



## Item 5.1: Review 2026 Financial Summary

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Senior Vice President,  
Chief Financial Officer,  
and Chief Risk Officer

Finance and Audit Committee Meeting

April 20, 2026

### **Purpose**

To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of February 28, 2026.

### **For information only**

No action is requested; for discussion only.

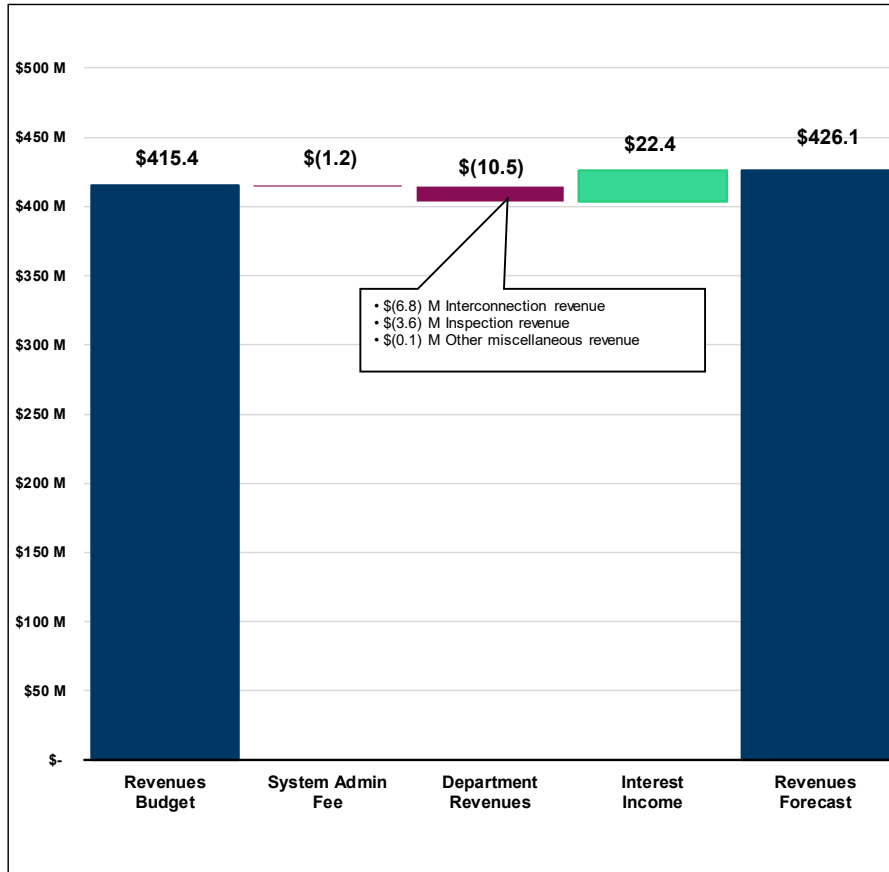
### **Key Takeaways:**

- ERCOT's year-to-date February 2026 actual revenues net of expenditures were \$9.8 million favorable to budget, driven by interest income being favorable by \$3.3 million, project expenditures being favorable by \$2.9 million, and outside services being favorable by \$2.9 million.
- ERCOT's year-end 2026 forecasted revenues net of expenditures are \$13.7 million favorable to budget, driven by interest income forecasted to be favorable by \$22.4 million, with partial offsets of \$6.8 million for interconnection revenue and \$3.6 million for inspection revenue.
- ERCOT had \$230.0 million of operating funds as of February 28, 2026, compared to \$158.0 million of operating funds as of February 28, 2025.

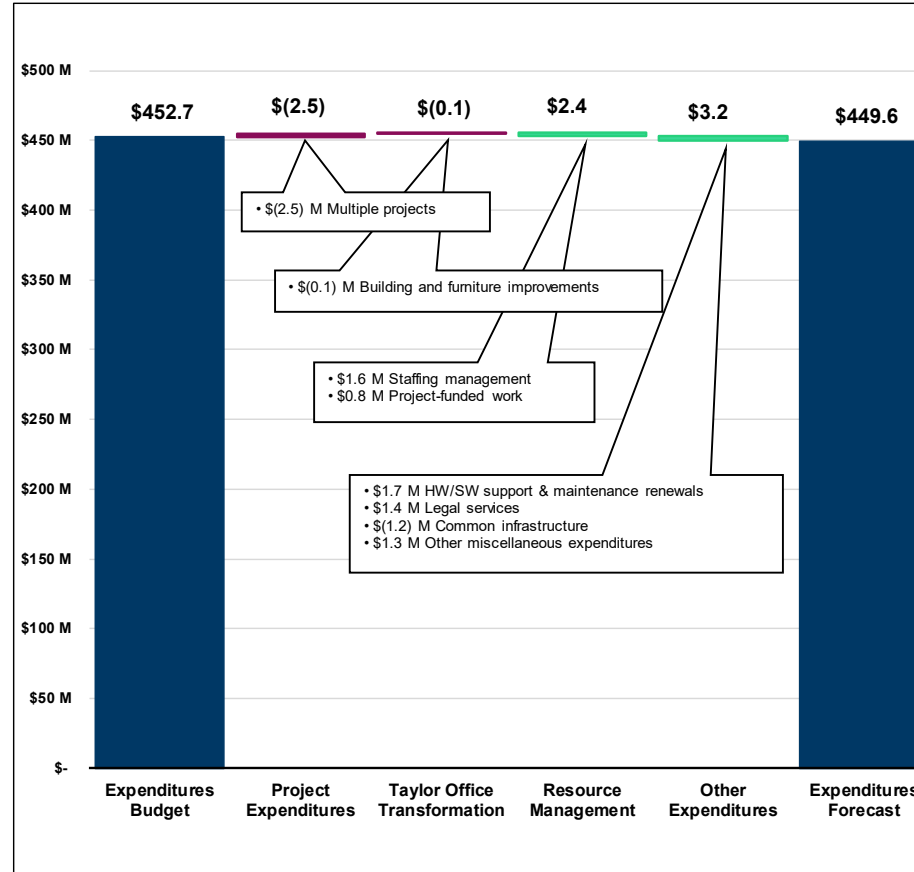
# Review 2026 Financial Summary: 2026 Variance to Budget (\$ in Millions)

**Net Available Year-End Variance to Budget = \$13.7 M**

Revenues Year-End Forecast  
Variance to Budget = \$10.7 M [2.6%]



Expenditures Year-End Forecast  
Variance to Budget = \$3.0 M [0.7%]

