



**The Finance and Audit (F&A) Committee is
expected to consider
F&A Committee Agenda Item 7:**

***Recommendation regarding Acceptance,
Adoption and Approval of
2024-2025 Budget and Fee***

at its meeting on December 18, 2023.

**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 December 19, 2023.**

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



Item 7: Recommendation regarding Acceptance, Adoption and Approval of 2024-2025 Budget and Fee

Sean Taylor

Vice President and Chief Financial Officer

Finance and Audit Committee Meeting

ERCOT Public

December 18, 2023

Acceptance, Adoption and Approval of 2024-2025 Budget and Fee

Why this is being presented today:

ERCOT staff requests a vote from the Finance and Audit (F&A) Committee to recommend that the Board accept, adopt, and approve the Public Utility Commission of Texas (PUC) approved 2024-2025 ERCOT budget and system administration fee (SAF) rate

1. On November 2, 2023, the PUC approved an ERCOT 2024-2025 Biennial Budget (Budget) that included all Department and Project Expenditures approved by the Board at June's Board meeting. The PUC-approved Budget also includes an increase in the SAF rate to \$0.630 per MWh, effective January 1, 2024
2. The PUC cited two primary reasons for approving a SAF rate of \$0.630 per MWh instead of the \$0.710 rate included in the Board-approved Budget
 1. At the Board's request, ERCOT provided the PUC an updated SAF rate calculation based on the revised 2023 favorable financial variance that lowered the \$0.710 rate to \$0.690
 2. The PUC chose to approve a two-year flat-fee approach instead of a four-year flat-fee approach due to future unpredictability, especially regarding interest income rates
3. The PUC-approved Budget projects a SAF rate increase to \$0.740 per MWh effective January 1, 2026. The actual need for and timing of future SAF rate increases is heavily dependent on future interest income amounts
4. The PUC Order approving ERCOT's Budget also introduces additional requirements for ERCOT



Acceptance, Adoption and Approval of 2024-2025 Budget and Fee PUCT Order – Approved Fee Rate and Expenditures

- At the November 2, 2023 PUCT open meeting, the PUCT modified and approved Commission staff's proposed Order. The final Order approved all department and project expenditures included in the Board-approved budget and approved an increase in ERCOT's System Administration Fee (SAF) rate to \$0.630 per megawatt-hour, effective January 1, 2024
- The \$0.630 SAF rate is lower than the \$0.710 SAF rate in the Board-approved budget for two primary reasons:
 1. The revised 2023 favorable financial variance filed with the PUCT on October 20, 2023, at the Board's direction. The additional variance reduced the four-year flat-fee approach rate by \$0.020 per MWh, from \$0.710 per MWh to \$0.690 per MWh
 2. The PUCT's decision to use a two-year flat-fee approach instead of a four-year flat-fee approach due to future uncertainty, especially related to interest income. The PUCT applied the \$0.020 reduction above to the \$0.655 two-year flat-fee approach rate shown in the Board-approved budget and arrived at a \$0.630 rate
- At the November 2 open meeting and in ERCOT's November 9 PUCT filing, ERCOT emphasized that adopting the two-year flat-fee approach means the next fee rate increase is projected to occur in 2026. Those projections show a fee rate of \$0.740 per MWh to be effective January 1, 2026

Acceptance, Adoption and Approval of 2024-2025 Budget and Fee

PUCT-Approved Budget Summary

\$ in Millions, except rates

Budget Summary										
Line	2022 Actual	2023 Budget	2023 Forecast	2024 Request	2025 Request	2026 Projection	2027 Projection	2028 Projection	2029 Projection	
1	System Administration Fee Rate (SAF)	\$ 0.555	\$ 0.555	\$ 0.555	\$ 0.630	\$ 0.630	\$ 0.740	\$ 0.740	\$ 0.770	\$ 0.770
2	Energy Consumption (TWh)	431.0	434.0	445.8	465.0	480.0	494.3	508.3	516.4	521.2
2A	Year over Year %	9.6%	0.7%	3.4%	4.3%	3.2%	3.0%	2.8%	1.6%	0.9%
3	System Administration Fee Revenue	\$ 239.2	\$ 240.9	\$ 247.4	\$ 292.9	\$ 302.4	\$ 365.8	\$ 376.2	\$ 397.6	\$ 401.4
4	Department Net Expenditures	\$ 209.7	\$ 211.1	\$ 242.4	\$ 297.1	\$ 313.3	\$ 331.9	\$ 351.6	\$ 372.5	\$ 394.6
4A	Year over Year %	11.0%	0.6%	15.6%	22.6%	5.4%	5.9%	5.9%	5.9%	5.9%
5	Project Expenditures	54.0	27.1	34.6	37.5	33.0	35.5	72.8	45.0	37.0
6	Market Design Project	-	2.4	2.0	21.6	17.2	8.0	-	-	-
7	MET Center Replacement Project	15.4	-	-	-	-	-	-	-	-
8	Total Net Expenditures	\$ 279.1	\$ 240.5	\$ 279.0	\$ 356.2	\$ 363.5	\$ 375.4	\$ 424.3	\$ 417.5	\$ 431.6
9	Net Available Before Non-Operating	\$ (39.9)	\$ 0.3	\$ (31.6)	\$ (63.3)	\$ (61.0)	\$ (9.6)	\$ (48.2)	\$ (19.8)	\$ (30.2)
10	Debt Service	\$ (5.1)	\$ (5.5)	\$ (5.2)	\$ (5.4)	\$ (5.2)	\$ (5.1)	\$ (4.7)	\$ (4.5)	\$ (4.4)
11	Interest Income	25.0	0.0	104.7	49.8	39.8	39.8	39.8	39.8	39.8
11A	Interest Rate %	1.51%	0.01%	5.00%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
12	Investment in SPE M & N	(10.6)	-	-	-	-	-	-	-	-
13	Non-Operating Sources & Uses	\$ 9.3	\$ (5.5)	\$ 99.5	\$ 44.4	\$ 34.6	\$ 34.6	\$ 35.1	\$ 35.3	\$ 35.4
14	Net Available	\$ (30.6)	\$ (5.1)	\$ 67.9	\$ (18.9)	\$ (26.5)	\$ 25.0	\$ (13.1)	\$ 15.5	\$ 5.2
Year-End Balances: Notes Payable, CRR Borrowings, Cash, and CRR Fund										
15	Notes Payable Balance	\$ 39.0	\$ 35.0	\$ 35.0	\$ 31.0	\$ 27.0	\$ 23.0	\$ 19.0	\$ 15.0	\$ 11.0
16	CRR Borrowings Balance	\$ 23.7	\$ 28.2	\$ -	\$ -	\$ 1.2	\$ -	\$ -	\$ -	\$ -
17	Cash Balance	\$ -	\$ -	\$ 44.2	\$ 25.3	\$ -	\$ 23.8	\$ 10.7	\$ 26.1	\$ 31.3
18	CRR Fund Balance	\$ 1,973.6	\$ 997.3	\$ 2,062.4	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0

Schedule may not foot due to rounding.



