



Item 4.1: Review 2026 Financial Summary

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Finance and Audit Committee Meeting

June 1, 2026

Purpose

To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of April 30, 2026.

For information only

No action is requested; for discussion only.

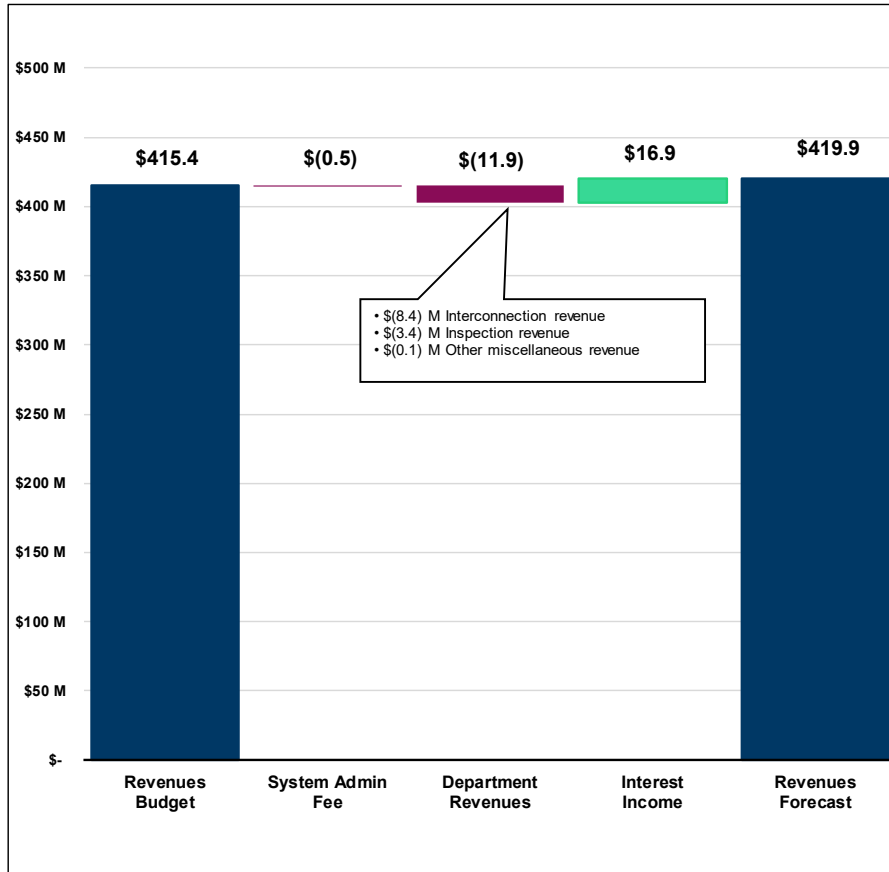
Key Takeaways:

- ERCOT's year-to-date April 2026 actual revenues net of expenditures were \$12.5 million favorable to budget, driven by minor capital being favorable by \$2.9 million, outside services/studies being favorable by \$2.7 million, common infrastructure being favorable by \$2.6 million, and interest income being favorable by \$2.3 million.
- ERCOT's year-end 2026 forecasted revenues net of expenditures are \$16.1 million favorable to budget, driven by interest income to be favorable by \$16.9 million and staffing management to be favorable by \$6.1 million, with partial offsets of \$8.4 million for interconnection revenue and \$3.4 million for inspection revenue.
- ERCOT had \$233.7 million of operating funds as of April 30, 2026, compared to \$181.0 million of operating funds as of April 30, 2025.

