



## Item 8.1: Review 2025 Financial Summary

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

Finance and Audit Committee Meeting

February 9, 2026

### **Purpose**

To provide the Finance and Audit (F&A) Committee an overview of ERCOT's preliminary, unaudited financial performance for 2025

### **For information only**

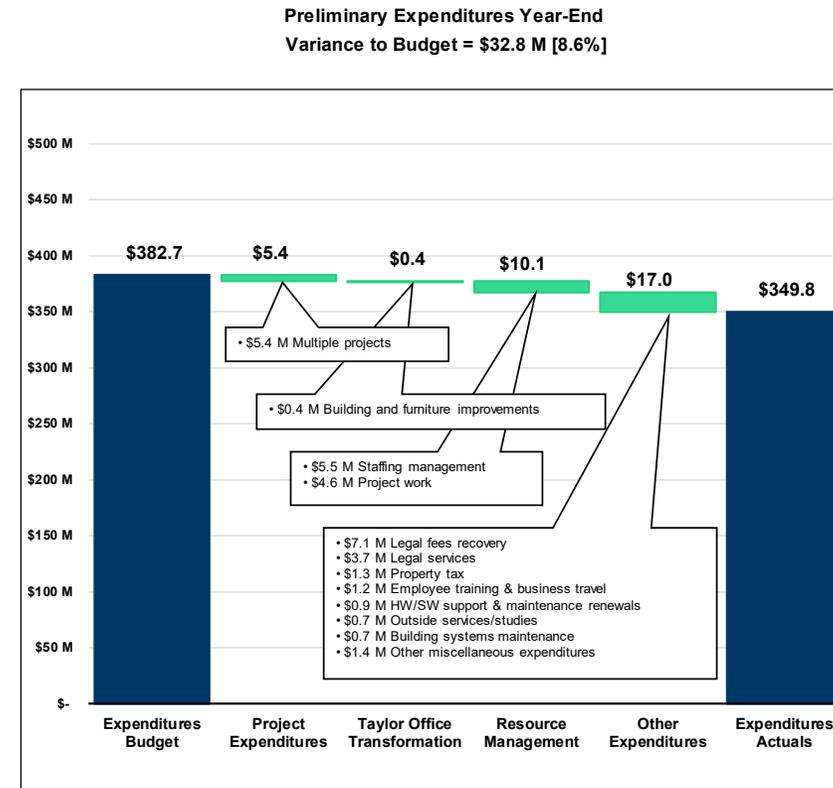
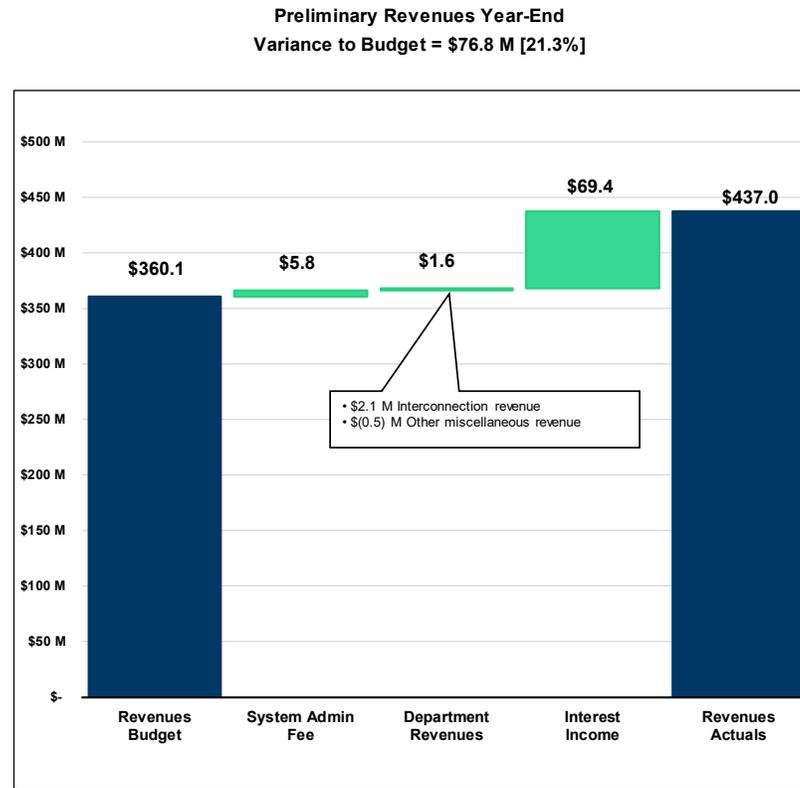
No action is requested; for discussion only

### **Key Takeaways**

- ERCOT's preliminary, unaudited year-end 2025 actual revenues net of expenditures were \$109.7 million favorable to budget, driven by interest income being favorable by \$69.4 million, unbudgeted legal fees recovery of \$7.1 million, staffing management being favorable by \$5.5 million, and project expenditures being favorable by \$5.4 million
- ERCOT had \$252.1 million of operating funds as of December 31, 2025, compared to \$166.8 million of operating funds as of December 31, 2024