Key Takeaway: The PUC-approved budget projects a \$1.2 million use of CRR funds at the end of 2025

Acceptance, Adoption and Approval of 2024-2025 Budget and Fee PUCT-Approved Sources and Uses Summary

\$ in Millions

Sources and Uses									
	2022 Actual	2023 Budget	2023 Forecast	2024 Request	2025 Request	2026 Projection	2027 Projection	2028 Projection	2029 Projection
1 System Administration Fee Revenue	\$ 239.2	\$ 240.9	\$ 247.4	\$ 292.9	\$ 302.4	\$ 365.8	\$ 376.2	\$ 397.6	\$ 401.4
2* Reliability Organization Assessment	21.8	20.5	24.8	26.2	27.7	29.2	30.8	32.6	34.4
3 Interest Income	25.0	0.0	104.7	49.8	39.8	39.8	39.8	39.8	39.8
4 Other Revenues	8.6	20.5	15.2	18.0	18.0	18.9	19.9	20.9	21.9
5 CRR Borrowings	23.7	5.1	-	-	1.2	-	-	-	-
6 Decrease in Cash Balance	6.9	-	-	18.9	25.3	-	13.1	-	-
7 Total Sources	\$ 325.2	\$ 287.0	\$ 392.0	\$ 405.7	\$ 414.3	\$ 453.6	\$ 479.7	\$ 490.8	\$ 497.4
8 Department Expenditures	\$ 218.3	\$ 231.5	\$ 257.6	\$ 315.1	\$ 331.2	\$ 350.8	\$ 371.4	\$ 393.3	\$ 416.5
9 Project Expenditures	54.0	27.1	34.6	37.5	33.0	35.5	72.8	45.0	37.0
10 Market Design Project	-	2.4	2.0	21.6	17.2	8.0	-	-	-
11 MET Center Replacement Project	15.4	-	-	-	-	-	-	-	-
12* Reliability Organization Assessment	21.8	20.5	24.8	26.2	27.7	29.2	30.8	32.6	34.4
13 Debt Service	5.1	5.5	5.2	5.4	5.2	5.1	4.7	4.5	4.4
14 Investment in SPE M & N	10.6	-	-	-	-	-	-	-	-
15 Repayment of CRR Borrowings	-	-	23.7	-	-	1.2	-	-	-
16 Increase in Cash Balance	-	-	44.2	-	-	23.8	-	15.5	5.2
17 Total Uses	\$ 325.2	\$ 287.0	\$ 392.0	\$ 405.7	\$ 414.3	\$ 453.6	\$ 479.7	\$ 490.8	\$ 497.4

* Reliability Organization Assessment is a pass-through collected on behalf of the Texas Regional Entity; it is not set by ERCOT.

Schedule may not foot due to rounding.

Key Takeaway: In addition to the SAF rate, the PUCT approved ERCOT's total authorized spend. Line 17 provides ERCOT's total PUC-approved spending authority for 2024-2025 which includes all Board-approved department and project expenditures



Acceptance, Adoption and Approval of 2024-2025 Budget and Fee PUCT Order – Additional Requirements

- The PUCT Order approving ERCOT's 2024-2025 Biennial Budget also includes the following reporting and compliance requirements:
 1. Orders ERCOT to file an operating budget reconciliation in Project No. 38533 for the twelve months ending June 30, 2024, by September 1, 2024;
 2. Orders ERCOT to meet performance measures for, and, on a quarterly basis, report on its progress in implementing the following key Commission priorities: 1) Reliability Standard, 2) Dispatchable Reliability Reserve Service (DRRS), 3) Real-Time Co-Optimization + Batteries (RTC+B), and 4) Performance Credit Mechanism (PCM);
 3. Orders ERCOT to report to the Commission relating to ERCOT's development of applicable performance measures or metrics used by the Federal Energy Regulatory Commission (FERC) to track the performance of Regional Transmission Organization (RTO) / Independent System Operator (ISO) operations and markets; and
 4. Provides instructions for submission of ERCOT's proposed 2026-2027 Biennial Budget, including a filing deadline of September 1, 2025

Request for Vote

- ERCOT staff recommends that the F&A Committee recommend that the Board:
 - Accept, adopt, and approve the PUCT-approved total spending authorization for operating expenses, project spending, and debt service obligations in the amounts of \$405,700,000 and \$414,300,000 for 2024 and 2025, respectively; and
 - Accept, adopt, and approve the PUCT-approved ERCOT system administration fee rate to \$0.630 per megawatt-hour, effective January 1, 2024

<VOTE>

Appendix

- Schedules from ERCOT's 2024-2025 Biennial Budget request approved by the Board in June 2023
 - System Administration Fee Rate Options Schedule
 - Management Recommended Budget Summary – Option 1
 - Management Recommended Sources and Uses – Option 1
- PUCT Order Approving ERCOT's 2024 to 2025 Biennial Budget and Authorizing the System Administration Fee

Recommendation regarding 2024-2025 Budget and Fee System Administration Fee Rate Options

