



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

*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 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 slightly decreased since the December yields reported at the prior F&A meeting. As of the end of February 2024, ERCOT's MMMF yields equaled approximately 5.19% and the purchase yield of ERCOT's U.S. Treasury Obligation Portfolio equaled approximately 5.28%

# 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**  
**February 29, 2024**

(\$ 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	\$ 422,711	\$ -	N/A	\$ 1,815
ERCOT, Inc. Restricted (Collateral)	1,407,091	-	N/A	5,949
Total ERCOT, Inc. MMMF	<b>\$ 1,829,802</b>	<b>\$ -</b>	<b>5.19%</b>	<b>\$ 7,765</b>
Texas Electric Market Stabilization Funding M, LLC	\$ 19,104	\$ 8,764	5.18%	\$ 109
Texas Electric Market Stabilization Funding N, LLC	\$ 3,200	\$ 25,375	5.21%	\$ 93

**U.S. Treasury Obligation Portfolio**

	<b>Purchase Price</b>	<b>Duration</b>	<b>Purchase Yield</b>	<b>Monthly Investment Income</b>
ERCOT, Inc. Unrestricted	\$ 1,832,683	0.75	5.28%	\$ 7,748

**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 Senior Vice President, CFO, and CRO

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)**  
**February 29, 2024**  
(\$ 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)	\$ -	\$ 324	\$ 324	0.02%	5.07%	\$ -	\$ 1	\$ 1
Allspring Treasury Plus Money Market Fund (Institutional)	100	162,445	162,545	8.88%	5.17%	0	664	665
BlackRock Institutional T-Fund (60) MMF	610	163,732	164,342	8.98%	5.18%	7	676	683
BlackRock Institutional Treasury Trust Fund MMF	50	495	545	0.03%	5.20%	0	2	2
Dreyfus Treasury Prime Cash Management MMF	400	165,581	165,981	9.07%	5.19%	2	685	686
Federated Fund 0125 US Treasury Cash Reserves Fund	300	646	946	0.05%	5.16%	1	3	4
Federated Fund 068 Treasury Obligations Fund	700	160,862	161,562	8.83%	5.16%	3	661	664
Fidelity 680 Institutional MMF: Treasury Only Portfolio	500	10,292	10,792	0.59%	5.23%	2	43	45
Fidelity Investments Money Market Treasury Portfolio (Class I)	52,800	83,035	135,835	7.42%	5.22%	200	418	618
First Amer Treas Oblig/CI Z	50	673	723	0.04%	5.17%	0	3	3
Goldman Sachs Treasury Instruments Fund 506	800	150,932	151,732	8.29%	5.15%	3	620	623
Invesco Institutional Treasury Portfolio	17,478	106,666	124,144	6.78%	5.21%	181	442	623
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	46,428	73,584	120,012	6.56%	5.17%	179	303	482
Morgan Stanley Fund 8304 Treasury	990	159,142	160,132	8.75%	5.15%	4	695	699
State Street Global Advisors Institutional Treasury MMF	144,200	589	144,789	7.91%	5.26%	602	2	604
UBS Select Treasury Preferred Fund 46	156,805	1,422	158,227	8.65%	5.23%	629	43	672
Western Asset Institutional US Treasury Reserves	500	166,672	167,172	9.14%	5.18%	2	689	691
<b>Total MMMF</b>	<b>\$ 422,711</b>	<b>\$ 1,407,091</b>	<b>\$ 1,829,802</b>	<b>100.00%</b>	<b>5.19%</b>	<b>\$ 1,815</b>	<b>\$ 5,949</b>	<b>\$ 7,765</b>

Note: Schedule may not foot due to rounding.

