



## **Item 5.1: Review 2024 Financial Summary**

*Sean Taylor*

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

Finance and Audit Committee Meeting

ERCOT Public

April 22, 2024

# Overview

- **Purpose**

- To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of February 29, 2024

- **Voting Items / Requests**

- No action is requested of the F&A Committee or Board; for discussion only

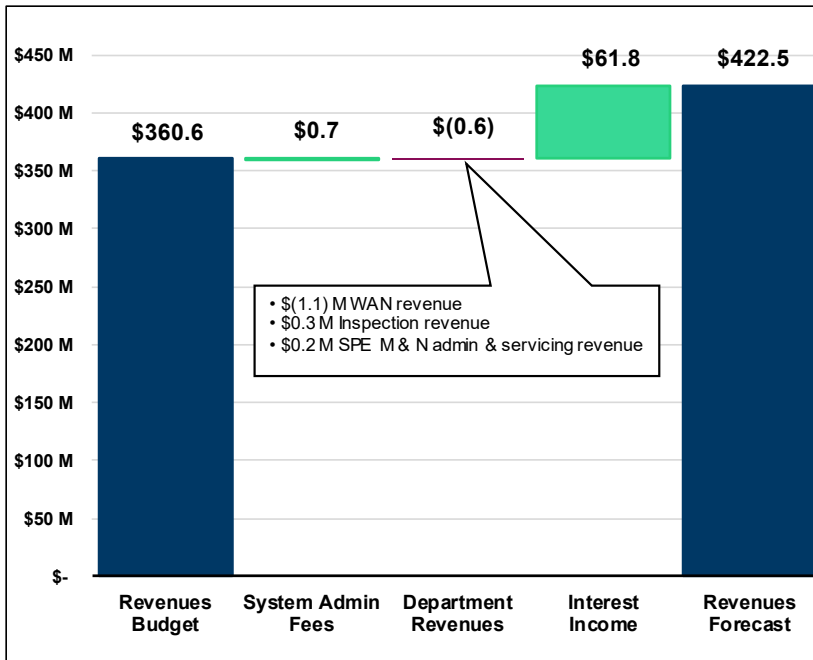
- **Key Takeaways**

- ERCOT's year-to-date February 2024 actual revenues net of expenditures were \$16.4 million favorable to budget, driven by interest income being favorable by \$6.7 million, project expenditures being favorable by \$5.5 million, and by staffing management being favorable by \$2.7 million
- ERCOT's year-end 2024 forecasted revenues net of expenditures are \$72.5 million favorable to budget, driven by interest income forecasted to be favorable by \$61.8 million, and by staffing management to be favorable by \$7.9 million
- ERCOT had \$71.6 million operating fund as of February 29, 2024, compared to \$30.8 million operating use of Congestion Revenue Right (CRR) funds as of February 28, 2023

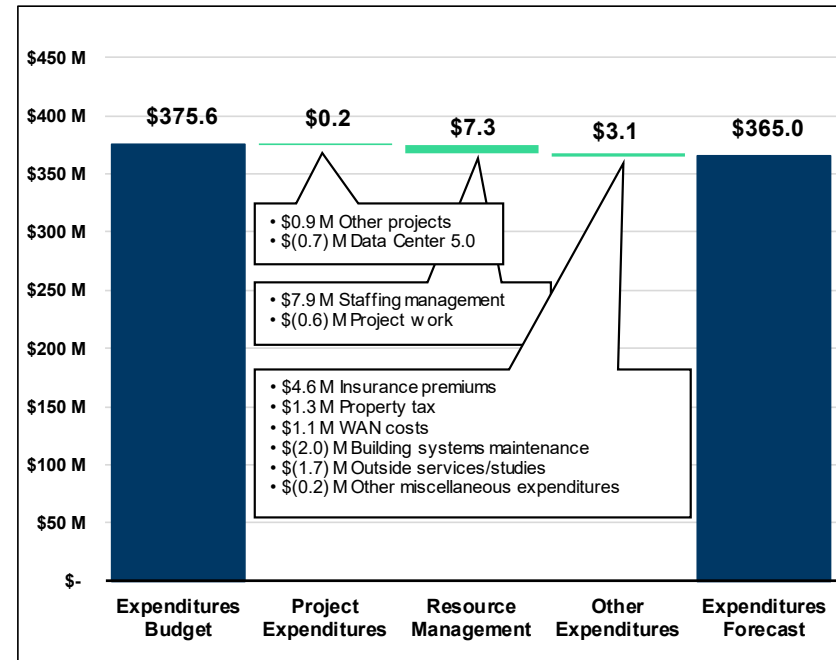
# Review 2024 Financial Summary: 2024 Variance to Budget (\$ in Millions)

