



**DRAFT GENERAL SESSION MINUTES OF THE
FINANCE AND AUDIT COMMITTEE MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

8000 Metropolis Drive (Building E), Suite 100, Boardroom A
Austin, Texas 78744
April 7, 2025

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance and Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation/Role (if any)	Voting Category
Barkley, Ben	Office of Public Utility Counsel (OPUC), Chief Executive and Public Counsel	Voting
Cornelius, Sig	N/A	Voting
England, Julie	N/A	Voting

Other Board Members:

Director	Affiliation/Role (if any)	Voting Category
Capuano, Linda	N/A	Voting
Flores, Bill (Board Chair)	Meeting Manager	Voting
Gleeson, Thomas	Public Utility Commission of Texas (PUCT, Commission) Chairman	N/A
Hernandez, Alex	N/A	Voting
Heeg, Peggy	N/A	Voting
Jackson, Kathleen	PUCT Commissioner	Non-Voting
Vegas, Pablo	ERCOT President and Chief Executive Officer (CEO)	Non-Voting

Officers and Guests:

Officer/Guest	Role
Bonser, Drew	Vice President of Security and Chief Information Security Officer
Collins, Keith	ERCOT Vice President of Commercial Operations
Gleason, Brandon	ERCOT Vice President, Legal and Compliance
Hjaltman, Courtney	PUCT Commissioner



Hobbs, Kristi	ERCOT Vice President of System Planning and Weatherization
Martinez, Adam	ERCOT Vice President of Enterprise and Risk Strategy
Parakkuth, Jayapal	ERCOT Senior Vice President and Chief Digital Officer
Rainwater, Kim	ERCOT Senior Corporate Counsel
Rickerson, Woody	ERCOT Senior Vice President and Chief Operating Officer
Rydell, Brandt	ERCOT Deputy General Counsel
Rychetsky, Penny	ERCOT Director of Internal Audit
Scheel, Richard	ERCOT Senior Vice President, Chief Financial Officer, and Chief Risk Officer
Seely, Chad V.	ERCOT Senior Vice President Regulatory Policy, General Counsel, Chief Compliance Officer, and Corporate Secretary
Slaughter, Sarah	Baker Tilly Virchow Krause, LLP, Director (Baker Tilly)
Spak, Mara	ERCOT Vice President of Human Resources
Tirupati, Venkat	ERCOT Vice President of Development Operations and Grid Transformation
Woodfin, Dan	ERCOT Vice President of System Operations
Worthman, Aaron	Baker Tilly Principal

Call General Session to Order (Agenda Item 1)

Bill Flores, Board Chair, determined that a quorum was present and called the F&A Committee meeting to order at approximately 11:30 a.m. He noted that Carlos Aguilar had been designated as Committee Chair at the February 25, 2025, Special Board meeting but has since resigned from the Board. Until a new Committee Chair is designated, Mr. Flores will facilitate the meeting in his capacity as Board Chair. He clarified that he is not a Committee member and will not vote on any agenda items. PUCT Chairman Thomas Gleeson then called to order an Open Meeting of the Commission. Chair Flores highlighted the Antitrust Admonition.

Notice of Public Comment, if Any (Agenda Item 2)

Chair Flores noted that the agenda for the meeting, posted publicly on March 31, 2025, included instructions for members of the public wishing to provide in-person comments. However, no individuals had expressed interest in doing so, as confirmed by Chad Seely.

February 3, 2025, General Session Meeting Minutes (Agenda Item 3)

Chair Flores entertained a motion to approve the February 3, 2025, General Session Meeting Minutes (Minutes).

Motion by Julie England, seconded by Sig Cornelius, to approve the Minutes as presented. Motion passed by unanimous voice vote with no abstentions.

Periodic Meeting with Independent Financial Auditor; Review of Requirements for Annual Audit of Financial Statements and Annual Servicer's Certificate; Report on December 31, 2024, Financial Audit and Annual Servicer's Certificate; Review of Audited Financial Statements and Annual Servicer's Certificate (Agenda Items 4 – 4.3)

Richard Scheel presented the Review of Requirements for Annual Audit of Financial Statements and Annual Servicer's Certificate.



Aaron Worthman and Sarah Slaughter presented Baker Tilly's independent certified accountant's Report on December 31, 2024, Financial Audit of ERCOT, Inc.; Texas Electric Market Stabilization Funding M, LLC; and Texas Electric Market Stabilization Funding N, LLC. Mr. Worthman confirmed that Baker Tilly and all audit engagement personnel are independent, both in fact and appearance, and that no material related-party transactions were identified. Chair Flores noted that a private discussion with Baker Tilly would be held during Executive Session.

Mr. Scheel reviewed the audited financial statements, noting that Baker Tilly expects to issue clean (unmodified) opinions. He also reported, and discussed with Committee and Board members, a subsequent event of material recovery of defense costs related to Winter Storm Uri litigation. Mr. Scheel then presented the Review of Annual Servicer's Certificate.