\$ in Millions, except rates

Line	2022 Actual	2023 Forecast	2024 Request	2025 Request	2026 Projection	2027 Projection	2028 Projection	2029 Projection	2030 Projection	2031 Projection
1 Base Scenario: Rate Increase 1/1/2024 (Rate Projected in 22/23 Budget) with Current Forecasts for 2022-2031										
2	Year over year % fee increase		19.8%							
3	8 Year CAGR		2.3%							
4	System Administration Fee Rate	\$ 0.555	\$ 0.555	\$ 0.665	\$ 0.665	\$ 0.665	\$ 0.665	\$ 0.665	\$ 0.665	\$ 0.665
5	(CRR Borrowings Balance)/Cash Balance	\$ (23.7)	\$ 8.0	\$ 5.4	\$ (4.3)	\$ (16.4)	\$ (67.6)	\$ (106.4)	\$ (155.9)	\$ (230.8) \$ (330.2)
6 Option 1: Four-Year Rate Increase 1/1/2024 to reach approximately \$0 Cash/(CRR) Balance by end of 2027										
7	Year over year % fee increase		27.9%		8.5%					
8	8 Year CAGR		3.1%							
9	System Administration Fee Rate	\$ 0.555	\$ 0.555	\$ 0.710	\$ 0.710	\$ 0.710	\$ 0.710	\$ 0.770	\$ 0.770	\$ 0.770 \$ 0.770
10	(CRR Borrowings Balance)/Cash Balance	\$ (23.7)	\$ 8.0	\$ 26.3	\$ 38.2	\$ 48.4	\$ 20.0	\$ 35.5	\$ 40.6	\$ 21.2 \$ (22.4)
11 Option 2: Two-Year Rate Increases starting 1/1/2024 to reach approximately \$0 Cash/(CRR) Balance by end of 2027										
12	Year over year % fee increase		18.0%		14.5%		2.7%		2.6%	
13	8 Year CAGR		2.1%							
14	System Administration Fee Rate	\$ 0.555	\$ 0.555	\$ 0.655	\$ 0.655	\$ 0.750	\$ 0.750	\$ 0.770	\$ 0.770	\$ 0.790 \$ 0.790
15	(CRR Borrowings Balance)/Cash Balance	\$ (23.7)	\$ 8.0	\$ 0.7	\$ (13.8)	\$ 16.2	\$ 8.1	\$ 23.6	\$ 28.8	\$ 19.8 \$ (13.0)
16 Option 3: One-Year Rate Increases, starting 1/1/2024 to reach approximately \$0 Cash/(CRR) Balance by end of 2027										
17	Year over year % fee increase		9.9%		9.9%		9.9%		9.9%	
18	8 Year CAGR		1.2%							
19	System Administration Fee Rate	\$ 0.555	\$ 0.555	\$ 0.610	\$ 0.670	\$ 0.737	\$ 0.810	\$ 0.810	\$ 0.810	\$ 0.810 \$ 0.810
20	(CRR Borrowings Balance)/Cash Balance	\$ (23.7)	\$ 8.0	\$ (20.2)	\$ (27.3)	\$ (3.8)	\$ 18.7	\$ 54.8	80.8	\$ 82.4 \$ 60.2



Recommendation regarding 2024-2025 Budget and Fee Management Recommended Budget Summary – Option 1

\$ in Millions, except rates

Budget Summary										
Line	2022 Actual	2023 Budget	2023 Forecast	2024 Request	2025 Request	2026 Projection	2027 Projection	2028 Projection	2029 Projection	
1	System Administration Fee Rate (SAF) \$	0.555	\$ 0.555	\$ 0.555	\$ 0.710	\$ 0.710	\$ 0.710	\$ 0.710	\$ 0.770	\$ 0.770
2	Energy Consumption (TWh)	431.0	434.0	434.5	465.0	480.0	494.3	508.3	516.4	521.2
2A	Year over Year %	9.6%	0.7%	0.8%	7.0%	3.2%	3.0%	2.8%	1.6%	0.9%
3	System Administration Fee Revenue \$	239.2	\$ 240.9	\$ 241.2	\$ 330.1	\$ 340.8	\$ 350.9	\$ 360.9	\$ 397.6	\$ 401.4
4	Department Net Expenditures	\$ 209.7	\$ 211.1	\$ 244.3	\$ 297.1	\$ 313.3	\$ 331.9	\$ 351.6	\$ 372.5	\$ 394.6
4A	Year over Year %	11.0%	0.6%	16.5%	21.6%	5.4%	5.9%	5.9%	5.9%	5.9%
5	Project Expenditures	54.0	27.1	34.7	37.5	33.0	35.5	72.8	45.0	37.0
6	Market Design Project	-	2.4	2.4	21.6	17.2	8.0	-	-	-
7	MET Center Replacement Project	15.4	-	-	-	-	-	-	-	-
8	Total Net Expenditures \$	279.1	\$ 240.5	\$ 281.4	\$ 356.2	\$ 363.5	\$ 375.4	\$ 424.3	\$ 417.5	\$ 431.6
9	Net Available Before Non-Operating \$	(39.9)	\$ 0.3	\$ (40.3)	\$ (26.1)	\$ (22.6)	\$ (24.4)	\$ (63.4)	\$ (19.8)	\$ (30.2)
10	Debt Service	\$ (5.1)	\$ (5.5)	\$ (5.4)	\$ (5.4)	\$ (5.2)	\$ (5.1)	\$ (4.7)	\$ (4.5)	\$ (4.4)
11	Interest Income	25.0	0.0	77.4	49.8	39.8	39.8	39.8	39.8	39.8
11A	Interest Rate %	1.51%	0.01%	3.72%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
12	Investment in SPE M & N	(10.6)	-	-	-	-	-	-	-	-
13	Non-Operating Sources & Uses \$	9.3	\$ (5.5)	\$ 72.0	\$ 44.4	\$ 34.6	\$ 34.6	\$ 35.1	\$ 35.3	\$ 35.4
14	Net Available \$	(30.6)	\$ (5.1)	\$ 31.7	\$ 18.3	\$ 11.9	\$ 10.2	\$ (28.4)	\$ 15.5	\$ 5.2
Year-End Balances: Notes Payable, CRR Borrowings, Cash, and CRR Fund										
15	Notes Payable Balance	\$ 39.0	\$ 35.0	\$ 35.0	\$ 31.0	\$ 27.0	\$ 23.0	\$ 19.0	\$ 15.0	\$ 11.0
16	CRR Borrowings Balance	\$ 23.7	\$ 28.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Cash Balance	\$ -	\$ -	\$ 8.0	\$ 26.3	\$ 38.2	\$ 48.4	\$ 20.0	\$ 35.5	\$ 40.6
18	CRR Fund Balance	\$ 1,973.6	\$ 997.3	\$ 2,021.6	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0

Schedule may not foot due to rounding.



