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Item 6.1: Review 2025 Financial Summary

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Chief Financial Officer,
and Chief Risk Officer

Finance and Audit Committee Meeting

December 8, 2025

- **Purpose**

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

- **For Information Only**

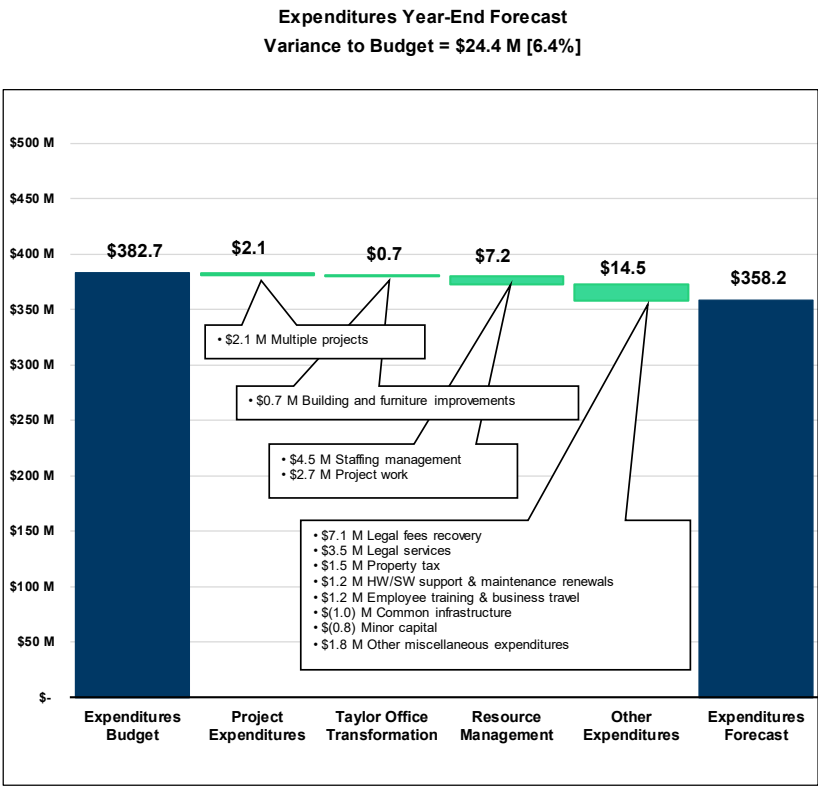
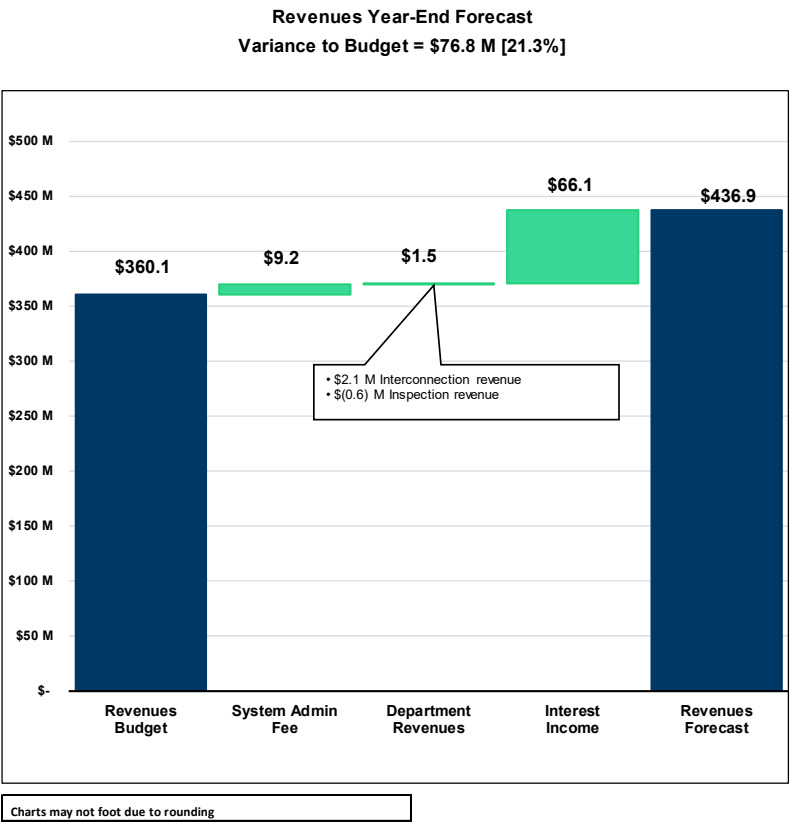
No action is requested of the F&A Committee or Board; for discussion only

Key Takeaways

- ERCOT's year-to-date October 2025 actual revenues net of expenditures were \$99.3 million favorable to budget, driven by interest income being favorable by \$57.7 million, project expenditures being favorable by \$8.8 million, unbudgeted legal fees recovery of \$7.1 million, and staffing management being favorable by \$4.5 million
- ERCOT's year-end 2025 forecasted revenues net of expenditures are \$101.2 million favorable to budget, driven by interest income forecasted to be favorable by \$66.1 million, unbudgeted legal fees recovery of \$7.1 million, and staffing management to be favorable by \$4.5 million
- ERCOT had \$252.6 million of operating funds as of October 31, 2025, compared to \$160.5 million of operating funds as of October 31, 2024