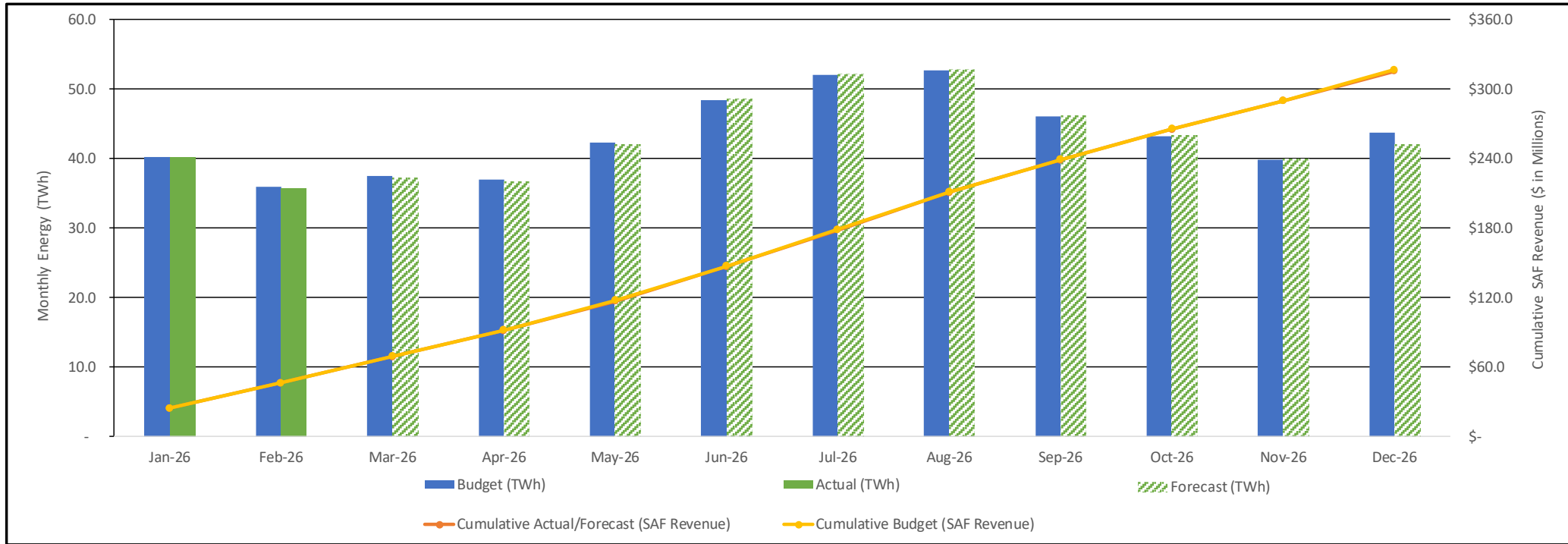


## Key Takeaway:

The forecasted year-end 2026 result is a net available amount of \$(23.6) M versus a budgeted amount of \$(37.3) M, a \$13.7 M favorable variance.

Charts may not foot due to rounding

# Review 2026 Financial Summary: 2026 Budget versus Actual: Monthly TWh Load and Cumulative System Administration Fee (SAF) Revenue



Energy (TWh):	FY 2025	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	FY 2026
Monthly Budget	480.0	40.2	35.9	37.5	37.0	42.2	48.4	52.0	52.7	46.1	43.2	39.8	43.7	519.0
Monthly Actual/Forecast	484.7	40.2	35.7	37.3	36.8	42.0	48.6	52.1	52.8	46.2	43.4	40.0	42.0	517.0
Monthly Variance	4.7	-	(0.2)	(0.2)	(0.2)	(0.3)	0.1	0.1	0.1	0.1	0.1	0.2	(1.7)	(2.0)
Monthly Variance (%)	1.0%	0.0%	-0.6%	-0.6%	-0.6%	-0.6%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%	-4.0%	-0.4%

SAF Revenue (\$ in Millions):	FY 2025	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	FY 2026
Cumulative Budget	\$ 302.4	\$ 24.5	\$ 46.5	\$ 69.3	\$ 91.9	\$ 117.7	\$ 147.2	\$ 178.9	\$ 211.1	\$ 239.2	\$ 265.6	\$ 289.9	\$ 316.6	\$ 316.6
Cumulative Actual/Forecast	\$ 305.4	\$ 24.5	\$ 46.3	\$ 69.0	\$ 91.5	\$ 117.1	\$ 146.7	\$ 178.5	\$ 210.7	\$ 238.9	\$ 265.4	\$ 289.8	\$ 315.4	\$ 315.4
Cumulative Variance	\$ 3.0	\$ -	\$ (0.1)	\$ (0.3)	\$ (0.4)	\$ (0.6)	\$ (0.5)	\$ (0.4)	\$ (0.4)	\$ (0.3)	\$ (0.2)	\$ (0.1)	\$ (1.2)	\$ (1.2)
Cumulative Variance (%)	1.0%	0.0%	-0.3%	-0.4%	-0.4%	-0.5%	-0.3%	-0.2%	-0.2%	-0.1%	-0.1%	0.0%	-0.4%	-0.4%

# Review 2026 Financial Summary: ERCOT Statements of Financial Position

As of February 28  
Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2026	2025	2026	2025	2026	2025
<b>Assets</b>						
Unrestricted cash	\$ 610.0	\$ 711.1	\$ 4.0	\$ 4.0	\$ -	\$ -
Bond Investments	2,009.4	1,732.1	-	-	-	-
Total unrestricted cash and bond investments	2,619.4	2,443.2	4.0	4.0	-	-
Restricted cash and interest receivable	1,911.6	1,791.8	23.3	27.4	27.5	28.5
Other current assets	68.2	64.2	7.5	5.6	47.6	44.1
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	196.4	193.0	362.1	373.6	1,907.6	1,954.3
<b>Total assets</b>	<b>\$ 4,810.2</b>	<b>\$ 4,506.8</b>	<b>\$ 396.9</b>	<b>\$ 410.6</b>	<b>\$ 1,982.7</b>	<b>\$ 2,026.9</b>
<b>Liabilities and Net Assets</b>						
CRR auction liabilities-current	\$ 1,376.0	\$ 1,363.2	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	967.7	820.3	-	-	-	-
Other market liabilities	45.7	101.7	-	-	-	-
Total market settlement liabilities	2,389.4	2,285.2	-	-	-	-
Security deposits, reserve and interest payable	1,911.1	1,791.4	20.0	23.2	5.0	4.3
Other current liabilities	55.9	50.8	9.9	9.7	55.4	53.7
Other long-term liabilities	23.5	27.5	363.0	373.7	1,911.7	1,958.3
Net assets without donor restrictions	430.3	351.9	4.0	4.0	10.6	10.6
<b>Total liabilities and net assets</b>	<b>\$ 4,810.2</b>	<b>\$ 4,506.8</b>	<b>\$ 396.9</b>	<b>\$ 410.6</b>	<b>\$ 1,982.7</b>	<b>\$ 2,026.9</b>

## Key Takeaways:

- ERCOT's net assets without donor restrictions increased \$78.4 M year-over-year, mainly driven by favorable interest income.
- TEMSFM's other long-term liabilities decreased \$10.7 M year-over-year, driven by lower balance of long-term debt payable liabilities.
- TEMSFN's other long-term liabilities decreased \$46.6 M year-over-year, driven by lower balance of long-term debt payable liabilities.

