



Item 8.2: Periodic Report on Investments

Sean Taylor

Senior Vice President, Chief Financial Officer, and
Chief Risk Officer

Finance and Audit Committee Meeting

ERCOT Public

February 26, 2024

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
 - ERCOT's Money Market Mutual Fund (MMMF) investment yields are consistent with the October yields reported at the prior F&A meeting. As of the end of December 2023, ERCOT's MMMF yields equaled approximately 5.24% and the purchase yield of ERCOT's U.S. Treasury Obligation Portfolio equaled approximately 5.34%

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
December 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	\$ 438,761	\$ -	N/A	\$ 2,086
ERCOT, Inc. Restricted (Collateral)	1,477,835	-	N/A	6,406
Total ERCOT, Inc. MMMF	<u>\$ 1,916,596</u>	<u>\$ -</u>	<u>5.24%</u>	<u>\$ 8,492</u>
Texas Electric Market Stabilization Funding M, LLC	\$ 17,848	\$ 16,120	5.24%	\$ 146
Texas Electric Market Stabilization Funding N, LLC	\$ 3,172	\$ 72,052	5.27%	\$ 315

U.S. Treasury Obligation Portfolio	Purchase Price	Duration	Purchase Yield	Monthly Investment Income
ERCOT, Inc. Unrestricted	\$ 1,830,069	0.77	5.34%	\$ 8,156

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)
December 31, 2023
(\$ in 000's)

MMMF	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
Allspring 100% Treasury Money Market Fund (Admin)	\$ -	\$ 321	\$ 321	0.0%	5.12%	\$ -	\$ 1	\$ 1
Allspring Treasury Plus Money Market Fund (Institutional)	100	165,987	166,087	8.7%	5.24%	0	737	738
BlackRock Institutional T-Fund (60) MMF	510	177,874	178,384	9.3%	5.26%	2	792	795
BlackRock Institutional Treasury Trust Fund MMF	50	491	541	0.0%	5.25%	0	2	2
Dreyfus Treasury Prime Cash Management MMF	400	178,916	179,316	9.4%	5.25%	2	827	829
Federated Fund 0125 US Treasury Cash Reserves Fund	300	640	940	0.0%	5.22%	1	3	4
Federated Fund 068 Treasury Obligations Fund	700	164,170	164,870	8.6%	5.23%	3	727	730
Fidelity 680 Institutional MMF: Treasury Only Portfolio	500	10,241	10,741	0.6%	5.28%	2	5	8
Fidelity Investments Money Market Treasury Portfolio (Class I)	95,800	21,663	117,463	6.1%	5.27%	408	97	505
First Amer Treas Oblig/CI Z	50	50,297	50,347	2.6%	5.25%	0	23	23
Goldman Sachs Treasury Instruments Fund 506	800	182,977	183,777	9.6%	5.21%	4	811	814
Invesco Institutional Treasury Portfolio	80,078	22,109	102,187	5.3%	5.27%	336	215	551
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	77,028	63,490	140,518	7.3%	5.22%	273	507	780
Morgan Stanley Fund 8304 Treasury	990	168,430	169,420	8.8%	5.22%	7	745	752
State Street Global Advisors Institutional Treasury MMF	144,200	451	144,651	7.5%	5.28%	705	2	707
UBS Select Treasury Preferred Fund 46	36,755	96,343	133,098	6.9%	5.25%	339	138	477
Western Asset Institutional US Treasury Reserves	500	173,436	173,936	9.1%	5.24%	2	772	775
Total MMMF	\$ 438,761	\$ 1,477,835	\$ 1,916,596	100%	5.24%	\$ 2,086	\$ 6,406	\$ 8,492

Note: Schedule may not foot due to rounding.



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

December 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)	\$ 4,088	5.19%	\$ 18
	4,088	5.19%	18
Escrow (Collateral)			
BlackRock Liquidity Funds: T-Fund	2,936	5.26%	13
Invesco Treasury Portfolio	3,607	5.24%	16
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	3,558	5.22%	16
UBS Select Treasury Preferred Fund	3,660	5.25%	16
Total Escrow (Collateral) MMMF	13,760	5.24%	61
Total MMMF held at ERCOT, Inc.	17,848	5.23%	79
MMMF held at Trustee			
Debt Service			
First Am Treas Ob Fund	8,387	5.25%	33
Invesco Treasury Portfolio/Instit	1,777	5.28%	8
Total Debt Service MMMF	10,163	5.26%	40
Debt Service Reserve			
Allspring Treasury Plus Money Market Fund (Institutional)	4,089	5.25%	18
JPMorgan TR I 100 US TR Cap	1,868	5.23%	8
Total Debt Service Reserve MMMF	5,957	5.24%	26
Total MMMF held at Trustee	16,120	5.25%	67
Total TEMSFM MMMF	\$ 33,968	5.24%	\$ 146

Note: Schedule may not foot due to rounding.