**Net Available Year-End Forecast Variance to Budget = \$72.5 M**

**Revenues Year-End Forecast**  
Variance to Budget = \$61.9 M [17.2%]



**Expenditures Year-End Forecast**  
Variance to Budget = \$10.6 M [2.8%]



Charts may not foot due to rounding

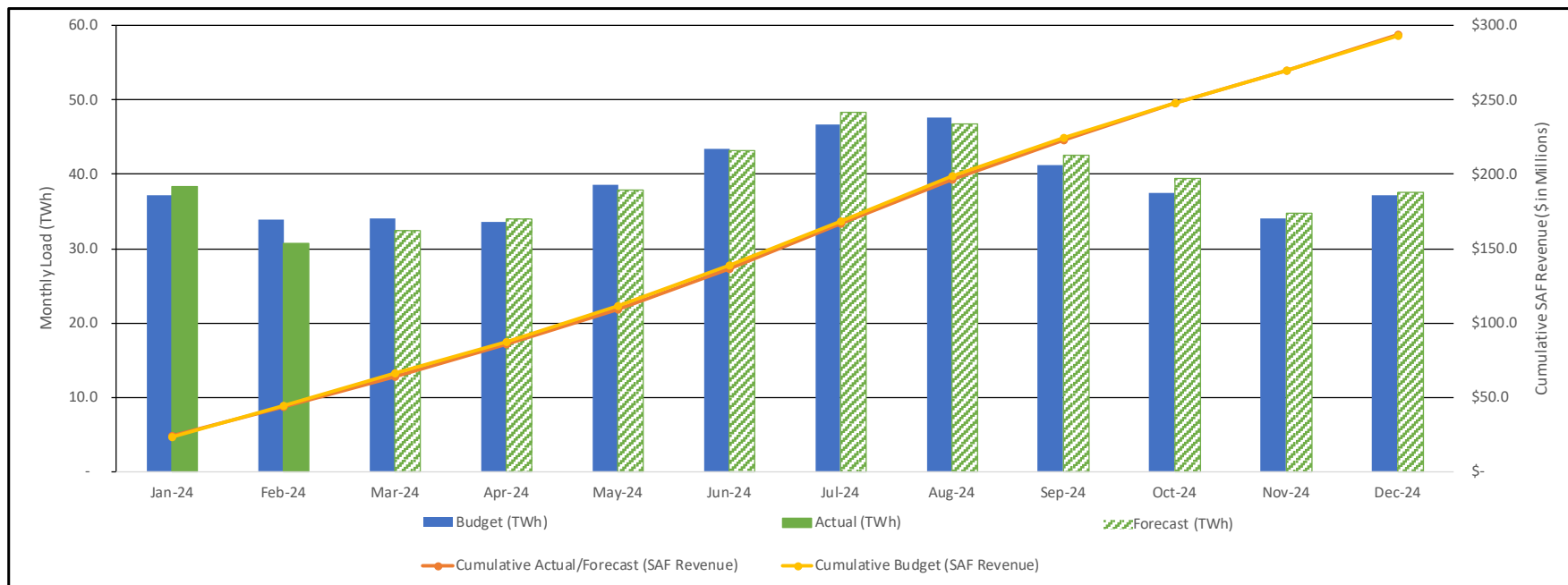
**Key Takeaway:** The forecasted year-end 2024 results are a net available amount of \$57.6 M versus a budgeted amount of \$(14.9) M, a \$72.5 M favorable variance



# Review 2024 Financial Summary:

## 2024 Budget versus Actual:

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



Load (TWh):	FY 2023	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	FY 2024
Budget	434.0	37.1	33.9	34.0	33.6	38.5	43.5	46.7	47.6	41.3	37.5	34.1	37.2	465.0
Actual/Forecast	445.9	38.3	30.8	32.4	34.1	37.9	43.2	48.4	46.8	42.5	39.4	34.7	37.6	466.1
Variance	11.9	1.2	(3.1)	(1.6)	0.5	(0.6)	(0.2)	1.6	(0.9)	1.3	1.9	0.6	0.4	1.1
Variance (%)	2.7%	3.2%	-9.2%	-4.7%	1.4%	-1.6%	-0.5%	3.5%	-1.8%	3.1%	5.1%	1.7%	1.2%	0.2%

SAF Revenue (\$ in Millions):	FY 2023	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	FY 2024
Cumulative Budget	\$ 240.9	\$ 23.4	\$ 44.7	\$ 66.2	\$ 87.3	\$ 111.6	\$ 139.0	\$ 168.4	\$ 198.4	\$ 224.4	\$ 248.0	\$ 269.5	\$ 292.9	\$ 292.9
Cumulative Actual/Forecast	\$ 247.5	\$ 24.1	\$ 43.5	\$ 64.0	\$ 85.4	\$ 109.3	\$ 136.6	\$ 167.0	\$ 196.5	\$ 223.3	\$ 248.1	\$ 270.0	\$ 293.7	\$ 293.7
Cumulative Variance	\$ 6.6	\$ 0.7	\$ (1.2)	\$ (2.2)	\$ (1.9)	\$ (2.3)	\$ (2.4)	\$ (1.4)	\$ (1.9)	\$ (1.1)	\$ 0.1	\$ 0.4	\$ 0.7	\$ 0.7
Cumulative Variance (%)	2.7%	3.2%	-2.7%	-3.3%	-2.2%	-2.1%	-1.7%	-0.8%	-1.0%	-0.5%	0.0%	0.2%	0.2%	0.2%