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

**Preliminary Net Available Year-End Variance to Budget = \$109.7 M**



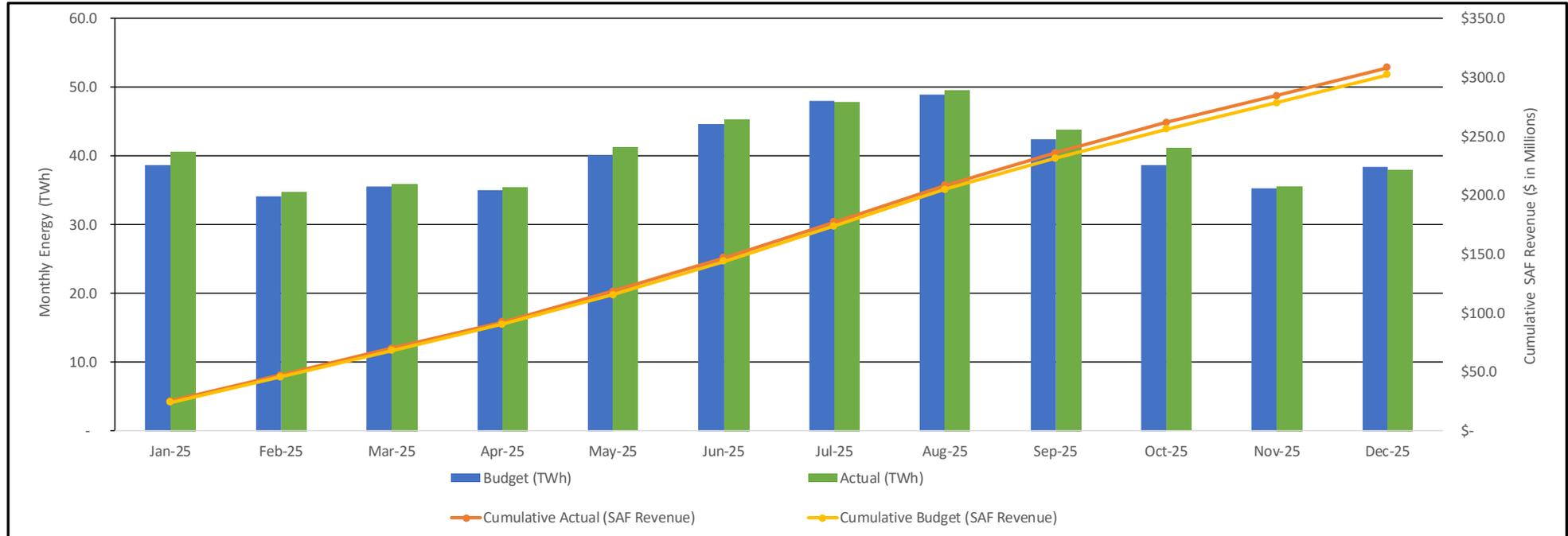
Charts may not foot due to rounding

**Key Takeaway:** The preliminary, unaudited year-end 2025 results are a net available amount of \$87.1 M versus a budgeted amount of \$(22.5) M, a \$109.7 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	463.1	40.6	34.8	35.9	35.4	41.3	45.2	47.9	49.6	43.8	41.2	35.6	38.0	489.3
Variance	(1.9)	1.9	0.7	0.3	0.3	1.2	0.6	(0.1)	0.7	1.4	2.4	0.2	(0.4)	9.2
Variance (%)	-0.4%	4.8%	1.9%	0.8%	1.0%	3.1%	1.3%	-0.2%	1.4%	3.2%	6.3%	0.6%	-1.0%	1.9%

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	\$ 291.8	\$ 25.6	\$ 47.5	\$ 70.1	\$ 92.4	\$ 118.5	\$ 147.0	\$ 177.1	\$ 208.4	\$ 236.0	\$ 261.9	\$ 284.3	\$ 308.2	\$ 308.2
Cumulative Variance	\$ (1.2)	\$ 1.2	\$ 1.6	\$ 1.8	\$ 2.0	\$ 2.8	\$ 3.1	\$ 3.1	\$ 3.5	\$ 4.4	\$ 5.9	\$ 6.1	\$ 5.8	\$ 5.8
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%	1.9%	1.9%