# Review 2026 Financial Summary: ERCOT Statements of Activities

*For the Two Months Ended February 28*  
*Dollars in Millions*

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2026	2025	2026	2025	2026	2025
Operating revenues	\$ 47.4	\$ 50.2	\$ 3.3	\$ 2.8	\$ 16.2	\$ 16.5
Operating expenses	66.4	60.8	0.1	0.1	0.2	0.2
(Loss) income from operations	(19.0)	(10.6)	3.2	2.7	16.0	16.3
Other income (expense)	15.7	18.6	(3.2)	(2.7)	(16.0)	(16.3)
<b>Change in net assets without donor restrictions</b>	<b>(3.3)</b>	<b>8.0</b>	-	-	-	-
Net assets without donor restrictions, beginning of year	433.6	343.9	4.0	4.0	10.6	10.6
<b>Net assets without donor restrictions, end of period</b>	<b>\$ 430.3</b>	<b>\$ 351.9</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 \$11.3 M:

\$2.8 M decrease in operating revenues, driven by

- \$2.7 M (6%) decrease in system admin fee revenue

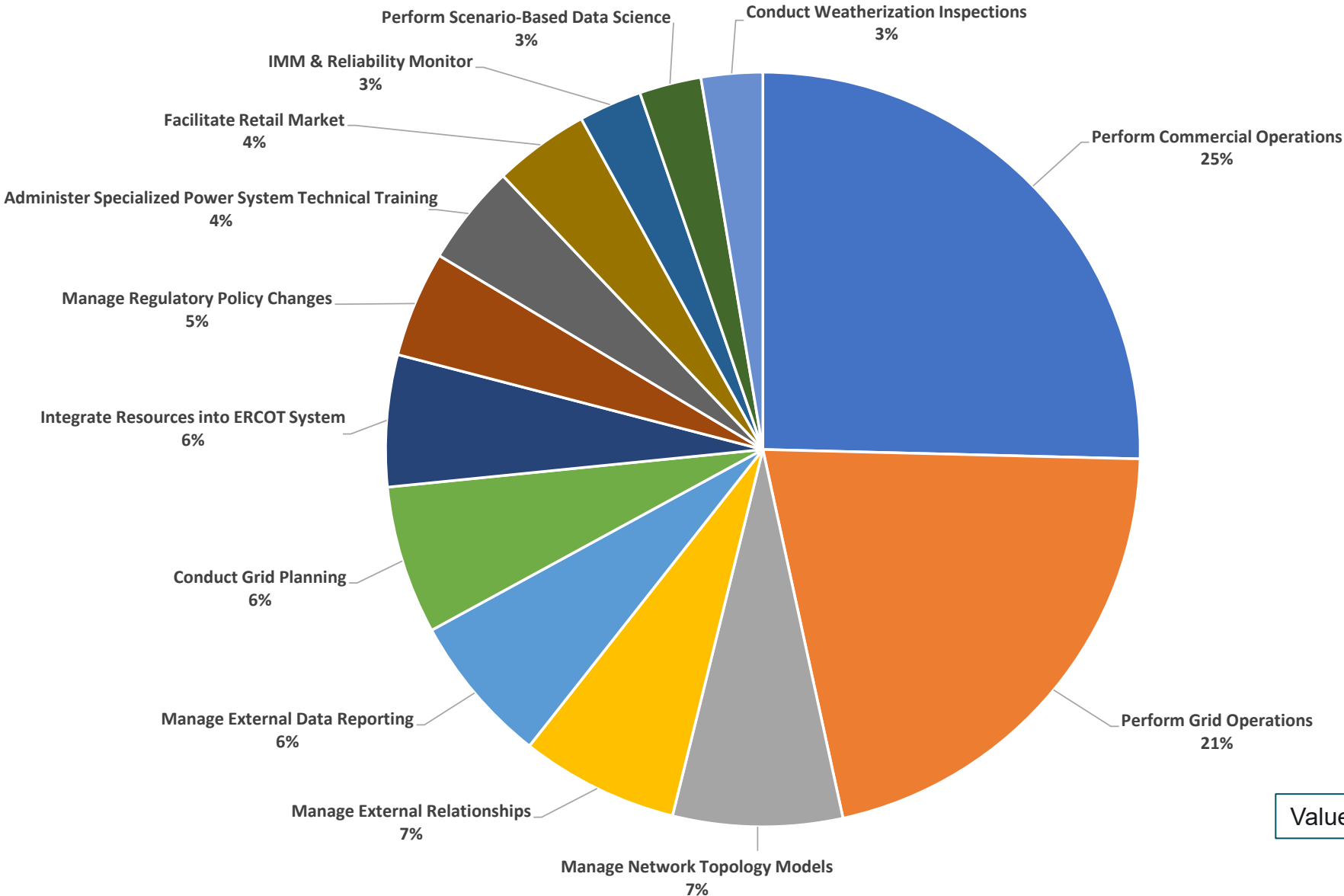
\$5.6 M increase in operating expenses, driven by

- \$6.1 M (16%) increase in salaries and related benefits expense
- \$1.1 M (15%) increase in hardware and software maintenance expense
- \$0.3 M (16%) increase in other expense
- \$1.6 M (19%) decrease in depreciation expense
- \$0.3 M (7%) decrease in outside services expense

\$2.9 M decrease in other income (interest income), driven by

- \$1.2 M (17%) decrease in interest income
- \$1.7 M (283%) decrease in U.S. Treasury obligations fair value adjustment (\$1.1 M loss in 2026 vs \$0.6 M gain in 2025)

