



## **Item 5.2: Periodic Report on Investments**

*Sean Taylor*

Vice President and Chief Financial Officer

Finance and Audit Committee Meeting

ERCOT Public

August 30, 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 June 2023, ERCOT's Money Market Mutual Fund ( MMMF ) yields equaled approximately 4.99% and the purchase yield of ERCOT's U.S. Treasury Obligation Portfolio equaled approximately 4.61%

# 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 outlined in Texas Government Code Chapter 809.	Yes
There are no MMMF listed in the divestment provisions as outlined in Texas Government Code Chapter 809.	Yes

# 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 outlined in Texas Government Code Chapter 809.	Yes
There are no money market mutual funds listed in the divestment provisions as outlined in Texas Government Code Chapter 809.	Yes

**Electric Reliability Council of Texas, Inc.**  
**Investment Compliance**  
**June 30, 2023**  
(\$ in 000's)

<b>Money Market Mutual Funds (MMMF)</b>	<b>Funds Held at ERCOT (Ending Balance)</b>	<b>Funds Held at Trustee (Ending Balance)</b>	<b>Month End Yield</b>	<b>Monthly Investment Income</b>
ERCOT, Inc. Unrestricted	\$ 1,739,411	\$ -	N/A	\$ 7,179
ERCOT, Inc. Restricted (Collateral)	1,266,608	-	N/A	4,923
Total ERCOT, Inc. MMMF	<u>\$ 3,006,019</u>	<u>\$ -</u>	4.99%	<u>\$ 12,102</u>
Texas Electric Market Stabilization Funding M, LLC	\$ 17,782	\$ 17,010	4.98%	\$ 139
Texas Electric Market Stabilization Funding N, LLC	\$ 3,091	\$ 73,794	5.05%	\$ 290

<b>U.S. Treasury Obligation Portfolio</b>	<b>Purchase Price</b>	<b>Duration</b>	<b>Purchase Yield</b>	<b>Monthly Investment Income</b>
ERCOT, Inc. Unrestricted	\$ 512,016	0.37	4.61%	\$ 1,522

**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 outlined in Texas Government Code Chapter 809.
- There are no MMMF listed in the divestment provisions as outlined 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 outlined in Texas Government Code Chapter 809.
- There are no MMMF listed in the divestment provisions as outlined 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)**

**June 30, 2023**

(\$ in 000's)

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total Ending</b>	<b>Percentage</b>	<b>Month</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
<b>MMMF</b>	<b>Ending Balance</b>	<b>Ending Balance</b>	<b>Balance</b>	<b>of Portfolio</b>	<b>End Yield</b>	<b>Monthly Investment Income</b>	<b>Monthly Investment Income</b>	<b>Monthly Investment Income</b>
Allspring 100% Treasury Money Market Fund (Admin)	\$ -	\$ 313	\$ 313	0.0%	4.92%	\$ -	\$ 1	\$ 1
Allspring Treasury Plus Money Market Fund (Institutional)	400	229,024	229,424	7.6%	4.94%	107	831	938
BlackRock Institutional T-Fund (60) MMF	310	27	337	0.0%	4.97%	172	1	173
BlackRock Institutional Treasury Trust Fund MMF	231,050	478	231,528	7.7%	5.02%	855	2	857
Dreyfus Treasury Prime Cash Management MMF	400	222,140	222,540	7.4%	4.97%	2	797	798
Federated Fund 0125 US Treasury Cash Reserves Fund	203,100	624	203,724	6.8%	5.00%	451	3	454
Federated Fund 068 Treasury Obligations Fund	700	5,680	6,380	0.2%	4.96%	24	478	502
Fidelity 680 Institutional MMF: Treasury Only Portfolio	500	235	735	0.0%	4.87%	2	1	3
Fidelity Investments Money Market Treasury Portfolio (Class I)	259,500	675	260,175	8.7%	5.03%	1,055	3	1,058
First Amer Treas Oblig/CI Z	113,450	132,279	245,729	8.2%	5.00%	970	57	1,027
Goldman Sachs Treasury Instruments Fund 506	1,000	235,908	236,908	7.9%	5.00%	4	706	711
Invesco Institutional Treasury Portfolio	262,478	504	262,982	8.7%	5.04%	1,058	2	1,060
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	478	212,911	213,389	7.1%	4.98%	675	302	977
Morgan Stanley Fund 8304 Treasury	990	224,624	225,614	7.5%	4.91%	376	532	908
State Street Global Advisors Institutional Treasury MMF	204,200	497	204,697	6.8%	5.02%	258	443	701
UBS Select Treasury Preferred Fund 46	216,855	580	217,435	7.2%	4.95%	1,019	2	1,021
Western Asset Institutional US Treasury Reserves	244,000	112	244,112	8.1%	5.02%	152	760	912
<b>Total MMMF</b>	<b>\$ 1,739,411</b>	<b>\$ 1,266,608</b>	<b>\$ 3,006,019</b>	<b>100%</b>	<b>4.99%</b>	<b>\$ 7,179</b>	<b>\$ 4,923</b>	<b>\$ 12,102</b>

Note: Schedule may not foot due to rounding.