# Review 2025 Financial Summary: ERCOT Statements of Financial Position

As of December 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
<b>Assets</b>						
Unrestricted cash	\$ 751.6	\$ 674.2	\$ 4.1	\$ 4.1	\$ -	\$ -
Bond Investments	1,868.1	1,762.2	-	-	-	-
Total unrestricted cash and bond investments	2,619.7	2,436.4	4.1	4.1	-	-
Restricted cash and interest receivable	2,008.6	2,234.4	31.2	33.7	76.0	76.2
Other current assets	63.3	58.9	7.3	7.4	46.9	46.4
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	196.1	195.7	363.6	374.8	1,915.6	1,961.9
<b>Total assets</b>	<b>\$ 4,902.3</b>	<b>\$ 4,940.0</b>	<b>\$ 406.2</b>	<b>\$ 420.0</b>	<b>\$ 2,038.5</b>	<b>\$ 2,084.5</b>
<b>Liabilities and Net Assets</b>						
CRR auction liabilities-current	\$ 1,407.3	\$ 1,410.6	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	875.8	758.5	-	-	-	-
Other market liabilities	84.5	98.6	-	-	-	-
Total market settlement liabilities	2,367.6	2,267.7	-	-	-	-
Security deposits and interest payable	2,007.9	2,233.3	19.6	22.8	5.1	4.2
Other current liabilities	71.9	67.6	15.4	15.9	87.3	88.6
Other long-term liabilities	23.5	27.5	367.2	377.3	1,935.5	1,981.1
Net assets without donor restrictions	431.4	343.9	4.0	4.0	10.6	10.6
<b>Total liabilities and net assets</b>	<b>\$ 4,902.3</b>	<b>\$ 4,940.0</b>	<b>\$ 406.2</b>	<b>\$ 420.0</b>	<b>\$ 2,038.5</b>	<b>\$ 2,084.5</b>

### Key Takeaways:

ERCOT's net assets without donor restrictions increased \$87.5 M year-over-year, mainly driven by favorable interest income  
 TEMSFM's other long-term liabilities decreased \$10.1 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 Twelve Months Ended December 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	\$ 327.8	\$ 310.8	\$ 22.6	\$ 11.5	\$ 98.0	\$ 99.4
Operating expenses	349.2	330.2	0.4	0.4	1.2	1.1
(Loss) income from operations	(21.4)	(19.4)	22.2	11.1	96.8	98.3
Other income (expense)	108.9	112.9	(22.2)	(11.1)	(96.8)	(98.3)
<b>Change in net assets without donor restrictions</b>	<b>87.5</b>	<b>93.5</b>	-	-	-	-
Net assets without donor restrictions, beginning of year	343.9	250.4	4.0	4.0	10.6	10.6
<b>Net assets without donor restrictions, end of period</b>	<b>\$ 431.4</b>	<b>\$ 343.9</b>	<b>\$ 4.0</b>	<b>\$ 4.0</b>	<b>\$ 10.6</b>	<b>\$ 10.6</b>

**Key Takeaways:** ERCOT's year-over-year change in net assets without donor restrictions (equity) decreased by \$6.0 M:

\$17.0 M increase in operating revenues, driven by

- \$16.5 M (6%) increase in system admin fee revenue

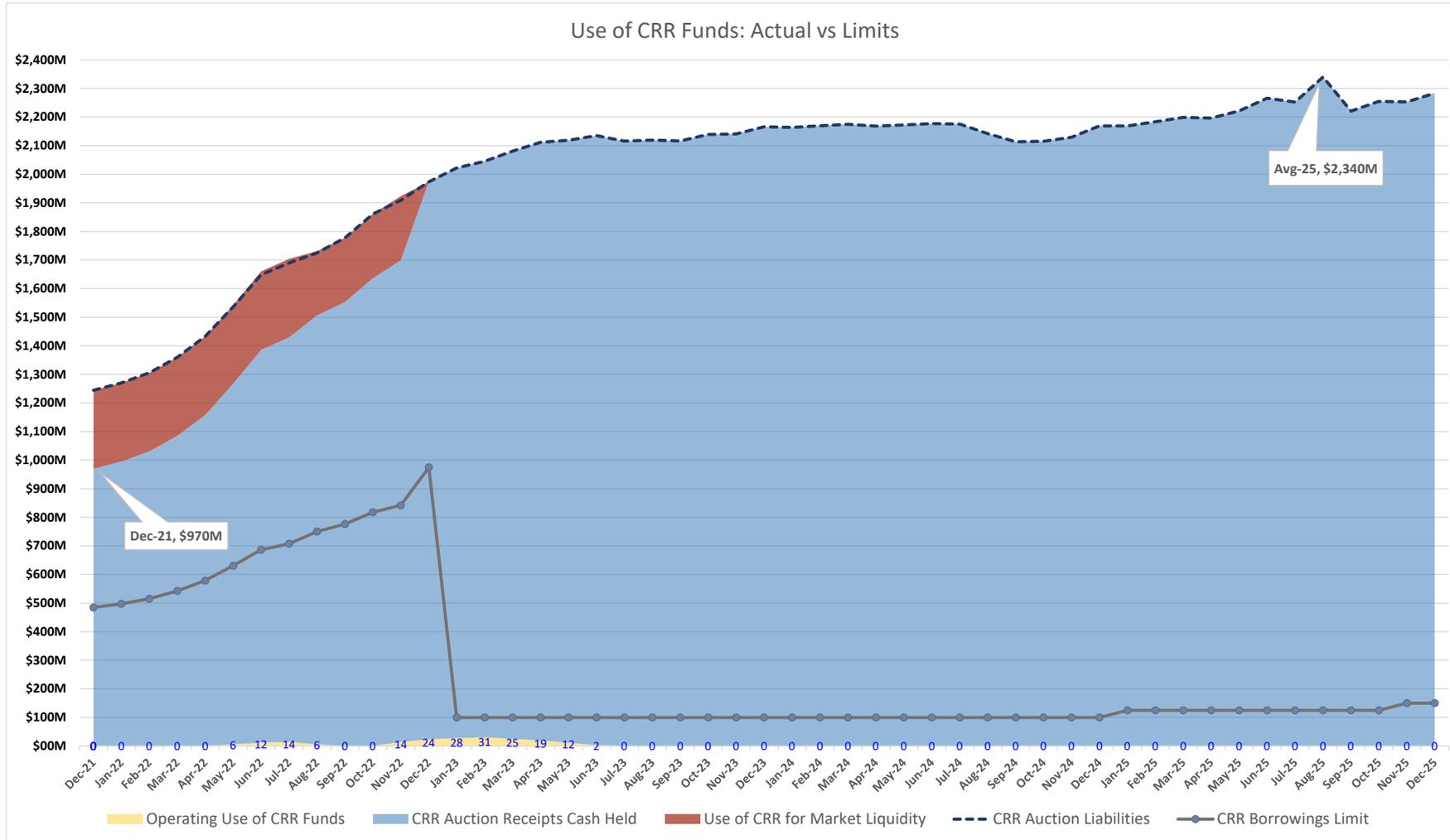
\$19.0 M increase in operating expenses, driven by