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

December 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	\$ 1,573	5.26%	\$ 7
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	1,599	5.22%	7
Total MMMF held at ERCOT, Inc.	3,172	5.24%	14
 MMMF held at Trustee			
Debt Service			
Invesco Treasury Portfolio Institutional	59,174	5.28%	244
First Am Treas Ob Fund	2,066	5.25%	9
Total Debt Service MMMF	61,241	5.27%	253
Capital			
JPMorgan TR I 100 US TR Cap	10,811	5.23%	48
Total Capital MMMF	10,811	5.23%	48
Total MMMF held at Trustee	72,052	5.27%	301
 Total TEMSFN MMMF	\$ 75,224	5.27%	\$ 315

Note: Schedule may not foot due to rounding.



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

Maturity Month	Par Value	Coupon Rate	Current Market Value	Current Market Yield	Purchase Price	Discount / (Premium)	Purchase Yield	Monthly Investment Income	Duration
Jan-24	\$ 123,000	1.470%	\$ 123,407	5.34%	\$ 121,769	\$ 1,231	5.29%	\$ 539	0.04
Feb-24	127,000	0.000%	126,058	5.25%	124,936	2,064	5.36%	560	0.16
Mar-24	129,000	2.125%	128,679	5.38%	127,022	1,978	5.41%	575	0.22
Apr-24	99,000	2.250%	98,386	5.35%	97,156	1,844	5.50%	448	0.33
May-24	97,000	2.000%	95,870	5.32%	94,959	2,041	5.47%	378	0.40
Jun-24	99,000	1.750%	97,342	5.22%	96,492	2,508	5.45%	381	0.49
Jul-24	104,675	1.750%	103,442	5.12%	100,725	3,950	5.40%	460	0.56
Aug-24	106,000	1.250%	103,835	5.08%	102,228	3,772	5.46%	410	0.65
Sep-24	102,000	1.500%	99,795	5.01%	98,301	3,699	5.41%	394	0.73
Oct-24	100,000	0.625%	96,832	4.95%	95,393	4,607	5.40%	383	0.81
Nov-24	58,000	1.500%	56,332	4.91%	55,440	2,560	5.44%	253	0.85
Dec-24	53,000	1.000%	51,132	4.88%	50,274	2,726	5.44%	230	0.97
Jan-25	64,000	1.375%	62,128	4.73%	60,698	3,302	5.42%	276	1.00
Feb-25	67,000	2.000%	65,528	4.73%	63,998	3,002	5.41%	290	1.13
Mar-25	70,000	2.625%	68,815	4.59%	67,274	2,726	5.35%	301	1.16
Apr-25	66,000	2.875%	64,882	4.58%	63,559	2,441	5.33%	283	1.28
May-25	37,000	2.125%	35,921	4.55%	35,189	1,811	5.30%	156	1.35
Jun-25	37,000	2.750%	36,101	4.45%	35,468	1,532	5.25%	156	1.40
Jul-25	34,000	0.250%	31,876	4.45%	31,076	2,924	5.21%	136	1.50
Aug-25	39,000	2.000%	37,826	4.43%	36,787	2,213	5.21%	160	1.62
Sep-25	37,000	3.000%	36,435	4.37%	35,500	1,500	5.15%	153	1.63
Oct-25	36,000	0.250%	33,457	4.33%	32,566	3,434	5.12%	140	1.74
Nov-25	19,000	0.375%	17,653	4.29%	17,272	1,728	5.03%	73	1.86
Dec-25	17,000	4.000%	16,944	4.28%	16,653	347	5.02%	70	1.94
Jan-26	21,000	0.375%	19,433	4.24%	18,962	2,038	4.99%	79	1.89
Feb-26	21,000	2.500%	20,447	4.20%	19,875	1,125	4.96%	82	2.10
Mar-26	21,000	2.250%	20,267	4.16%	19,725	1,275	4.95%	81	2.12
Apr-26	21,000	2.375%	20,268	4.14%	19,752	1,248	4.93%	81	2.21
May-26	-	0.000%	-	0.00%	-	-	0.00%	-	2.29
FUZXX	91,019	-	91,019	5.25%	91,019	-	-	626	0.00
Total Investments	\$1,895,694	1.465%	\$ 1,860,111	5.20%	\$ 1,830,069	\$ 65,625	5.34%	\$ 8,156	0.77

Note: Schedule may not foot due to rounding.



Electric Reliability Council of Texas, Inc.
Investment Income as of
December 31, 2023
(\$ in 000's)

	2023	2024	2025	2026
U.S. Treasury Obligation Portfolio				
Recognized - Investment Income	\$ 48,941	\$ -	\$ -	\$ -
Unrecognized - Investment Income	-	61,201	15,183	801
Total U.S. Treasury Obligation Portfolio	48,941	61,201	15,183	801
Money Market Mutual Funds (MMMF)				
Recognized - Investment Income	71,251	-	-	-
Total MMMF	71,251	-	-	-
Total Investment Income	\$ 120,193	\$ 61,201	\$ 15,183	\$ 801
Interest Income Per Approved Budget	\$ -	\$ 49,750	\$ 39,750	\$ 39,750