# Review 2026 Financial Summary: Value Stream Investments – Looking Back at 2025

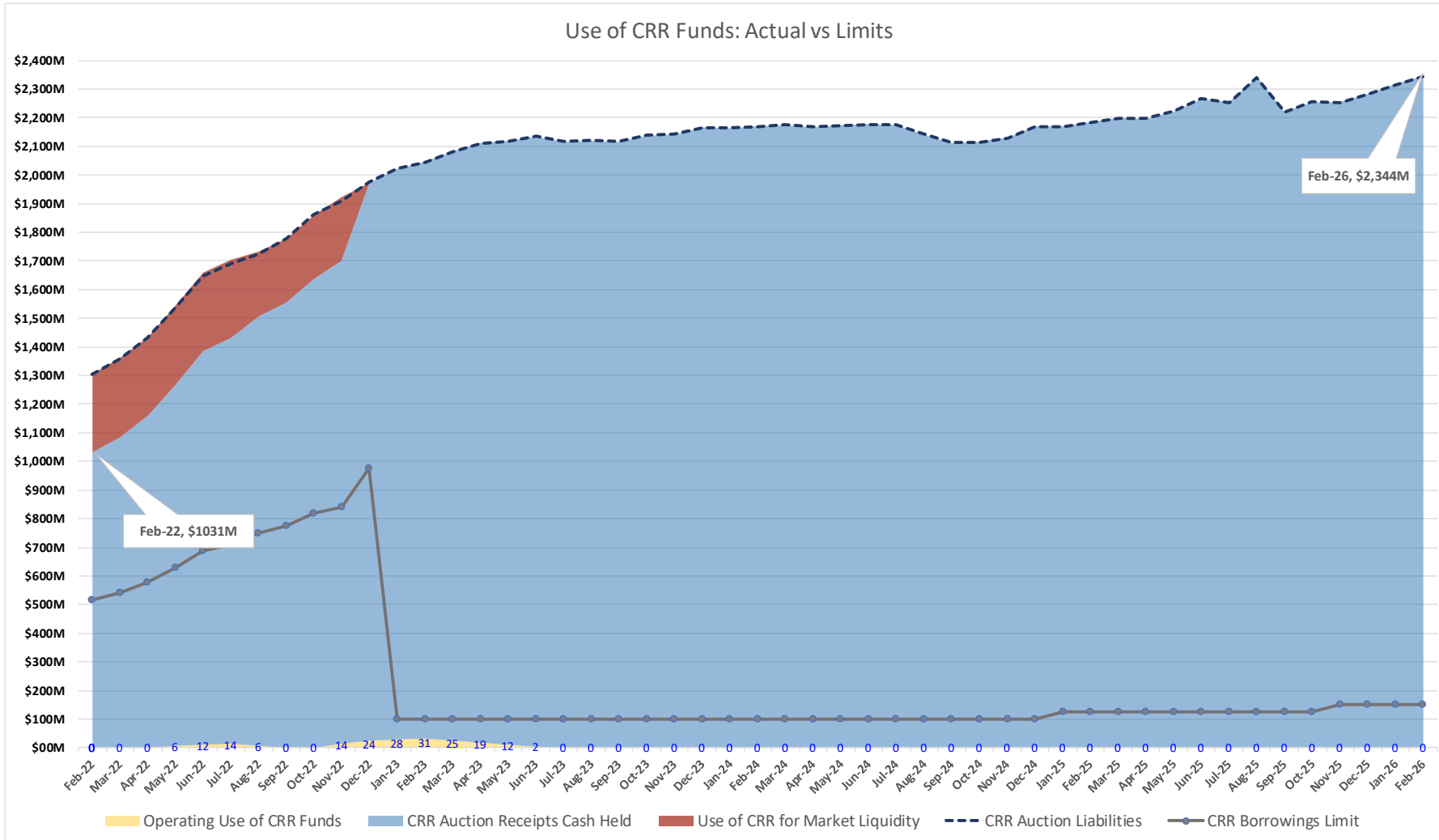


**Key Takeaways:**

- ERCOT is transitioning from exclusively reporting by organizational structure to also reporting by value streams.
- This addition aims to provide insights into ERCOT’s activities, strategic objectives, and stakeholder needs.
- Almost half of our time and resources in 2025 were dedicated to performing Commercial and Grid Operations.

Value stream descriptions included in Appendix

# Review 2026 Financial Summary: Use of CRR Funds: Actual vs Limits



**Key Takeaway:**

- CRR Auction Receipts cash held reached its highest level of \$2.3 billion in February 2026, \$0.2 billion higher-than-projected and is a factor in the higher-than-forecast Year-End cash balance.

# Appendix

- Financial Summary with Variance Explanations Slide 9 – 11
- Project Expenditures Summary Slide 12
- ERCOT, Inc. Financial Statements Slide 13 – 15
- ERCOT Consolidated Financial Statements Slide 16 – 21
- Value Stream Descriptions Slide 22 – 23

Electric Reliability Council of Texas, Inc. 2026 Financial Summary As of April 2, 2026 (\$ in Millions)											
Line	Year-to-Date (February 28)					Year-End (December 31)					
	2025	2026				2025	2026			Variance	
	Actual	Budget	Actual	\$	%	Actual	Budget	Forecast	\$	%	
1	\$ 47.5	\$ 46.5	\$ 44.7	\$ (1.7)	(3.7)	\$ 308.2	\$ 316.6	\$ 315.4	\$ (1.2)	(0.4)	
2	<b>Department Net Expenditures</b>										
3	20.5	25.8	23.1	2.6	10.2	123.1	158.8	158.8	(0.0)	(0.0)	
4	14.4	19.0	16.6	2.3	12.3	81.6	100.1	108.3	(8.2)	(8.2)	
5	4.7	5.6	5.2	0.3	6.2	20.9	34.2	32.9	1.3	3.7	
6	3.9	4.6	4.1	0.5	10.8	24.4	28.5	27.1	1.3	4.7	
7	1.4	2.3	2.4	(0.1)	(3.8)	10.1	16.0	14.9	1.0	6.4	
8	1.0	1.9	1.5	0.4	22.5	7.1	11.6	11.8	(0.2)	(2.0)	
9	2.0	2.5	2.3	0.2	7.1	5.9	7.4	7.6	(0.2)	(2.4)	
10	<b>48.0</b>	<b>61.6</b>	<b>55.3</b>	<b>6.3</b>	<b>10.3</b>	<b>273.1</b>	<b>356.6</b>	<b>361.6</b>	<b>(5.0)</b>	<b>(1.4)</b>	
11	<b>(0.5)</b>	<b>(15.2)</b>	<b>(10.5)</b>	<b>4.6</b>	<b>30.5</b>	<b>35.2</b>	<b>(40.0)</b>	<b>(46.2)</b>	<b>(6.2)</b>	<b>(15.4)</b>	
12	<b>7.0</b>	<b>8.3</b>	<b>5.3</b>	<b>2.9</b>	<b>35.3</b>	<b>45.0</b>	<b>49.6</b>	<b>52.1</b>	<b>(2.5)</b>	<b>(5.0)</b>	
13	<b>0.0</b>	<b>2.3</b>	<b>3.4</b>	<b>(1.1)</b>	<b>(47.9)</b>	<b>10.0</b>	<b>13.7</b>	<b>13.8</b>	<b>(0.1)</b>	<b>(1.0)</b>	
14	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>34.9</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>53.0</b>	
15	<b>18.8</b>	<b>12.3</b>	<b>15.7</b>	<b>3.3</b>	<b>27.0</b>	<b>109.2</b>	<b>66.3</b>	<b>88.7</b>	<b>22.4</b>	<b>33.8</b>	
16	<b>\$ 11.2</b>	<b>\$ (13.4)</b>	<b>\$ (3.6)</b>	<b>\$ 9.8</b>	<b>73.1</b>	<b>\$ 89.1</b>	<b>\$ (37.3)</b>	<b>\$ (23.6)</b>	<b>\$ 13.7</b>	<b>36.8</b>	
Note: Schedule may not foot due to rounding											