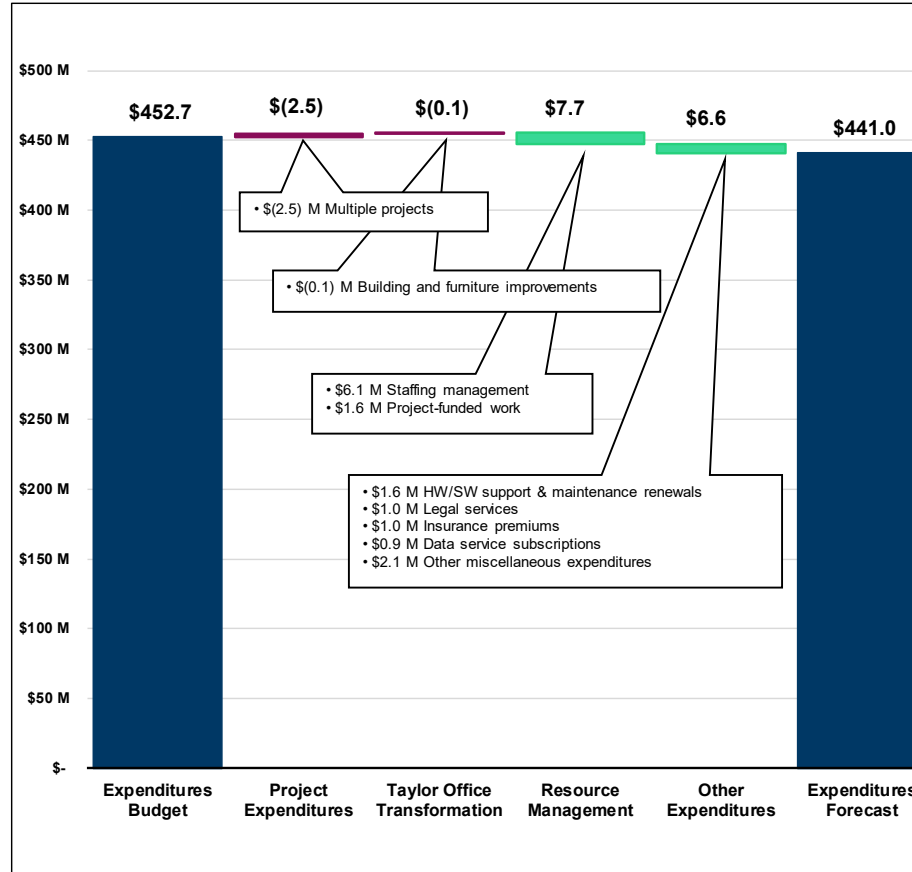
Review 2026 Financial Summary: 2026 Variance to Budget (\$ in Millions)

Net Available Year-End Variance to Budget = \$16.1 M

Revenues Year-End Forecast
Variance to Budget = \$4.5 M [1.1%]



Expenditures Year-End Forecast
Variance to Budget = \$11.6 M [2.6%]



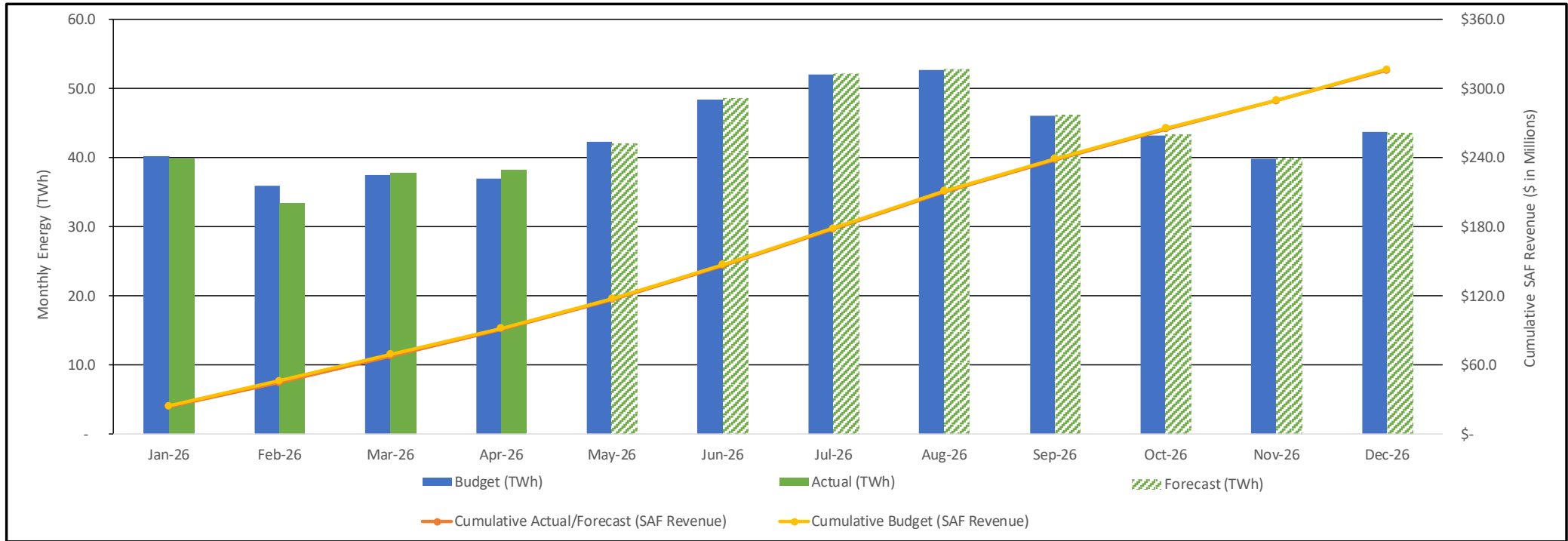
Key Takeaway:

- The forecasted year-end 2026 result is a net available amount of \$(21.2) M versus a budgeted amount of \$(37.3) M, a \$16.1 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	489.3	39.9	33.5	37.7	38.3	42.0	48.6	52.1	52.8	46.2	43.4	40.0	43.7	518.1
Monthly Variance	9.2	(0.3)	(2.5)	0.3	1.3	(0.3)	0.1	0.1	0.1	0.1	0.1	0.2	(0.1)	(0.9)
Monthly Variance (%)	1.9%	-0.9%	-6.8%	0.7%	3.5%	-0.6%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%	-0.2%	-0.2%

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	\$ 308.2	\$ 24.3	\$ 44.7	\$ 67.8	\$ 91.1	\$ 116.7	\$ 146.4	\$ 178.1	\$ 210.4	\$ 238.6	\$ 265.0	\$ 289.4	\$ 316.0	\$ 316.0
Cumulative Variance	\$ 5.8	\$ (0.2)	\$ (1.7)	\$ (1.6)	\$ (0.8)	\$ (0.9)	\$ (0.8)	\$ (0.8)	\$ (0.7)	\$ (0.7)	\$ (0.6)	\$ (0.5)	\$ (0.5)	\$ (0.5)
Cumulative Variance (%)	1.9%	-0.9%	-3.7%	-2.2%	-0.8%	-0.8%	-0.6%	-0.4%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%

Review 2026 Financial Summary: ERCOT Statements of Financial Position

As of April 30
Dollars in Millions

	ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)	
	2026	2025	2026	2025	2026	2025
Assets						
Unrestricted cash	\$ 838.3	\$ 784.4	\$ 4.0	\$ 4.0	\$ -	\$ -
Bond Investments	1,903.6	1,708.8	-	-	-	-
Total unrestricted cash and bond investments	2,741.9	2,493.2	4.0	4.0	-	-
Restricted cash and interest receivable	2,195.0	1,819.1	27.5	31.6	52.2	53.7
Other current assets	57.3	56.6	7.7	6.5	47.4	44.7
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	199.5	191.0	360.7	372.4	1,899.6	1,946.6
Total assets	\$ 5,208.3	\$ 4,574.5	\$ 399.9	\$ 414.5	\$ 1,999.2	\$ 2,045.0
Liabilities and Net Assets						
CRR auction liabilities-current	\$ 1,282.3	\$ 1,261.5	\$ -	\$ -	\$ -	\$ -
CRR auction liabilities-long term	1,098.2	935.1	-	-	-	-
Other market liabilities	127.7	115.5	-	-	-	-
Total market settlement liabilities	2,508.2	2,312.1	-	-	-	-
Security deposits, reserve and interest payable	2,194.6	1,818.4	19.7	23.1	5.0	5.8
Other current liabilities	57.1	47.7	13.2	13.7	71.7	70.2
Other long-term liabilities	22.4	26.5	363.0	373.7	1,911.9	1,958.4
Net assets without donor restrictions	426.0	369.8	4.0	4.0	10.6	10.6
Total liabilities and net assets	\$ 5,208.3	\$ 4,574.5	\$ 399.9	\$ 414.5	\$ 1,999.2	\$ 2,045.0

Key Takeaways:

- ERCOT’s net assets without donor restrictions increased \$56.2 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 \$46.5 M year-over-year, driven by lower balance of long-term debt payable liabilities.

Review 2026 Financial Summary: ERCOT Statements of Activities

For the Four Months Ended April 30
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	\$ 97.2	\$ 99.1	\$ 6.5	\$ 6.7	\$ 32.4	\$ 32.9
Operating expenses	131.1	112.2	0.1	0.2	0.4	0.4
(Loss) income from operations	(33.9)	(13.1)	6.4	6.5	32.0	32.5
Other income (expense)	26.3	39.0	(6.4)	(6.5)	(32.0)	(32.5)
Change in net assets without donor restrictions	(7.6)	25.9	-	-	-	-
Net assets without donor restrictions, beginning of year	433.6	343.9	4.0	4.0	10.6	10.6
Net assets without donor restrictions, end of period	\$ 426.0	\$ 369.8	\$ 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 \$33.5 M:

\$1.9 M decrease in operating revenues, driven by

- \$1.3 M (1%) decrease in system admin fee revenue

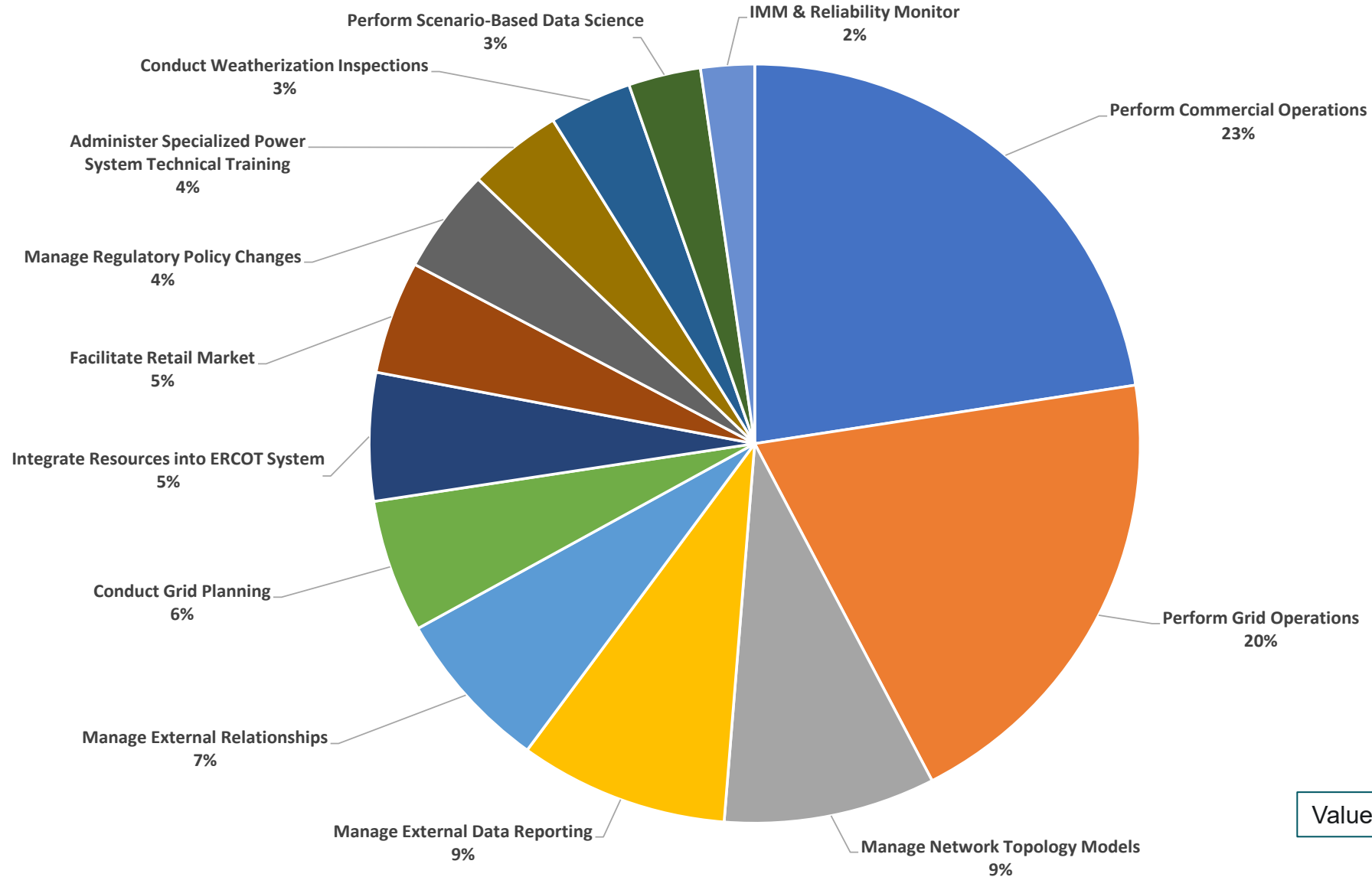
\$18.9 M increase in operating expenses, driven by

- \$9.9 M (1284%) increase in outside services expense, mainly driven by \$7.0 M legal fees reimbursement in 2025
- \$9.7 M (13%) increase in salaries and related benefits expense
- \$2.2 M (15%) increase in hardware and software maintenance expense
- \$0.7 M (17%) increase in other expense
- \$3.3 M (20%) decrease in depreciation expense
- \$0.3 M (6%) decrease in facility and equipment expense

\$12.7 M decrease in other income (interest income), driven by

- \$2.7 M (33%) decrease in interest income
- \$10.0 M decrease in U.S. Treasury obligations fair value adjustment (\$7.1 M loss in 2026 vs \$2.9 M gain in 2025)