- \$17.4 M (9%) increase in salaries and related benefits expense
- \$3.6 M (8%) increase in hardware and software maintenance expense
- \$3.4 M (8%) increase in depreciation expense
- \$1.8 M (15%) increase in other expense
- \$1.3 M (13%) increase in facility and equipment expense
- \$8.5 M (31%) decrease in outside services expense mainly due to legal fees recovery

\$4.1 M decrease in other income (interest income), driven by

- \$11.8 M (4%) decrease in interest income
- \$6.8 M (128%) increase in U.S. Treasury obligations fair value adjustment (\$1.5 M gain in 2025 vs \$5.3 M loss in 2024)

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



**Key Takeaway:** As of December 2025, Unrestricted Cash and Bond Investments exceeded Market Liabilities by \$252.1 M

# Review 2025 Financial Summary:

Appendices

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Electric Reliability Council of Texas, Inc. 2025 Financial Summary As of January 21, 2026 (\$ in Millions)					
Preliminary 2025 Year-End					
Line	2024	2025		Variance	
	Actual	Budget	Actual	\$	%
1	\$ 291.8	\$ 302.4	\$ 308.2	\$ 5.8	1.9
2	<b>Department Net Expenditures</b>				
3	141.1	154.2	149.0	5.2	3.4
4	77.1	90.7	85.0	5.7	6.3
5	28.0	33.7	22.2	11.6	34.3
6	22.3	25.3	24.6	0.7	2.9
7	8.6	13.2	10.5	2.7	20.6
8	7.4	6.1	7.1	(1.1)	(17.5)
9	(18.0)	(19.4)	(23.1)	3.7	19.3
10	<b>266.4</b>	<b>303.8</b>	<b>275.2</b>	<b>28.6</b>	<b>9.4</b>
11	<b>25.4</b>	<b>(1.4)</b>	<b>33.0</b>	<b>34.4</b>	<b>&gt;1,000.0</b>
12					
13	<b>58.0</b>	<b>50.2</b>	<b>44.8</b>	<b>5.4</b>	<b>10.7</b>
14	<b>0.0</b>	<b>10.4</b>	<b>10.0</b>	<b>0.4</b>	<b>3.9</b>
15	<b>1.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.1</b>	<b>29.0</b>
16	<b>114.2</b>	<b>39.8</b>	<b>109.2</b>	<b>69.4</b>	<b>174.6</b>
17					
18	<b>\$ 80.2</b>	<b>\$ (22.5)</b>	<b>\$ 87.1</b>	<b>\$ 109.7</b>	<b>486.4</b>
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 January 21, 2026		
Line		Preliminary 2025 Year-End
1	System Administration Fee Revenue	+\$37.8 M - Economy -\$32.0 M - Weather
3	Chief Information Office	+\$1.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$1.0 M - Contingent labor [Resource Management - Staffing Management] +\$0.9 M - HW/SW support & maintenance renewals +\$0.9 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.7 M - Building systems maintenance +\$0.5 M - WAN costs +\$0.5 M - Common infrastructure +\$0.4 M - IT hardware +\$0.4 M - Employee training & business travel +\$0.2 M - Telephone +\$0.1 M - Internet +\$0.1 M - Fiber lease +\$0.1 M - Conferencing +\$0.1 M - Equipment & maintenance -\$0.7 M - Outside services/studies -\$0.5 M - Minor capital -\$0.4 M - WAN revenue -\$0.2 M - Training subscriptions
4	Chief Operations Office	+\$2.8 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$2.1 M - Interconnection revenue +\$1.3 M - Outside services/studies +\$0.6 M - Employee training & business travel -\$0.4 M - Inspection revenue -\$0.4 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue -\$0.1 M - Minor capital -\$0.1 M - Other miscellaneous expenditures
5	General Counsel	+\$7.1 M - Legal fees recovery +\$3.7 M - Legal services +\$0.8 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 +\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Corporate events -\$0.2 M - Board member expense -\$0.2 M - Outside services/studies

