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Item 6.1: Review 2025 Financial Summary

Richard L. Scheel, CPA
Senior Vice President, Chief Financial
Officer, and Chief Risk Officer

Finance and Audit Committee Meeting

September 22, 2025

- **Purpose**

To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of July 31, 2025

- **For Information Only**

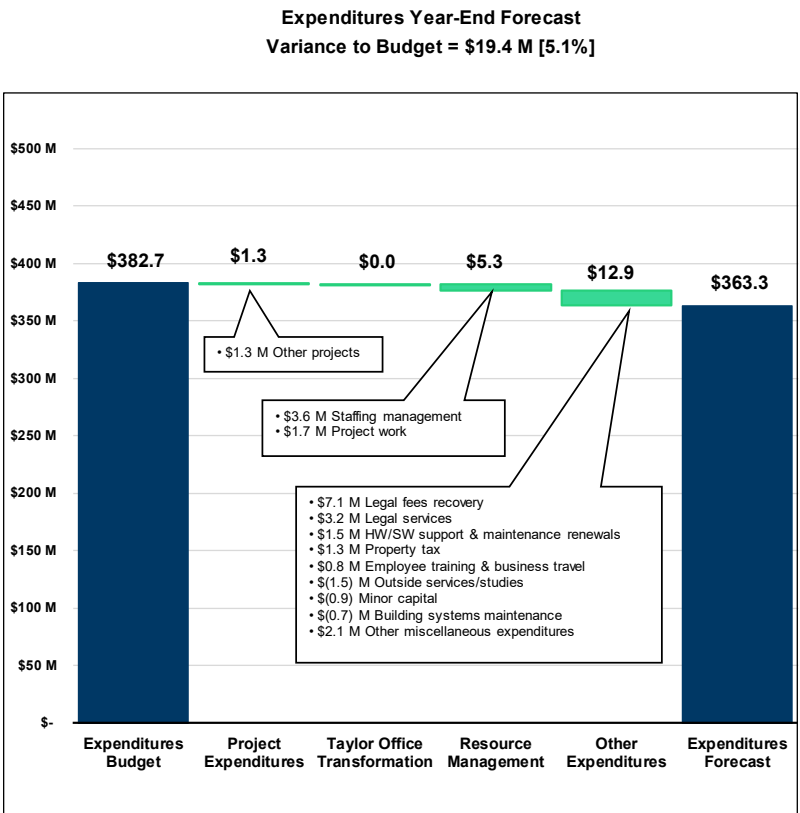
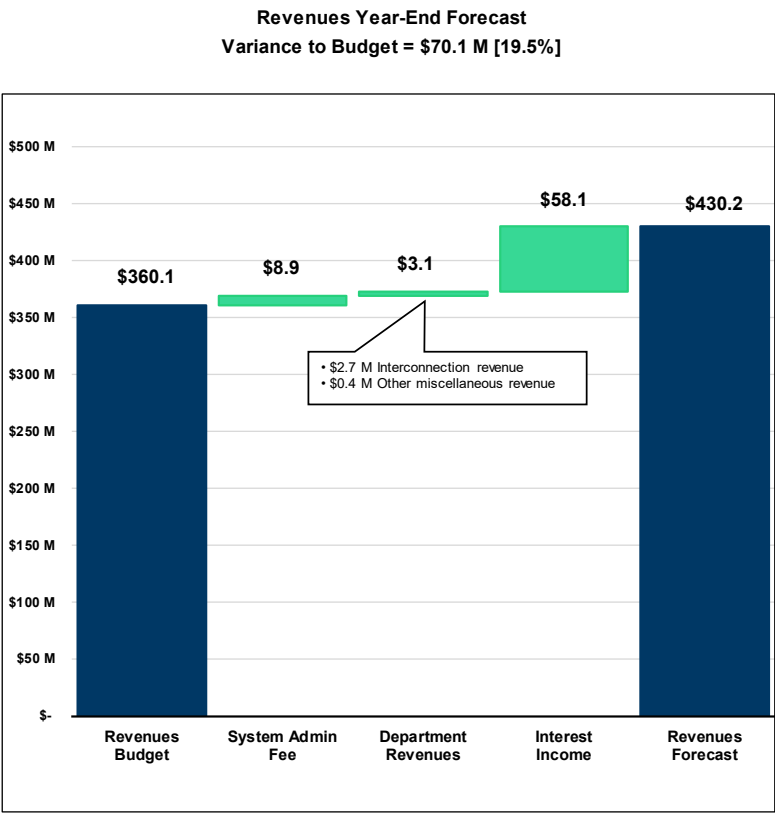
No action is currently requested; for discussion only

Key Takeaways

- ERCOT's year-to-date July 2025 actual revenues net of expenditures were \$69.5 million favorable to budget, driven by interest income being favorable by \$37.2 million, project expenditures being favorable by \$8.3 million, and unbudgeted legal fees recovery of \$7.1 million
- ERCOT's year-end 2025 forecasted revenues net of expenditures are \$89.6 million favorable to budget, driven by interest income forecasted to be favorable by \$58.1 million, system administration fee revenue of \$8.9 million, and unbudgeted legal fees recovery of \$7.1 million
- ERCOT had \$213.2 million of operating funds as of July 31, 2025, compared to \$128.1 million of operating funds as of July 31, 2024

Review 2025 Financial Summary: 2025 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$89.5 M