Electric Reliability Council of Texas, Inc. 2026 Financial Summary Variance Explanations As of April 2, 2026		
Line	Year-to-Date (February 28)	Year-End (December 31)
1 System Administration Fee Revenue	-\$7.0 M - Weather +\$5.3 M - Economy	-\$1.2 M - Based on current actuals and load forecast for remainder of year
3 Chief Digital Office	+\$1.2 M - HW/SW support & maintenance renewals +\$0.7 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.5 M - Outside services/studies +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - WAN costs -\$1.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]  -\$0.6 M - Project labor [Resource Management - Project-Funded Work]  -\$0.1 M - WAN revenue  <u>Timing Differences</u> +\$0.9 M - Common infrastructure +\$0.9 M - Minor capital +\$0.2 M - Building systems maintenance -\$0.4 M - IT hardware	+\$1.7 M - HW/SW support & maintenance renewals +\$0.8 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.6 M - Outside services/studies +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - WAN costs -\$1.3 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$1.2 M - Common infrastructure -\$0.7 M - Project labor [Resource Management - Project-Funded Work] -\$0.2 M - Data service subscriptions -\$0.1 M - Training subscriptions -\$0.1 M - WAN revenue +\$0.1 M - Other miscellaneous expenditures
4 Chief Operations Office	+\$0.3 M - Data service subscriptions +\$0.1 M - Employee training & business travel +\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.8 M - Interconnection revenue  <u>Timing Differences</u> +\$1.8 M - Outside services/studies +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.3 M - Black start training & operator training seminar revenue +\$0.1 M - Minor capital +\$0.1 M - Other miscellaneous expenditures	+\$2.0 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.4 M - Project labor [Resource Management - Project-Funded Work] +\$0.3 M - Data service subscriptions +\$0.2 M - Employee training & business travel +\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$6.8 M - Interconnection revenue -\$3.6 M - Inspection revenue -\$0.7 M - Outside services/studies -\$0.1 M - Other miscellaneous expenditures
5 General Counsel	+\$0.5 M - Legal services +\$0.1 M - Project labor [Resource Management - Project-Funded Work] -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]  <u>Timing Differences</u> -\$0.1 M - Corporate events -\$0.1 M - Other miscellaneous expenditures	+\$1.4 M - Legal services +\$0.1 M - Project labor [Resource Management - Project-Funded Work] -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Contingent labor [Resource Management - Staffing Management]

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Electric Reliability Council of Texas, Inc. 2026 Financial Summary Variance Explanations As of April 2, 2026		
Line	Year-to-Date (February 28)	Year-End (December 31)
6 Chief Financial Office	+\$0.1 M - Insurance premiums +\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Data service subscriptions  +\$0.1 M - Outside services/studies  <u>Timing Differences</u> +\$0.1 M - Bank fees	+\$0.5 M - Insurance premiums +\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Data service subscriptions +\$0.3 M - Property tax +\$0.2 M - Outside services/studies +\$0.1 M - Project labor [Resource Management - Project-Funded Work] -\$0.5 M - Contingent labor [Resource Management - Staffing Management]
7 Human Resources	+\$0.1 M - Non-monetary reward & recognition  <u>Timing Differences</u> -\$0.5 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Outside services/studies +\$0.1 M - Other miscellaneous expenditures	+\$0.9 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Non-monetary reward & recognition -\$0.4 M - Outside services/studies
8 Chief Technology Office	-\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Other miscellaneous expenditures  <u>Timing Differences</u> +\$0.3 M - Outside services/studies +\$0.1 M - Contingent labor [Resource Management - Staffing Management]	-\$0.4 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Project labor [Resource Management - Project-Funded Work] +\$0.1 M - Other miscellaneous expenditures
9 Chief Executive Office	 <u>Timing Differences</u> +\$0.1 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]
12 Project Expenditures	 <u>Timing Differences</u> +\$2.9 M - Multiple projects	-\$2.5 M - Multiple projects
13 Taylor Office Transformation	-\$0.1 M - Building and furniture improvements  <u>Timing Differences</u> -\$1.0 M - Building and furniture improvements	-\$0.1 M - Building and furniture improvements
14 Interest Expense	No material variance	+\$0.1 M - Capitalized interest
15 Interest Income	+\$1.5 M - Interest rate +\$2.9 M - Investment balance -\$1.1 M - Fair value adjustment	+\$15.3 M - Interest rate +\$8.2 M - Investment balance -\$1.1 M - Fair value adjustment

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

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Line	Project	Year-to-Date As of February 28, 2026		Year-End (YE) As of April 2, 2026		Life-to-Date As of February 28, 2026		Estimate-at-Completion (EAC) As of April 2, 2026			
		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	\$ 0.6	50%	\$ 1.3	2%	\$ 17.8	97%	\$ 18.4	9%	\$ 20.8	\$ 2.4
2	RTC-B Integration & Information	0.3	64%	0.5	1%	7.0	97%	7.2	4%	6.4	(0.8)
3	RTC-B Program Control	0.1	-2%	(4.9)	-9%	10.1	200%	5.1	3%	5.4	0.4
4	RTC-B Commercial Applications	0.0	32%	0.1	0%	1.9	97%	1.9	1%	2.3	0.4
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	3.5	2%	3.5	-
6	<b>Subtotal - Market Design Projects</b>	<b>1.1</b>	<b>-37%</b>	<b>(3.0)</b>	<b>-6%</b>	<b>36.7</b>	<b>102%</b>	<b>36.1</b>	<b>18%</b>	<b>38.4</b>	<b>2.4</b>
7	Identity & Access Management Program	0.1	1%	8.7	17%	0.3	1%	27.2	14%	27.2	-
8	Second iTest Environment	0.2	18%	1.1	2%	9.7	92%	10.6	5%	10.6	0.0
9	Test Data Management	0.2	24%	0.9	2%	6.6	90%	7.3	4%	7.4	0.1
10	Site Power Updates	0.0	0%	5.1	10%	0.0	0%	7.2	4%	7.2	-
11	Fiber Expansion and Modernization	0.0	0%	3.1	6%	2.2	41%	5.4	3%	5.4	-
12	Cloud Foundations	0.4	20%	2.1	4%	2.9	64%	4.6	2%	4.6	0.0
13	NMMS IMM Schema Upgrade to CIM 16	0.1	3%	2.5	5%	2.1	48%	4.4	2%	4.5	0.0
14	Data Center HVAC Updates	0.0	0%	3.6	7%	0.0	1%	3.7	2%	3.7	0.0
15	Alfresco Replacement	0.0	2%	1.9	4%	0.1	2%	3.7	2%	3.7	-
16	ServiceNow CMDB & Change Management	0.3	16%	1.6	3%	2.0	61%	3.3	2%	3.3	(0.0)
17	Treasury Single Source of Truth	0.2	9%	2.0	4%	0.9	31%	2.8	1%	2.8	0.0
18	ERCOT Website Redesign Implementation	0.1	6%	1.9	4%	0.9	33%	2.8	1%	2.7	(0.0)
19	SCR820 Operator Real-Time Messaging During Emergency	0.2	16%	1.2	2%	1.4	58%	2.5	1%	2.5	0.0
20	NPRRs 1188 & 1244 - Controllable Load Resource Enhancements	0.1	9%	1.3	3%	0.1	5%	2.2	1%	2.2	-
21	Microsoft SharePoint Migration – Phase 2	0.2	19%	1.0	2%	1.3	67%	2.0	1%	2.0	-
22	<b>Total Projects with EAC Over \$2.0M</b>	<b>3.2</b>	<b>9%</b>	<b>34.9</b>	<b>67%</b>	<b>67.3</b>	<b>54%</b>	<b>125.6</b>	<b>63%</b>	<b>128.2</b>	<b>2.6</b>
23	<b>Other Projects</b>	<b>2.1</b>	<b>12%</b>	<b>17.2</b>	<b>33%</b>	<b>16.7</b>	<b>23%</b>	<b>73.4</b>	<b>37%</b>	<b>73.7</b>	<b>0.2</b>
24	<b>Total Project Expenditures</b>	<b>\$ 5.3</b>	<b>10%</b>	<b>\$ 52.1</b>	<b>100%</b>	<b>\$ 84.0</b>	<b>42%</b>	<b>\$ 199.0</b>	<b>100%</b>	<b>\$ 201.8</b>	<b>\$ 2.8</b>