**Texas Electric Market Stabilization Funding M, LLC (TEMSFM)**  
**Money Market Mutual Funds (MMMF)**  
**February 29, 2024**  
(\$ in 000's)

	<b>Ending Balance</b>	<b>Month End Yield</b>	<b>Monthly Investment Income</b>
<b>MMMF held at ERCOT, Inc.</b>			
<b>Capital</b>			
JPMorgan U.S. Treasury Plus Money Market Fund (Institutional)	\$ 4,018	5.14%	\$ 16
	4,018	5.14%	16
<b>Escrow (Collateral)</b>			
BlackRock Liquidity Funds: T-Fund	3,865	5.18%	16
Invesco Treasury Portfolio	3,639	5.18%	15
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	3,889	5.15%	15
UBS Select Treasury Preferred Fund	3,693	5.23%	15
Total Escrow (Collateral) MMMF	15,086	5.19%	61
<b>Total MMMF held at ERCOT, Inc.</b>	<b>19,104</b>	<b>5.18%</b>	<b>78</b>
<b>MMMF held at Trustee</b>			
<b>Debt Service</b>			
First Am Treas Ob Fund	2,022	5.19%	3
Invesco Treasury Portfolio/Instit	714	5.23%	3
Total Debt Service MMMF	2,736	5.21%	6
<b>Debt Service Reserve</b>			
Allspring Treasury Plus Money Market Fund (Institutional)	4,019	5.19%	17
JPMorgan TR I 100 US TR Cap	2,009	5.20%	8
Total Debt Service Reserve MMMF	6,028	5.19%	25
<b>Total MMMF held at Trustee</b>	<b>8,764</b>	<b>5.19%</b>	<b>31</b>
<b>Total TEMSFM MMMF</b>	<b>\$ 27,867</b>	<b>5.18%</b>	<b>\$ 109</b>

Note: Schedule may not foot due to rounding.





**Texas Electric Market Stabilization Funding N, LLC (TEMSFN)**  
**Money Market Mutual Funds ( MMMF )**  
**February 29, 2024**  
(\$ 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	\$ 1,587	5.18%	\$ 7
Morgan Stanley Institutional Liquidity Funds: Treasury Portfolio	1,613	5.15%	7
<b>Total MMMF held at ERCOT, Inc.</b>	<b>3,200</b>	<b>5.16%</b>	<b>13</b>
<b>MMMF held at Trustee</b>			
<b>Debt Service</b>			
Invesco Treasury Portfolio Institutional	13,681	5.23%	32
First Am Treas Ob Fund	1,068	5.19%	4
<b>Total Debt Service MMMF</b>	<b>14,749</b>	<b>5.23%</b>	<b>36</b>
<b>Capital</b>			
JPMorgan TR I 100 US TR Cap	10,626	5.20%	44
<b>Total Capital MMMF</b>	<b>10,626</b>	<b>5.20%</b>	<b>44</b>
<b>Total MMMF held at Trustee</b>	<b>25,375</b>	<b>5.21%</b>	<b>80</b>
<b>Total TEMSFN MMMF</b>	<b>\$ 28,575</b>	<b>5.21%</b>	<b>\$ 93</b>

Note: Schedule may not foot due to rounding.



**Electric Reliability Council of Texas, Inc.**  
**Summary of U.S. Treasury Obligation Portfolio Results**  
**February 29, 2024**  
(\$ in 000's)