# Review 2024 Financial Summary: ERCOT Statements of Financial Position

As of February 29 and February 28  
Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Unrestricted cash	\$ 569.2	\$ 1,598.8	\$ 4.0	\$ 4.1	\$ -	\$ -
Bond Investments	1,720.1	461.2	-	-	-	-
Total unrestricted cash and bond investments	2,289.3	2,060.0	4.0	4.1	-	-
Restricted cash and interest receivable	1,413.5	1,327.9	24.0	25.0	28.8	27.0
Other current assets	60.8	66.4	10.1	8.8	44.2	42.9
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	183.1	182.1	380.7	390.8	1,999.2	2,042.4
<b>Total assets</b>	<b>\$ 3,961.3</b>	<b>\$ 3,651.0</b>	<b>\$ 418.8</b>	<b>\$ 428.7</b>	<b>\$ 2,072.2</b>	<b>\$ 2,112.3</b>
<b>Liabilities and Net Assets</b>						
CRR auction liabilities-current	\$ 1,323.0	\$ 1,119.0	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	846.8	926.4	-	-	-	-
Other market liabilities	47.9	45.4	-	-	-	-
Total market settlement liabilities	2,217.7	2,090.8	-	-	-	-
Security deposits and interest payable	1,413.1	1,327.1	21.3	19.4	3.4	3.3
Other current liabilities	42.6	36.7	12.4	13.6	55.2	52.5
Other long-term liabilities	31.5	35.6	381.1	391.7	2,003.0	2,045.9
Net assets without donor restrictions	256.4	160.8	4.0	4.0	10.6	10.6
<b>Total liabilities and net assets</b>	<b>\$ 3,961.3</b>	<b>\$ 3,651.0</b>	<b>\$ 418.8</b>	<b>\$ 428.7</b>	<b>\$ 2,072.2</b>	<b>\$ 2,112.3</b>

## Key Takeaway:

- ERCOT's bond investments increased \$1,258.9 M year-over-year, driven by the \$1,335.0 M additional bond investment in September 2023
- TEMSFM's other long-term liabilities decreased \$10.6 M year-over-year, driven by lower balance of long-term debt payable liabilities
- TEMSFN's other long-term liabilities decreased \$42.9 M year-over-year, driven by lower balance of long-term debt payable liabilities



# Review 2024 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)	
	2024	2023	2024	2023	2024	2023
Operating revenues	\$ 45.8	\$ 36.3	\$ 2.0	\$ 3.0	\$ 16.7	\$ 17.0
Operating expenses	54.6	48.3	0.2	0.2	0.3	0.2
(Loss) income from operations	(8.8)	(12.0)	1.8	2.8	16.4	16.8
*Other income (expense)	14.8	17.7	(1.8)	(2.8)	(16.4)	(16.8)
<b>Change in net assets without donor restrictions</b>	<b>6.0</b>	<b>5.7</b>	-	-	-	-
Net assets without donor restrictions, beginning of year	250.4	155.1	4.0	4.0	10.6	10.6
<b>Net assets without donor restrictions, end of period</b>	<b>\$ 256.4</b>	<b>\$ 160.8</b>	<b>\$ 4.0</b>	<b>\$ 4.0</b>	<b>\$ 10.6</b>	<b>\$ 10.6</b>

