



Item 6: Subchapter M Refinancing

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Finance and Audit Committee Meeting

ERCOT Public
June 23, 2025

Overview

- **Purpose**

- To provide the Finance and Audit (F&A) Committee a high-level view of the Subchapter M Refinancing timing

- **Voting Items / Requests**

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

- **Key Takeaway**

- The Texas Stabilization Series 2021 M Bonds (M Bonds) were issued to the Texas Treasury Safekeeping Trust Company (TTSTC) on November 12, 2021.

High-Level Timeline

November
12, 2021

- M Bonds issued to TTSTC¹ (*original amount \$800 million*)
- 2.97% rate until Interest Rate Reset Conversion Date

November
12, 2024

- M Bonds three-year anniversary (*approximately \$390 million*)
- M Bonds redeemable without penalty or premium until this date and thereafter, so long as owned by TTSTC

January 31,
2025

- M Bonds Conversion Date
- Interest rate reset to 6.07%

Sept. 1,
2025

- Deadline to refinance the balance of the M Bonds through refinancing through a 144A offering

Key Takeaway: Refinancing M Bonds through a 144A offering likely results in a lower interest rate than the current 6.07%. Therefore, ERCOT staff, with the advice of its outside counsel and financial advisor, is recommending refinancing before September 1, 2025