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

Net Available Year-End Forecast Variance to Budget = \$101.2 M



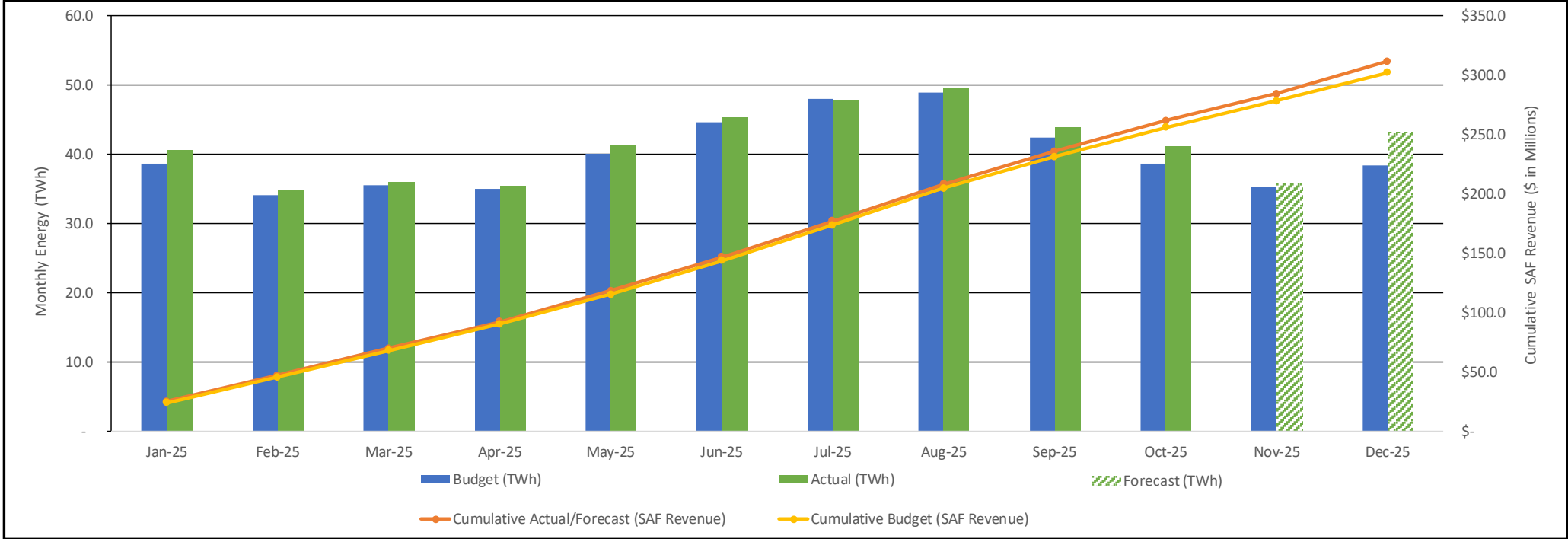
Key Takeaway: The forecasted year-end 2025 results are a net available amount of \$78.7 M versus a budgeted amount of \$(22.5) M, a \$101.2 M favorable variance



Review 2025 Financial Summary:

2025 Budget versus Actual:

Monthly TWh Load 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	49.6	43.8	41.2	35.8	43.1	494.6
Variance	(1.9)	1.9	0.7	0.3	0.3	1.2	0.6	(0.1)	0.7	1.4	2.4	0.5	4.7	14.6
Variance (%)	-0.4%	4.8%	1.9%	0.8%	1.0%	3.1%	1.3%	-0.2%	1.4%	3.2%	6.3%	1.4%	12.3%	3.0%

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	\$ 208.4	\$ 236.0	\$ 261.9	\$ 284.5	\$ 311.6	\$ 311.6
Cumulative Variance	\$ (1.2)	\$ 1.2	\$ 1.6	\$ 1.8	\$ 2.0	\$ 2.8	\$ 3.1	\$ 3.1	\$ 3.5	\$ 4.4	\$ 5.9	\$ 6.2	\$ 9.2	\$ 9.2
Cumulative Variance (%)	-0.4%	4.8%	3.5%	2.6%	2.2%	2.4%	2.2%	1.8%	1.7%	1.9%	2.3%	2.2%	3.0%	3.0%



Review 2025 Financial Summary: ERCOT Statements of Financial Position

As of October 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	\$ 766.7	\$ 667.2	\$ 4.0	\$ 4.1	\$ -	\$ -
Bond Investments	1,804.8	1,683.5	-	-	-	-
Total unrestricted cash and bond investments	2,571.5	2,350.7	4.0	4.1	-	-
Restricted cash and interest receivable	1,806.8	1,697.5	26.4	28.5	53.3	52.8
Other current assets	58.1	59.0	7.3	7.0	44.9	42.7
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	192.0	184.3	364.9	376.1	1,923.4	1,969.5
Total assets	\$ 4,643.0	\$ 4,306.1	\$ 402.6	\$ 415.7	\$ 2,021.6	\$ 2,065.0
Liabilities and Net Assets						
CRR auction liabilities-current	\$ 1,248.7	\$ 1,228.9	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	1,006.2	886.6	-	-	-	-
Other market liabilities	64.0	74.8	-	-	-	-
Total market settlement liabilities	2,318.9	2,190.3	-	-	-	-
Security deposits and interest payable	1,806.4	1,697.1	19.4	22.0	4.8	3.8
Other current liabilities	68.6	50.2	12.1	12.4	70.8	69.6
Other long-term liabilities	24.5	28.5	367.1	377.3	1,935.4	1,981.0
Net assets without donor restrictions	424.6	340.0	4.0	4.0	10.6	10.6
Total liabilities and net assets	\$ 4,643.0	\$ 4,306.1	\$ 402.6	\$ 415.7	\$ 2,021.6	\$ 2,065.0