Charts may not foot due to rounding

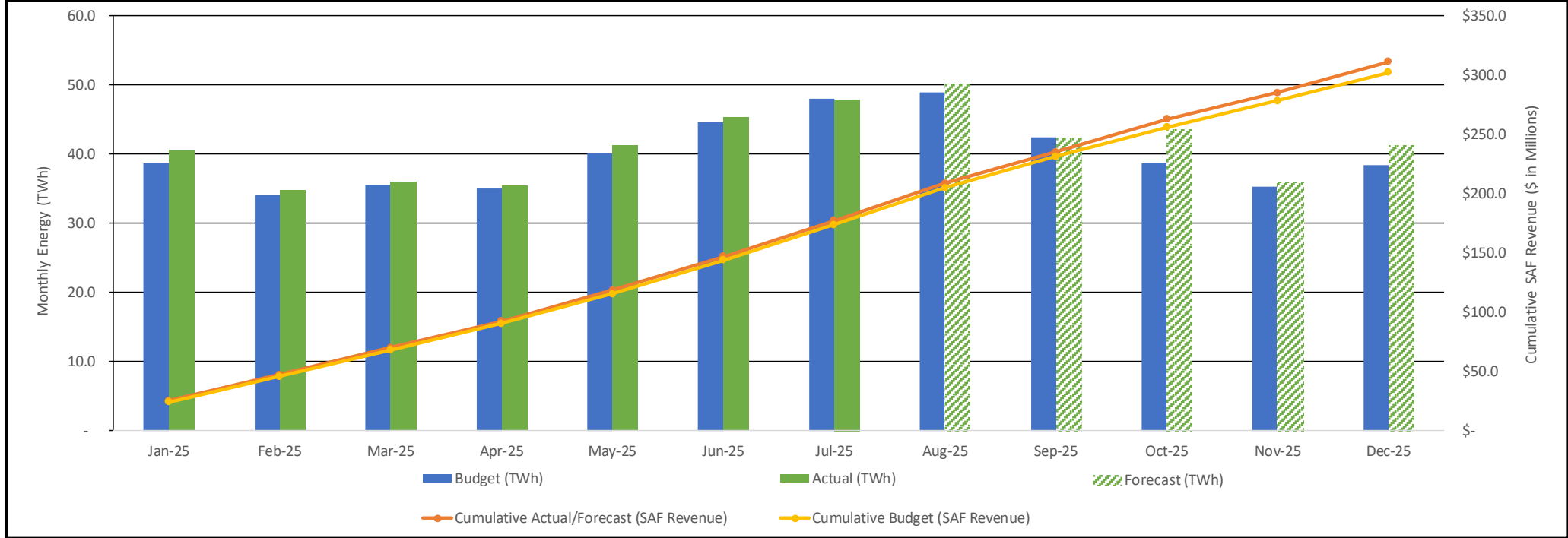
Key Takeaway: The forecasted year-end 2025 results are a net available amount of \$67.0 M versus a budgeted amount of \$(22.5) M, an \$89.5 M favorable variance



Review 2025 Financial Summary:

2025 Budget versus Actual:

Monthly TWh Energy and Cumulative System Administration Fee (SAF) Revenue



Energy (TWh):		FY 2024	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	FY 2025
Budget		465.0	38.7	34.1	35.6	35.1	40.1	44.7	48.0	48.9	42.5	38.7	35.3	38.4	480.0
Actual/Forecast		463.1	40.6	34.8	35.9	35.4	41.3	45.2	47.9	50.1	42.3	43.6	35.8	41.2	494.1
Variance		(1.9)	1.9	0.7	0.3	0.3	1.2	0.6	(0.1)	1.2	(0.2)	4.8	0.5	2.8	14.1
Variance (%)		-0.4%	4.8%	1.9%	0.8%	1.0%	3.1%	1.3%	-0.2%	2.4%	-0.5%	12.5%	1.4%	7.4%	2.9%

SAF Revenue (\$ in Millions):		FY 2024	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	FY 2025
Cumulative Budget		\$ 292.9	\$ 24.4	\$ 45.9	\$ 68.3	\$ 90.4	\$ 115.7	\$ 143.8	\$ 174.0	\$ 204.8	\$ 231.6	\$ 256.0	\$ 278.2	\$ 302.4	\$ 302.4
Cumulative Actual/Forecast		\$ 291.8	\$ 25.6	\$ 47.5	\$ 70.1	\$ 92.4	\$ 118.5	\$ 147.0	\$ 177.1	\$ 208.7	\$ 235.3	\$ 262.7	\$ 285.3	\$ 311.3	\$ 311.3
Cumulative Variance		\$ (1.2)	\$ 1.2	\$ 1.6	\$ 1.8	\$ 2.0	\$ 2.8	\$ 3.1	\$ 3.1	\$ 3.8	\$ 3.7	\$ 6.8	\$ 7.1	\$ 8.9	\$ 8.9
Cumulative Variance (%)		-0.4%	4.8%	3.5%	2.6%	2.2%	2.4%	2.2%	1.8%	1.9%	1.6%	2.6%	2.5%	2.9%	2.9%



Review 2025 Financial Summary: ERCOT Statements of Financial Position

As of July 31
Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2025	2024	2025	2024	2025	2024
Assets						
Unrestricted cash	\$ 815.7	\$ 675.9	\$ 4.1	\$ 4.1	\$ -	\$ -
Bond Investments	1,777.2	1,728.1	-	-	-	-
Total unrestricted cash and bond investments	2,592.9	2,404.0	4.1	4.1	-	-
Restricted cash and interest receivable	1,739.1	1,512.7	39.7	33.3	91.2	88.9
Other current assets	56.0	56.8	7.2	8.6	46.7	45.2
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	188.2	182.4	370.6	377.9	1,935.1	1,980.7
Total assets	\$ 4,590.8	\$ 4,170.5	\$ 421.6	\$ 423.9	\$ 2,073.0	\$ 2,114.8
Liabilities and Net Assets						
CRR auction liabilities-current	\$ 1,422.9	\$ 1,391.9	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	829.7	783.4	-	-	-	-
Other market liabilities	127.0	100.5	-	-	-	-
Total market settlement liabilities	2,379.6	2,275.8	-	-	-	-
Security deposits and interest payable	1,738.7	1,512.0	24.1	21.3	6.3	3.8
Other current liabilities	54.1	47.2	20.5	17.7	97.5	97.1
Other long-term liabilities	25.4	29.6	373.0	380.9	1,958.6	2,003.3
Net assets without donor restrictions	393.0	305.9	4.0	4.0	10.6	10.6
Total liabilities and net assets	\$ 4,590.8	\$ 4,170.5	\$ 421.6	\$ 423.9	\$ 2,073.0	\$ 2,114.8

Key Takeaways:

- ERCOT's net assets without donor restrictions increased \$87.1 M year-over-year, mainly driven by favorable interest income
- TEMSFM's other long-term liabilities decreased \$7.9 M year-over-year, driven by lower balance of long-term debt payable liabilities
- TEMSFN's other long-term liabilities decreased \$44.7 M year-over-year, driven by lower balance of long-term debt payable liabilities



Review 2025 Financial Summary: ERCOT Statements of Activities and Net Assets

For the Seven Months Ended July 31
Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2025	2024	2025	2024	2025	2024
Operating revenues	\$ 188.3	\$ 176.9	\$ 12.6	\$ 7.0	\$ 57.3	\$ 58.1
Operating expenses	199.4	187.7	0.3	0.4	0.7	0.7
(Loss) income from operations	(11.1)	(10.8)	12.3	6.6	56.6	57.4
Other income (expense)	60.2	66.3	(12.3)	(6.6)	(56.6)	(57.4)
Change in net assets without donor restrictions	49.1	55.5	-	-	-	-
Net assets without donor restrictions, beginning of year	343.9	250.4	4.0	4.0	10.6	10.6
Net assets without donor restrictions, end of period	\$ 393.0	\$ 305.9	\$ 4.0	\$ 4.0	\$ 10.6	\$ 10.6

Key Takeaways: ERCOT's year-over-year change in net assets without donor restrictions (equity) decreased by \$6.4 M:

\$11.4 M increase in operating revenues, driven by

- \$10.3 M (6%) increase in system admin fee revenue

\$11.7 M increase in operating expenses, driven by

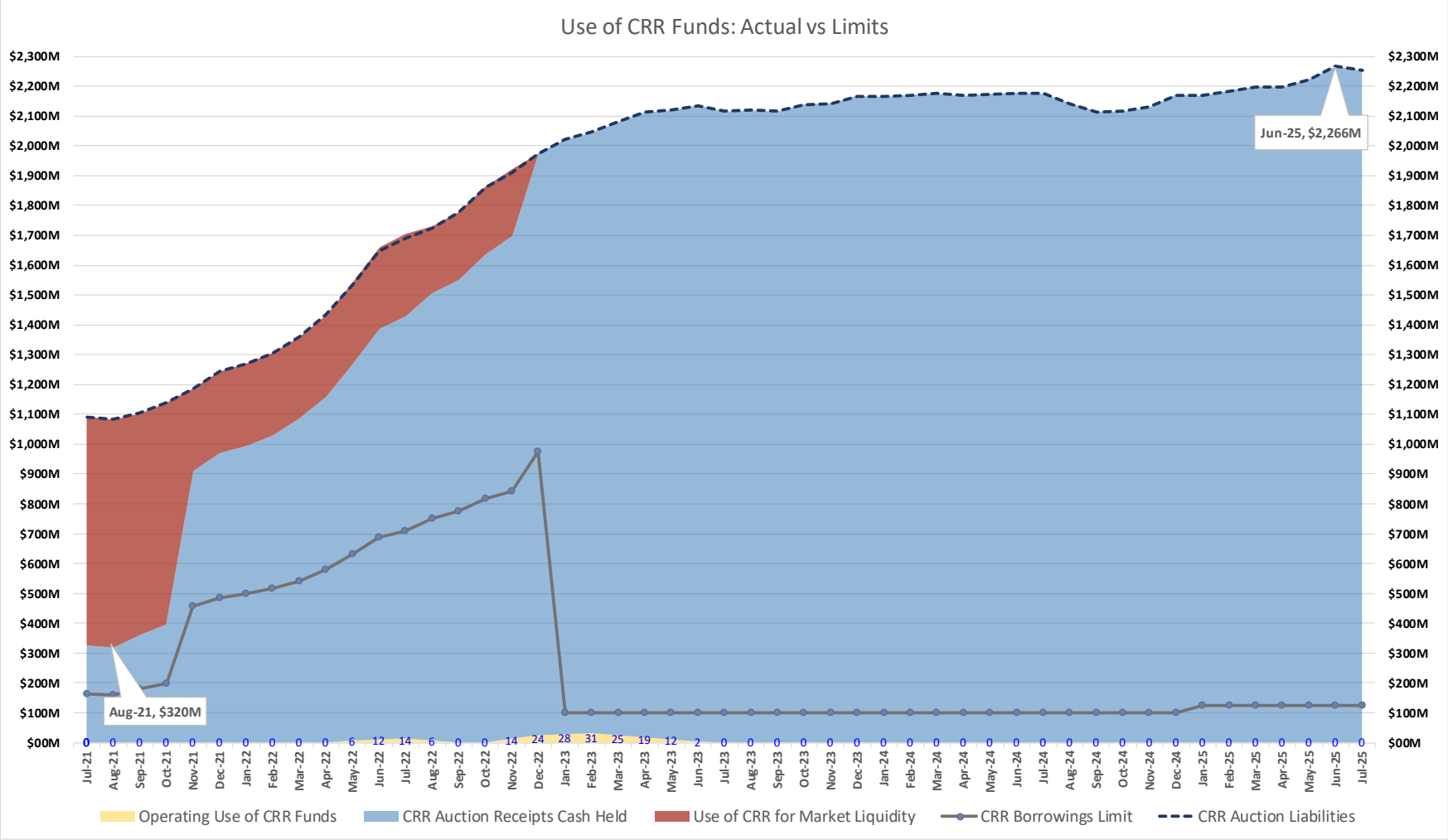
- \$11.0 M (10%) increase in salaries and related benefits expense
- \$5.6 M (24%) increase in depreciation expense
- \$1.3 M (5%) increase in hardware and software maintenance expense
- \$1.1 M (20%) increase in facility and equipment expense
- \$1.0 M (15%) increase in other expense
- \$8.3 M (56%) decrease in outside services expense mainly due to legal fees recovery

\$6.1 M decrease in other income (interest income), driven by

- \$7.9 M (12%) decrease in interest income
- \$1.2 M (27%) increase in U.S. Treasury obligations fair value adjustment (\$3.2 M loss in 2025 vs \$4.4 M loss in 2024)



