



Item 5.2: Periodic Report on Investments

Sean Taylor

Vice President and Chief Financial Officer

Finance and Audit Committee Meeting

ERCOT Public

October 16, 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 August 2023, ERCOT's Money Market Mutual Fund (MMMF) yields equaled approximately 5.21% and the purchase yield of ERCOT's U.S. Treasury Obligation Portfolio equaled approximately 4.82%
- Approximately \$205 million of investments in the U.S. Treasury Obligation Portfolio matured before August 31 with the reinvestment settling on September 1. The reinvestments were for maturities of three months or less at an average rate of 5.34%. The result was a large cash balance in the portfolio as of August 31
- To align with F&A Committee guidance regarding using more long-term investments to mitigate interest rate risk, as of September 27, approximately \$1.3 billion was transferred from MMMF investments to the U.S. Treasury Obligation Portfolio. The investments have maturities aligning with projected cash flow and liquidity requirements

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

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 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

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

Electric Reliability Council of Texas, Inc.
Investment Compliance
August 31, 2023

(\$ 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	\$ 2,517,811	\$ -	N/A	\$ 8,519
ERCOT, Inc. Restricted (Collateral)	1,954,076	-	N/A	9,233
Total ERCOT, Inc. MMMF	\$ 4,471,887	\$ -	5.21%	\$ 17,751
Texas Electric Market Stabilization Funding M, LLC	\$ 17,838	\$ 8,866	5.21%	\$ 115
Texas Electric Market Stabilization Funding N, LLC	\$ 3,117	\$ 24,329	5.23%	\$ 94

U.S. Treasury Obligation Portfolio	Purchase Price	Duration	Purchase Yield	Monthly Investment Income
ERCOT, Inc. Unrestricted	\$ 517,188	0.24	4.82%	\$ 1,268

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.



U.S. Treasury Obligation Portfolio

Investments Purchased September 27, 2023

Maturity	Par Value	Coupon Rate	Yield
12/15/2023	\$ 31,000,000	0.125%	5.35%
1/25/2024	51,000,000	0.000%	5.39%
2/22/2024	53,000,000	0.000%	5.42%
3/31/2024	108,000,000	2.125%	5.43%
4/30/2024	99,000,000	2.250%	5.50%
5/31/2024	75,000,000	2.000%	5.53%
6/30/2024	76,000,000	1.750%	5.52%
8/31/2024	83,000,000	1.250%	5.54%
9/30/2024	81,000,000	1.500%	5.51%
10/15/2024	80,000,000	0.625%	5.49%
11/30/2024	58,000,000	1.500%	5.44%
12/15/2024	53,000,000	1.000%	5.44%
1/31/2025	64,000,000	1.375%	5.42%
2/15/2025	67,000,000	2.000%	5.41%
3/31/2025	70,000,000	2.625%	5.35%
4/30/2025	66,000,000	2.875%	5.33%
5/15/2025	37,000,000	2.125%	5.30%
6/30/2025	37,000,000	2.750%	5.25%
7/31/2025	34,000,000	0.250%	5.21%
8/15/2025	39,000,000	2.000%	5.21%
9/30/2025	37,000,000	3.000%	5.15%
10/31/2025	36,000,000	0.250%	5.12%
Total	\$ 1,335,000,000		5.41%

Key Takeaway: Bond Portfolio will allow for less interest rate volatility while matching maturities with projected cash flow and liquidity requirements

Investment Compliance

Appendices

Electric Reliability Council of Texas, Inc.
Money Market Mutual Funds (MMMF)
August 31, 2023
(\$ in 000's)