Recommendation regarding 2024-2025 Budget and Fee Management Recommended Sources and Uses Summary – Option 1

\$ in Millions

Sources and Uses									
	2022 Actual	2023 Budget	2023 Forecast	2024 Request	2025 Request	2026 Projection	2027 Projection	2028 Projection	2029 Projection
1 System Administration Fee Revenue	\$ 239.2	\$ 240.9	\$ 241.2	\$ 330.1	\$ 340.8	\$ 350.9	\$ 360.9	\$ 397.6	\$ 401.4
2* Reliability Organization Assessment	21.8	20.5	24.8	26.2	27.7	29.2	30.8	32.6	34.4
3 Interest Income	25.0	0.0	77.4	49.8	39.8	39.8	39.8	39.8	39.8
4 Other Revenues	8.6	20.5	16.4	18.0	18.0	18.9	19.9	20.9	21.9
5 CRR Borrowings	23.7	5.1	-	-	-	-	-	-	-
6 Decrease in Cash Balance	6.9	-	-	-	-	-	28.4	-	-
7 Total Sources	\$ 325.2	\$ 287.0	\$ 359.7	\$ 424.0	\$ 426.2	\$ 438.8	\$ 479.7	\$ 490.8	\$ 497.4
8 Department Expenditures	\$ 218.3	\$ 231.5	\$ 260.7	\$ 315.1	\$ 331.2	\$ 350.8	\$ 371.4	\$ 393.3	\$ 416.5
9 Project Expenditures	54.0	27.1	34.7	37.5	33.0	35.5	72.8	45.0	37.0
10 Market Design Project	-	2.4	2.4	21.6	17.2	8.0	-	-	-
11 MET Center Replacement Project	15.4	-	-	-	-	-	-	-	-
12* Reliability Organization Assessment	21.8	20.5	24.8	26.2	27.7	29.2	30.8	32.6	34.4
13 Debt Service	5.1	5.5	5.4	5.4	5.2	5.1	4.7	4.5	4.4
14 Investment in SPE M & N	10.6	-	-	-	-	-	-	-	-
15 Repayment of CRR Borrowings	-	-	23.7	-	-	-	-	-	-
16 Increase in Cash Balance	-	-	8.0	18.3	11.9	10.2	-	15.5	5.2
17 Total Uses	\$ 325.2	\$ 287.0	\$ 359.7	\$ 424.0	\$ 426.2	\$ 438.8	\$ 479.7	\$ 490.8	\$ 497.4

* Reliability Organization Assessment is a pass-through collected on behalf of the Texas Regional Entity; it is not set by ERCOT.

Schedule may not foot due to rounding.





Date: December 12, 2023
To: Board of Directors
From: Bill Flores, Finance and Audit (F&A) Committee Chairman
Subject: Acceptance, Adoption and Approval of 2024-2025 Budget and Fee

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: December 19, 2023

Item No.: 12.2

Issue:

Electric Reliability Council of Texas, Inc. (ERCOT) must have a Board of Directors (Board)-approved budget per its Bylaws. The Public Utility Commission of Texas (PUC) modified ERCOT’s Board-approved 2024 to 2025 Biennial Budget and system administration fee rate proposal and approved the Budget and fee rate as modified. This vote is for the Board to accept, adopt and approve the PUC-approved budget and system administration fee rate.

Background/History:

PUC Substantive Rule 25.363, ERCOT Budget and Fees

P.U.C. SUBST. R. 25.363(e) provides that the PUC may approve, disapprove, or modify any item included in the proposed budget and budget strategies.

ERCOT Bylaws

Sections 4.10 (*Duties*) and 10.3 (*Budget*) of the ERCOT Bylaws together require that the Board adopt and approve the Budget and that the Board not delegate this responsibility.

ERCOT Board Policies and Procedures

Section 3.3 (*Budget*) of the Board Policies and Procedures provides, “[a]doption of the Budget by the Board and as approved by the PUC authorizes the CEO to complete work plans and make associated expenditures as provided for in accordance with the Budget.”

Finance & Audit Committee Charter

The Finance & Audit Committee Charter states in Section IV(C), The Committee’s Budget Oversight and Financing Duties and Responsibilities:

1. At least annually, the Committee shall:
 - a. Review staff’s proposed budget for the following year(s);
 - b. Review staff’s recommendation of the amount and type of financing needed, both revenue and debt financing, to support the proposed budget and meet the Company’s liquidity needs; and

- c. Following the Committee's review of the above items, recommend to the Board, a proposed budget and associated financing plan for the following year(s).

Board Approval, ERCOT Filings, and PUCT Approval

At its meeting on June 20, 2023, following F&A Committee recommendation at the Committee meeting on June 19, 2023, the Board approved ERCOT's 2024-2025 Biennial Budget and system administration fee rate. On August 25, 2023, ERCOT submitted in PUCT Project No. 38533 the Board-approved 2024-2025 Biennial Budget and system administration fee rate.

On October 20, 2023, per the F&A Committee Chair's request during the October 17, 2023 Board meeting, ERCOT filed supplemental information with the PUCT showing the impact of ERCOT's revised 2023 favorable financial variance presented at the October 16, 2023 F&A Committee meeting. On October 27, 2023, Commission staff filed a Proposed Order for the Commission's consideration.

At the November 2, 2023 PUCT Open Meeting, the PUCT modified and approved Commission staff's Proposed Order to approve all department and project expenditures included in the Board-approved budget and increase in the ERCOT System Administration Fee rate to \$0.630 per megawatt-hour effective January 1, 2024. Two reasons were expressed for the PUCT's approval of the lower \$0.630 fee rate rather than the \$0.710 fee rate in the Board-approved budget: (1) an updated 2023 projected year-end cash balance based on revised 2023 favorable financial variance filed on October 20, 2023 and (2) the PUCT's desire to use a two-year flat-fee approach instead of a four-year flat-fee approach due to the unpredictability of interest income rates in the current environment.

On November 9, 2023, ERCOT filed an updated budget summary and updated sources and uses schedules that detail the 2024-2025 biennial budget discussed and approved at the PUCT's November 2, 2023 Open Meeting. In ERCOT's filing, as at the November 2 Open Meeting, ERCOT emphasized that, by using the two-year flat-fee approach, the next projected fee increase is projected to occur in 2026.

On November 15, 2023, the PUCT issued an Order in Project No. 38533 memorializing the Commission's approval of ERCOT's 2024-2025 Biennial Budget and Authorizing the System Administration Fee (Order), a copy of which is attached hereto as **Attachment A**. The Order requires ERCOT to submit an operating budget reconciliation on September 1, 2024 and to submit its proposed 2026-2027 biennial budget no later than September 1, 2025. Other requirements in the Order are for ERCOT to report on key Commission-priority milestones quarterly until delivery and report Key Performance Indicators annually beginning September 1, 2024.

