



**GENERAL SESSION MINUTES OF THE  
FINANCE AND AUDIT COMMITTEE MEETING  
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

8000 Metropolis Drive (Building E), Suite 100, Boardroom A  
Austin, Texas 78744  
October 16, 2023

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance and Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

**Meeting Attendance:**

Committee Members:

<b>Director</b>	<b>Affiliation/Role (if any)</b>	<b>Voting Category</b>
Flexon, Bob	N/A	Voting
Flores, Bill (Chair)	N/A	Voting
Heeg, Peggy	N/A	Voting
Hjaltman, Courtney	Office of Public Utility Council (OPUC), Public Counsel	Voting

Other Board Members:

<b>Director</b>	<b>Affiliation/Role (if any)</b>	<b>Voting Category</b>
Foster, Paul	N/A	Voting
Jackson, Kathleen	Public Utility Commission of Texas (PUCT, Commission), Interim Chair	Non-Voting

Officers and Guests:

<b>Officer/Guest</b>	<b>Role</b>
Black, Robert	ERCOT Vice President of Public Affairs
McAdams, Will	PUCT Commissioner
Rainwater, Kim	ERCOT Corporate Counsel
Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad V.	ERCOT Senior Vice President, General Counsel and Corporate Secretary
Spak, Mara	ERCOT Vice President of Human Resources
Taylor, Sean	ERCOT Vice President and Chief Financial Officer
White, Jennifer	PUCT Chief of Staff, Commission Interim Chair Jackson



### **Call General Session to Order and Announce Proxies (Agenda Item 1)**

Bill Flores, F&A Committee Chair, determined that a quorum was present and called the F&A Committee meeting to order at approximately 9:00 a.m. Chair Flores highlighted the Antitrust Admonition and addressed the following Agenda Items in the order below.

### **Notice of Public Comment, if Any (Agenda Item 2)**

Chair Flores announced that on the agenda for the meeting, which was posted publicly on October 9, 2023, ERCOT had provided instructions for members of the public who were interested in commenting in person and that to date no individuals had expressed interest in commenting, which Chad Seely confirmed.

### **August 30, 2023 General Session Meeting Minutes (Agenda Item 3)**

Chair Flores entertained a motion to approve the August 30, 2023 General Session Meeting Minutes (Minutes).

**Peggy Heeg moved to approve the Minutes as presented. Courtney Hjaltman seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Notice of Annual Committee Self-Evaluation Questionnaire (Agenda Item 4)**

Chair Flores presented the Notice of Annual Committee Self-Evaluation Questionnaire and highlighted Committee review of the questionnaire contents and form during the Committee's meeting on April 17, 2023. Chair Flores indicated ERCOT staff will electronically administer the questionnaire to Committee members following today's meeting, and the Committee will review results during the meeting scheduled for December 18, 2023. At the August Board meeting, the Board also approved changes to membership of Committees in connection with the formation of the new Technology and Security (T&S) Committee. Chair Flores invited feedback from former F&A Committee members during this year's evaluation of the F&A Committee and invited final feedback on the questionnaire.

### **Committee Briefs (Agenda Item 5)**

Chair Flores invited Sean Taylor to present the Committee Briefs.

### **Review 2023 Financial Summary (Agenda Item 5.1)**

Mr. Taylor presented the Review 2023 Financial Summary. Compared to the August Committee meeting, current year-end forecast revenues are now projected to be favorable to the budget by \$5.6 million more than what was presented at the August Committee meeting driven by System Administration Fee revenues increasing because of higher than previously projected load in the summer months and interest income increasing during that time by \$2.5 million with rising interest rates. Expenditures are now projected to be less unfavorable by about \$4.5 million compared to what was presented at the August Committee meeting, and the overall impact during that time is an increase of \$10.2 million in ERCOT's forecast full-year 2023 favorable financial variance to budget. Committee members and Mr. Taylor discussed a breakdown of staffing management, specifically unfunded positions and incentive compensation. Discussion also included the net impact of expenses deferred into 2024 and expenditures accelerated from 2024 into 2023, plus similar rollover from 2022. Committee members and Mr. Taylor discussed accounting for forecast interest income, including the process for the Board to approve any



budget changes, if necessary, following any changes to the Board-approved proposed System Administration Fee rate during Commission approval of ERCOT's 2024/2025 budget proposal.

**Periodic Report on Investments (Agenda Item 5.2)**

Mr. Taylor presented the Periodic Report on Investments. He reported ERCOT is in compliance with all investment requirements. In September, ERCOT staff invested \$1.3 billion of the held Congestion Revenue Rights (CRR) auction receipts in longer-term U.S. Treasury Obligations to align with Committee guidance to mitigate future interest rate risk. Committee members and Mr. Taylor discussed the likelihood of achieving interest income projections for 2024 and 2025, as well as additional upside projections that account for CRR funds and any liquidity concerns. Discussion included the single-day purchase of investments as part of a one-time, global shift in ERCOT's approach.

**Periodic Report on Debt Compliance (Agenda Item 5.3)**

Mr. Taylor presented the Periodic Report on Debt Compliance. He reported ERCOT is in compliance with all debt requirements, including securitization.

**Future Agenda Items (Agenda Item 6)**

Mr. Taylor presented the Future Agenda Items. He highlighted items anticipated for the December 18, 2023 Committee meeting, including Committee discussion with the independent accountants retained for a review of ERCOT's internal controls over financial reporting.

**Other Business (Agenda Item 7)**

No other business was discussed at this time.

**Vote on Matters from Executive Session; Adjournment (Agenda Items 8 – 9)**

Chair Flores announced that no voting items from Executive Session were expected; accordingly, he would adjourn the meeting immediately upon conclusion of Executive Session. Chair Flores adjourned General Session at approximately 9:26 a.m. and convened Executive Session at approximately 9:27 a.m.

There were no voting items from Executive Session.

Chair Flores adjourned the meeting upon the conclusion of Executive Session at approximately 10:43 a.m.

Committee materials and presentations from the meeting are available on ERCOT's website at [http://www.ercot.com/committees/board/finance\\_audit/](http://www.ercot.com/committees/board/finance_audit/).

Jonathan M. Levine  
Assistant Corporate Secretary