Key Takeaways:

ERCOT's net assets without donor restrictions increased \$84.6 M year-over-year, mainly driven by favorable interest income

TEMSFM's other long-term liabilities decreased \$10.2 M year-over-year, driven by lower balance of long-term debt payable liabilities

TEMSFN's other long-term liabilities decreased \$45.6 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 Ten Months Ended October 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	\$ 277.7	\$ 264.7	\$ 19.4	\$ 9.7	\$ 81.8	\$ 83.1
Operating expenses	287.6	270.9	0.4	0.5	1.0	1.0
(Loss) income from operations	(9.9)	(6.2)	19.0	9.2	80.8	82.1
Other income (expense)	90.6	95.8	(19.0)	(9.2)	(80.8)	(82.1)
Change in net assets without donor restrictions	80.7	89.6	-	-	-	-
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	\$ 424.6	\$ 340.0	\$ 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 \$8.9 M:

\$13.0 M increase in operating revenues, driven by

- \$13.0 M (5%) increase in system admin fee revenue

\$16.7 M increase in operating expenses, driven by

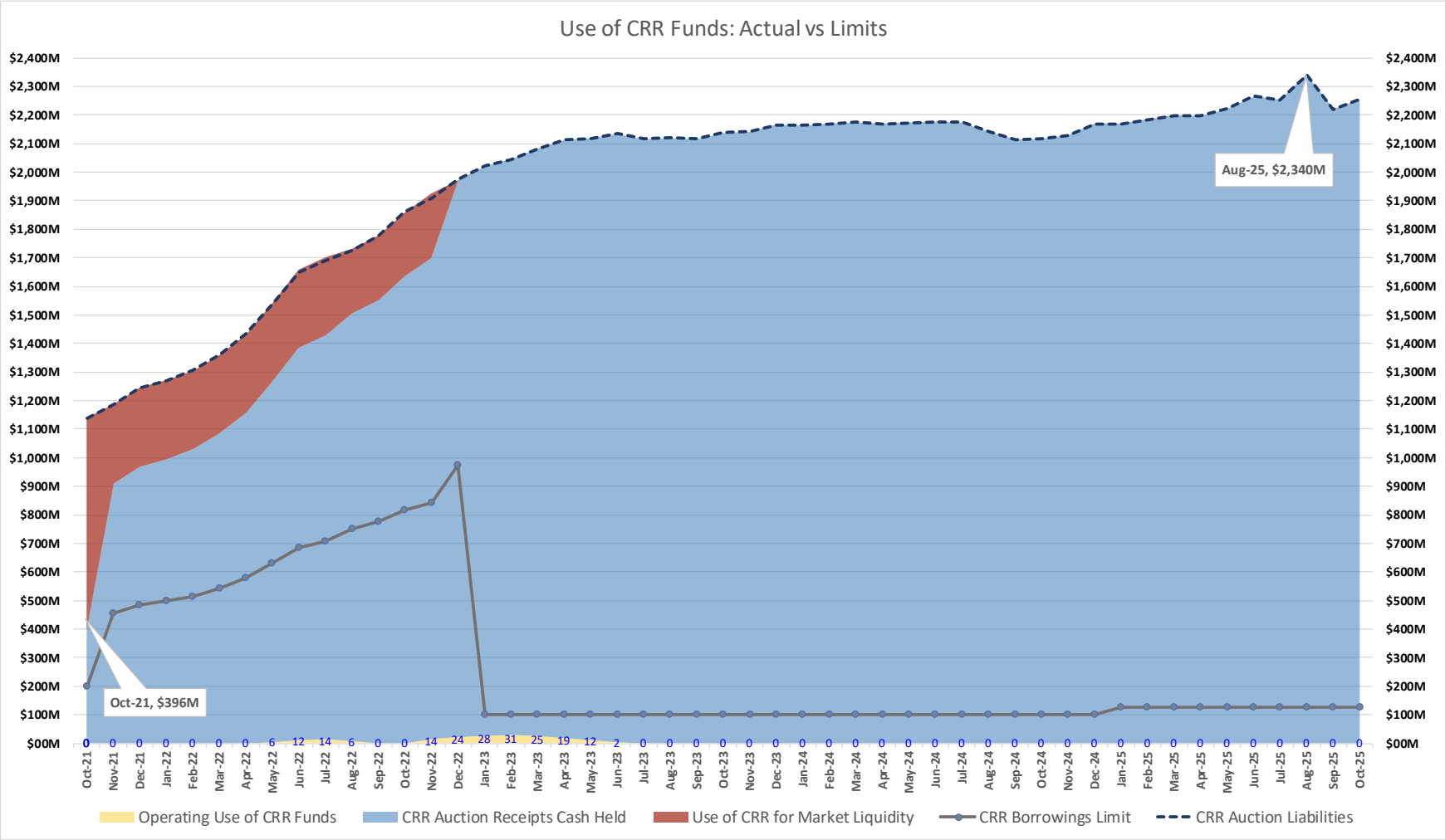
- \$14.3 M (9%) increase in salaries and related benefits expense
- \$5.8 M (17%) increase in depreciation expense
- \$3.1 M (9%) increase in hardware and software maintenance expense
- \$1.4 M (14%) increase in other expense
- \$1.1 M (14%) increase in facility and equipment expense
- \$9.0 M (40%) decrease in outside services expense mainly due to legal fees recovery

