



**The Finance and Audit (F&A) Committee is
expected to consider
F&A Committee Agenda Item 8.1:**

***Recommendation regarding Acceptance of
ERCOT Consolidated Financial Statements
Audit Report***

at its meeting on April 22, 2024.

**The Board of Directors is expected to hear
the F&A Committee's recommendation on
this matter as part of the
F&A Committee Report
at the Board meeting
on April 23, 2024.**

**Attached are the Board materials in relation
to these agenda items.**



Date: April 16, 2024
To: Board of Directors
From: Bill Flores, Finance and Audit (F&A) Committee Chair
Subject: Acceptance of ERCOT Consolidated Financial Statements Audit Report

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 23, 2024

Item No.: 8.1

Issue:

Electric Reliability Council of Texas, Inc. (ERCOT) must obtain an annual audit of its financial records pursuant to its Bylaws.

Background/History:

Section 10.6 of the ERCOT Bylaws provides that “[a]t least annually, an audit of the financial statements of ERCOT shall be performed by the Auditor approved by the Board.” Baker Tilly US, LLP (Baker Tilly) was engaged by ERCOT, subsequent to approval by ERCOT’s Board of Directors (Board) in April 2023, to perform the annual audit of ERCOT’s financial books and records.

At the April 22, 2024 meeting of the ERCOT F&A Committee, Baker Tilly will present the proposed audit report for the year ended December 31, 2023 and Baker Tilly’s assessment of internal controls, recommendations, and other business items raised by the F&A Committee.

The audit opinion is expected to be unmodified or “clean,” and the ERCOT F&A Committee is expected to recommend Board acceptance of the audited consolidated financial statements as presented by Baker Tilly during the Meeting on April 22, 2024.

Key Factors Influencing Issue:

1. ERCOT’s Bylaws requirement;
2. A debt covenant requirement that audited financial statements are provided to lenders by April 30, 2024; and
3. The expectation that Baker Tilly will issue an unmodified opinion in connection with its audit of ERCOT’s consolidated financial statements for the year ended December 31, 2023.

Conclusion/Recommendation:

ERCOT staff recommends, and the ERCOT F&A Committee is expected to recommend, that the Board accept the audited consolidated financials and Report on Audit of Consolidated Financial Statements for the years ended December 31, 2023 and 2022.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to accept the ERCOT audited Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 (Report);

THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized and approved to accept the ERCOT audited consolidated financial statements and Report.

CORPORATE SECRETARY'S CERTIFICATE

I, Jonathan M. Levine, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 23, 2024 meeting, the Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of April, 2024.

Jonathan M. Levine
Assistant Corporate Secretary