MMMF	Unrestricted Ending Balance	Restricted Ending Balance	Total Ending Balance	Percentage of Portfolio	Month End Yield	Unrestricted Monthly Investment Income	Restricted Monthly Investment Income	Total Monthly Investment Income
Allspring 100% Treasury Money Market Fund (Admin)	\$ -	\$ 315	\$ 315	0.0%	5.08%	\$ -	\$ 1	\$ 1
Allspring Treasury Plus Money Market Fund (Institutional)	80,100	257,340	337,440	7.5%	5.20%	113	1,223	1,335
BlackRock Institutional T-Fund (60) MMF	349,710	124	349,834	7.8%	5.22%	1,293	37	1,329
BlackRock Institutional Treasury Trust Fund MMF	50	482	532	0.0%	5.20%	0	2	2
Dreyfus Treasury Prime Cash Management MMF	400	251,167	251,567	5.6%	5.21%	2	1,320	1,322
Federated Fund 0125 US Treasury Cash Reserves Fund	300	629	929	0.0%	5.16%	1	3	4
Federated Fund 068 Treasury Obligations Fund	700	303,106	303,806	6.8%	5.19%	3	1,380	1,383
Fidelity 680 Institutional MMF: Treasury Only Portfolio	500	237	737	0.0%	5.22%	2	1	3
Fidelity Investments Money Market Treasury Portfolio (Class I)	408,200	728	408,928	9.1%	5.26%	1,507	25	1,532
First Amer Treas Oblig/CI Z	406,050	33	406,083	9.1%	5.20%	1,346	32	1,378
Goldman Sachs Treasury Instruments Fund 506	800	301,343	302,143	6.8%	5.14%	8	1,230	1,238
Invesco Institutional Treasury Portfolio	392,378	536	392,914	8.8%	5.24%	1,457	24	1,481
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	401,578	617	402,195	9.0%	5.20%	917	445	1,362
Morgan Stanley Fund 8304 Treasury	80,990	280,643	361,633	8.1%	5.19%	393	882	1,276
State Street Global Advisors Institutional Treasury MMF	200	256,101	256,301	5.7%	5.21%	1	1,315	1,315
UBS Select Treasury Preferred Fund 46	395,355	745	396,100	8.9%	5.25%	1,473	25	1,498
Western Asset Institutional US Treasury Reserves	500	299,929	300,429	6.7%	5.18%	2	1,289	1,291
Total MMMF	\$ 2,517,811	\$ 1,954,076	\$ 4,471,887	100%	5.21%	\$ 8,519	\$ 9,233	\$ 17,751

Note: Schedule may not foot due to rounding.

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

August 31, 2023

(\$ 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)	\$ 4,017	5.17%	\$ 18
	4,017	5.17%	18
Escrow (Collateral)			
BlackRock Liquidity Funds: T-Fund	3,184	5.22%	14
Invesco Treasury Portfolio	3,545	5.21%	16
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	3,497	5.19%	15
UBS Select Treasury Preferred Fund	3,596	5.25%	16
Total Escrow (Collateral) MMMF	13,821	5.22%	61
Total MMMF held at ERCOT, Inc.	17,838	5.21%	79
MMMF held at Trustee			
Debt Service			
First Am Treas Ob Fund	1,595	5.23%	3
Invesco Treasury Portfolio/Instit	1,746	5.26%	8
Total Debt Service MMMF	3,341	5.24%	11
Debt Service Reserve			
Allspring Treasury Plus Money Market Fund (Institutional)	4,018	5.22%	18
JPMorgan TR I 100 US TR Cap	1,506	5.19%	7
Total Debt Service Reserve MMMF	5,525	5.20%	24
Total MMMF held at Trustee	8,866	5.22%	36
Total TEMSFM MMMF	\$ 26,704	5.21%	\$ 115

Note: Schedule may not foot due to rounding.



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

August 31, 2023

(\$ in 000's)

	Ending Balance	Month End Yield	Monthly Investment Income
MMMF held at ERCOT, Inc.			
Escrow (collateral)			
BlackRock Liquidity Funds: T-Fund	\$ 1,546	5.22%	\$ 7
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	1,571	5.19%	7
Total MMMF held at ERCOT, Inc.	3,117	5.20%	14
MMMF held at Trustee			
Debt Service			
Invesco Treasury Portfolio Institutional	13,704	5.26%	33
Total Debt Service MMMF	13,704	5.26%	33
Capital			
JPMorgan TR I 100 US TR Cap	10,625	5.19%	47
Total Capital MMMF	10,625	5.19%	47
Total MMMF held at Trustee	24,329	5.23%	80
Total TEMSFN MMMF	\$ 27,446	5.23%	\$ 94

Note: Schedule may not foot due to rounding.



Electric Reliability Council of Texas, Inc.
Summary of U.S. Treasury Obligation Portfolio Results
August 31, 2023
(\$ in 000's)

Maturity Date	Par Value	Coupon Rate	Current Market Price	Current Market Yield	Purchase Price	Discount / (Premium)	Purchase Yield	Monthly Investment Income	Duration
09/30/23	\$100,735	1.375%	\$ 100,992	5.30%	\$ 98,974	\$ 1,761	4.43%	\$ 369	0.08
10/31/23	63,525	2.875%	63,882	5.29%	62,509	1,016	4.64%	245	0.16
11/30/23	51,650	0.500%	51,103	5.33%	50,260	1,390	4.69%	199	0.24
07/31/24	104,675	1.750%	101,416	5.45%	100,725	3,950	5.40%	455	0.89
Cash	204,720	-	204,720	-	204,720	204,720	-	-	0.00
Total Investments	\$525,305	1.007%	\$ 522,113	5.35%	\$517,188	\$ 212,837	4.82%	\$ 1,268	0.24

Note: Schedule may not foot due to rounding.

Note: \$204,693 was reinvested on 8/31/2023 and settled on 9/1/2023 at an average rate of 5.34%