Review 2025 Financial Summary: Use of CRR Funds: Actual vs Limits



Key Takeaway: As of July 2025, Unrestricted Cash and Bond Investments exceeded Market Liabilities by \$213.2 M

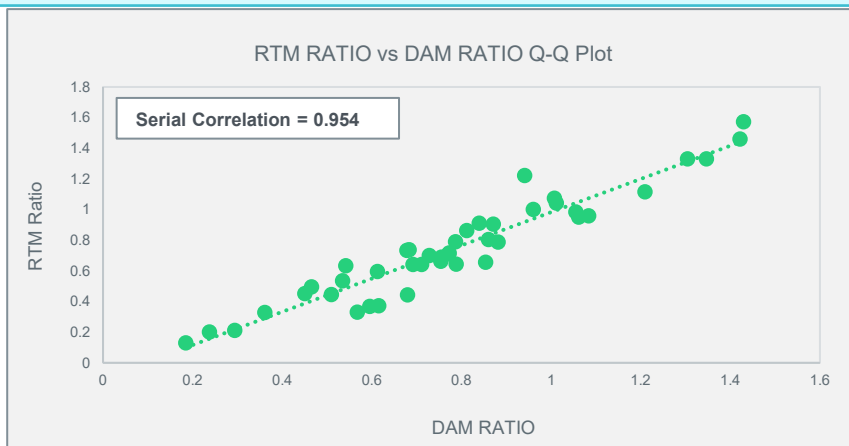


Estimated RTC+B Impact on CRR Auction Revenue

- Estimating **CRR Auction Revenue** was the focus of a 2024 study.
- CRR Revenues (in either the total or sub-category amount) have shown **NO** significant correlations to day-ahead (DA) or real-time (RT) congestion rents.
- However, the ratios of CRR Revenues over either DA or RT Congestion Rents (DAM Ratio or RTM Ratio) have shown time series patterns which could be modeled for predictions for future auction revenues.
- Because the DAM Ratio and RTM Ratio are highly correlated and the RTC+B impact on RT congestion rents had been estimated in a prior study, the **RTM Ratio** is the modeled time series.

Key Takeaways:

- ERCOT modeling estimates that RTC+B will decrease CRR auction revenues by roughly 10% to 25%.
- Given that Summer 2023 was a more extreme period, ERCOT believes the results are more likely to be closer to 10%.
- By applying the previous RTC+B Impact Study on Congestion Rent to the estimated ratio of CRR Revenue over RTM Congestion Rent, we can infer the impact on CRR Revenue.



Estimated RTC+B
Impact on RTM
Congestion Rents
From Simulation

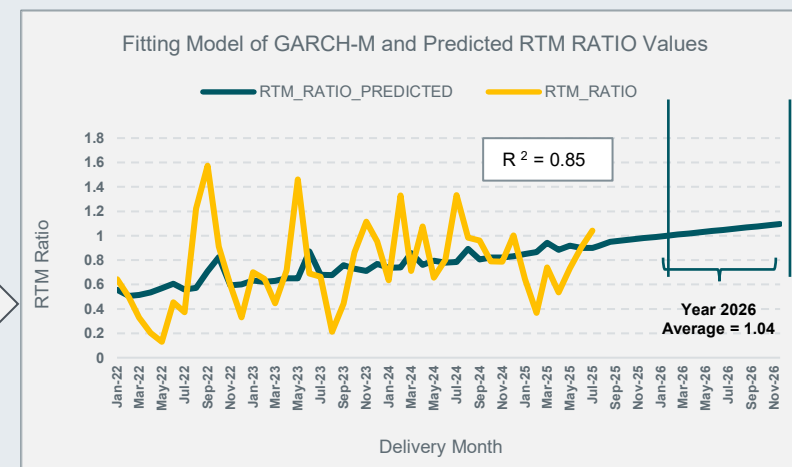
- Estimated with Summer 2024: **-9%**
- Estimated with Summer 2023: **-24%**

Multiplier

1.04

Estimated RTC+B
Impact on CRR
Revenues for
2026 Year

- Estimated Lower Limit of Impact: **-10%**
- Estimated Upper Limit of Impact: **-25%**



Review 2025 Financial Summary:

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Electric Reliability Council of Texas, Inc. 2025 Financial Summary As of September 4, 2025 (\$ in Millions)										
						Year-to-Date (July 31)				
						Year-End (December 31)				
Line	2024		2025		Variance	2024		2025		Variance
	Actual	Budget	Actual	\$	%	Actual	Budget	Forecast	\$	%
1 System Administration Fee Revenue	\$ 166.8	\$ 174.0	\$ 177.1	\$ 3.1	1.8	\$ 291.8	\$ 302.4	\$ 311.3	\$ 8.9	2.9
2 Department Net Expenditures										
3 Chief Information Office	78.1	90.0	87.5	2.4	2.7	141.1	154.1	153.4	0.7	0.4
4 Chief Operations Office	45.0	53.7	49.2	4.4	8.3	77.1	90.7	86.0	4.8	5.3
5 General Counsel	16.3	19.6	9.6	9.9	50.8	28.0	33.7	22.6	11.1	32.8
6 Chief Financial Office	12.8	14.6	13.9	0.7	4.6	22.3	25.3	24.1	1.2	4.8
7 Human Resources	4.5	7.5	5.7	1.8	24.4	8.6	13.3	11.1	2.2	16.7
8 Chief Executive Office	4.6	4.2	3.9	0.3	8.1	7.4	6.1	6.3	(0.2)	(3.2)
9 Project Funded Labor	(10.6)	(11.3)	(12.5)	1.2	10.6	(18.0)	(19.4)	(20.8)	1.4	7.3
10 Total Department Net Expenditures	150.7	178.2	157.4	20.9	11.7	266.4	303.8	282.6	21.1	7.0
11 Net Revenues After Department Expenditures	16.2	(4.2)	19.8	24.0	569.7	25.4	(1.4)	28.6	30.0	>1,000.0
12										
13 Less: Project Expenditures	25.1	29.3	21.0	8.3	28.3	57.2	50.2	48.9	1.3	2.5
14 Less: Taylor Office Transformation	-	0.8	0.6	0.1	14.8	0.0	10.4	10.4	-	0.0
15 Less: Interest Expense	0.7	0.2	0.2	0.0	11.4	1.3	0.4	0.2	0.1	35.1
16 Add: Interest Income	67.1	23.2	60.3	37.2	160.2	114.2	39.8	97.9	58.1	146.2
17										
18 Net Available	\$ 57.4	\$ (11.3)	\$ 58.3	\$ 69.5	616.5	\$ 81.0	\$ (22.5)	\$ 67.0	\$ 89.5	397.0
Note: Schedule may not foot due to rounding										