\$5.2 M decrease in other income (interest income), driven by

- \$10.3 M (11%) decrease in interest income
- \$4.4 M (107%) increase in U.S. Treasury obligations fair value adjustment (\$0.3 M gain in 2025 vs \$4.1 M loss in 2024)



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



Key Takeaway: As of October 2025, Unrestricted Cash and Bond Investments exceeded Market Liabilities by \$252.6 M



Review 2025 Financial Summary:

Appendices



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Electric Reliability Council of Texas, Inc. 2025 Financial Summary As of November 18, 2025 (\$ in Millions)										
						Year-to-Date (October 31)				
						Year-End (December 31)				
Line	2024		2025			2024		2025		
	Actual	Budget	Actual	\$	Variance %	Actual	Budget	Forecast	\$	Variance %
1 System Administration Fee Revenue	\$ 248.9	\$ 256.0	\$ 261.9	\$ 5.9	2.3	\$ 291.8	\$ 302.4	\$ 311.6	\$ 9.2	3.0
2 Department Net Expenditures										
3 Chief Information Office	111.3	128.6	124.8	3.8	2.9	141.1	154.2	152.3	1.9	1.2
4 Chief Operations Office	64.5	75.9	71.0	4.9	6.4	77.1	90.7	86.1	4.6	5.1
5 General Counsel	22.9	28.0	17.1	11.0	39.1	28.0	33.7	22.3	11.4	33.7
6 Chief Financial Office	18.3	21.1	20.1	1.0	4.9	22.3	25.3	24.3	1.1	4.2
7 Human Resources	6.8	10.8	8.5	2.4	21.8	8.6	13.2	10.8	2.4	17.9
8 Chief Executive Office	5.8	5.3	5.8	(0.5)	(8.5)	7.4	6.1	6.6	(0.6)	(9.1)
9 Project Funded Labor	(15.3)	(16.1)	(18.9)	2.8	17.0	(18.0)	(19.4)	(21.7)	2.3	12.0
10 Total Department Net Expenditures	214.3	253.7	228.3	25.4	10.0	266.4	303.8	280.7	23.1	7.6
11 Net Revenues After Department Expenditures	34.7	2.3	33.6	31.3	>1,000.0	25.4	(1.4)	30.9	32.3	>1,000.0
12										
13 Less: Project Expenditures	42.0	41.8	33.0	8.8	21.1	57.2	50.2	48.1	2.1	4.2
14 Less: Taylor Office Transformation	0.0	6.2	4.7	1.4	23.2	0.0	10.4	9.7	0.7	6.3
15 Less: Interest Expense	1.0	0.3	0.2	0.1	23.4	1.3	0.4	0.3	0.1	26.3
16 Add: Interest Income	96.8	33.1	90.8	57.7	174.2	114.2	39.8	105.8	66.1	166.3
17										
18 Net Available	\$ 88.4	\$ (12.9)	\$ 86.4	\$ 99.3	771.0	\$ 81.0	\$ (22.5)	\$ 78.7	\$ 101.2	448.9
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 November 18, 2025		
Line	Year-to-Date (October 31)	Year-End (December 31)
1 System Administration Fee Revenue	+\$32.0 M - Economy -\$26.1 M - Weather	+\$9.2 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	+\$1.3 M - HW/SW support & maintenance renewals +\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.5 M - IT hardware +\$0.4 M - WAN costs +\$0.4 M - Employee training & business travel +\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Telephone +\$0.1 M - Internet +\$0.1 M - Fiber lease +\$0.1 M - Conferencing +\$0.1 M - Building systems maintenance -\$0.2 M - Outside services/studies -\$1.0 M - Common infrastructure -\$0.3 M - Minor capital -\$0.3 M - WAN revenue -\$0.1 M - Training subscriptions +\$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> +\$0.6 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Building systems maintenance -\$0.1 M - Common infrastructure	+\$1.3 M - HW/SW support & maintenance renewals +\$1.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.5 M - IT hardware +\$0.4 M - WAN costs +\$0.4 M - Employee training & business travel +\$0.4 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Telephone +\$0.1 M - Internet +\$0.1 M - Fiber lease +\$0.1 M - Conferencing +\$0.1 M - Building systems maintenance -\$1.0 M - Outside services/studies -\$1.0 M - Common infrastructure -\$0.9 M - Minor capital -\$0.4 M - WAN revenue -\$0.1 M - Training subscriptions +\$0.2 M - Other miscellaneous expenditures
4 Chief Operations Office	+\$1.9 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$1.8 M - Interconnection revenue +\$0.8 M - Outside services/studies +\$0.5 M - Employee training & business travel -\$0.6 M - Inspection revenue -\$0.3 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue <u>Timing Differences</u> +\$0.8 M - Outside services/studies +\$0.2 M - Black start training & operator training seminar revenue +\$0.1 M - Operator training expense -\$0.3 M - Inspection revenue +\$0.1 M - Other miscellaneous expenditures	+\$2.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$2.1 M - Interconnection revenue +\$0.8 M - Outside services/studies +\$0.6 M - Employee training & business travel -\$0.6 M - Inspection revenue -\$0.4 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue -\$0.1 M - HW/SW support & maintenance renewals -\$0.1 M - Other miscellaneous expenditures
5 General Counsel	+\$7.1 M - Legal fees recovery +\$3.0 M - Legal services +\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Registration fees revenue +\$0.1 M - Employee training & business travel +\$0.1 M - Minor capital +\$0.1 M - Membership dues revenue -\$0.2 M - Board member expense -\$0.1 M - Corporate events	+\$7.1 M - Legal fees recovery +\$3.5 M - Legal services +\$0.8 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Registration fees revenue +\$0.1 M - Employee training & business travel +\$0.1 M - Minor capital +\$0.1 M - Membership dues revenue +\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Board member expense -\$0.2 M - Corporate events -\$0.2 M - Outside services/studies -\$0.1 M - Publications