Key Factors Influencing Issue:

- ERCOT requires Board adoption of the Budget as approved by the PUCT to authorize the CEO to complete work plans and make associated expenditures for funding, which enables ERCOT to fulfill its statutory functions as an independent organization as required by Section 39.151(a) of the Public Utility Regulatory Act (PURA). For instance, ERCOT must have adequate funds and staff in 2024 and 2025 to:
 - Maintain compliance with the Financial Corporate Standard and associated financial performance measures as approved by the Board;
 - Address ERCOT's Strategic Objectives:
 - Strategic Objective 1: Be an industry leader for grid reliability and resilience,
 - Strategic Objective 2: Enhance the ERCOT region's economic competitiveness with respect to trends in wholesale power rates and retail electricity prices, and
 - Strategic Objective 3: Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission; and
 - Fund independent market monitoring, PURA, and North American Electric Reliability Corporation (NERC) compliance functions.
- In the fourth quarter of 2022 and the first two quarters of 2023, ERCOT staff discussed financial assumptions, methodologies, schedules, and a system administration fee rate relating to the 2024-2025 Biennial Budget with PUCT staff designated by the PUCT Executive Director.
- ERCOT staff presented its recommended 2024-2025 Biennial Budget to the F&A Committee on June 19, 2023 and to the Board on June 20, 2023.
- The F&A Committee recommended and the Board approved the ERCOT staff-recommended budget including an increase in the ERCOT system administration fee rate from \$0.555 to \$0.710 per megawatt-hour effective January 1, 2024.
- Subsequently, at its Open Meeting on November 2, 2023 and as memorialized in the November 15, 2023 Order, the PUCT approved all department and project expenditures included in the Board-approved budget and increasing the ERCOT system administration fee rate to \$0.630 per megawatt-hour effective January 1, 2024.

Conclusion/Recommendation:

ERCOT staff recommends, and the F&A Committee is expected to recommend, that the Board:

- Accept, adopt and approve the PUCT-approved total spending authorization for operating expenses, project spending, and debt service obligations in the amounts of \$405,700,000 and \$414,300,000 for 2024 and 2025, respectively, as set forth in **Attachment B**; and



- Accept, adopt and approve the PUCT-approved ERCOT system administration fee rate to \$0.630 per megawatt-hour, effective January 1, 2024, as set forth in **Attachment C**.



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 recommendations of ERCOT staff and the Finance and Audit (F&A) Committee that the Board accept, adopt and approve the PUCT-approved 2024-2025 Biennial Budget (Budget), which includes operating expenses, project spending, and debt service obligations, and system administration fee rate;

WHEREAS, Sections 4.10 (*Duties*) and 10.3 (*Budget*) of the Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc., approved on December 20, 2022 (Bylaws), requires that the Board approve the Budget;

WHEREAS, Section 3.3 (*Budget*) of the Board Policies and Procedures requires adoption of the Budget by the Board and as approved by the PUCT to authorize the CEO to complete work plans and make associated expenditures as provided for in accordance with the Budget; and

WHEREAS, the PUCT on November 15, 2023 issued the order, a copy of which is attached hereto as **Attachment A**, memorializing the Commission's November 2, 2023 approval of a 2024-2025 Biennial Budget that includes a total spending authorization of \$405,700,000 and \$414,300,000, respectively, and an increase in the ERCOT system administration fee rate from \$0.555 to \$0.630 per megawatt-hour, effective January 1, 2024;

THEREFORE, BE IT RESOLVED, that the Board hereby accepts, adopts, and approves:

- (1) The PUCT-approved 2024-2025 Biennial Budget as set forth in **Attachment B**, which includes \$405,700,000 and \$414,300,000 total spending authorization for operating expenses, project spending, and debt service obligations for 2024 and 2025, respectively; and
- (2) The PUCT-approved increase to the ERCOT system administration fee rate from \$0.550 to \$0.630 per megawatt-hour effective January 1, 2024, as set forth in **Attachment C**.



CORPORATE SECRETARY'S CERTIFICATE

I, Jonathan M. Levine, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its December 19, 2023 meeting, the Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of December, 2023.

Jonathan M. Levine
Assistant Corporate Secretary



Control Number: 38533



Item Number: 68

PROJECT NO. 38533

2023.11.16 01:00
PUBLIC UTILITY COMMISSION

PUC REVIEW OF ERCOT BUDGET

§
§
§

PUBLIC UTILITY COMMISSION

OF TEXAS

ORDER APPROVING ERCOT'S 2024 TO 2025 BIENNIAL BUDGET AND AUTHORIZING THE SYSTEM ADMINISTRATION FEE

This order addresses the requested 2024 to 2025 biennial budget and system administration fee for Electric Reliability Council of Texas, Inc. (ERCOT). On August 25, 2023, ERCOT filed 2024/2025 Biennial Budget and System Administration Fee Submission, filed supplemental information on October 20, 2023, and filed an updated budget summary and sources and uses schedules on November 9, 2023 that documents the two-year fee approach that was discussed and approved at the November 2, 2023 open meeting.¹

For the reasons discussed in this order, the Commission:

1. approves ERCOT's budget to the extent provided in this Order, including a total spending authorization of \$405,700,000 in fiscal year 2024 and total spending authorization of \$414,300,000 in fiscal year 2025;²
2. approves a system administration fee of \$0.630 per MWh;
3. orders ERCOT to file an operating budget reconciliation in Project No. 38533 for the twelve months ending June 30, 2024, by September 1, 2024;
4. orders ERCOT to meet performance measures for the following key Commission priorities: 1) Reliability Standard, 2) Dispatchable Reliability Reserve Service (DRRS), 3) Real-Time Co-Optimization + Batteries (RTC+B), and 4) Performance Credit Mechanism (PCM);
5. orders ERCOT to report to the Commission relating to ERCOT's development of applicable performance measures or metrics used by the Federal Energy Regulatory

¹ PUC Review of ERCOT Budget, Project No. 38533.

² Id.

Commission to track the performance of Regional Transmission Organization / Independent System Operator operations and markets; and

6. provides instructions for submission of ERCOT's proposed 2026 to 2027 budget.

I. Background

ERCOT is the independent organization designated to serve as the independent system operator for the ERCOT power region under the oversight of the Commission.³ It is a Texas non-profit corporation operating as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code.⁴

The approval of ERCOT's budget is governed by PURA § 39.151 and 16 TAC § 25.363, which provides that ERCOT's annual budget and any change in the system administration fee are subject to review by the Commission. PURA provides the Commission with complete authority to oversee ERCOT's finances, budget,⁵ and system administration fee⁶ and to order ERCOT to operate under biennial budgets.⁷ PURA also requires ERCOT to submit performance measures to the Commission for review and approval⁸ and authorizes the Commission to require ERCOT to provide reports and information relating to ERCOT's performance.⁹ Additionally, PURA provides that neither the Commission's process for the review and approval of ERCOT's budget, nor a proceeding to authorize and set the system administration fee constitutes a contested case proceeding.¹⁰

As part of the Commission's Order Approving ERCOT's 2022 to 2023 Biennial Budget and Authorizing the System Administrative Fee, the Commission also instructed ERCOT to file

³ Public Utility Regulatory Act, TEX. UTIL. CODE ANN. § 39.151 (West 2007 & Supp. 2023).