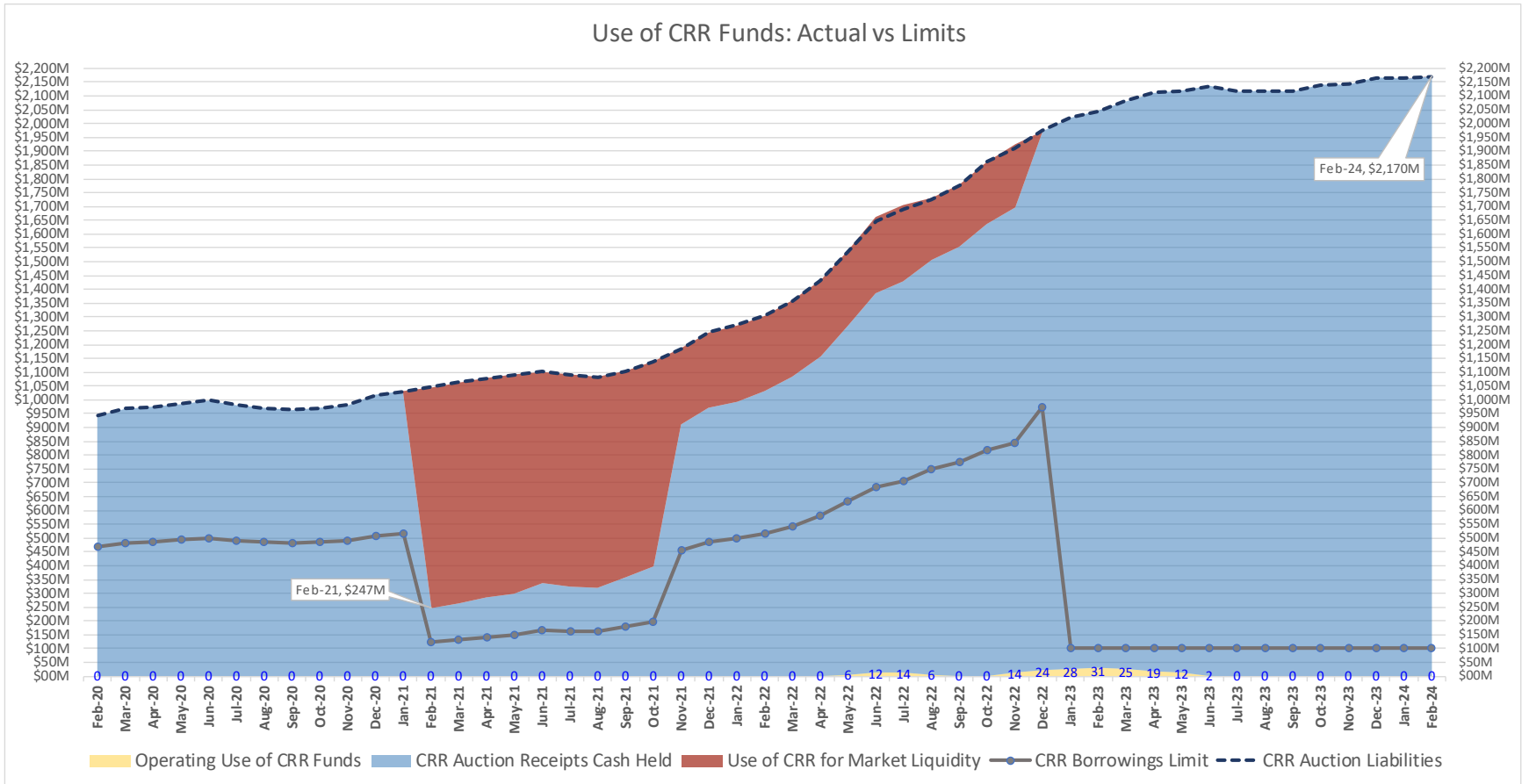
\* Bond investment fair value adjustment is reported monthly in 2024 versus annually in 2023

**Key Takeaways:** ERCOT's year-over-year change in net assets without donor restrictions (equity) increased by \$0.3 M:

- \$6.3 M increase in operating expenses, driven by
  - \$4.4 M (14%) increase in salaries and related benefits expense
  - \$1.0 M (19%) increase in depreciation expense
  - \$0.7 M (11%) increase in hardware and software maintenance expense
  - \$0.6 M (19%) increase in outside services expense
  - \$0.4 M (19%) decrease in other expense mainly driven by insurance premium
- \$9.5 M increase in operating revenues, driven by
  - \$8.6 M (25%) increase in system admin fee revenue
- \$2.9 M decrease in other income (interest income)
  - \$8.0 M (348%) increase in fair value adjustment loss (\$5.7 M loss and \$2.3 M gain in 2024 and 2023, respectively)



# Review 2024 Financial Summary: Use of CRR Funds: Actual vs Limits



**Key Takeaway:** As of February 2024, Unrestricted Cash and Bond Investments exceeded Market Liabilities by \$71.6 M



# Review 2024 Financial Summary:

## Appendices



**Electric Reliability Council of Texas, Inc.**  
**2024 Financial Summary**  
**As of April 4, 2024**  
**(\$ in Millions)**

Line	Year-to-Date (February 29)					Year-End (December 31)				
	2023	2024				2023	2024			
	Actual	Budget	Actual	Variance		Actual	Budget	Forecast	Variance	
			\$	%				\$	%	
1 System Administration Revenue	\$ 34.9	\$ 44.7	\$ 43.5	\$ (1.2)	(2.7)	\$ 247.5	\$ 292.9	\$ 293.7	\$ 0.7	0.2
2 Department Net Expenditures										
3 Chief Information Office	17.9	21.8	20.5	1.3	6.0	110.4	129.3	128.3	0.9	0.7
4 Chief Operations Office	11.4	16.0	13.2	2.8	17.5	65.5	86.9	82.0	4.9	5.6
5 General Counsel	5.4	5.9	5.4	0.5	9.2	30.6	43.8	44.6	(0.8)	(1.9)
6 Chief Financial Office	3.9	4.8	3.7	1.1	23.5	22.7	28.5	22.8	5.8	20.2
7 Human Resources	1.1	1.6	1.2	0.4	27.5	7.4	12.6	12.0	0.6	4.4
8 Public Affairs	1.5	1.7	1.7	0.0	2.0	8.1	9.7	9.8	(0.1)	(0.8)
9 Chief Executive Office	1.9	2.4	2.6	(0.3)	(11.4)	5.2	5.6	5.9	(0.3)	(5.8)
10 Project Funded Labor	(2.0)	(3.2)	(2.6)	(0.6)	(19.0)	(14.9)	(19.3)	(18.0)	(1.3)	(6.6)
11 Total Department Net Expenditures	41.0	50.9	45.6	5.4	10.5	234.9	297.1	287.5	9.6	3.2
12 Net Revenues After Department Expenditures	(6.1)	(6.2)	(2.1)	4.1	66.9	12.6	(4.2)	6.2	10.3	248.4
13										
14 Less: Project Expenditures	7.2	9.9	4.3	5.5	55.9	38.4	59.1	58.9	0.2	0.3
15 Less: Interest Expense	0.2	0.2	0.2	0.1	29.5	1.2	1.4	1.3	0.1	10.6
16 Add: Interest Income	17.9	8.3	14.9	6.7	80.2	120.2	49.8	111.5	61.8	124.2
17										
18 Net Available	\$ 4.3	\$ (8.0)	\$ 8.4	\$ 16.4	204.6	\$ 93.2	\$ (14.9)	\$ 57.6	\$ 72.5	485.9