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Electric Reliability Council of Texas, Inc. 2025 Financial Summary Variance Explanations As of November 18, 2025			
Line	Year-to-Date (October 31)	Year-End (December 31)	
6 Chief Financial Office	+\$1.2 M - Property tax +\$0.2 M - Insurance premiums +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - SPE M & N administration & servicing revenue -\$0.5 M - Outside services/studies -\$0.1 M - Data service subscriptions <u>Timing Differences</u> -\$0.1 M - Other miscellaneous expenditures	+\$1.5 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 -\$1.0 M - Outside services/studies -\$0.2 M - Data service subscriptions	
7 Human Resources	+\$0.9 M - Outside services/studies +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Recruiting & pre-employment costs +\$0.3 M - Corporate events +\$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]	+\$1.3 M - Outside services/studies +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Recruiting & pre-employment costs +\$0.3 M - Corporate events +\$0.1 M - Health & wellness expense +\$0.1 M - Non-monetary reward & recognition +\$0.1 M - Data service subscriptions +\$0.1 M - Employee training & business travel -\$0.3 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	
8 Chief Executive Office	-\$0.4 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Other miscellaneous expenditures	-\$0.5 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Other miscellaneous expenditures	
9 Project Funded Labor	+\$2.3 M - Multiple projects [Resource Management - Project-Funded Work] <u>Timing Differences</u> +\$0.5 M - Multiple projects [Resource Management - Project-Funded Work]	+\$2.3 M - Multiple projects [Resource Management - Project-Funded Work]	
13 Project Expenditures	+\$2.1 M - Multiple projects <u>Timing Differences</u> +\$6.7 M - Multiple projects	+\$2.1 M - Multiple projects	
14 Taylor Office Transformation	+\$0.7 M - Building and furniture improvements <u>Timing Differences</u> +\$0.7 M - Building and furniture improvements	+\$0.7 M - Building and furniture improvements	
15 Interest Expense	+\$0.1 M - Capitalized interest	+\$0.1 M - Capitalized interest	
16 Interest Income	+\$49.6 M - Interest rate +\$7.8 M - Investment balance +\$0.3 M - Fair value adjustment	+\$57.7 M - Interest rate +\$8.1 M - Investment balance +\$0.3 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 October 31, 2025		Year-End (YE) As of November 18, 2025		Life-to-Date As of October 31, 2025		Estimate-at-Completion (EAC) As of November 18, 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	\$ 9.2	84%	\$ 11.0	23%	\$ 15.4	78%	\$ 19.6	14%	\$ 20.8	\$ 1.2
2	RTC-B Integration & Information	4.2	87%	4.9	10%	5.7	84%	6.8	5%	6.4	(0.4)
3	RTC-B Program Control	3.6	91%	4.0	8%	8.4	214%	3.9	3%	5.4	1.5
4	RTC-B Commercial Applications	0.5	79%	0.6	1%	1.7	80%	2.1	1%	2.3	0.2
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	3.5	2%	3.5	-
6	Subtotal - Market Design Projects	17.6	86%	20.5	43%	31.2	87%	35.9	25%	38.4	2.5
7	Second iTest Environment	0.6	51%	1.2	2%	9.3	87%	10.8	7%	10.8	0.0
8	Test Data Management	(1.0)	110%	(0.9)	-2%	6.1	80%	7.7	5%	7.7	-
9	Fiber Expansion and Modernization	0.1	1%	4.0	8%	0.1	1%	5.3	4%	5.3	-
10	Cloud Foundations	2.7	93%	2.9	6%	2.8	62%	4.6	3%	4.6	-
11	NMMS IMM Schema Upgrade to CIM 16	0.6	39%	1.5	3%	1.2	26%	4.4	3%	4.5	0.0
12	ServiceNow CMDB & Change Management	1.0	68%	1.5	3%	1.4	47%	2.9	2%	3.0	0.1
13	Treasury Single Source of Truth	0.4	53%	0.7	1%	0.5	16%	2.8	2%	2.8	0.0
14	Identity & Access Management Program Control	0.1	5%	2.1	4%	0.1	4%	2.6	2%	2.6	-
15	SCR820 Operator Real-Time Messaging During Emergency	0.9	67%	1.3	3%	1.0	43%	2.4	2%	2.5	0.1
16	Alfresco Replacement	0.0	35%	0.0	0%	0.0	1%	2.1	1%	2.1	-
17	Microsoft SharePoint Migration – Phase 2	0.8	83%	1.0	2%	1.0	49%	2.0	1%	2.0	0.0
18	Total Projects with EAC Over \$2.0M	23.8	66%	35.9	75%	54.6	65%	83.5	58%	86.3	2.8
19	Other Projects	9.7	79%	12.2	25%	36.6	61%	60.3	42%	61.7	1.5
20	Total Project Expenditures	\$ 33.5	70%	\$ 48.1	100%	\$ 91.2	63%	\$ 143.8	100%	\$ 148.1	\$ 4.3