⁴ 26 U.S.C.A. § 501(c)(4) (West 2019).

⁵ PURA § 39.151(d).

⁶ See PURA § 39.151(e) (stating "After approving the budget of an independent organization under Subsection (d-1), the commission shall authorize the organization to charge to wholesale buyers and sellers a system administration fee, within a range determined by the commission, that is reasonable and competitively neutral to fund the independent organization's approved budget.").

⁷ PURA § 39.151(d-1).

⁸ PURA § 39.151(d-3).

⁹ PURA § 39.151(d-4).

¹⁰ PURA § 39.151(e-1).

its proposed budget for fiscal years 2024 to 2025 and provide specific information to facilitate the Commission's consideration of ERCOT's proposed budget no later than September 1, 2023.¹¹

As required by 16 TAC § 25.363(e), ERCOT staff consulted with members of Commission staff designated by the executive director regarding the development of ERCOT's budget and provided information concerning budget strategies, staffing requirements, categories of expenses, capital outlays, exceptional expenses, capital items, and proposals to incur additional debt. On June 27, 2023, the ERCOT Board of Directors unanimously voted to accept the recommendations of the ERCOT Finance and Audit Committee to approve a proposed 2024 to 2025 budget and system administration fee,¹² which ERCOT filed in this project on August 25, 2023, along with supporting documentation.¹³ On September 25, 2023, Commission staff filed a notice of public hearing on ERCOT's proposed 2024 to 2025 budget and system administration fee.¹⁴ On October 13, 2023, Commission staff held a public hearing regarding ERCOT's proposed 2024 to 2025 budget and system administration fee. Public comment was taken. ERCOT provided a brief overview of its proposed budget. Commission staff testified. ERCOT answered questions from Commission staff and questions posed during public comment.

On October 17, 2023, the Finance and Audit Committee Chair of the ERCOT Board of Directors requested that ERCOT supplement its 2024 to 2025 budget and system administration fee submission with information revising ERCOT's 2023 favorable variance, providing an updated forecast based on that 2023 favorable variance, and providing information that would support reduction of ERCOT's system administration fee request from \$0.710 per MWh to \$0.690 per MWh.¹⁵ On October 20, 2023, ERCOT made a filing with that supplemental information.¹⁶

¹¹ *PUC Review of ERCOT Budget*, Project No. 38533, Order Approving ERCOT's 2022 to 2023 Biennial Budget and Authorizing the System Administration Fee at 6 (Dec. 2, 2021).

¹² Project No. 38533, ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission, Attachment A, ERCOT Board Resolution Approving Proposed 2024/2025 Biennial Budget and System Administration Fee (Aug. 25, 2023).

¹³ Project No. 38533, ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission (Aug. 25, 2023).

¹⁴ Project No. 38533, Public Notice of Public Hearing on Proposed ERCOT Budget for 2024 and 2025 and Request for Comments (Sept. 25, 2023).

¹⁵ Project No. 38533, Supplemental Information Regarding ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission at 1 (Oct. 20, 2023).

¹⁶ *Id.*

ERCOT has requested that the Commission take action by November 15, 2023 to allow ERCOT to issue a Market Notice to all ERCOT market participants 45 days in advance of a change to the system administration fee on January 1, 2024, as required by 16 TAC § 25.363(e).¹⁷

The Commission considered ERCOT's proposed 2024/2025 biennial budget and system administration fee at an open meeting held on November 2, 2023, and approved ERCOT's proposed 2024/2025 biennial budget and system administrative fee to the extent provided in this order.

II. ERCOT's Proposed 2024/2025 Biennial Budget and System Administration Fee

ERCOT provided three main sources of information about its proposed 2024/2025 biennial budget and system administration fee: ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission;¹⁸ ERCOT's Summary Regarding Primary Variances from the 2023 Budget to the 2024 Budget Request and Impact to the System Administration Fee Rate of Certain 2024 Budget Request Components;¹⁹ and Supplemental Information Regarding ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission.²⁰

A. Biennial Budget and System Administration Fee Submission

The proposed 2024/2025 biennial budget approved by the ERCOT Board of Directors includes \$424,027,936 in total spending authorization for ERCOT's fiscal year 2024 and \$426,184,988 in total spending authorization for ERCOT's fiscal year 2025.²¹ It also includes an increase in the system administration fee rate from \$0.555 per MWh to \$0.710 per MWh, effective January 1, 2024, with the intention for the new rate to remain in effect through 2027.²²

¹⁷ See Project No. 38533, ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission at 12 (Aug. 25, 2023); Project No. 38533, Supplemental Information Regarding ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission at 2 (Oct. 20, 2023).

¹⁸ Project No. 38533, ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission (Aug. 25, 2023).

¹⁹ Project No. 38533, ERCOT's Summary Regarding Primary Variances from the 2023 Budget to the 2024 Budget Request and Impact to the System Administration Fee Rate of Certain 2024 Budget Request Components (Oct. 12, 2023).

²⁰ Project No. 38533, Supplemental Information Regarding ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission (Oct. 20, 2023).

²¹ Project No. 38533, ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission (Aug. 25, 2023).

²² *Id.*

B. Primary Variances from the 2023 Budget to the 2024 Budget Request

As requested by Commission staff, ERCOT submitted a summary regarding the primary variances from the 2023 budget to the 2024 budget request.²³ In that document, the four largest categories of expenditure increases from 2023 to 2024 are expected to be: the Market Design project, an increase of 794.4%; outside services, an increase of 74.6%; utility, maintenance, and facility expenses, an increase of 46.0%; and department labor expenses, an increase of 45.3%.²⁴

The market design projects accounting for the increase include Real Time Co-optimization, Energy Storage Single Model, State of Charge, Dispatchable Reliability Reserve Service, and Performance Credit Mechanism, and market plan projects required by House Bill 1500 (88th L.S.).²⁵

Outside services expenses accounting for the increase include:

- \$4.5 million for outside legal services due to a multitude of lawsuits and disputes, substantial increase in complex situations, and Securitization consulting;
- \$4.5 million for contingent labor primarily to support Energy Management System (EMS) Upgrade, Dispatchable Reliability Reserve Service (DRRS), Performance Credit Mechanism (PCM), Network Model Management System (NMMS), RIOO Energy Storage Resource, GINR studies, and additional HR recruiting staff;
- \$1.9 million for outsourced weatherization inspection services;
- \$1.8 million for System planning and operations consulting services and periodic research studies for Cost of new Entry, reserve margin, NERC Probabilistic assessment, Effective Load Cary Capability, etc.; and
- \$1.2 million for employee training and development.²⁶

²³ Project No. 38533, ERCOT's Summary Regarding Primary Variances from the 2023 Budget to the 2024 Budget Request and Impact to the System Administration Fee Rate of Certain 2024 Budget Request Components (Oct. 12, 2023).