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Electric Reliability Council of Texas, Inc. 2025 Financial Summary Variance Explanations As of September 4, 2025			
Line	Year-to-Date (July 31)		Year-End (December 31)
1 System Administration Fee Revenue	+\$21.1 M - Economy -\$18.0 M - Weather		+\$8.9 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	+\$1.5 M - HW/SW support & maintenance renewals +\$0.2 M - WAN costs +\$0.4 M - IT hardware +\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Employee training & business travel +\$0.1 M - Telephone +\$0.1 M - Conferencing +\$0.1 M - Internet -\$0.1 M - Outside services/studies -\$0.3 M - Minor capital -\$0.2 M - WAN revenue <u>Timing Differences</u> +\$0.7 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.5 M - Building systems maintenance +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - HW/SW support & maintenance renewals -\$1.8 M - Common infrastructure +\$0.2 M - Other miscellaneous expenditures		+\$1.5 M - HW/SW support & maintenance renewals +\$1.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.5 M - WAN costs +\$0.5 M - IT hardware +\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Employee training & business travel +\$0.1 M - Telephone +\$0.1 M - Conferencing +\$0.1 M - Internet +\$0.1 M - Data service subscriptions +\$0.1 M - Common infrastructure -\$1.8 M - Outside services/studies -\$1.0 M - Minor capital -\$0.7 M - Building systems maintenance -\$0.5 M - WAN revenue -\$0.2 M - Contingent labor [Resource Management - Staffing Management]
4 Chief Operations Office	+\$1.3 M - Interconnection revenue +\$1.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Inspection revenue +\$0.4 M - Employee training & business travel +\$0.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Outside services/studies -\$0.1 M - Operator training seminar revenue <u>Timing Differences</u> +\$1.3 M - Outside services/studies		+\$2.7 M - Interconnection revenue +\$1.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.5 M - Inspection revenue +\$0.4 M - Employee training & business travel +\$0.2 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Outside services/studies -\$0.3 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue -\$0.1 M - Software +\$0.1 M - Other miscellaneous expenditures
5 General Counsel	+\$7.1 M - Legal fees recovery +\$2.1 M - Legal services +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Registration fees revenue +\$0.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Employee training & business travel +\$0.1 M - Minor capital -\$0.1 M - Outside services/studies -\$0.1 M - Corporate events		+\$7.1 M - Legal fees recovery +\$3.2 M - Legal services +\$0.8 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Registration fees revenue +\$0.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Employee training & business travel +\$0.1 M - Minor capital +\$0.1 M - Membership dues revenue -\$0.3 M - Outside services/studies -\$0.2 M - Corporate events -\$0.2 M - Board member expense



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Electric Reliability Council of Texas, Inc. 2025 Financial Summary Variance Explanations As of September 4, 2025			
Line	Year-to-Date (July 31)	Year-End (December 31)	
6 Chief Financial Office	+\$0.7 M - Property tax +\$0.1 M - Insurance premiums +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - SPE M & N administration & servicing revenue -\$0.4 M - Outside services/studies -\$0.1 M - Data service subscriptions <u>Timing Differences</u> +\$0.1 M - Contingent labor [Resource Management - Staffing Management]	+\$1.3 M - Property tax +\$0.4 M - Insurance premiums +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - SPE M & N administration & servicing revenue -\$0.8 M - Outside services/studies -\$0.1 M - Data service subscriptions	
7 Human Resources	+\$0.6 M - Outside services/studies +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Corporate events +\$0.2 M - Recruiting & pre-employment costs +\$0.1 M - Health & wellness expense +\$0.1 M - Non-monetary reward & recognition +\$0.1 M - Employee training & business travel <u>Timing Differences</u> +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	+\$1.2 M - Outside services/studies +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Corporate events +\$0.3 M - Recruiting & pre-employment costs +\$0.1 M - Health & wellness expense +\$0.1 M - Non-monetary reward & recognition +\$0.1 M - Employee training & business travel +\$0.1 M - Data service subscriptions -\$0.4 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	
8 Chief Executive Office	<u>Timing Differences</u> +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Other miscellaneous expenditures	-\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	
9 Project Funded Labor	+\$1.2 M - Multiple projects [Resource Management - Project-Funded Work]	+\$1.4 M - Multiple projects [Resource Management - Project-Funded Work]	
13 Project Expenditures	+\$1.3 M - All projects <u>Timing Differences</u> +\$7.0 M - All projects	+\$1.3 M - All projects	
14 Taylor Office Transformation	<u>Timing Differences</u> +\$0.1 M - Building and furniture improvements	No material variance	
15 Interest Expense	No material variance	+\$0.1 M - Capitalized interest	
16 Interest Income	+\$35.2 M - Interest rate +\$5.2 M - Investment balance -\$3.2 M - Fair value adjustment	+\$55.3 M - Interest rate +\$6.0 M - Investment balance -\$3.2 M - Fair value adjustment	



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Electric Reliability Council of Texas, Inc. Project Expenditures Summary (\$ in Millions)