**Texas Electric Market Stabilization Funding M, LLC**  
**Money Market Mutual Funds (MMMF)**

**June 30, 2023**

(\$ in 000's)

	Ending Balance	Month End Yield	Monthly Investment Income
<b>MMMF held at ERCOT, Inc.</b>			
<b>Capital</b>			
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	\$ 4,076	4.94%	\$ 17
	4,076	4.94%	17
<b>Escrow (Collateral)</b>			
BlackRock Liquidity Funds: T-Fund	3,157	4.97%	13
Invesco Treasury Portfolio	3,515	5.00%	14
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	3,468	4.91%	14
UBS Select Treasury Preferred Fund	3,566	4.95%	15
Total Escrow (Collateral) MMMF	13,706	4.96%	56
<b>Total MMMF held at ERCOT, Inc.</b>	<b>17,782</b>	<b>4.95%</b>	<b>73</b>
<b>MMMF held at Trustee</b>			
<b>Debt Service</b>			
First Am Treas Ob Fund	9,210	5.00%	34
Invesco Treasury Portfolio/Instit	2,370	5.05%	10
Total Debt Service MMMF	11,580	5.03%	44
<b>Debt Service Reserve</b>			
Allspring Treasury Plus Money Market Fund (Institutional)	4,076	4.99%	17
JPMorgan TR I 100 US TR Cap	1,353	5.06%	6
Total Debt Service Reserve MMMF	5,429	5.02%	22
<b>Total MMMF held at Trustee</b>	<b>17,010</b>	<b>5.01%</b>	<b>66</b>
<b>Total TEMSFM MMMF</b>	<b>\$ 34,792</b>	<b>4.98%</b>	<b>\$ 139</b>

Note: Schedule may not foot due to rounding.





**Texas Electric Market Stabilization Funding N, LLC**  
**Money Market Mutual Funds (MMMF)**  
**June 30, 2023**  
(\$ in 000's)

	Ending Balance	Month End Yield	Monthly Investment Income
<b>MMMF held at ERCOT, Inc.</b>			
<b>Escrow (collateral)</b>			
BlackRock Liquidity Funds: T-Fund	\$ 1,533	4.97%	\$ 6
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	1,558	4.91%	6
<b>Total MMMF held at ERCOT, Inc.</b>	<b>3,091</b>	<b>4.94%</b>	<b>13</b>
<b>MMMF held at Trustee</b>			
<b>Debt Service</b>			
Invesco Treasury Portfolio Institutional	63,020	5.05%	234
Total Debt Service MMMF	63,020	5.05%	234
<b>Capital</b>			
JPMorgan TR I 100 US TR Cap	10,773	5.06%	44
Total Capital MMMF	10,773	5.06%	44
<b>Total MMMF held at Trustee</b>	<b>73,794</b>	<b>5.05%</b>	<b>278</b>
<b>Total TEMSFN MMMF</b>	<b>\$ 76,885</b>	<b>5.05%</b>	<b>\$ 290</b>

Note: Schedule may not foot due to rounding.

**Electric Reliability Council of Texas, Inc.**  
**Summary of U.S. Treasury Obligation Portfolio Results**  
**June 30, 2023**  
(\$ in 000's)

<b>Maturity Date</b>	<b>Par Value</b>	<b>Coupon Rate</b>	<b>Current Market Price</b>	<b>Current Market Yield</b>	<b>Purchase Price</b>	<b>Discount / (Premium)</b>	<b>Purchase Yield</b>	<b>Monthly Investment</b>	
								<b>Income</b>	<b>Duration</b>
07/31/23	\$101,435	0.125%	\$ 101,094	5.16%	\$ 98,932	\$ 2,503	4.26%	\$ 357	0.07
08/31/23	101,750	0.125%	100,958	5.22%	99,268	2,482	4.34%	363	0.16
09/30/23	100,735	1.375%	100,127	5.28%	99,273	1,462	4.42%	360	0.24
10/31/23	63,525	2.875%	63,329	5.30%	62,623	902	4.64%	244	0.32
11/30/23	51,650	0.500%	50,649	5.37%	50,348	1,302	4.69%	198	0.40
07/31/24	104,675	1.750%	100,676	5.42%	100,725	3,950	5.40%	-	1.03
Cash	846	-	846	0.00%	846	846	0.00%	-	-
<b>Total Investments</b>	<b>\$524,616</b>	<b>1.056%</b>	<b>\$ 517,681</b>	<b>5.27%</b>	<b>\$512,016</b>	<b>\$ 13,446</b>	<b>4.61%</b>	<b>\$ 1,522</b>	<b>0.37</b>

Note: Schedule may not foot due to rounding.