Note: Schedule may not foot due to rounding



Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of April 4, 2024		
Line	Year-to-Date (February 29)	Year-End (December 31)
1 System Administration Revenue	-\$4.7 M - Weather +\$3.5 M - Economy	+\$0.7 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	+\$0.2 M - WAN costs +\$0.1 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.3 M - Outside services/studies +\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - WAN revenue -\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]  <u>Timing Differences</u> +\$0.4 M - HW/SW support & maintenance renewals +\$0.2 M - Minor capital +\$0.1 M - Telecommunications +\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Common infrastructure +\$0.2 M - Other miscellaneous expenditures	+\$1.1 M - WAN costs +\$0.7 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.4 M - Outside services/studies +\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$1.1 M - WAN revenue -\$0.3 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - ERCOT Innovation Summit
4 Chief Operations Office	+\$1.6 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Contingent labor [Resource Management - Staffing Management]  <u>Timing Differences</u> +\$0.7 M - Outside services/studies +\$0.2 M - Employee training & business travel +\$0.2 M - Operator training seminar revenue -\$0.1 M - Interconnection revenue +\$0.1 M - Other miscellaneous expenditures	+\$5.9 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Inspection revenue +\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$1.3 M - Outside services/studies -\$0.1 M - Minor capital -\$0.1 M - Company dues
5 General Counsel	+\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]  <u>Timing Differences</u> +\$0.2 M - Building systems maintenance +\$0.1 M - Membership dues revenue	-\$2.0 M - Building systems maintenance -\$0.1 M - Software +\$1.0 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Outside services/studies



Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of April 4, 2024		
Line	Year-to-Date (February 29)	Year-End (December 31)
6 Chief Financial Office	+\$0.7 M - Insurance premiums +\$0.2 M - Property tax +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - SPE M & N administration & servicing revenue -\$0.1 M - Outside services/studies	+\$4.6 M - Insurance premiums +\$1.3 M - Property tax +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - SPE M & N administration & servicing revenue -\$0.6 M - Outside services/studies
7 Human Resources	+\$0.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Other miscellaneous expenditures  <u>Timing Differences</u> -\$0.1 M - Outside services/studies +\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	+\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Other miscellaneous expenditures
8 Public Affairs	-\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]  <u>Timing Differences</u> +\$0.1 M - Other miscellaneous expenditures	-\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Contingent labor [Resource Management - Staffing Management]
9 Chief Executive Office	-\$0.4 M - Outside services/studies +\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$0.5 M - Outside services/studies +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]
10 Project Funded Labor	-\$0.6 M - Multiple projects [Resource Management - Project-Funded Work]	-\$1.3 M - Multiple projects [Resource Management - Project-Funded Work]
14 Project Expenditures	+\$0.2 M - All projects  <u>Timing Differences</u> +\$5.3 M - All projects	+\$0.2 M - All projects
15 Interest Expense	+\$0.1 M - Capitalized interest	+\$0.1 M - Capitalized interest
16 Interest Income	+\$11.1 M - Interest rate  +\$1.3 M - Investment balance  <u>Timing Differences</u> -\$5.7 M - Fair value adjustment	+\$54.0 M - Interest rate +\$4.4 M - Fair value adjustment +\$3.4 M - Investment balance