Note: Schedule may not foot due to rounding

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**Statements of Financial Position**  
**As of February 28, 2026 and 2025**  
(Dollars in Thousands)

	<b>2026</b>	<b>2025</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 610,036	\$ 711,104
Accounts receivable	10,855	11,123
Unbilled revenue	4,540	3,637
Interest receivable	16,903	16,447
Receivable from intercompany	85	748
Restricted cash and cash equivalents, current	1,906,234	1,785,982
Short-term investments	1,299,251	1,137,972
Prepaid expenses and other current assets	50,585	46,493
Total current assets	<u>3,898,489</u>	<u>3,713,506</u>
Long-term investments	715,346	600,338
Property and equipment, net	142,734	160,806
Systems under development	52,926	31,359
Other long term assets	667	797
Total assets	<u>\$ 4,810,162</u>	<u>\$ 4,506,806</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 11,303	\$ 10,380
Accrued liabilities	35,442	30,098
Payable to intercompany	480	396
Deferred revenue	10,109	11,798
Market settlement liabilities	1,421,632	1,464,910
Security deposits	1,905,754	1,785,586
Debt payable, current portion	4,000	4,000
Total current liabilities	<u>3,388,720</u>	<u>3,307,168</u>
Long-term liabilities:		
Debt payable, less current portion:		
Principal	23,000	27,000
Less unamortized debt issuance costs	94	109
Debt payable less current portion and unamortized debt issuance costs	<u>22,906</u>	<u>26,891</u>
Long-term CRR liabilities	967,729	820,277
Other long-term liabilities	530	598
Total long-term liabilities	<u>991,165</u>	<u>847,766</u>
Total liabilities	<u>4,379,885</u>	<u>4,154,934</u>
Net assets without donor restrictions	430,277	351,872
Total liabilities and net assets	<u>\$ 4,810,162</u>	<u>\$ 4,506,806</u>

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**
**Statements of Activities**
**For the Two Months Ended February 28, 2026 and 2025**

(Dollars in Thousands)

	<b>2026</b>	<b>2025</b>
<b>Operating revenues</b>		
System administration fees	\$ 44,742	\$ 47,476
Other services revenue	2,664	2,677
Total operating revenues	47,406	50,153
<b>Operating expenses</b>		
Salaries and related benefits	43,849	37,721
Facility and equipment costs	1,771	1,829
Outside services	3,686	3,958
Hardware and software maintenance and licensing	8,158	7,091
Depreciation	6,711	8,326
Other	2,188	1,894
Total operating expenses	66,363	60,819
Loss from operations	(18,957)	(10,666)
<b>Other income (expense)</b>		
Investment return, net	15,680	18,822
Interest expense	(26)	(205)
Non-operating income (expense)	1	(1)
Change in net assets without donor restrictions	(3,302)	7,950
Net assets without donor restrictions, beginning of year	433,579	343,922
Net assets without donor restrictions, end of period	\$ 430,277	\$ 351,872

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**Statements of Cash Flows**  
**For the Two Months Ended February 28, 2026 and 2025**  
(Dollars in Thousands)

	<b>2026</b>	<b>2025</b>
<b>Operating activities:</b>		
Change in net assets without donor restrictions	\$ (3,302)	\$ 7,950
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	6,711	8,326
Amortization of right-of-use assets	46	45
Amortization of debt issuance costs	2	2
Amortization of bond investment discount	(7,660)	(8,102)
Unrealized loss (gain) on bond investments	1,123	(619)
Net loss on capital assets	-	1
Changes in operating assets and liabilities:		
Accounts receivable	(4,966)	(5,582)
Unbilled revenue	1,830	3,088
Interest receivable	(2,348)	(991)
Receivable from intercompany	236	260
Prepaid expenses and other assets	(2,393)	(3,313)
Other long-term liabilities	(47)	(33)
Accounts payable	7,312	9,404
Accrued liabilities	(18,378)	(12,515)
Payable to intercompany	(246)	(729)
Deferred revenue	(512)	(251)
Security deposits	(96,466)	(440,762)
Market settlement liabilities	(70,142)	(44,311)
Long-term CRR liabilities	91,932	61,803
Net cash (used in) operating activities	<u>(97,268)</u>	<u>(426,329)</u>
<b>Investing activities:</b>		
Purchase of investments	(260,960)	(221,046)
Proceeds from investments	129,000	261,000
Capital expenditures for property and equipment and systems under development	(9,061)	(18,188)
Net cash (used in) provided by investing activities	<u>(141,021)</u>	<u>21,766</u>
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(238,289)	(404,563)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,754,559	2,901,649
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 2,516,270</u>	<u>\$ 2,497,086</u>

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Financial Position**  
**As of February 28, 2026**  
(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	\$ 610,036	\$ 4,012	\$ -	\$ -	\$ 614,048
Securitization charges receivable, current	-	7,470	47,158	-	54,628
Accounts receivable	10,855	-	-	-	10,855
Unbilled revenue	4,540	-	-	(121)	4,419
Interest receivable	16,903	69	60	-	17,032
Receivable from intercompany	85	-	480	(565)	-
Restricted cash and cash equivalents, current	1,906,234	21,305	16,841	-	1,944,380
Short-term investments	1,299,251	-	-	-	1,299,251
Prepaid expenses and other current assets	50,585	6	-	-	50,591
Total current assets	3,898,489	32,862	64,539	(686)	3,995,204
Restricted cash equivalents, non-current	-	1,901	10,579	-	12,480
Long-term investments	715,346	-	-	(14,579)	700,767
Property and equipment, net	142,734	-	-	-	142,734
Systems under development	52,926	-	-	-	52,926
Securitization charges receivable, non current	-	362,150	1,907,627	-	2,269,777
Other long term assets	667	-	-	-	667
Total assets	\$ 4,810,162	\$ 396,913	\$ 1,982,745	\$ (15,265)	\$ 7,174,555
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 11,303	\$ -	\$ -	\$ -	\$ 11,303
Accrued liabilities	35,442	1,674	8,018	-	45,134
Payable to intercompany	480	48	158	(686)	-
Deferred revenue	10,109	-	-	-	10,109
Market settlement liabilities	1,421,632	-	-	-	1,421,632
Security deposits	1,905,754	18,038	4,923	-	1,928,715
Debt payable, current portion	4,000	8,281	47,299	-	59,580
Total current liabilities	3,388,720	28,041	60,398	(686)	3,476,473
Long-term liabilities:					
Debt payable, less current portion:					
Principal	23,000	367,120	1,922,694	-	2,312,814
Less unamortized discount and debt issuance costs	94	4,149	10,926	-	15,169
Debt payable less current portion and unamortized discount and debt issuance costs	22,906	362,971	1,911,768	-	2,297,645
Debt reserves	-	1,901	-	-	1,901
Long-term CRR liabilities	967,729	-	-	-	967,729
Other long-term liabilities	530	-	-	-	530
Total long-term liabilities	991,165	364,872	1,911,768	-	3,267,805
Total liabilities	4,379,885	392,913	1,972,166	(686)	6,744,278
Net assets without donor restrictions	430,277	4,000	10,579	(14,579)	430,277
Total liabilities and net assets	\$ 4,810,162	\$ 396,913	\$ 1,982,745	\$ (15,265)	\$ 7,174,555