Note: Schedule may not foot due to rounding



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

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 766,736	\$ 667,204
Accounts receivable	2,809	3,427
Unbilled revenue	4,568	6,796
Interest receivable	14,314	15,830
Receivable from intercompany	223	587
Restricted cash and cash equivalents	1,800,938	1,690,949
Short-term investments	1,051,390	1,040,193
Prepaid expenses and other current assets	47,830	45,343
Total current assets	3,688,808	3,470,329
Long-term investments	762,198	651,533
Property and equipment, net	145,381	153,035
Systems under development	45,842	30,288
Other long term assets	753	882
Total assets	\$ 4,642,982	\$ 4,306,067
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 3,989	\$ 2,565
Accrued liabilities	55,261	38,581
Payable to intercompany	386	462
Deferred revenue	10,770	11,158
Market settlement liabilities	1,312,758	1,303,668
Security deposits	1,800,552	1,690,487
Debt payable, current portion	4,000	4,000
Total current liabilities	3,187,716	3,050,921
Long-term liabilities:		
Debt payable, less current portion:		
Principal	24,000	28,000
Less unamortized debt issuance costs	99	106
Debt payable less current portion and unamortized debt issuance costs	23,901	27,894
Long-term CRR liabilities	1,006,181	886,636
Other long-term liabilities	601	661
Total long-term liabilities	1,030,683	915,191
Total liabilities	4,218,399	3,966,112
Net assets without donor restrictions	424,583	339,955
Total liabilities and net assets	\$ 4,642,982	\$ 4,306,067



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

	2025	2024
Operating revenues		
System administration fees	\$ 261,899	\$ 248,946
Other services revenue	15,842	15,741
Total operating revenues	277,741	264,687
Operating expenses		
Salaries and related benefits	175,219	160,894
Facility and equipment costs	9,139	8,036
Outside services	13,181	22,140
Hardware and software maintenance and licensing	38,516	35,466
Depreciation	40,276	34,434
Other	11,269	9,880
Total operating expenses	287,600	270,850
Loss from operations	(9,859)	(6,163)
Other income (expense)		
Investment return, net	90,815	96,756
Interest expense	(236)	(1,042)
Non-operating (expense) income	(59)	8
Change in net assets without donor restrictions	80,661	89,559
Net assets without donor restrictions, beginning of year	343,922	250,396
Net assets without donor restrictions, end of period	\$ 424,583	\$ 339,955



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

	2025	2024
Operating activities:		
Change in net assets without donor restrictions	\$ 80,661	\$ 89,559
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	40,276	34,434
Amortization of right-of-use assets	232	248
Amortization of debt issuance costs	12	15
Amortization of bond investment discount	(39,984)	(49,369)
Unrealized (gain) loss on bond investments	(263)	4,181
Net loss on capital assets	83	-
Changes in operating assets and liabilities:		
Accounts receivable	2,732	2,216
Unbilled revenue	2,157	735
Interest receivable	1,105	1,473
Receivable from intercompany	785	(37)
Prepaid expenses and other assets	(4,650)	(3,542)
Other long-term liabilities	(30)	(42)
Accounts payable	3,000	(6,516)
Accrued liabilities	7,720	3,158
Payable to intercompany	(739)	(260)
Deferred revenue	(1,279)	2,156
Security deposits	(425,796)	162,556
Market settlement liabilities	(196,463)	(102,020)
Long-term CRR liabilities	247,707	68,003
Net cash (used in) provided by operating activities	(282,734)	206,948
Investing activities:		
Purchase of investments	(1,258,798)	(1,050,152)
Proceeds from investments	1,255,000	1,180,675
Capital expenditures for property and equipment and systems under development	(44,443)	(40,005)
Net cash (used in) provided by investing activities	(48,241)	90,518
Financing activities:		
Repayment of debt payable	(3,000)	(3,000)
Net cash (used in) financing activities	(3,000)	(3,000)
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(333,975)	294,466
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	\$ 2,567,674	\$ 2,358,153