Review 2026 Financial Summary: Value Stream Investments

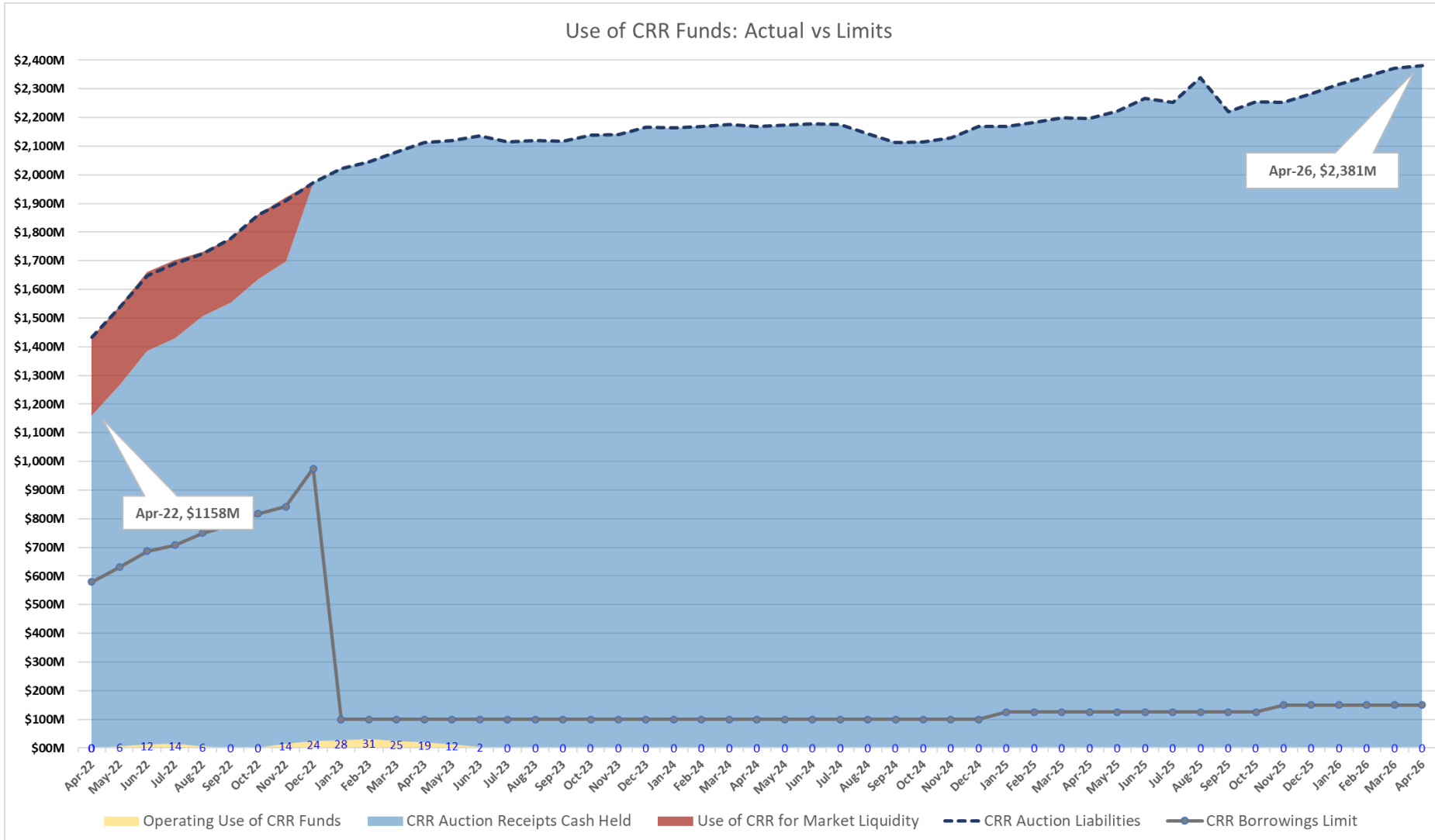


Key Takeaways:

- 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 2026 are being 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 Takeaways:

- CRR Auction Receipts cash held reached its highest level of \$2.4 billion in April 2026, \$0.3 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 May 14, 2026 (\$ in Millions)											
						Year-to-Date (April 30)					
Line	2025	2026				Year-End (December 31)					
	Actual	Budget	Actual	Variance		2025	2026			Variance	
				\$	%	Actual	Budget	Forecast	\$	%	
1	System Administration Fee Revenue	\$ 92.4	\$ 91.9	\$ 91.1	\$ (0.8)	(0.8)	\$ 308.2	\$ 316.6	\$ 316.0	\$ (0.5)	(0.2)
2	Department Net Expenditures										
3	Chief Digital Office	43.1	52.4	44.5	7.9	15.0	123.1	160.7	155.6	5.0	3.1
4	Chief Operations Office	27.1	33.9	33.7	0.2	0.7	81.6	98.3	106.4	(8.2)	(8.3)
5	General Counsel	2.2	10.7	10.8	(0.1)	(1.4)	20.9	33.5	32.3	1.2	3.5
6	Chief Financial Office	8.0	8.9	8.3	0.6	6.8	24.4	27.9	27.1	0.8	2.8
7	Human Resources	3.1	4.7	4.4	0.3	7.0	10.1	16.2	13.6	2.6	16.1
8	Chief Technology Office	2.1	4.1	3.2	0.9	21.4	7.1	12.0	11.6	0.4	3.0
9	Chief Executive Office	2.7	3.8	3.3	0.5	14.0	5.9	8.1	7.7	0.4	5.0
10	Total Department Net Expenditures	88.2	118.5	108.2	10.3	8.7	273.1	356.6	354.4	2.2	0.6
11	Net Revenues After Department Expenditures	4.2	(26.6)	(17.0)	9.6	36.0	35.2	(40.0)	(38.4)	1.7	4.2
12	Less: Project Expenditures	11.4	16.5	14.6	1.9	11.5	45.0	49.6	52.1	(2.5)	(5.0)
13	Less: Taylor Office Transformation	0.1	4.6	5.8	(1.3)	(28.4)	10.0	13.7	13.8	(0.1)	(1.0)
14	Less: Interest Expense	0.1	0.1	0.1	0.0	35.7	0.3	0.2	0.1	0.1	55.9
15	Add: Interest Income	39.1	24.1	26.4	2.3	9.6	109.2	66.3	83.2	16.9	25.6
16	Net Available	\$ 31.7	\$ (23.7)	\$ (11.2)	\$ 12.5	52.8	\$ 89.1	\$ (37.3)	\$ (21.2)	\$ 16.1	43.2
Note: Schedule may not foot due to rounding											