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Activities**  
**For the Two Months Ended February 28, 2026**  
(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	\$ 44,742	\$ -	\$ -	\$ -	\$ 44,742
Other services revenue	2,664	-	-	(243)	2,421
Securitization charges fees	-	3,255	16,195	-	19,450
Total operating revenues	47,406	3,255	16,195	(243)	66,613
<b>Operating expenses</b>					
Salaries and related benefits	43,849	-	-	-	43,849
Facility and equipment costs	1,771	-	-	-	1,771
Outside services	3,686	58	199	(243)	3,700
Hardware and software maintenance and licensing	8,158	-	-	-	8,158
Depreciation	6,711	-	-	-	6,711
Other	2,188	-	-	-	2,188
Total operating expenses	66,363	58	199	(243)	66,377
(Loss) income from operations	(18,957)	3,197	15,996	-	236
<b>Other income (expense)</b>					
Investment return, net	15,680	69	207	-	15,956
Interest expense	(26)	(3,266)	(16,203)	-	(19,495)
Non-operating expense	1	-	-	-	1
Change in net assets without donor restrictions	(3,302)	-	-	-	(3,302)
Net assets without donor restrictions, beginning of year	433,579	4,000	10,579	(14,579)	433,579
Net assets without donor restrictions, end of period	\$ 430,277	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 430,277

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Cash Flows**  
**For the Two Months Ended February 28, 2026**  
(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	\$ (3,302)	\$ -	\$ -	\$ -	\$ (3,302)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	6,711	-	-	-	6,711
Amortization of right-of-use assets	46	-	-	-	46
Amortization of discount & debt issuance costs	2	30	124	-	156
Amortization of bond investment discount	(7,660)	-	-	-	(7,660)
Unrealized loss on bond investments	1,123	-	-	-	1,123
Changes in operating assets and liabilities:					
Securitization charges receivable	-	1,330	7,192	(246)	8,276
Accounts receivable	(4,966)	-	-	-	(4,966)
Unbilled revenue	1,830	-	-	(475)	1,355
Interest receivable	(2,348)	(28)	6	210	(2,160)
Receivable from intercompany	236	-	-	(236)	-
Prepaid expenses and other assets	(2,393)	(6)	-	-	(2,399)
Other long-term liabilities	(47)	-	-	-	(47)
Accounts payable	7,312	(3)	-	-	7,309
Accrued liabilities	(18,378)	(5,848)	(32,435)	-	(56,661)
Payable to intercompany	(246)	(115)	(386)	747	-
Deferred revenue	(512)	-	-	-	(512)
Security deposits and reserves	(96,466)	437	58	-	(95,971)
Market settlement liabilities	(70,142)	-	-	-	(70,142)
Long-term CRR liabilities	91,932	-	-	-	91,932
Net cash (used in) operating activities	(97,268)	(4,203)	(25,441)	-	(126,912)
<b>Investing activities:</b>					
Purchase of investments	(260,960)	-	-	-	(260,960)
Proceeds from investments	129,000	-	-	-	129,000
Capital expenditures for property and equipment and systems under development	(9,061)	-	-	-	(9,061)
Net cash (used in) investing activities	(141,021)	-	-	-	(141,021)
<b>Financing activities:</b>					
Repayment of debt payable	-	(3,699)	(22,938)	-	(26,637)
Net cash (used in) financing activities	-	(3,699)	(22,938)	-	(26,637)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(238,289)	(7,902)	(48,379)	-	(294,570)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,754,559	35,120	75,799	-	2,865,478
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,516,270	\$ 27,218	\$ 27,420	\$ -	\$ 2,570,908

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Financial Position**  
**As of February 28, 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	\$ 711,104	\$ 4,015	\$ -	\$ -	\$ 715,119
Securitization charges receivable, current	-	5,592	43,741	-	49,333
Accounts receivable	11,123	-	-	-	11,123
Unbilled revenue	3,637	-	-	(138)	3,499
Interest receivable	16,447	99	72	-	16,618
Receivable from intercompany	748	-	396	(1,144)	-
Restricted cash and cash equivalents, current	1,785,982	20,250	17,782	-	1,824,014
Short-term investments	1,137,972	-	-	-	1,137,972
Prepaid expenses and other current assets	46,493	-	-	-	46,493
<b>Total current assets</b>	<b>3,713,506</b>	<b>29,956</b>	<b>61,991</b>	<b>(1,282)</b>	<b>3,804,171</b>
Restricted cash equivalents, non-current	-	7,027	10,579	-	17,606
Long-term investments	600,338	-	-	(14,579)	585,759
Property and equipment, net	160,806	-	-	-	160,806
Systems under development	31,359	-	-	-	31,359
Securitization charges receivable, non current	-	373,601	1,954,341	-	2,327,942
Other long term assets	797	-	-	-	797
<b>Total assets</b>	<b>\$ 4,506,806</b>	<b>\$ 410,584</b>	<b>\$ 2,026,911</b>	<b>\$ (15,861)</b>	<b>\$ 6,928,440</b>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 10,380	\$ -	\$ -	\$ -	\$ 10,380
Accrued liabilities	30,098	2,057	8,179	-	40,334
Payable to intercompany	396	716	170	(1,282)	-
Deferred revenue	11,798	-	-	-	11,798
Market settlement liabilities	1,464,910	-	-	-	1,464,910
Security deposits	1,785,586	16,059	4,246	-	1,805,891
Debt payable, current portion	4,000	7,026	45,417	-	56,443
<b>Total current liabilities</b>	<b>3,307,168</b>	<b>25,858</b>	<b>58,012</b>	<b>(1,282)</b>	<b>3,389,756</b>
Long-term liabilities:					
Debt payable, less current portion:					
Principal	27,000	376,251	1,969,993	-	2,373,244
Less unamortized discount and debt issuance costs	109	2,552	11,673	-	14,334
Debt payable less current portion and unamortized discount and debt issuance costs	26,891	373,699	1,958,320	-	2,358,910
Debt reserves	-	7,027	-	-	7,027
Long-term CRR liabilities	820,277	-	-	-	820,277
Other long-term liabilities	598	-	-	-	598
<b>Total long-term liabilities</b>	<b>847,766</b>	<b>380,726</b>	<b>1,958,320</b>	<b>-</b>	<b>3,186,812</b>
<b>Total liabilities</b>	<b>4,154,934</b>	<b>406,584</b>	<b>2,016,332</b>	<b>(1,282)</b>	<b>6,576,568</b>
Net assets without donor restrictions	351,872	4,000	10,579	(14,579)	351,872
<b>Total liabilities and net assets</b>	<b>\$ 4,506,806</b>	<b>\$ 410,584</b>	<b>\$ 2,026,911</b>	<b>\$ (15,861)</b>	<b>\$ 6,928,440</b>