Line	Project	Year-to-Date As of July 31, 2025		Year-End (YE) As of September 4, 2025		Life-to-Date As of July 31, 2025		Estimate-at-Completion (EAC) As of September 4, 2025			
		Actual	% of YE Forecast	YE Forecast	% of All Included Projects	Actual	% of EAC Forecast	EAC Forecast	% of All Included Projects	Budget	Variance
1	RTC-B Grid & Markets	\$ 6.3	60%	\$ 10.6	22%	\$ 12.5	65%	\$ 19.1	14%	\$ 20.8	\$ 1.7
2	RTC-B Integration & Information	2.9	65%	4.5	9%	4.4	68%	6.4	5%	6.4	(0.0)
3	RTC-B Program Control	2.8	73%	3.8	8%	7.6	188%	4.0	3%	5.4	1.4
4	RTC-B Commercial Applications	0.4	59%	0.7	1%	1.5	73%	2.1	2%	2.3	0.2
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	3.5	3%	3.5	-
6	Subtotal - Market Design Projects	12.4	63%	19.6	40%	26.0	74%	35.2	26%	38.4	3.3
7	Second iTest Environment	0.3	21%	1.6	3%	9.1	85%	10.8	8%	10.8	0.0
8	Test Data Management	(1.1)	325%	(0.3)	-1%	6.0	78%	7.7	6%	7.7	-
9	Fiber Expansion and Modernization	0.0	1%	1.8	4%	0.0	0%	4.7	3%	4.7	-
10	NMMS IMM Schema upgrade to CIM 16	0.5	26%	2.1	4%	1.1	25%	4.5	3%	4.5	(0.0)
11	ServiceNow CMDB & Change Management	0.8	51%	1.5	3%	1.1	28%	3.9	3%	3.9	-
12	Cloud Foundations	1.0	28%	3.6	7%	1.1	29%	3.9	3%	3.9	-
13	Microsoft SharePoint Migration – Phase 2	0.5	47%	1.0	2%	0.6	19%	3.3	2%	3.3	-
14	SCR820 Operator Real-Time Messaging During Emergency	0.6	37%	1.6	3%	0.7	30%	2.5	2%	2.5	0.0
15	Treasury Single Source of Truth	0.2	18%	1.2	3%	0.3	14%	2.1	2%	2.1	-
16	Total Projects with EAC Over \$2.0M	15.3	45%	33.7	69%	46.1	59%	78.5	58%	81.8	3.3
17	Other Projects	5.8	38%	15.2	31%	33.1	57%	58.0	42%	58.9	1.0
18	Total Project Expenditures	\$ 21.1	43%	\$ 48.9	100%	\$ 79.2	58%	\$ 136.5	100%	\$ 140.7	\$ 4.2

Note: Schedule may not foot due to rounding



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ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Financial Position
As of July 31, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 815,675	\$ 675,903
Accounts receivable	5,733	7,346
Unbilled revenue	5,934	5,755
Interest receivable	16,715	17,289
Receivable from intercompany	1,090	799
Restricted cash and cash equivalents	1,732,937	1,506,077
Short-term investments	1,196,917	1,181,271
Prepaid expenses and other current assets	40,544	40,409
Total current assets	3,815,545	3,434,849
Long-term investments	587,054	553,311
Property and equipment, net	149,289	152,175
Systems under development	38,184	29,251
Other long term assets	698	927
Total assets	\$ 4,590,770	\$ 4,170,513
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 2,796	\$ 4,843
Accrued liabilities	41,668	33,526
Payable to intercompany	391	742
Deferred revenue	11,382	10,695
Market settlement liabilities	1,549,925	1,492,415
Security deposits	1,732,546	1,505,335
Debt payable, current portion	4,000	4,000
Total current liabilities	3,342,708	3,051,556
Long-term liabilities:		
Debt payable, less current portion:		
Principal	25,000	29,000
Less unamortized debt issuance costs	102	111
Debt payable less current portion and unamortized debt issuance costs	24,898	28,889
Long-term CRR liabilities	829,677	783,434
Other long-term liabilities	512	690
Total long-term liabilities	855,087	813,013
Total liabilities	4,197,795	3,864,569
Net assets without donor restrictions	392,975	305,944
Total liabilities and net assets	\$ 4,590,770	\$ 4,170,513



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Activities and Changes in Net Assets
For the Seven Months Ended July 31, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Operating revenues		
System administration fees	\$ 177,118	\$ 166,830
Other services revenue	11,214	10,031
Total operating revenues	188,332	176,861
Operating expenses		
Salaries and related benefits	123,849	112,834
Facility and equipment costs	6,629	5,520
Outside services	6,456	14,783
Hardware and software maintenance and licensing	25,991	24,691
Depreciation	28,920	23,298
Other	7,512	6,536
Total operating expenses	199,357	187,662
Loss from operations	(11,025)	(10,801)
Other income (expense)		
Investment return, net	60,338	67,051
Interest expense	(198)	(707)
Non-operating (expense) income	(62)	5
Change in net assets without donor restrictions	49,053	55,548
Net assets without donor restrictions, beginning of year	343,922	250,396
Net assets without donor restrictions, end of period	\$ 392,975	\$ 305,944



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Cash Flows
For the Seven Months Ended July 31, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Operating activities:		
Change in net assets without donor restrictions	\$ 49,053	\$ 55,548
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	28,920	23,298
Amortization of right-of-use assets	160	174
Amortization of debt issuance costs	9	10
Amortization of bond investment discount	(28,012)	(35,515)
Unrealized loss on bond investments	3,181	4,371
Net loss on capital assets	83	-
Changes in operating assets and liabilities:		
Accounts receivable	(192)	(1,703)
Unbilled revenue	791	1,776
Interest receivable	(887)	41
Receivable from intercompany	(82)	(249)
Prepaid expenses and other assets	2,636	1,392
Other long-term liabilities	(119)	(13)
Accounts payable	1,526	(4,475)
Accrued liabilities	(1,020)	(2,163)
Payable to intercompany	(734)	20
Deferred revenue	(667)	1,693
Security deposits	(493,802)	(22,596)
Market settlement liabilities	40,704	86,727
Long-term CRR liabilities	71,203	(35,199)
Net cash (used in) provided by operating activities	(327,249)	73,137
Investing activities:		
Purchase of investments	(870,597)	(740,052)
Proceeds from investments	881,000	813,675
Capital expenditures for property and equipment and systems under development	(34,191)	(26,467)
Net cash (used in) provided by investing activities	(23,788)	47,156
Financing activities:		
Repayment of debt payable	(2,000)	(2,000)
Net cash (used in) financing activities	(2,000)	(2,000)
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(353,037)	118,293
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,901,649	2,063,687
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,548,612	\$ 2,181,980