<b>Maturity Month</b>	<b>Par Value</b>	<b>Coupon Rate</b>	<b>Current Market Value</b>	<b>Current Market Yield</b>	<b>Purchase Price</b>	<b>Discount / (Premium)</b>	<b>Purchase Yield</b>	<b>Monthly Investment Income</b>	<b>Duration</b>
FUZXX	\$ 145,509	-	\$ 145,509	5.17%	\$ 145,509	\$ -	-	\$ 503	0.20
Mar-24	129,000	2.125%	129,793	5.49%	127,022	1,978	5.41%	578	0.08
Apr-24	99,000	2.250%	99,244	5.37%	97,156	1,844	5.50%	450	0.16
May-24	97,000	2.000%	96,688	5.37%	94,959	2,041	5.47%	437	0.25
Jun-24	99,000	1.750%	98,111	5.38%	96,492	2,508	5.45%	443	0.33
Jul-24	104,675	1.750%	103,301	5.32%	100,725	3,950	5.40%	463	0.41
Aug-24	106,000	1.250%	103,908	5.33%	102,228	3,772	5.46%	471	0.49
Sep-24	102,000	1.500%	100,464	5.27%	98,301	3,699	5.41%	449	0.56
Oct-24	100,000	0.625%	97,435	5.25%	95,393	4,607	5.40%	435	0.61
Nov-24	75,000	1.500%	73,255	5.23%	71,973	3,027	5.32%	322	0.73
Dec-24	66,000	1.000%	64,035	5.17%	62,846	3,154	5.33%	283	0.77
Jan-25	81,000	1.375%	78,412	5.11%	77,131	3,869	5.29%	344	0.89
Feb-25	84,000	2.000%	81,638	5.13%	80,516	3,484	5.29%	358	0.93
Mar-25	88,000	2.625%	86,773	5.02%	84,854	3,146	5.22%	372	1.04
Apr-25	82,000	2.875%	80,859	4.98%	79,211	2,789	5.20%	346	1.12
May-25	55,000	2.125%	53,547	4.94%	52,601	2,399	5.16%	178	1.16
Jun-25	55,000	2.750%	53,773	4.86%	52,984	2,016	5.10%	177	1.28
Jul-25	51,000	0.250%	47,833	4.85%	47,004	3,996	5.08%	156	1.38
Aug-25	56,000	2.000%	53,835	4.84%	53,114	2,886	5.08%	181	1.41
Sep-25	55,000	3.000%	54,203	4.79%	53,012	1,988	5.03%	174	1.50
Oct-25	52,000	0.250%	48,330	4.76%	47,410	4,590	5.00%	159	1.62
Nov-25	19,000	0.375%	17,645	4.73%	17,272	1,728	5.03%	73	1.70
Dec-25	17,000	4.000%	16,936	4.71%	16,653	347	5.02%	70	1.69
Jan-26	21,000	0.375%	19,370	4.67%	18,962	2,038	4.99%	80	1.87
Feb-26	21,000	2.500%	20,157	4.63%	19,875	1,125	4.96%	82	1.91
Mar-26	21,000	2.250%	20,226	4.60%	19,725	1,275	4.95%	82	1.97
Apr-26	21,000	2.375%	20,219	4.59%	19,752	1,248	4.93%	82	2.05
<b>Total Investments</b>	<b>\$1,902,184</b>	<b>1.550%</b>	<b>\$ 1,865,500</b>	<b>4.96%</b>	<b>\$ 1,832,683</b>	<b>\$ 69,501</b>	<b>5.28%</b>	<b>\$ 7,748</b>	<b>0.75</b>

Note: Schedule may not foot due to rounding.



**Electric Reliability Council of Texas, Inc.**  
**Investment Income as of**  
**February 29, 2024**  
(\$ in 000's)

	<u>2024</u>	<u>2025</u>	<u>2026</u>
<b>U.S. Treasury Obligation Portfolio</b>			
Recognized - Investment Income	\$ 15,489	\$ -	\$ -
Unrealized - Investment Income (FMV Adjustment)	(5,740)	-	-
Unrecognized - Investment Income	54,322	19,105	862
Total U.S. Treasury Obligation Portfolio	<u>64,072</u>	<u>19,105</u>	<u>862</u>
<b>Money Market Mutual Funds (MMMF)</b>			
Recognized - Investment Income	5,194	-	-
Total MMMF	<u>5,194</u>	<u>-</u>	<u>-</u>
<b>Total Investment Income</b>	<u>\$ 69,266</u>	<u>\$ 19,105</u>	<u>\$ 862</u>
 Interest Income Per Approved Budget	 \$ 49,750	 \$ 39,750	 \$ 39,750