Line	Year-to-Date (April 30)	Year-End (December 31)
1 System Administration Fee Revenue	-\$12.5 M - Weather +\$11.7 M - Economy	-\$0.5 M - Based on current actuals and load forecast for remainder of year
3 Chief Digital Office	+\$1.5 M - HW/SW support & maintenance renewals +\$0.9 M - Outside services/studies +\$0.8 M - Contingent labor [Resource Management - Staffing Management] +\$0.6 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Utilities +\$0.2 M - Minor capital +\$0.1 M - WAN costs +\$0.1 M - Telecommunications +\$0.1 M - Employee training & business travel -\$0.2 M - WAN revenue -\$0.1 M - Data service subscriptions -\$0.1 M - Project labor [Resource Management - Project-Funded Work] <u>Timing Differences</u> +\$2.6 M - Common infrastructure +\$2.0 M - Minor capital +\$0.4 M - HW/SW support & maintenance renewals +\$0.1 M - Building maintenance -\$0.9 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.3 M - IT hardware -\$0.1 M - Project labor [Resource Management - Project-Funded Work]	+\$1.6 M - HW/SW support & maintenance renewals +\$1.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.9 M - Outside services/studies +\$0.9 M - Contingent labor [Resource Management - Staffing Management] +\$0.8 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +\$0.2 M - Utilities +\$0.2 M - Minor capital +\$0.1 M - WAN costs +\$0.1 M - Telecommunications +\$0.1 M - Employee training & business travel -\$0.6 M - Common infrastructure -\$0.2 M - WAN revenue -\$0.2 M - Data service subscriptions -\$0.1 M - Project labor [Resource Management - Project-Funded Work] -\$0.1 M - Training subscriptions +\$0.1 M - Other miscellaneous expenditures
4 Chief Operations Office	+\$0.4 M - Data service subscriptions +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.2 M - Project labor [Resource Management - Project-Funded Work] +\$0.3 M - Minor capital +\$0.2 M - Employee training & business travel -\$1.8 M - Interconnection revenue -\$1.0 M - Inspection revenue <u>Timing Differences</u> +\$0.7 M - Outside services/studies +\$0.5 M - Contingent labor [Resource Management - Staffing Management] +\$0.4 M - Minor capital +\$0.2 M - Black start training & operator training seminar revenue -\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Other miscellaneous expenditures	+\$2.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.8 M - Data service subscriptions +\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$0.4 M - Project labor [Resource Management - Project-Funded Work] +\$0.3 M - Minor capital +\$0.2 M - Employee training & business travel -\$8.4 M - Interconnection revenue -\$3.4 M - Inspection revenue -\$0.8 M - Outside services/studies
5 General Counsel	+\$0.6 M - Legal services +\$0.1 M - Outside services/studies +\$0.1 M - Project labor [Resource Management - Project-Funded Work] -\$0.3 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Contingent labor [Resource Management - Staffing Management] <u>Timing Differences</u> -\$0.6 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Corporate events	+\$1.0 M - Legal services +\$0.3 M - Outside services/studies +\$0.3 M - Project labor [Resource Management - Project-Funded Work] -\$0.3 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Contingent labor [Resource Management - Staffing Management]

