				
Change in net assets without donor restrictions	\$ (1,696)	\$ -	\$ -	\$ (1,696)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:				
Depreciation/amortization of assets	4,128	-	-	4,128
Amortization of debt issuance costs	3	12	-	15
Repayments of interest portion of finance lease liabilities	(5)	-	-	(5)
Changes in operating assets and liabilities:				
Accounts receivable	(598)	-	-	(598)
Unbilled revenue	2,279	1,787	83	4,149
Securitization charges receivable	-	1,403	-	1,403
Interest receivable	(1)	-	-	(1)
Prepaid expenses and other assets	(537)	-	-	(537)
Other long-term assets	87	-	-	87
Other long-term liabilities	(16)	-	-	(16)
Accounts payable	(1,658)	-	-	(1,658)
Accrued liabilities	(7,130)	3,975	-	(3,155)
Payable to intercompany	-	83	(83)	-
Deferred revenue	(818)	-	-	(818)
Security deposits	(44,692)	4,980	-	(39,712)
Market settlement liabilities	(50,971)	-	-	(50,971)
Long-term CRR liabilities	78,874	-	-	78,874
Net cash (used in) provided by operating activities	<u>(22,751)</u>	<u>12,240</u>	<u>-</u>	<u>(10,511)</u>
Investing activities:				
Capital expenditures for property and equipment and systems under development	(3,293)	-	-	(3,293)
Net cash (used in) investing activities	<u>(3,293)</u>	<u>-</u>	<u>-</u>	<u>(3,293)</u>
Financing activities:				
Repayments of principal portion of finance lease liabilities	(40)	-	-	(40)
Net cash (used in) financing activities	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>(40)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(26,084)	12,240	-	(13,844)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,170,810	64,419	-	2,235,229
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 2,144,726</u>	<u>\$ 76,659</u>	<u>\$ -</u>	<u>\$ 2,221,385</u>