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Activities**  
**For the Two Months Ended February 28, 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	\$ 47,476	\$ -	\$ -	\$ -	\$ 47,476
Other services revenue	2,677	-	-	(276)	2,401
Securitization charges fees	-	2,788	16,458	-	19,246
Total operating revenues	50,153	2,788	16,458	(276)	69,123
<b>Operating expenses</b>					
Salaries and related benefits	37,721	-	-	-	37,721
Facility and equipment costs	1,829	-	-	-	1,829
Outside services	3,958	93	199	(276)	3,974
Hardware and software maintenance and licensing	7,091	-	-	-	7,091
Depreciation	8,326	-	-	-	8,326
Other	1,894	-	-	-	1,894
Total operating expenses	60,819	93	199	(276)	60,835
(Loss) income from operations	(10,666)	2,695	16,259	-	8,288
<b>Other income (expense)</b>					
Investment return, net	18,822	218	264	-	19,304
Interest expense	(205)	(2,913)	(16,523)	-	(19,641)
Non-operating income	(1)	-	-	-	(1)
Change in net assets without donor restrictions	7,950	-	-	-	7,950
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	\$ 351,872	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 351,872

**ELECTRIC RELIABILITY COUNCIL OF TEXAS**  
**Consolidated Statements of Cash Flows**  
**For the Two Months Ended February 28, 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	\$ 7,950	\$ -	\$ -	\$ -	\$ 7,950
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	8,326	-	-	-	8,326
Amortization of right-of-use assets	45	-	-	-	45
Amortization of debt issuance costs	2	13	124	-	139
Amortization of bond investment discount	(8,102)	-	-	-	(8,102)
Unrealized (gains) on bond investments	(619)	-	-	-	(619)
Net loss on capital assets	1	-	-	-	1
Changes in operating assets and liabilities:					
Securitization charges receivable	-	1,517	7,483	(729)	8,271
Accounts receivable	(5,582)	-	-	-	(5,582)
Unbilled revenue	3,088	-	-	(553)	2,535
Interest receivable	(991)	(44)	2	260	(773)
Receivable from intercompany	260	-	-	(260)	-
Prepaid expenses and other assets	(3,313)	-	-	-	(3,313)
Other long-term liabilities	(33)	-	-	-	(33)
Accounts payable	9,404	(4)	-	-	9,400
Accrued liabilities	(12,515)	(2,902)	(33,084)	-	(48,501)
Payable to intercompany	(729)	(167)	(386)	1,282	-
Deferred revenue	(251)	-	-	-	(251)
Security deposits and reserves	(440,762)	403	371	-	(439,988)
Market settlement liabilities	(44,311)	-	-	-	(44,311)
Long-term CRR liabilities	61,803	-	-	-	61,803
Net cash (used in) operating activities	(426,329)	(1,184)	(25,490)	-	(453,003)
<b>Investing activities:</b>					
Purchase of investments	(221,046)	-	-	-	(221,046)
Proceeds from investments	261,000	-	-	-	261,000
Capital expenditures for property and equipment and systems under development	(18,188)	-	-	-	(18,188)
Net cash provided by investing activities	21,766	-	-	-	21,766
<b>Financing activities:</b>					
Repayment of debt payable	-	(5,245)	(22,026)	-	(27,271)
Net cash (used in) financing activities	-	(5,245)	(22,026)	-	(27,271)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(404,563)	(6,429)	(47,516)	-	(458,508)
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	\$ 2,497,086	\$ 31,292	\$ 28,361	\$ -	\$ 2,556,739

# Value Stream Descriptions

Value Stream	Description
<b>Perform Grid Operations</b>	Control Room operations, which includes advanced operational planning to inform real time operations, to maintain frequency. This also includes providing situational awareness of reliability conditions (imports/exports, weather conditions, overall load flexibility, etc.) and evaluating future (up to 7 days) ancillary service needs.
<b>Conduct Grid Planning</b>	The activities to plan for changes and modernization of the ERCOT grid infrastructure. (This does not include the activities for grid management.)
<b>Integrate Resources into ERCOT System</b>	Enabling facilities to participate and be recognized as a resource within ERCOT. Includes generation resources, noncontrollable and controllable load resources, and large load resources.
<b>Conduct Weatherization Inspections</b>	The PUC’s Weather Emergency Preparedness rule requires ERCOT to inspect generation resources and transmission facilities delivering reports on compliance levels, managing cure periods for compliance infractions, etc. in support of increased power system reliability during periods of extreme weather.
<b>Manage Network Topology Models</b>	Maintain details and data related to the ERCOT transmission system, which includes all transmission lines, transformers, generators, and loads.
<b>Perform Commercial Operations</b>	Facilitate the physical and financial transactions of products settled by ERCOT, including collection of the administrative fees.
<b>Facilitate Retail Market</b>	Facilitate operation of the retail market; oversight of transactions and switching activities.

# Value Stream Descriptions

Value Stream	Description
<b>Manage Regulatory Policy Changes</b>	Includes the evaluation and/or management of changes from any source (e.g., State, security, protocols, energy sources etc.), that will impact regulatory policy.
<b>Manage External Relationships</b>	Accountable for the management of ERCOT's relationships across a broad range of stakeholders, including Market Participants, the PUC, ERCOT Board of Directors and Committees, government officials and lawmakers, press/media, and the general public.
<b>Administer Specialized Power System Technical Training</b>	Provides ERCOT people resources (Inspectors, Operators and Engineers) and external trainees with the fundamental training needs and certifications to perform in specialized roles and maintain compliance as an organization.
<b>Perform Scenario-Based Data Science</b>	Data science is the art and science of finding hidden insights from data using math, statistics, programming, and AI. It is an interdepartmental application of finding knowledge and hidden insights through analysis, programming, probabilistic models, algorithms and what-if analysis to extrapolate market and grid intelligence of the ERCOT region.
<b>Manage External Data Reporting</b>	The analytics, diagnostics, preparation (collation of data), dissemination, and timely posting and/or availability for query/download of external reporting required by protocols, statute, and/or legislators.