Electric Reliability Council of Texas, Inc. 2026 Financial Summary Variance Explanations As of May 14, 2026		
Line	Year-to-Date (April 30)	Year-End (December 31)
6 Chief Financial Office	+\$0.3 M - Insurance premiums +\$0.1 M - Property tax +\$0.1 M - Data service subscriptions -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] <u>Timing Differences</u> +\$0.1 M - Outside services/studies +\$0.1 M - Bank fees	+\$1.0 M - Insurance premiums +\$0.3 M - Property tax +\$0.3 M - Data service subscriptions +\$0.1 M - Project labor [Resource Management - Project-Funded Work] -\$0.4 M - Outside services/studies -\$0.3 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]
7 Human Resources	+\$0.1 M - Outside services/studies +\$0.1 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Employee training & business travel +\$0.1 M - Corporate events +\$0.1 M - Non-monetary reward & recognition <u>Timing Differences</u> -\$0.2 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	+\$1.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Outside services/studies +\$0.3 M - Contingent labor [Resource Management - Staffing Management] +\$0.1 M - Employee training & business travel +\$0.1 M - Corporate events +\$0.1 M - Non-monetary reward & recognition +\$0.1 M - Recruiting & pre-employment costs +\$0.1 M - Health & wellness expense
8 Chief Technology Office	+\$0.2 M - Outside services/studies <u>Timing Differences</u> +\$0.6 M - Outside services/studies +\$0.1 M - Contingent labor [Resource Management - Staffing Management]	+\$0.2 M - Outside services/studies +\$0.1 M - Project labor [Resource Management - Project-Funded Work] +\$0.1 M - Other miscellaneous expenditures
9 Chief Executive Office	+\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] <u>Timing Differences</u> +\$0.1 M - Other miscellaneous expenditures	+\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]
12 Project Expenditures	<u>Timing Differences</u> +\$1.9 M - Multiple projects	-\$2.5 M - Multiple projects
13 Taylor Office Transformation	-\$0.1 M - Building and furniture improvements <u>Timing Differences</u> -\$1.2 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	+\$3.2 M - Interest rate +\$6.2 M - Investment balance -\$7.1 M - Fair value adjustment	+\$13.7 M - Interest rate +\$10.3 M - Investment balance -\$7.1 M - Fair value adjustment

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

Line	Project	Year-to-Date As of April 30, 2026		Year-End (YE) As of May 14, 2026		Life-to-Date As of April 30, 2026		Estimate-at-Completion (EAC) As of May 14, 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	\$ 1.1	100%	\$ 1.1	2%	\$ 18.2	99%	\$ 18.4	6%	\$ 20.8	\$ 2.4
2	RTC-B Integration & Information	0.5	90%	0.6	1%	7.1	100%	7.1	3%	6.4	(0.7)
3	RTC-B Program Control	(0.7)	15%	(4.5)	-9%	9.3	171%	5.5	2%	5.4	(0.0)
4	RTC-B Commercial Applications	0.0	86%	0.0	0%	1.9	100%	1.9	1%	2.3	0.4
5	Dispatchable Reliability Reserve Service (DRRS)	-	0%	-	0%	-	0%	3.5	1%	3.5	-
6	Subtotal - Market Design Projects	1.0	-35%	(2.8)	-5%	36.6	101%	36.4	13%	38.4	2.1
7	Data Center 6.0 (DC6) Program	0.0	0%	3.3	6%	0.0	0%	102.0	36%	102.0	-
8	Identity & Access Management Program	0.9	8%	11.0	21%	1.1	3%	31.6	11%	31.6	-
9	Second iTest Environment	0.4	34%	1.1	2%	9.8	93%	10.5	4%	10.6	0.0
10	Test Data Management	0.5	53%	0.9	2%	6.8	94%	7.3	3%	7.4	0.1
11	Site Power Updates	0.0	1%	5.1	10%	0.0	0%	7.2	3%	7.2	-
12	Fiber Expansion and Modernization	0.0	4%	1.0	2%	2.2	41%	5.4	2%	5.4	-
13	Cloud Foundations	0.8	40%	2.1	4%	3.3	73%	4.6	2%	4.6	(0.0)
14	NMMS IMM Schema Upgrade to CIM 16	0.4	19%	2.3	4%	2.5	56%	4.4	2%	4.5	0.0
15	Internal Network Security Monitoring (INSM)	0.0	0%	0.5	1%	0.0	0%	4.2	1%	4.2	-
16	Data Center HVAC Updates	0.0	1%	3.6	7%	0.0	1%	3.7	1%	3.7	0.0
17	Alfresco Replacement	0.3	16%	1.9	4%	0.3	9%	3.7	1%	3.7	-
18	ServiceNow CMDB & Change Management	0.6	44%	1.5	3%	2.4	73%	3.3	1%	3.3	(0.0)
19	Treasury Single Source of Truth	0.5	26%	1.8	3%	1.2	41%	2.8	1%	2.8	(0.0)
20	ERCOT Website Redesign Implementation	0.4	24%	1.8	3%	1.2	44%	2.8	1%	2.7	(0.0)
21	SCR820 Operator Real-Time Messaging During Emergency	0.4	35%	1.2	2%	1.7	68%	2.5	1%	2.5	0.0
22	NPRRs 1188 & 1244 - Controllable Load Resource Enhancements	0.8	28%	2.9	6%	0.8	30%	2.8	1%	2.8	-
23	Microsoft SharePoint Migration – Phase 2	0.4	40%	0.9	2%	1.5	71%	2.2	1%	2.2	-
24	Total Projects with EAC Over \$2.0M	7.6	19%	40.0	77%	71.6	30%	237.3	83%	239.5	2.2
25	Other Projects	7.1	58%	12.1	23%	21.7	45%	47.9	17%	48.1	0.2
26	Total Project Expenditures	\$ 14.6	28%	\$ 52.1	100%	\$ 93.3	33%	\$ 285.1	100%	\$ 287.6	\$ 2.5