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ELECTRIC RELIABILITY COUNCIL OF TEXAS Consolidated Statements of Financial Position As of July 31, 2025 (Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 815,675	\$ 4,084	\$ -	\$ -	\$ 819,759
Securitization charges receivable, current	-	7,240	46,348	-	53,588
Accounts receivable	5,733	-	-	-	5,733
Unbilled revenue	5,934	-	-	(829)	5,105
Interest receivable	16,715	150	293	-	17,158
Receivable from intercompany	1,090	-	391	(1,481)	-
Restricted cash and cash equivalents	1,732,937	39,554	90,863	-	1,863,354
Short-term investments	1,196,917	-	-	-	1,196,917
Prepaid expenses and other current assets	40,544	-	-	-	40,544
Total current assets	3,815,545	51,028	137,895	(2,310)	4,002,158
Long-term investments	587,054	-	-	(14,579)	572,475
Property and equipment, net	149,289	-	-	-	149,289
Systems under development	38,184	-	-	-	38,184
Securitization charges receivable, non current	-	370,571	1,935,144	-	2,305,715
Other long term assets	698	-	-	-	698
Total assets	\$ 4,590,770	421,599	2,073,039	\$ (16,889)	\$ 7,068,519
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 2,796	\$ -	\$ 29	\$ -	\$ 2,825
Accrued liabilities	41,668	12,499	51,541	-	105,708
Payable to intercompany	391	1,079	840	(2,310)	-
Deferred revenue	11,382	-	-	-	11,382
Market settlement liabilities	1,549,925	-	-	-	1,549,925
Security deposits	1,732,546	23,982	6,002	-	1,762,530
Debt payable, current portion	4,000	7,026	45,417	-	56,443
Total current liabilities	3,342,708	44,586	103,829	(2,310)	3,488,813
Long-term liabilities:					
Debt payable, less current portion:					
Principal	25,000	376,251	1,969,993	-	2,371,244
Less unamortized discount and debt issuance costs	102	3,238	11,362	-	14,702
Debt payable less current portion and unamortized discount and debt issuance costs	24,898	373,013	1,958,631	-	2,356,542
Long-term CRR liabilities	829,677	-	-	-	829,677
Other long-term liabilities	512	-	-	-	512
Total long-term liabilities	855,087	373,013	1,958,631	-	3,186,731
Total liabilities	4,197,795	417,599	2,062,460	(2,310)	6,675,544
Net assets without donor restrictions	392,975	4,000	10,579	(14,579)	392,975
Total liabilities and net assets	\$ 4,590,770	421,599	2,073,039	\$ (16,889)	\$ 7,068,519



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Seven Months Ended July 31, 2025
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 177,118	\$ -	\$ -	\$ -	\$ 177,118
Other services revenue	11,214	-	-	(967)	10,247
Securitization charges fees	-	12,585	57,337	-	69,922
Total operating revenues	188,332	12,585	57,337	(967)	257,287
Operating expenses					
Salaries and related benefits	123,849	-	-	-	123,849
Facility and equipment costs	6,629	-	-	-	6,629
Outside services	6,456	333	726	(967)	6,548
Hardware and software maintenance and licensing	25,991	-	1	-	25,992
Depreciation	28,920	-	-	-	28,920
Other	7,512	-	-	-	7,512
Total operating expenses	199,357	333	727	(967)	199,450
(Loss) income from operations	(11,025)	12,252	56,610	-	57,837
Other income (expense)					
Investment return, net	60,338	387	1,023	-	61,748
Interest expense	(198)	(12,639)	(57,633)	-	(70,470)
Non-operating expense	(62)	-	-	-	(62)
Change in net assets without donor restrictions	49,053	-	-	-	49,053
Net assets without donor restrictions, beginning of year	343,922	4,000	10,579	(14,579)	343,922
Net assets without donor restrictions, end of period	\$ 392,975	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 392,975



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ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Seven Months Ended July 31, 2025
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 49,053	\$ -	\$ -	\$ -	\$ 49,053
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	28,920	-	-	-	28,920
Amortization of right-of-use assets	160	-	-	-	160
Amortization of discount & debt issuance costs	9	44	435	-	488
Amortization of bond investment discount	(28,012)	-	-	-	(28,012)
Unrealized loss on bond investments	3,181	-	-	-	3,181
Net loss on capital assets	83	-	-	-	83
Changes in operating assets and liabilities:					
Securitization charges receivable	-	4,292	26,448	(734)	30,006
Accounts receivable	(192)	-	-	-	(192)
Unbilled revenue	791	-	-	138	929
Interest receivable	(887)	(14)	(24)	2	(923)
Receivable from intercompany	(82)	-	-	82	-
Prepaid expenses and other assets	2,636	-	-	-	2,636
Other long-term liabilities	(119)	-	-	-	(119)
Accounts payable	1,526	(4)	29	-	1,551
Accrued liabilities	(1,020)	5,504	7,900	-	12,384
Payable to intercompany	(734)	41	97	596	-
Deferred revenue	(667)	-	-	-	(667)
Security deposits	(493,802)	1,299	2,127	-	(490,376)
Market settlement liabilities	40,704	-	-	-	40,704
Long-term CRR liabilities	71,203	-	-	-	71,203
Net cash (used in) provided by operating activities	(327,249)	11,162	37,012	84	(278,991)
Investing activities:					
Purchase of investments	(870,597)	-	-	-	(870,597)
Proceeds from investments	881,000	-	-	-	881,000
Capital expenditures for property and equipment and systems under development	(34,191)	-	-	-	(34,191)
Net cash (used in) investing activities	(23,788)	-	-	-	(23,788)
Financing activities:					
Repayment of debt payable	(2,000)	(5,245)	(22,026)	-	(29,271)
Payment of debt issuance costs	-	-	-	(84)	(84)
Net cash (used in) financing activities	(2,000)	(5,245)	(22,026)	(84)	(29,355)
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(353,037)	5,917	14,986	-	(332,134)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,901,649	37,721	75,877	-	3,015,247
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,548,612	\$ 43,638	\$ 90,863	\$ -	\$ 2,683,113