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Electric Reliability Council of Texas, Inc. 2025 Financial Summary Variance Explanations As of January 21, 2026	
Line	Preliminary 2025 Year-End
6 Chief Financial Office	+\$1.3 M - Property tax +\$0.3 M - Insurance premiums +\$0.2 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	+\$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 - Data service subscriptions +\$0.1 M - Employee training & business travel +\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]
8 Chief Executive Office	-\$1.0 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Other miscellaneous expenditures
9 Project Funded Labor	+\$3.7 M - Multiple projects [Resource Management - Project-Funded Work]
13 Project Expenditures	+\$5.4 M - Multiple projects
14 Taylor Office Transformation	+\$0.4 M - Building and furniture improvements
15 Interest Expense	+\$0.1 M - Capitalized interest
16 Interest Income	+\$58.3 M - Interest rate +\$9.6 M - Investment balance +\$1.5 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 December 31, 2025		Life-to-Date As of December 31, 2025		Estimate-at-Completion (EAC) As of January 21, 2026			
		Preliminary Actual	% of All Included Projects	Preliminary Actual	% of EAC Forecast	EAC Forecast	% of All Included Projects	Budget	Variance
1	RTC-B Grid & Markets	\$ 11.0	25%	\$ 17.1	89%	\$ 19.2	11%	\$ 20.8	\$ 1.6
2	RTC-B Integration & Information	5.1	11%	6.6	93%	7.1	4%	6.4	(0.7)
3	RTC-B Program Control	5.2	12%	10.0	193%	5.2	3%	5.4	0.3
4	RTC-B Commercial Applications	0.7	2%	1.8	86%	2.1	1%	2.3	0.2
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	3.5	2%	3.5	-
6	<b>Subtotal - Market Design Projects</b>	<b>22.0</b>	<b>49%</b>	<b>35.6</b>	<b>96%</b>	<b>37.2</b>	<b>20%</b>	<b>38.4</b>	<b>1.3</b>
7	Identity & Access Management Program	0.2	0%	0.2	1%	20.0	11%	20.0	-
8	Second iTest Environment	0.7	2%	9.5	88%	10.8	6%	10.8	0.0
9	Test Data Management	(0.7)	-2%	6.3	83%	7.7	4%	7.7	-
10	Fiber Expansion and Modernization	2.2	5%	2.2	41%	5.3	3%	5.3	-
11	Cloud Foundations	2.4	5%	2.5	54%	4.6	3%	4.6	(0.0)
12	NMMS IMM Schema Upgrade to CIM 16	1.5	3%	2.0	45%	4.4	2%	4.5	0.0
13	Alfresco Replacement	0.0	0%	0.0	1%	3.7	2%	3.7	-
14	ServiceNow CMDB & Change Management	1.4	3%	1.7	59%	2.9	2%	3.0	0.1
15	Treasury Single Source of Truth	0.6	1%	0.6	23%	2.8	2%	2.8	0.0
16	SCR820 Operator Real-Time Messaging During Emergency	1.1	2%	1.2	50%	2.5	1%	2.5	0.0
17	NPRRs 1188 & 1244 - Controllable Load Resource Enhancements	0.0	0%	0.0	0%	2.2	1%	2.2	-
18	Microsoft SharePoint Migration – Phase 2	1.0	2%	1.2	57%	2.0	1%	2.0	-
19	<b>Total Projects with EAC Over \$2.0M</b>	<b>32.3</b>	<b>72%</b>	<b>63.1</b>	<b>59%</b>	<b>106.2</b>	<b>58%</b>	<b>107.6</b>	<b>1.4</b>
20	<b>Other Projects</b>	<b>12.5</b>	<b>28%</b>	<b>39.9</b>	<b>53%</b>	<b>75.7</b>	<b>42%</b>	<b>77.2</b>	<b>1.5</b>
21	<b>Total Project Expenditures</b>	<b>\$ 44.8</b>	<b>100%</b>	<b>\$ 103.1</b>	<b>57%</b>	<b>\$ 181.9</b>	<b>100%</b>	<b>\$ 184.8</b>	<b>\$ 2.9</b>

Note: Schedule may not foot due to rounding

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

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 751,613	\$ 674,176
Accounts receivable	5,889	5,541
Unbilled revenue	6,370	6,725
Interest receivable	14,858	16,647
Receivable from intercompany	321	1,008
Restricted cash and cash equivalents	2,002,946	2,227,473
Short-term investments	1,220,713	1,212,062
Prepaid expenses and other current assets	48,192	43,180
Total current assets	4,050,902	4,186,812
Long-term investments	655,387	557,481
Property and equipment, net	145,372	164,207
Systems under development	49,899	30,700
Other long term assets	710	840
Total assets	\$ 4,902,270	\$ 4,940,040
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 4,408	\$ 5,831
Accrued liabilities	57,858	51,550
Payable to intercompany	726	1,125
Deferred revenue	10,621	12,049
Market settlement liabilities	1,491,774	1,509,221
Security deposits	2,002,220	2,226,348
Debt payable, current portion	4,000	4,000
Total current liabilities	3,571,607	3,810,124
Long-term liabilities:		
Debt payable, less current portion:		
Principal	23,000	27,000
Less unamortized debt issuance costs	96	111
Debt payable less current portion and unamortized debt issuance costs	22,904	26,889
Long-term CRR liabilities	875,797	758,474
Other long-term liabilities	577	631
Total long-term liabilities	899,278	785,994
Total liabilities	4,470,885	4,596,118
Net assets without donor restrictions	431,385	343,922
Total liabilities and net assets	\$ 4,902,270	\$ 4,940,040