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

Line	Project	Year-to-Date As of February 29, 2024		Year-End (YE) As of April 4, 2024		Life-to-Date As of February 29, 2024		Estimate-at-Completion (EAC) As of April 4, 2024			
		Actual	% of YE Forecast	YE Forecast	% of All Included Projects	Actual	% of EAC Forecast	EAC Forecast	% of All Included Projects	Budget	Variance
1	RTC-B Grid & Markets	\$ 0.4	6%	\$ 7.2	12%	\$ 0.7	3%	\$ 24.8	14%	\$ 24.8	-
2	RTC-B Program Control	0.0	1%	6.1	10%	0.9	7%	13.9	8%	13.9	-
3	RTC-B Commercial Applications	0.2	9%	1.9	3%	0.4	7%	5.8	3%	5.8	-
4	RTC-B Integration & Information	0.0	5%	0.9	2%	0.1	1%	5.3	3%	5.3	-
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	1.3	1%	1.3	-
6	<b>Subtotal - Market Design Projects</b>	<b>0.7</b>	<b>4%</b>	<b>16.1</b>	<b>27%</b>	<b>2.1</b>	<b>4%</b>	<b>51.2</b>	<b>28%</b>	<b>51.2</b>	<b>-</b>
7	Data Center 5.0 (DC5) Program	0.7	12%	5.7	10%	55.1	91%	60.5	34%	60.7	0.2
8	Energy Management System (EMS) Upgrade 2024	(0.1)	14%	(0.7)	-1%	17.4	104%	16.8	9%	16.8	0.0
9	Second iTest Environment	-	0%	9.7	16%	-	0%	10.7	6%	10.7	-
10	Market Management System (MMS) Outage Scheduler (OS) Red Hat Enterprise Linux (RHEL) Migration	0.7	51%	1.4	2%	4.1	85%	4.8	3%	4.6	(0.2)
11	Treasury Management Risk Mitigation	0.3	41%	0.6	1%	2.3	86%	2.7	1%	2.7	(0.0)
12	Texas Standard Electronic Transaction (Texas SET) 5.0	0.1	13%	0.9	2%	1.2	62%	2.0	1%	2.0	0.0
13	TIBCO BusinessWorks Upgrade	0.1	6%	1.5	3%	1.0	49%	2.0	1%	2.0	(0.0)
14	<b>Total Projects with EAC Budget Over \$2.0M</b>	<b>2.4</b>	<b>7%</b>	<b>35.3</b>	<b>60%</b>	<b>83.2</b>	<b>55%</b>	<b>150.6</b>	<b>84%</b>	<b>150.6</b>	<b>(0.0)</b>
15	<b>Other Projects</b>	<b>1.9</b>	<b>8%</b>	<b>23.6</b>	<b>40%</b>	<b>15.0</b>	<b>51%</b>	<b>29.6</b>	<b>16%</b>	<b>29.6</b>	<b>(0.0)</b>
16	<b>Total Project Expenditures</b>	<b>\$ 4.3</b>	<b>7%</b>	<b>\$ 58.9</b>	<b>100%</b>	<b>\$ 98.2</b>	<b>54%</b>	<b>\$ 180.2</b>	<b>100%</b>	<b>\$ 180.2</b>	<b>\$ (0.0)</b>

Note: Schedule may not foot due to rounding



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**Statements of Financial Position**  
**As of February 29, 2024 and February 28, 2023**  
(Dollars in Thousands)

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 569,239	\$ 1,598,770
Accounts receivable	10,455	10,785
Unbilled revenue	3,511	3,120
Interest receivable	16,199	10,609
Receivable from intercompany	349	275
Restricted cash and cash equivalents	1,407,632	1,323,702
Short-term investments	1,122,040	460,222
Prepaid expenses and other current assets	44,091	46,871
Total current assets	<u>3,173,516</u>	<u>3,454,354</u>
Long-term investments	604,671	14,579
Property and equipment, net	137,280	134,647
Systems under development	44,915	46,554
Other long term assets	868	864
Total assets	<u>\$ 3,961,250</u>	<u>\$ 3,650,998</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 10,567	\$ 8,341
Accrued liabilities	23,735	19,967
Payable to intercompany	468	794
Deferred revenue	9,679	7,799
Market settlement liabilities	1,370,878	1,164,370
Security deposits	1,407,164	1,322,908
Debt payable, current portion	4,000	4,000
Total current liabilities	<u>2,826,491</u>	<u>2,528,179</u>
Long-term liabilities:		
Debt payable, less current portion:		
Principal	31,000	35,000
Less unamortized debt issuance costs	118	135
Debt payable less current portion and unamortized debt issuance costs	<u>30,882</u>	<u>34,865</u>
Long-term CRR liabilities	846,776	926,406
Other long-term liabilities	681	715
Total long-term liabilities	<u>878,339</u>	<u>961,986</u>
Total liabilities	<u>3,704,830</u>	<u>3,490,165</u>
Net assets without donor restrictions	256,420	160,833
Total liabilities and net assets	<u>\$ 3,961,250</u>	<u>\$ 3,650,998</u>



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**Statements of Activities and Net Assets**  
**For the Two Months Ended February 29, 2024 and February 28, 2023**  
(Dollars in Thousands)