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

Utility, maintenance, and facility expenses accounting for the increase include end-of-life replacement for HVAC equipment, Wide-Area Network costs, such as migration to a new vendor and normal cost increases, and property tax for the new Met Center building.²⁷

Department labor expenses include an additional 171 budgeted positions, “costs to address recruiting and retention risks, including incentive programs and market adjustments,” and other salary and wage growth.²⁸

C. Supplemental Information

ERCOT acknowledged in the public hearing on October 13, 2023, that the full-year 2023 favorable financial variance had increased since the ERCOT Board of Directors approved the 2024/2025 biennial budget and system administration fee request. Subsequently, ERCOT filed supplemental information revising its proposed total spending authorization in fiscal years 2024 and 2025 and proposed system administrative fee under its proposed Option 1. ERCOT's supplemental filing for Option 1 supports a revised total spending authorization of \$414,700,000 in fiscal year 2024 and a revised total spending authorization of \$416,600,000 in fiscal year 2025, along with a revised system administration fee of \$0.690 per MWh.²⁹ At the November 2, 2023 Open Meeting, ERCOT confirmed that after adjusting for the supplemental information that ERCOT filed on October 20, 2023, the system administration fee under Option 2 decreases at a similar rate as the decrease in ERCOT's proposed Option 1 (i.e., decreases by \$0.02 from \$0.655 to \$0.630). On November 9, 2023, ERCOT filed ERCOT's 2024/2025 Biennial Budget Summary and Sources and Uses Schedules Revised for the Commission's Order, which shows that adjustment.³⁰

III. Approval of ERCOT's 2024 to 2025 Biennial Budget and Authorization of System Administration Fee

The Commission has reviewed ERCOT's proposed 2024/2025 biennial budget and system administration fee, and ERCOT's supplemental information. Based on the foregoing facts, the

²⁷ *Id.*

²⁸ *Id.*

²⁹ Project No. 38533, Supplemental Information Regarding ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission (October 20, 2023).

³⁰ Project No. 38533.

Commission approves ERCOT's proposed budget to the extent provided in this order to provide for a total spending authorization of \$405,700,000 in fiscal year 2024 and total spending authorization of \$414,300,000 in fiscal year 2025. The Commission further approves ERCOT's system administration fee of \$0.630 per MWh, to become effective at the beginning of ERCOT's new fiscal year on January 1, 2024.

IV. Performance Monitoring of ERCOT's Timely Implementation of Key Commission Priorities

To ensure ERCOT's timely implementation of key Commission priorities, the Commission orders ERCOT to meet performance measures for the following key Commission priorities: 1) Reliability Standard, 2) Dispatchable Reliability Reserve Service (DRRS), 3) Real-Time Co-Optimization + Batteries (RTC + B), and 4) Performance Credit Mechanism (PCM). Specifically, these performance measures include the following:

1. Delivery of Value of Lost Load (VOLL) study associated with the development of a Reliability Standard in the second quarter of 2024;³¹
2. Implementation of DRRS as expeditiously as possible³² and prior to or aligned with RTC+B;
3. Full implementation and delivery of RTC+B in 2026;³³ and
4. Implementation of the PCM must be aligned with the implementation of RTC+B in 2026 (ERCOT's failure to align PCM and RTC+B implementation together will require cost analysis for a PCM without RTC+B so that PCM costs are clearly understood by the Commission).

On a quarterly basis, ERCOT must provide a report in Project No. 38533, updating the Commission on its progress in implementing the key Commission priorities consistent with the performance measures stated above. The quarterly reports must include quantifiable measures of success in achieving milestones that will ensure the key Commission priorities are implemented

³¹ *Reliability Standard for the ERCOT Market*, Project No. 54584, ERCOT Market Initiative Overview for Reliability Standard (Aug. 21, 2023).

³² *Implementation Activities 88th Legislature (R.S.)*, Project No. 55156, Dispatchable Reliability Reserve Services (DRRS) Letter from Chairman Schwertner, Chairman Hunter, and Vice Chair Holland (Oct. 17, 2023).

³³ *Wholesale Electric Market Design Implementation*, Project No. 53298, ERCOT Market Initiative Overview for DRRS, ORDC, PCM, and RTC+B (Aug. 21, 2023).

on a timely basis and within budget. ERCOT must file the quarterly reports on March 1, June 1, September 1, and December 1 of each year until these key Commission priorities are fully implemented and delivered by ERCOT. In addition, ERCOT must annually provide the Commission with a report in Project No. 38533, relating to the key performance indicators in Attachment F of ERCOT's 2024/2025 Biennial Budget and System Administration Fee Submission and applicable performance measures and metrics used by the Federal Energy Regulatory Commission to track the performance of Regional Transmission Organization / Independent System Operator operations and markets. Beginning with its 2023 review of these key performance indicators, the first annual report is due September 1, 2024. Each subsequent annual report is due the following year on September 1.

V. Instructions for Submission of ERCOT's Proposed 2026 to 2027 Budget

To ensure sufficient time for review, public comment, and consideration by the Commission, ERCOT must file its proposed budget for fiscal years 2026 to 2027 no later than September 1, 2025. The Commission may extend this deadline for good cause by memorandum or written order adopted by a majority vote.

ERCOT's proposed 2026 to 2027 biennial budget submission must resemble the legislative appropriation request methodology used by the Legislative Budget Board and the governor's Budget and Planning Division; therefore, ERCOT must provide a proposed 2026 to 2027 budget that contains total baseline expenditures equal to ERCOT's Commission-approved 2024 and 2025 total revenue requirements, excluding favorable financial variances realized in 2023, for budget year 2024 and in 2024 for budget year 2025. ERCOT may request increases to the total baseline expenditure amounts for 2024 and 2025 by providing a detailed explanation for each specific exceptional expenditure item. The detailed explanation for an exceptional expenditure item must include the proposed increased revenue requirement and proposed fee increase that would be necessary to fund these items. The requirements set forth above do not in any way limit the ability of Commission staff to request additional information, including schedules, from ERCOT under PURA § 39.151(e).

Signed at Austin, Texas the 15th day of November 2023.