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

	<b>2025</b>	<b>2024</b>
<b>Operating revenues</b>		
System administration fees	\$ 308,232	\$ 291,756
Other services revenue	19,562	19,027
Total operating revenues	327,794	310,783
<b>Operating expenses</b>		
Salaries and related benefits	211,445	193,997
Facility and equipment costs	10,805	9,531
Outside services	18,656	27,191
Hardware and software maintenance and licensing	47,195	43,603
Depreciation	47,042	43,593
Other	14,037	12,243
Total operating expenses	349,180	330,158
Loss from operations	(21,386)	(19,375)
<b>Other income (expense)</b>		
Investment return, net	109,163	114,217
Interest expense	(255)	(1,324)
Non-operating (expense) income	(59)	8
Change in net assets without donor restrictions	87,463	93,526
Net assets without donor restrictions, beginning of year	343,922	250,396
Net assets without donor restrictions, end of period	\$ 431,385	\$ 343,922

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

	2025	2024
<b>Operating activities:</b>		
Change in net assets without donor restrictions	\$ 87,463	\$ 93,526
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	47,042	43,593
Amortization of right-of-use assets	278	293
Amortization of debt issuance costs	15	17
Amortization of bond investment discount	(47,716)	(57,806)
Unrealized (gain) loss on bond investments	(1,466)	5,344
Net loss on capital assets	83	-
Changes in operating assets and liabilities:		
Accounts receivable	(348)	102
Unbilled revenue	355	806
Interest receivable	513	1,044
Receivable from intercompany	687	(458)
Prepaid expenses and other assets	(5,012)	(1,379)
Other long-term liabilities	(54)	(72)
Accounts payable	2,801	(7,652)
Accrued liabilities	10,827	8,014
Payable to intercompany	(399)	403
Deferred revenue	(1,428)	3,047
Security deposits	(224,128)	698,417
Market settlement liabilities	(17,447)	103,533
Long-term CRR liabilities	117,323	(60,159)
Net cash (used in) provided by operating activities	<u>(30,611)</u>	<u>830,613</u>
<b>Investing activities:</b>		
Purchase of investments	(1,520,375)	(1,317,695)
Proceeds from investments	1,463,000	1,377,675
Capital expenditures for property and equipment and systems under development	(55,104)	(48,631)
Net cash (used in) provided by investing activities	<u>(112,479)</u>	<u>11,349</u>
<b>Financing activities:</b>		
Repayment of debt payable	(4,000)	(4,000)
Net cash (used in) financing activities	<u>(4,000)</u>	<u>(4,000)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(147,090)	837,962
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	<u>\$ 2,754,559</u>	<u>\$ 2,901,649</u>

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 751,613	\$ 4,068	\$ -	\$ -	\$ 755,681
Securitization charges receivable, current	-	7,413	46,183	-	53,596
Accounts receivable	5,889	-	-	-	5,889
Unbilled revenue	6,370	-	-	(597)	5,773
Interest receivable	14,858	106	220	-	15,184
Receivable from intercompany	321	-	726	(1,047)	-
Restricted cash and cash equivalents	2,002,946	31,052	75,799	-	2,109,797
Short-term investments	1,220,713	-	-	-	1,220,713
Prepaid expenses and other current assets	48,192	-	-	-	48,192
Total current assets	4,050,902	42,639	122,928	(1,644)	4,214,825
Long-term investments	655,387	-	-	(14,579)	640,808
Property and equipment, net	145,372	-	-	-	145,372
Systems under development	49,899	-	-	-	49,899
Securitization charges receivable, non current	-	363,537	1,915,548	-	2,279,085
Other long term assets	710	-	-	-	710
Total assets	\$ 4,902,270	\$ 406,176	\$ 2,038,476	\$ (16,223)	\$ 7,330,699
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 4,408	\$ 3	\$ -	\$ -	\$ 4,411
Accrued liabilities	57,858	7,526	40,454	-	105,838
Payable to intercompany	726	221	697	(1,644)	-
Deferred revenue	10,621	-	-	-	10,621
Market settlement liabilities	1,491,774	-	-	-	1,491,774
Security deposits	2,002,220	19,502	4,865	-	2,026,587
Debt payable, current portion	4,000	7,785	46,348	-	58,133
Total current liabilities	3,571,607	35,037	92,364	(1,644)	3,697,364
Long-term liabilities:					
Debt payable, less current portion:					
Principal	23,000	371,315	1,946,583	-	2,340,898
Less unamortized discount and debt issuance costs	96	4,176	11,050	-	15,322
Debt payable less current portion and unamortized discount and debt issuance costs	22,904	367,139	1,935,533	-	2,325,576
Long-term CRR liabilities	875,797	-	-	-	875,797
Other long-term liabilities	577	-	-	-	577
Total long-term liabilities	899,278	367,139	1,935,533	-	3,201,950
Total liabilities	4,470,885	402,176	2,027,897	(1,644)	6,899,314
Net assets without donor restrictions	431,385	4,000	10,579	(14,579)	431,385
Total liabilities and net assets	\$ 4,902,270	\$ 406,176	\$ 2,038,476	\$ (16,223)	\$ 7,330,699