	<b>2024</b>	<b>2023</b>
<b>Operating revenues</b>		
System administration fees	\$ 43,526	\$ 34,880
Other services revenue	2,298	1,418
Total operating revenues	45,824	36,298
<b>Operating expenses</b>		
Salaries and related benefits	34,504	30,141
Facility and equipment costs	1,519	1,434
Outside services	3,781	3,188
Hardware and software maintenance and licensing	6,824	6,169
Depreciation	6,209	5,218
Other	1,737	2,138
Total operating expenses	54,574	48,288
Loss from operations	(8,750)	(11,990)
<b>Other income (expense)</b>		
Investment return, net	14,943	17,907
Interest expense	(170)	(187)
Non-operating income	1	1
Change in net assets without donor restrictions	6,024	5,731
Net assets without donor restrictions, beginning of year	250,396	155,102
Net assets without donor restrictions, end of period	\$ 256,420	\$ 160,833

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.****Statements of Cash Flows****For the Two Months Ended February 29, 2024 and February 28, 2023**

(Dollars in Thousands)

	<b>2024</b>	<b>2023</b>
<b>Operating activities:</b>		
Change in net assets without donor restrictions	\$ 6,024	\$ 5,731
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	6,209	5,218
Amortization of debt issuance costs	3	3
Amortization of bond investment discount	(10,561)	(2,418)
Unrealized loss (gains) on bond investments	5,740	(2,259)
Changes in operating assets and liabilities:		
Accounts receivable	(4,812)	(5,160)
Unbilled revenue	4,020	2,079
Interest receivable	425	370
Receivable from intercompany	201	659
Prepaid expenses and other assets	(2,290)	(10,727)
Other long-term assets	47	37
Other long-term liabilities	(22)	(28)
Accounts payable	1,831	97
Accrued liabilities	(10,661)	894
Payable to intercompany	(254)	(381,953)
Deferred revenue	677	129
Security deposits	(120,767)	(75,653)
Market settlement liabilities	(34,810)	(339,300)
Long-term CRR liabilities	28,143	80,820
Net cash (used in) operating activities	<u>(130,857)</u>	<u>(721,461)</u>
<b>Investing activities:</b>		
Purchase of investments	(194,829)	(50,536)
Proceeds from investments	250,000	100,010
Capital expenditures for property and equipment and systems under development	(11,130)	(6,188)
Net cash provided by investing activities	<u>44,041</u>	<u>43,286</u>
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(86,816)	(678,175)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	3,600,647
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 1,976,871</u>	<u>\$ 2,922,472</u>

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Financial Position**  
**As of February 29, 2024**  
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 569,239	\$ 4,018	\$ -	\$ -	\$ 573,257
Securitization charges receivable, current	-	10,112	43,758	-	53,870
Accounts receivable	10,455	-	-	-	10,455
Unbilled revenue	3,511	-	-	(138)	3,373
Interest receivable	16,199	109	94	-	16,402
Receivable from intercompany	349	-	468	(817)	-
Restricted cash and cash equivalents	1,407,632	23,933	28,669	-	1,460,234
Short-term investments	1,122,040	-	-	-	1,122,040
Prepaid expenses and other current assets	44,091	-	-	-	44,091
Total current assets	3,173,516	38,172	72,989	(955)	3,283,722
Long-term investments	604,671	-	-	(14,579)	590,092
Property and equipment, net	137,280	-	-	-	137,280
Systems under development	44,915	-	-	-	44,915
Securitization charges receivable, non current	-	380,603	1,999,165	-	2,379,768
Other long term assets	868	-	-	-	868
Total assets	\$ 3,961,250	\$ 418,775	\$ 2,072,154	\$ (15,534)	\$ 6,436,645
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 10,567	\$ 32	\$ 32	\$ -	\$ 10,631
Accrued liabilities	23,735	1,724	11,463	-	36,922
Payable to intercompany	468	299	188	(955)	-
Deferred revenue	9,679	-	-	-	9,679
Market settlement liabilities	1,370,878	-	-	-	1,370,878
Security deposits	1,407,164	21,197	3,294	-	1,431,655
Debt payable, current portion	4,000	10,412	43,609	-	58,021
Total current liabilities	2,826,491	33,664	58,586	(955)	2,917,786
Long-term liabilities:					
Debt payable, less current portion:					
Principal	31,000	383,278	2,015,409	-	2,429,687
Less unamortized discount and debt issuance costs	118	2,167	12,420	-	14,705
Debt payable less current portion and unamortized discount and debt issuance costs	30,882	381,111	2,002,989	-	2,414,982
Long-term CRR liabilities	846,776	-	-	-	846,776
Other long-term liabilities	681	-	-	-	681
Total long-term liabilities	878,339	381,111	2,002,989	-	3,262,439
Total liabilities	3,704,830	414,775	2,061,575	(955)	6,180,225
Net assets without donor restrictions	256,420	4,000	10,579	(14,579)	256,420
Total liabilities and net assets	\$ 3,961,250	\$ 418,775	\$ 2,072,154	\$ (15,534)	\$ 6,436,645