Committee Briefs; Review 2025 Financial Summary (Agenda Items 5 – 5.1)

Mr. Scheel presented the 2025 Financial Summary, including that ERCOT had \$158 million (M) in operating funds as of February 28, 2025, compared to \$71.6M at the same time in 2024. He explained that the unfavorable budget variance for 2025 resulted from the expiration of ERCOT's contract with its Retail Electric Provider, as the prior multi-year agreement afforded below-market rates in recent years.

Periodic Report on Investments (Agenda Item 5.2)

Mr. Scheel presented the Periodic Report on Investments, noting that ERCOT is following the Investment Corporate Standard.

Periodic Report on Debt Compliance (Agenda Item 5.3)

Mr. Scheel presented the Periodic Report on Debt Compliance, noting that ERCOT is in compliance with all debt requirements, including securitization.

Break

Chair Flores recessed General Session of the Committee meeting, and PUCT Chairman Gleason recessed the Open Meeting of the Commission, at approximately 12:03 p.m.

Chair Flores reconvened General Session of the F&A Committee meeting, and PUCT Chairman Gleason reconvened the Open Meeting of the Commission, at approximately 12:17 p.m.

Review Proposed 2026 / 2027 Biennial Budget (Agenda Item 6)

Mr. Scheel, Jayapal Parakkuth, Chad Seely, Woody Rickerson, and Mara Spak presented the Proposed 2026 / 2027 Biennial Budget, including departmental overviews. Each overview addressed key budget drivers, incremental costs and staffing, savings and deferrals since the last cycle, items previously cut in the current cycle, planned improvements, and risk management strategies.

Committee and Board members and Mr. Parakkuth discussed the proportion of contract workers under the Chief Digital Officer's department. In discussion with Mr. Seely, the Committee reviewed ERCOT policy limiting contractor terms to two years to reduce the risk of reclassification as employees under a multi-factor test. Members also discussed data storage



requirements as a significant cost driver. Mr. Scheel and Committee and Board members reviewed the Independent Market Monitor (IMM) contract's alignment with the budgeted amount and its four-year term. They also discussed the principle of revenue neutrality, noting ERCOT adjusts its Fee Schedule based on total costs rather than departmental revenue or profit/loss metrics. The discussion included the basis and mechanism for adjusting the System Administration Fee (SAF) rate, the SAF options in the meeting materials, and staff's recommendation of Option 1.

Further discussion covered the Data Center 6 (DC6) Infrastructure Refresh project and the need to account for potential tariffs and supply chain disruptions before finalizing the budget in June.

The Committee also discussed regulatory and statutory requirements as cost drivers and the ratepayer benefits of certain budget increases. Additional topics included defining a "base" budget excluding special projects, the possibility of amending the proposed budget or SAF rate if conditions change before approval, and projecting staffing needs to meet current and future demands.

Future Agenda Items (Agenda Item 7)

Mr. Scheel presented the Future Agenda Items.

Other Business (Agenda Item 8)

No other business was discussed.

Executive Session

Chair Flores recessed General Session at approximately 1:47 p.m. and convened Executive Session at approximately 1:54 p.m. Chair Flores reconvened General Session at approximately 2:42 p.m.

Vote on Matters from Executive Session; 2024 Financial Statements Audit Reports; Recommendation regarding Acceptance of ERCOT Consolidated Financial Statements Audit Report; Recommendation regarding Acceptance of Texas Electric Market Stabilization Funding M LLC Financial Statements Audit Report; and Recommendation regarding Acceptance of Texas Electric Market Stabilization Funding N LLC Financial Statements Audit Report (Agenda Items 9 – 9.1.3)

Chair Flores entertained a motion on the 2024 Financial Statements Audit Reports.

Motion by Ms. England, seconded by Ben Barkley, to recommend that the Board accept the audited financials and Financial Statements Audit Reports for (1) ERCOT, Inc.; (2) Texas Electric Market Stabilization Funding M, LLC; and (3) Texas Electric Market Stabilization Funding N, LLC, as presented. Motion passed by unanimous voice vote with no abstentions.

Selection of Independent Financial Auditor; Recommendation regarding Selection of Independent Financial Auditor for ERCOT Consolidated Financial Statements; Recommendation regarding Selection of Independent Financial Auditor for Texas Electric Market Stabilization Funding M LLC Financial Statements; Recommendation regarding



Selection of Independent Financial Auditor for Texas Electric Market Stabilization Funding N LLC Financial Statements (Agenda Items 9.2 – 9.2.3)

Chair Flores entertained a motion on Selection of the Independent Financial Auditor.

Motion by Mr. Cornelius, seconded by Mr. Barkley, to recommend that the Board select the auditor discussed during Executive Session under Agenda Item ES 2.4 as the Independent Financial Auditor to perform the following for the year ending December 31, 2025: (1) the financial statements audit, servicer’s certificate report, and Form 990 review for ERCOT, Inc.; (2) the financial statements audit and consolidation procedures for Texas Electric Market Stabilization Funding M LLC; and (3) the financial statements audit and consolidation procedures for Texas Electric Market Stabilization Funding N LLC. Motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 10)

Chair Flores adjourned General Session and the meeting at approximately 2:44 p.m.

Committee materials and presentations from the meeting are available on ERCOT’s website at http://www.ercot.com/committees/board/finance_audit/.

Brandon Gleason
Assistant Corporate Secretary