PUBLIC UTILITY COMMISSION OF TEXAS


KATHLEEN JACKSON, INTERIM CHAIR


WILL MCADAMS, COMMISSIONER


LORI COBOS, COMMISSIONER


JIMMIE GLOTFELTY, COMMISSIONER

ERCOT

Fiscal Years 2024-2025 Budget

ERCOT Sources and Uses - PUC-Approved \$0.630 SAF Rate for 2024-2025, Effective January 1, 2024

(\$ in Millions)

Sources and Uses				2024	2025	2026	2027	2028	2029
	2022	2023	2023	Request	Request	Projection	Projection	Projection	Projection
	Actual	Budget	Forecast						
1 System Administration Fee Revenue	\$ 239.2	\$ 240.9	\$ 247.4	\$ 292.9	\$ 302.4	\$ 365.8	\$ 376.2	\$ 397.6	\$ 401.4
2* Reliability Organization Assessment	21.8	20.5	24.8	26.2	27.7	29.2	30.8	32.6	34.4
3 Interest Income	25.0	0.0	104.7	49.8	39.8	39.8	39.8	39.8	39.8
4 Other Revenues	8.6	20.5	15.2	18.0	18.0	18.9	19.9	20.9	21.9
5 CRR Borrowings	23.7	5.1	-	-	1.2	-	-	-	-
6 Decrease in Cash Balance	6.9	-	-	18.9	25.3	-	13.1	-	-
7 Total Sources	\$ 325.2	\$ 287.0	\$ 392.0	\$ 405.7	\$ 414.3	\$ 453.6	\$ 479.7	\$ 490.8	\$ 497.4
8 Department Expenditures	\$ 218.3	\$ 231.5	\$ 257.6	\$ 315.1	\$ 331.2	\$ 350.8	\$ 371.4	\$ 393.3	\$ 416.5
9 Project Expenditures	54.0	27.1	34.6	37.5	33.0	35.5	72.8	45.0	37.0
10 Market Design Project	-	2.4	2.0	21.6	17.2	8.0	-	-	-
11 MET Center Replacement Project	15.4	-	-	-	-	-	-	-	-
12* Reliability Organization Assessment	21.8	20.5	24.8	26.2	27.7	29.2	30.8	32.6	34.4
13 Debt Service	5.1	5.5	5.2	5.4	5.2	5.1	4.7	4.5	4.4
14 Investment in SPE M & N	10.6	-	-	-	-	-	-	-	-
15 Repayment of CRR Borrowings	-	-	23.7	-	-	1.2	-	-	-
16 Increase in Cash Balance	-	-	44.2	-	-	23.8	-	15.5	5.2
17 Total Uses	\$ 325.2	\$ 287.0	\$ 392.0	\$ 405.7	\$ 414.3	\$ 453.6	\$ 479.7	\$ 490.8	\$ 497.4

* Reliability Organization Assessment is a pass-through collected on behalf of the Texas Regional Entity; it is not set by ERCOT.

Schedule may not foot due to rounding.

ERCOT

Fiscal Years 2024-2025 Budget

ERCOT Budget Summary - PUC-Approved \$0.630 SAF Rate for 2024-2025, Effective January 1, 2024

(\$ in Millions, except Rates)

Budget Summary										
Line	2022 Actual	2023 Budget	2023 Forecast	2024 Request	2025 Request	2026 Projection	2027 Projection	2028 Projection	2029 Projection	
1	System Administration Fee Rate (SAF)	\$ 0.555	\$ 0.555	\$ 0.555	\$ 0.630	\$ 0.630	\$ 0.740	\$ 0.740	\$ 0.770	\$ 0.770
2	Energy Consumption (TWh)	431.0	434.0	445.8	465.0	480.0	494.3	508.3	516.4	521.2
2A	Year over Year %	9.6%	0.7%	3.4%	4.3%	3.2%	3.0%	2.8%	1.6%	0.9%
3	System Administration Fee Revenue	\$ 239.2	\$ 240.9	\$ 247.4	\$ 292.9	\$ 302.4	\$ 365.8	\$ 376.2	\$ 397.6	\$ 401.4
4	Department Net Expenditures	\$ 209.7	\$ 211.1	\$ 242.4	\$ 297.1	\$ 313.3	\$ 331.9	\$ 351.6	\$ 372.5	\$ 394.6
4A	Year over Year %	11.0%	0.6%	15.6%	22.6%	5.4%	5.9%	5.9%	5.9%	5.9%
5	Project Expenditures	54.0	27.1	34.6	37.5	33.0	35.5	72.8	45.0	37.0
6	Market Design Project	-	2.4	2.0	21.6	17.2	8.0	-	-	-
7	MET Center Replacement Project	15.4	-	-	-	-	-	-	-	-
8	Total Net Expenditures	\$ 279.1	\$ 240.5	\$ 279.0	\$ 356.2	\$ 363.5	\$ 375.4	\$ 424.3	\$ 417.5	\$ 431.6
9	Net Available Before Non-Operating	\$ (39.9)	\$ 0.3	\$ (31.6)	\$ (63.3)	\$ (61.0)	\$ (9.6)	\$ (48.2)	\$ (19.8)	\$ (30.2)
10	Debt Service	\$ (5.1)	\$ (5.5)	\$ (5.2)	\$ (5.4)	\$ (5.2)	\$ (5.1)	\$ (4.7)	\$ (4.5)	\$ (4.4)
11	Interest Income	25.0	0.0	104.7	49.8	39.8	39.8	39.8	39.8	39.8
11A	Interest Rate %	1.51%	0.01%	5.00%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
12	Investment in SPE M & N	(10.6)	-	-	-	-	-	-	-	-
13	Non-Operating Sources & Uses	\$ 9.3	\$ (5.5)	\$ 99.5	\$ 44.4	\$ 34.6	\$ 34.6	\$ 35.1	\$ 35.3	\$ 35.4
14	Net Available	\$ (30.6)	\$ (5.1)	\$ 67.9	\$ (18.9)	\$ (26.5)	\$ 25.0	\$ (13.1)	\$ 15.5	\$ 5.2
Year-End Balances: Notes Payable, CRR Borrowings, Cash, and CRR Fund										
15	Notes Payable Balance	\$ 39.0	\$ 35.0	\$ 35.0	\$ 31.0	\$ 27.0	\$ 23.0	\$ 19.0	\$ 15.0	\$ 11.0
16	CRR Borrowings Balance	\$ 23.7	\$ 28.2	\$ -	\$ -	\$ 1.2	\$ -	\$ -	\$ -	\$ -
17	Cash Balance	\$ -	\$ -	\$ 44.2	\$ 25.3	\$ -	\$ 23.8	\$ 10.7	\$ 26.1	\$ 31.3
18	CRR Fund Balance	\$ 1,973.6	\$ 997.3	\$ 2,062.4	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0	\$ 2,000.0

Schedule may not foot due to rounding