**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Activities and Net Assets**  
**For the Two Months Ended February 29, 2024**  
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating revenues</b>					
System administration fees	\$ 43,526	\$ -	\$ -	\$ -	\$ 43,526
Other services revenue	2,298	-	-	(276)	2,022
Securitization charges fees	-	2,001	16,706	-	18,707
Total operating revenues	45,824	2,001	16,706	(276)	64,255
<b>Operating expenses</b>					
Salaries and related benefits	34,504	-	-	-	34,504
Facility and equipment costs	1,519	-	-	-	1,519
Outside services	3,781	231	201	(276)	3,937
Hardware and software maintenance and licensing	6,824	-	-	-	6,824
Depreciation	6,209	-	-	-	6,209
Other	1,737	-	-	-	1,737
Total operating expenses	54,574	231	201	(276)	54,730
(Loss) income from operations	(8,750)	1,770	16,505	-	9,525
<b>Other income (expense)</b>					
Investment return, net	14,943	204	324	-	15,471
Interest expense	(170)	(1,974)	(16,829)	-	(18,973)
Non-operating income	1	-	-	-	1
Change in net assets without donor restrictions	6,024	-	-	-	6,024
Net assets without donor restrictions, beginning of year	250,396	4,000	10,579	(14,579)	250,396
Net assets without donor restrictions, end of period	\$ 256,420	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 256,420

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Cash Flows**  
**For the Two Months Ended February 29, 2024**  
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating activities:</b>					
Change in net assets without donor restrictions	\$ 6,024	\$ -	\$ -	\$ -	\$ 6,024
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	6,209	-	-	-	6,209
Amortization of discount & debt issuance costs	3	14	124	-	141
Amortization of bond investment discount	(10,561)	-	-	-	(10,561)
Unrealized loss on bond investments	5,740	-	-	-	5,740
Changes in operating assets and liabilities:					
Securitization charges receivable	-	1,697	7,252	(254)	8,695
Accounts receivable	(4,812)	-	-	-	(4,812)
Unbilled revenue	4,020	-	-	(553)	3,467
Interest receivable	425	34	224	6	689
Receivable from intercompany	201	-	-	(201)	-
Prepaid expenses and other assets	(2,290)	-	-	-	(2,290)
Other long-term assets	47	-	-	-	47
Other long-term liabilities	(22)	-	-	-	(22)
Accounts payable	1,831	28	32	-	1,891
Accrued liabilities	(10,661)	(3,944)	(32,582)	-	(47,187)
Payable to intercompany	(254)	(234)	(577)	1,065	-
Deferred revenue	677	-	-	-	677
Security deposits	(120,767)	629	(38)	-	(120,176)
Market settlement liabilities	(34,810)	-	-	-	(34,810)
Long-term CRR liabilities	28,143	-	-	-	28,143
Net cash (used in) operating activities	(130,857)	(1,776)	(25,565)	63	(158,135)
<b>Investing activities:</b>					
Purchase of investments	(194,829)	-	-	-	(194,829)
Proceeds from investments	250,000	-	-	-	250,000
Capital expenditures for property and equipment and systems under development	(11,130)	-	-	-	(11,130)
Net cash provided by investing activities	44,041	-	-	-	44,041
<b>Financing activities:</b>					
Repayment of debt payable	-	(5,092)	(21,150)	-	(26,242)
Payment of debt issuance costs	-	-	-	(63)	(63)
Net cash (used in) financing activities	-	(5,092)	(21,150)	(63)	(26,305)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(86,816)	(6,868)	(46,715)	-	(140,399)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	34,819	75,384	-	2,173,890
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 1,976,871	\$ 27,951	\$ 28,669	\$ -	\$ 2,033,491



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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 1,598,770	\$ 4,071	\$ -	\$ -	\$ 1,602,841
Securitization charges receivable, current	-	8,775	42,017	-	50,792
Accounts receivable	10,785	-	-	-	10,785
Unbilled revenue	3,120	-	-	(138)	2,982
Interest receivable	10,609	89	71	-	10,769
Receivable from intercompany	275	4	790	(1,069)	-
Restricted cash and cash equivalents	1,323,702	24,906	26,991	-	1,375,599
Short-term 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
<b>Liabilities and Net Assets</b>					
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 (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating revenues</b>					
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
<b>Operating expenses</b>					
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
<b>Other income (expense)</b>					
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 (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating activities:</b>					
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 debt issuance costs	3	13	125	-	141
Amortization of bond investment discount	(2,418)	-	-	-	(2,418)
Unrealized gains on bond investments	(2,259)	-	-	-	(2,259)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	2,720	5,350	(385)	7,685
Accounts receivable	(5,160)	-	-	-	(5,160)
Unbilled revenue	2,079	-	1,843	(871)	3,051
Interest receivable	370	54	178	-	602
Receivable from intercompany	659	382,289	-	(382,948)	-
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)
<b>Investing activities:</b>					
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
<b>Financing activities:</b>					
Repayment of debt payable	-	(391,956)	(14,807)	-	(406,763)
Payment of debt issuance costs	-	(213)	(508)	721	-
Net cash (used in) 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