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating revenues</b>					
System administration fees	\$ 308,232	\$ -	\$ -	\$ -	\$ 308,232
Other services revenue	19,562	-	-	(1,564)	17,998
Securitization charges fees	-	22,647	98,040	-	120,687
Total operating revenues	327,794	22,647	98,040	(1,564)	446,917
<b>Operating expenses</b>					
Salaries and related benefits	211,445	-	-	-	211,445
Facility and equipment costs	10,805	-	-	-	10,805
Outside services	18,656	467	1,225	(1,564)	18,784
Hardware and software maintenance and licensing	47,195	-	1	-	47,196
Depreciation	47,042	-	-	-	47,042
Other	14,037	-	-	-	14,037
Total operating expenses	349,180	467	1,226	(1,564)	349,309
(Loss) income from operations	(21,386)	22,180	96,814	-	97,608
<b>Other income (expense)</b>					
Investment return, net	109,163	685	1,532	-	111,380
Interest expense	(255)	(22,865)	(98,346)	-	(121,466)
Non-operating expense	(59)	-	-	-	(59)
Change in net assets without donor restrictions	87,463	-	-	-	87,463
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	\$ 431,385	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 431,385

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating activities:</b>					
Change in net assets without donor restrictions	\$ 87,463	\$ -	\$ -	\$ -	\$ 87,463
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	47,042	-	-	-	47,042
Amortization of right-of-use assets	278	-	-	-	278
Amortization of discount & debt issuance costs	15	116	747	-	878
Loss on extinguishment of debt	-	1,833	-	-	1,833
Amortization of bond investment discount	(47,716)	-	-	-	(47,716)
Unrealized (gain) on bond investments	(1,466)	-	-	-	(1,466)
Net loss on capital assets	83	-	-	-	83
Changes in operating assets and liabilities:					
Securitization charges receivable	-	11,153	45,874	(399)	56,628
Accounts receivable	(348)	-	-	-	(348)
Unbilled revenue	355	-	-	(94)	261
Interest receivable	513	(12)	(3)	66	564
Receivable from intercompany	687	-	-	(687)	-
Prepaid expenses and other assets	(5,012)	-	-	-	(5,012)
Other long-term liabilities	(54)	-	-	-	(54)
Accounts payable	2,801	(1)	-	-	2,800
Accrued liabilities	10,827	1,226	(3,181)	-	8,872
Payable to intercompany	(399)	(93)	-	492	-
Deferred revenue	(1,428)	-	-	-	(1,428)
Security deposits	(224,128)	(3,181)	990	-	(226,319)
Market settlement liabilities	(17,447)	-	-	-	(17,447)
Long-term CRR liabilities	117,323	-	-	-	117,323
Net cash (used in) provided by operating activities	(30,611)	11,041	44,427	(622)	24,235
<b>Investing activities:</b>					
Purchase of investments	(1,520,375)	-	-	-	(1,520,375)
Proceeds from investments	1,463,000	-	-	-	1,463,000
Capital expenditures for property and equipment and systems under development	(55,104)	-	-	-	(55,104)
Net cash (used in) investing activities	(112,479)	-	-	-	(112,479)
<b>Financing activities:</b>					
Proceeds from debt issuance	-	379,072	-	-	379,072
Repayment of debt payable	(4,000)	(388,522)	(44,505)	-	(437,027)
Payment of debt issuance costs	-	(4,192)	-	622	(3,570)
Net cash (used in) provided by financing activities	(4,000)	(13,642)	(44,505)	622	(61,525)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(147,090)	(2,601)	(78)	-	(149,769)
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	\$ 2,754,559	\$ 35,120	\$ 75,799	\$ -	\$ 2,865,478