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ELECTRIC RELIABILITY COUNCIL OF TEXAS Consolidated Statements of Financial Position As of October 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	\$ 766,736	\$ 4,042	\$ -	\$ -	\$ 770,778
Securitization charges receivable, current	-	7,214	44,611	-	51,825
Accounts receivable	2,809	-	-	-	2,809
Unbilled revenue	4,568	-	-	(354)	4,214
Interest receivable	14,314	97	162	-	14,573
Receivable from intercompany	223	-	386	(609)	-
Restricted cash and cash equivalents	1,800,938	26,334	53,101	-	1,880,373
Short-term investments	1,051,390	-	-	-	1,051,390
Prepaid expenses and other current assets	47,830	-	-	-	47,830
Total current assets	3,688,808	37,687	98,260	(963)	3,823,792
Long-term investments	762,198	-	-	(14,579)	747,619
Property and equipment, net	145,381	-	-	-	145,381
Systems under development	45,842	-	-	-	45,842
Securitization charges receivable, non current	-	364,906	1,923,386	-	2,288,292
Other long term assets	753	-	-	-	753
Total assets	\$ 4,642,982	\$ 402,593	\$ 2,021,646	\$ (15,542)	\$ 7,051,679
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 3,989	\$ -	\$ -	\$ -	\$ 3,989
Accrued liabilities	55,261	4,274	24,293	-	83,828
Payable to intercompany	386	141	436	(963)	-
Deferred revenue	10,770	-	-	-	10,770
Market settlement liabilities	1,312,758	-	-	-	1,312,758
Security deposits	1,800,552	19,283	4,582	-	1,824,417
Debt payable, current portion	4,000	7,785	46,348	-	58,133
Total current liabilities	3,187,716	31,483	75,659	(963)	3,293,895
Long-term liabilities:					
Debt payable, less current portion:					
Principal	24,000	371,315	1,946,583	-	2,341,898
Less unamortized discount and debt issuance costs	99	4,205	11,175	-	15,479
Debt payable less current portion and unamortized discount and debt issuance costs	23,901	367,110	1,935,408	-	2,326,419
Long-term CRR liabilities	1,006,181	-	-	-	1,006,181
Other long-term liabilities	601	-	-	-	601
Total long-term liabilities	1,030,683	367,110	1,935,408	-	3,333,201
Total liabilities	4,218,399	398,593	2,011,067	(963)	6,627,096
Net assets without donor restrictions	424,583	4,000	10,579	(14,579)	424,583
Total liabilities and net assets	\$ 4,642,982	\$ 402,593	\$ 2,021,646	\$ (15,542)	\$ 7,051,679



ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Ten Months Ended October 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	\$ 261,899	\$ -	\$ -	\$ -	\$ 261,899
Other services revenue	15,842	-	-	(1,321)	14,521
Securitization charges fees	-	19,364	81,863	-	101,227
Total operating revenues	277,741	19,364	81,863	(1,321)	377,647
Operating expenses					
Salaries and related benefits	175,219	-	-	-	175,219
Facility and equipment costs	9,139	-	-	-	9,139
Outside services	13,181	407	1,026	(1,321)	13,293
Hardware and software maintenance and licensing	38,516	-	1	-	38,517
Depreciation	40,276	-	-	-	40,276
Other	11,269	-	-	-	11,269
Total operating expenses	287,600	407	1,027	(1,321)	287,713
(Loss) income from operations	(9,859)	18,957	80,836	-	89,934
Other income (expense)					
Investment return, net	90,815	627	1,224	-	92,666
Interest expense	(236)	(19,584)	(82,060)	-	(101,880)
Non-operating expense	(59)	-	-	-	(59)
Change in net assets without donor restrictions	80,661	-	-	-	80,661
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	\$ 424,583	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 424,583



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ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Ten Months Ended October 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	\$ 80,661	\$ -	\$ -	\$ -	\$ 80,661
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	40,276	-	-	-	40,276
Amortization of right-of-use assets	232	-	-	-	232
Amortization of discount & debt issuance costs	12	86	622	-	720
Loss on extinguishment of debt	-	1,833	-	-	1,833
Amortization of bond investment discount	(39,984)	-	-	-	(39,984)
Unrealized (gain) on bond investments	(263)	-	-	-	(263)
Net loss on capital assets	83	-	-	-	83
Changes in operating assets and liabilities:					
Securitization charges receivable	-	9,983	39,948	(739)	49,192
Accounts receivable	2,732	-	-	-	2,732
Unbilled revenue	2,157	-	-	(337)	1,820
Interest receivable	1,105	(25)	(8)	159	1,231
Receivable from intercompany	785	-	-	(785)	-
Prepaid expenses and other assets	(4,650)	-	-	-	(4,650)
Other long-term liabilities	(30)	-	-	-	(30)
Accounts payable	3,000	(4)	-	-	2,996
Accrued liabilities	7,720	(2,031)	(19,347)	-	(13,658)
Payable to intercompany	(739)	(145)	(193)	1,077	-
Deferred revenue	(1,279)	-	-	-	(1,279)
Security deposits	(425,796)	(3,400)	707	-	(428,489)
Market settlement liabilities	(196,463)	-	-	-	(196,463)
Long-term CRR liabilities	247,707	-	-	-	247,707
Net cash (used in) provided by operating activities	(282,734)	6,297	21,729	(625)	(255,333)
Investing activities:					
Purchase of investments	(1,258,798)	-	-	-	(1,258,798)
Proceeds from investments	1,255,000	-	-	-	1,255,000
Capital expenditures for property and equipment and systems under development	(44,443)	-	-	-	(44,443)
Net cash (used in) investing activities	(48,241)	-	-	-	(48,241)
Financing activities:					
Proceeds from debt issuance	-	379,072	-	-	379,072
Repayment of debt payable	(3,000)	(388,522)	(44,505)	-	(436,027)
Payment of debt issuance costs	-	(4,192)	-	625	(3,567)
Net cash (used in) provided by financing activities	(3,000)	(13,642)	(44,505)	625	(60,522)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(333,975)	(7,345)	(22,776)	-	(364,096)
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	\$ 2,567,674	\$ 30,376	\$ 53,101	\$ -	\$ 2,651,151