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ELECTRIC RELIABILITY COUNCIL OF TEXAS Consolidated Statements of Financial Position As of July 31, 2024 (Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 675,903	\$ 4,104	\$ -	\$ -	\$ 680,007
Securitization charges receivable, current	-	8,608	44,504	-	53,112
Accounts receivable	7,346	-	-	-	7,346
Unbilled revenue	5,755	-	-	(829)	4,926
Interest receivable	17,289	158	353	-	17,800
Receivable from intercompany	799	-	741	(1,540)	-
Restricted cash and cash equivalents	1,506,077	33,170	88,477	-	1,627,724
Short-term investments	1,181,271	-	-	-	1,181,271
Prepaid expenses and other current assets	40,409	-	-	-	40,409
Total current assets	3,434,849	46,040	134,075	(2,369)	3,612,595
Long-term investments	553,311	-	-	(14,579)	538,732
Property and equipment, net	152,175	-	-	-	152,175
Systems under development	29,251	-	-	-	29,251
Securitization charges receivable, non current	-	377,832	1,980,745	-	2,358,577
Other long term assets	927	-	-	-	927
Total assets	\$ 4,170,513	\$ 423,872	\$ 2,114,820	\$ (16,948)	\$ 6,692,257
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 4,843	\$ 11	\$ 15	\$ -	\$ 4,869
Accrued liabilities	33,526	6,717	52,988	-	93,231
Payable to intercompany	742	691	936	(2,369)	-
Deferred revenue	10,695	-	-	-	10,695
Market settlement liabilities	1,492,415	-	-	-	1,492,415
Security deposits	1,505,335	21,163	3,392	-	1,529,890
Debt payable, current portion	4,000	10,412	43,609	-	58,021
Total current liabilities	3,051,556	38,994	100,940	(2,369)	3,189,121
Long-term liabilities:					
Debt payable, less current portion:					
Principal	29,000	383,278	2,015,409	-	2,427,687
Less unamortized discount and debt issuance costs	111	2,400	12,108	-	14,619
Debt payable less current portion and unamortized discount and debt issuance costs	28,889	380,878	2,003,301	-	2,413,068
Long-term CRR liabilities	783,434	-	-	-	783,434
Other long-term liabilities	690	-	-	-	690
Total long-term liabilities	813,013	380,878	2,003,301	-	3,197,192
Total liabilities	3,864,569	419,872	2,104,241	(2,369)	6,386,313
Net assets without donor restrictions	305,944	4,000	10,579	(14,579)	305,944
Total liabilities and net assets	\$ 4,170,513	\$ 423,872	\$ 2,114,820	\$ (16,948)	\$ 6,692,257



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Seven Months Ended July 31, 2024
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 166,830	\$ -	\$ -	\$ -	\$ 166,830
Other services revenue	10,031	-	-	(967)	9,064
Securitization charges fees	-	6,950	58,146	-	65,096
Total operating revenues	176,861	6,950	58,146	(967)	240,990
Operating expenses					
Salaries and related benefits	112,834	-	-	-	112,834
Facility and equipment costs	5,520	-	-	-	5,520
Outside services	14,783	432	714	(967)	14,962
Hardware and software maintenance and licensing	24,691	-	1	-	24,692
Depreciation	23,298	-	-	-	23,298
Other	6,536	-	-	-	6,536
Total operating expenses	187,662	432	715	(967)	187,842
(Loss) income from operations	(10,801)	6,518	57,431	-	53,148
Other income (expense)					
Investment return, net	67,051	360	1,284	-	68,695
Interest expense	(707)	(6,878)	(58,715)	-	(66,300)
Non-operating income	5	-	-	-	5
Change in net assets without donor restrictions	55,548	-	-	-	55,548
Net assets without donor restrictions, beginning of year	250,396	4,000	10,579	(14,579)	250,396
Net assets without donor restrictions, end of period	\$ 305,944	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 305,944



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ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Seven Months Ended July 31, 2024
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 55,548	\$ -	\$ -	\$ -	\$ 55,548
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	23,298	-	-	-	23,298
Amortization of right-of-use assets	174	-	-	-	174
Amortization of debt issuance costs	10	45	436	-	491
Amortization of bond investment discount	(35,515)	-	-	-	(35,515)
Unrealized loss on bond investments	4,371	-	-	-	4,371
Changes in operating assets and liabilities:					
Securitization charges receivable	-	5,972	24,653	19	30,644
Accounts receivable	(1,703)	-	-	-	(1,703)
Unbilled revenue	1,776	-	-	138	1,914
Interest receivable	41	9	13	(60)	3
Receivable from intercompany	(249)	-	-	249	-
Prepaid expenses and other assets	1,392	-	-	-	1,392
Other long-term liabilities	(13)	-	-	-	(13)
Accounts payable	(4,475)	7	15	-	(4,453)
Accrued liabilities	(2,163)	844	8,943	-	7,624
Payable to intercompany	20	75	123	(218)	-
Deferred revenue	1,693	-	-	-	1,693
Security deposits	(22,596)	595	60	-	(21,941)
Market settlement liabilities	86,727	-	-	-	86,727
Long-term CRR liabilities	(35,199)	-	-	-	(35,199)
Net cash provided by operating activities	73,137	7,547	34,243	128	115,055
Investing activities:					
Purchase of investments	(740,052)	-	-	-	(740,052)
Proceeds from investments	813,675	-	-	-	813,675
Capital expenditures for property and equipment and systems under development	(26,467)	-	-	-	(26,467)
Net cash provided by investing activities	47,156	-	-	-	47,156
Financing activities:					
Repayment of debt payable	(2,000)	(5,092)	(21,150)	-	(28,242)
Payment of debt issuance costs	-	-	-	(128)	(128)
Net cash (used in) financing activities	(2,000)	(5,092)	(21,150)	(128)	(28,370)
Net increase in cash, cash equivalents, and restricted cash and cash equivalents	118,293	2,455	13,093	-	133,841
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	34,819	75,384	-	2,173,890
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,181,980	\$ 37,274	\$ 88,477	\$ -	\$ 2,307,731