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 674,176	\$ 4,083	\$ -	\$ -	\$ 678,259
Securitization charges receivable, current	-	7,307	45,265	-	52,572
Accounts receivable	5,541	-	-	-	5,541
Unbilled revenue	6,725	-	-	(691)	6,034
Interest receivable	16,647	133	262	-	17,042
Receivable from intercompany	1,008	-	1,125	(2,133)	-
Restricted cash and cash equivalents	2,227,473	33,638	75,877	-	2,336,988
Short-term investments	1,212,062	-	-	-	1,212,062
Prepaid expenses and other current assets	43,180	-	-	-	43,180
Total current assets	4,186,812	45,161	122,529	(2,824)	4,351,678
Long-term investments	557,481	-	-	(14,579)	542,902
Property and equipment, net	164,207	-	-	-	164,207
Systems under development	30,700	-	-	-	30,700
Securitization charges receivable, non current	-	374,796	1,961,941	-	2,336,737
Other long term assets	840	-	-	-	840
Total assets	\$ 4,940,040	\$ 419,957	\$ 2,084,470	\$ (17,403)	\$ 7,427,064
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 5,831	\$ 4	\$ -	\$ -	\$ 5,835
Accrued liabilities	51,550	6,329	43,632	-	101,511
Payable to intercompany	1,125	954	745	(2,824)	-
Deferred revenue	12,049	-	-	-	12,049
Market settlement liabilities	1,509,221	-	-	-	1,509,221
Security deposits	2,226,348	22,683	3,875	-	2,252,906
Debt payable, current portion	4,000	8,705	44,504	-	57,209
Total current liabilities	3,810,124	38,675	92,756	(2,824)	3,938,731
Long-term liabilities:					
Debt payable, less current portion:					
Principal	27,000	379,817	1,992,932	-	2,399,749
Less unamortized discount and debt issuance costs	111	2,535	11,797	-	14,443
Debt payable less current portion and unamortized discount and debt issuance costs	26,889	377,282	1,981,135	-	2,385,306
Long-term CRR liabilities	758,474	-	-	-	758,474
Other long-term liabilities	631	-	-	-	631
Total long-term liabilities	785,994	377,282	1,981,135	-	3,144,411
Total liabilities	4,596,118	415,957	2,073,891	(2,824)	7,083,142
Net assets without donor restrictions	343,922	4,000	10,579	(14,579)	343,922
Total liabilities and net assets	\$ 4,940,040	\$ 419,957	\$ 2,084,470	\$ (17,403)	\$ 7,427,064

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating revenues</b>					
System administration fees	\$ 291,756	\$ -	\$ -	\$ -	\$ 291,756
Other services revenue	19,027	-	-	(1,658)	17,369
Securitization charges fees	-	11,503	99,444	-	110,947
Total operating revenues	310,783	11,503	99,444	(1,658)	420,072
<b>Operating expenses</b>					
Salaries and related benefits	193,997	-	-	-	193,997
Facility and equipment costs	9,531	-	-	-	9,531
Outside services	27,191	413	1,131	(1,658)	27,077
Hardware and software maintenance and licensing	43,603	-	1	-	43,604
Depreciation	43,593	-	-	-	43,593
Other	12,243	-	-	-	12,243
Total operating expenses	330,158	413	1,132	(1,658)	330,045
(Loss) income from operations	(19,375)	11,090	98,312	-	90,027
<b>Other income (expense)</b>					
Investment return, net	114,217	628	1,906	-	116,751
Interest expense	(1,324)	(11,718)	(100,218)	-	(113,260)
Non-operating income	8	-	-	-	8
Change in net assets without donor restrictions	93,526	-	-	-	93,526
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	\$ 343,922	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 343,922

## Item 8.1

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
<b>Operating activities:</b>					
Change in net assets without donor restrictions	\$ 93,526	\$ -	\$ -	\$ -	\$ 93,526
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	43,593	-	-	-	43,593
Amortization of right-of-use assets	293	-	-	-	293
Amortization of debt issuance costs	17	77	747	-	841
Amortization of bond investment discount	(57,806)	-	-	-	(57,806)
Unrealized loss on bond investments	5,344	-	-	-	5,344
Changes in operating assets and liabilities:					
Securitization charges receivable	-	10,309	42,312	403	53,024
Accounts receivable	102	-	-	-	102
Unbilled revenue	806	-	-	-	806
Interest receivable	1,044	-	39	26	1,109
Receivable from intercompany	(458)	-	-	458	-
Prepaid expenses and other assets	(1,379)	-	-	-	(1,379)
Other long-term liabilities	(72)	-	-	-	(72)
Accounts payable	(7,652)	-	-	-	(7,652)
Accrued liabilities	8,014	658	(411)	-	8,261
Payable to intercompany	403	3	(5)	(401)	-
Deferred revenue	3,047	-	-	-	3,047
Security deposits	698,417	2,115	543	-	701,075
Market settlement liabilities	103,533	-	-	-	103,533
Long-term CRR liabilities	(60,159)	-	-	-	(60,159)
Net cash provided by operating activities	830,613	13,162	43,225	486	887,486
<b>Investing activities:</b>					
Purchase of investments	(1,317,695)	-	-	-	(1,317,695)
Proceeds from investments	1,377,675	-	-	-	1,377,675
Capital expenditures for property and equipment and systems under development	(48,631)	-	-	-	(48,631)
Net cash provided by investing activities	11,349	-	-	-	11,349
<b>Financing activities:</b>					
Repayment of debt payable	(4,000)	(10,260)	(42,732)	-	(56,992)
Payment of debt issuance costs	-	-	-	(486)	(486)
Net cash (used in) financing activities	(4,000)	(10,260)	(42,732)	(486)	(57,478)
Net increase in cash, cash equivalents, and restricted cash and cash equivalents	837,962	2,902	493	-	841,357
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	\$ 2,901,649	\$ 37,721	\$ 75,877	\$ -	\$ 3,015,247