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ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of October 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	\$ 667,204	\$ 4,052	\$ -	\$ -	\$ 671,256
Securitization charges receivable, current	-	7,076	42,303	-	49,379
Accounts receivable	3,427	-	-	-	3,427
Unbilled revenue	6,796	-	-	(414)	6,382
Interest receivable	15,830	124	185	-	16,139
Receivable from intercompany	587	-	462	(1,049)	-
Restricted cash and cash equivalents	1,690,949	28,350	52,554	-	1,771,853
Short-term investments	1,040,193	-	-	-	1,040,193
Prepaid expenses and other current assets	45,343	-	-	-	45,343
Total current assets	3,470,329	39,602	95,504	(1,463)	3,603,972
Long-term investments	651,533	-	-	(14,579)	636,954
Property and equipment, net	153,035	-	-	-	153,035
Systems under development	30,288	-	-	-	30,288
Securitization charges receivable, non current	-	376,116	1,969,462	-	2,345,578
Other long term assets	882	-	-	-	882
Total assets	\$ 4,306,067	\$ 415,718	\$ 2,064,966	\$ (16,042)	\$ 6,770,709
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 2,565	\$ -	\$ -	\$ -	\$ 2,565
Accrued liabilities	38,581	3,375	24,771	-	66,727
Payable to intercompany	462	530	471	(1,463)	-
Deferred revenue	11,158	-	-	-	11,158
Market settlement liabilities	1,303,668	-	-	-	1,303,668
Security deposits	1,690,487	21,880	3,631	-	1,715,998
Debt payable, current portion	4,000	8,608	44,504	-	57,112
Total current liabilities	3,050,921	34,393	73,377	(1,463)	3,157,228
Long-term liabilities:					
Debt payable, less current portion:					
Principal	28,000	379,914	1,992,932	-	2,400,846
Less unamortized discount and debt issuance costs	106	2,589	11,922	-	14,617
Debt payable less current portion and unamortized discount and debt issuance costs	27,894	377,325	1,981,010	-	2,386,229
Long-term CRR liabilities	886,636	-	-	-	886,636
Other long-term liabilities	661	-	-	-	661
Total long-term liabilities	915,191	377,325	1,981,010	-	3,273,526
Total liabilities	3,966,112	411,718	2,054,387	(1,463)	6,430,754
Net assets without donor restrictions	339,955	4,000	10,579	(14,579)	339,955
Total liabilities and net assets	\$ 4,306,067	\$ 415,718	\$ 2,064,966	\$ (16,042)	\$ 6,770,709



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ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Ten Months Ended October 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	\$ 248,946	\$ -	\$ -	\$ -	\$ 248,946
Other services revenue	15,741	-	-	(1,382)	14,359
Securitization charges fees	-	9,683	83,095	-	92,778
Total operating revenues	264,687	9,683	83,095	(1,382)	356,083
Operating expenses					
Salaries and related benefits	160,894	-	-	-	160,894
Facility and equipment costs	8,036	-	-	-	8,036
Outside services	22,140	466	1,009	(1,382)	22,233
Hardware and software maintenance and licensing	35,466	-	1	-	35,467
Depreciation	34,434	-	-	-	34,434
Other	9,880	-	-	-	9,880
Total operating expenses	270,850	466	1,010	(1,382)	270,944
(Loss) income from operations	(6,163)	9,217	82,085	-	85,139
Other income (expense)					
Investment return, net	96,756	565	1,532	-	98,853
Interest expense	(1,042)	(9,782)	(83,617)	-	(94,441)
Non-operating income	8	-	-	-	8
Change in net assets without donor restrictions	89,559	-	-	-	89,559
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	\$ 339,955	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 339,955



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ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Ten Months Ended October 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	\$ 89,559	\$ -	\$ -	\$ -	\$ 89,559
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	34,434	-	-	-	34,434
Amortization of right-of-use assets	248	-	-	-	248
Amortization of debt issuance costs	15	64	622	-	701
Amortization of bond investment discount	(49,369)	-	-	-	(49,369)
Unrealized loss on bond investments	4,181	-	-	-	4,181
Changes in operating assets and liabilities:					
Securitization charges receivable	-	8,575	35,759	(261)	44,073
Accounts receivable	2,216	-	-	-	2,216
Unbilled revenue	735	-	-	(276)	459
Interest receivable	1,473	(18)	36	138	1,629
Receivable from intercompany	(37)	-	-	37	-
Prepaid expenses and other assets	(3,542)	-	-	-	(3,542)
Other long-term liabilities	(42)	-	-	-	(42)
Accounts payable	(6,516)	(4)	-	-	(6,520)
Accrued liabilities	3,158	(2,004)	(16,616)	-	(15,462)
Payable to intercompany	(260)	(82)	(198)	540	-
Deferred revenue	2,156	-	-	-	2,156
Security deposits	162,556	1,312	299	-	164,167
Market settlement liabilities	(102,020)	-	-	-	(102,020)
Long-term CRR liabilities	68,003	-	-	-	68,003
Net cash provided by operating activities	206,948	7,843	19,902	178	234,871
Investing activities:					
Purchase of investments	(1,050,152)	-	-	-	(1,050,152)
Proceeds from investments	1,180,675	-	-	-	1,180,675
Capital expenditures for property and equipment and systems under development	(40,005)	-	-	-	(40,005)
Net cash provided by investing activities	90,518	-	-	-	90,518
Financing activities:					
Repayment of debt payable	(3,000)	(10,260)	(42,732)	-	(55,992)
Payment of debt issuance costs	-	-	-	(178)	(178)
Net cash (used in) financing activities	(3,000)	(10,260)	(42,732)	(178)	(56,170)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	294,466	(2,417)	(22,830)	-	269,219
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	\$ 2,358,153	\$ 32,402	\$ 52,554	\$ -	\$ 2,443,109