Note: Schedule may not foot due to rounding

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Financial Position
As of April 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 838,269	\$ 784,374
Accounts receivable	2,176	4,510
Unbilled revenue	5,604	5,879
Interest receivable	15,109	15,118
Receivable from intercompany	174	911
Restricted cash and cash equivalents, current	2,189,058	1,813,169
Short-term investments	1,083,919	1,023,950
Prepaid expenses and other current assets	47,031	42,691
Total current assets	4,181,340	3,690,602
Long-term investments	827,374	692,758
Property and equipment, net	140,489	157,916
Systems under development	58,438	32,460
Other long term assets	628	756
Total assets	\$ 5,208,269	\$ 4,574,492
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 5,419	\$ 3,264
Accrued liabilities	43,703	34,044
Payable to intercompany	393	688
Deferred revenue	9,515	11,671
Market settlement liabilities	1,409,935	1,376,990
Security deposits	2,188,665	1,812,481
Debt payable, current portion	4,000	4,000
Total current liabilities	3,661,630	3,243,138
Long-term liabilities:		
Debt payable, less current portion:		
Principal	22,000	26,000
Less unamortized debt issuance costs	91	106
Debt payable less current portion and unamortized debt issuance costs	21,909	25,894
Long-term CRR liabilities	1,098,249	935,070
Other long-term liabilities	506	544
Total long-term liabilities	1,120,664	961,508
Total liabilities	4,782,294	4,204,646
Net assets without donor restrictions	425,975	369,846
Total liabilities and net assets	\$ 5,208,269	\$ 4,574,492

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

Statements of Activities

For the Four Months Ended April 30, 2026 and 2025

(Dollars in Thousands)

	2026	2025
Operating revenues		
System administration fees	\$ 91,129	\$ 92,423
Other services revenue	6,042	6,688
Total operating revenues	97,171	99,111
Operating expenses		
Salaries and related benefits	81,679	71,966
Facility and equipment costs	3,682	3,900
Outside services	10,686	772
Hardware and software maintenance and licensing	16,757	14,553
Depreciation	13,445	16,787
Other	4,893	4,192
Total operating expenses	131,142	112,170
Loss from operations	(33,971)	(13,059)
Other income (expense)		
Investment return, net	26,381	39,101
Interest expense	(52)	(137)
Non-operating income	38	19
Change in net assets without donor restrictions	(7,604)	25,924
Net assets without donor restrictions, beginning of year	433,579	343,922
Net assets without donor restrictions, end of period	\$ 425,975	\$ 369,846

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Cash Flows
For the Four Months Ended April 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Operating activities:		
Change in net assets without donor restrictions	\$ (7,604)	\$ 25,924
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	13,445	16,787
Amortization of right-of-use assets	87	91
Amortization of debt issuance costs	5	5
Amortization of bond investment discount	(15,316)	(15,839)
Unrealized loss (gain) on bond investments	7,070	(2,905)
Net (gain) loss on capital assets	(4)	1
Changes in operating assets and liabilities:		
Accounts receivable	3,713	1,031
Unbilled revenue	766	846
Interest receivable	(42)	432
Receivable from intercompany	147	97
Prepaid expenses and other assets	1,161	489
Other long-term liabilities	(71)	(87)
Accounts payable	1,241	1,636
Accrued liabilities	(10,046)	(8,668)
Payable to intercompany	(333)	(437)
Deferred revenue	(1,106)	(378)
Security deposits	186,445	(413,867)
Market settlement liabilities	(81,839)	(132,231)
Long-term CRR liabilities	222,452	176,596
Net cash provided by (used in) operating activities	<u>320,171</u>	<u>(350,477)</u>
Investing activities:		
Purchase of investments	(541,947)	(457,421)
Proceeds from investments	515,000	529,000
Capital expenditures for property and equipment and systems under development	(19,460)	(24,208)
Proceeds from sale of property and equipment	4	-
Net cash (used in) provided by investing activities	<u>(46,403)</u>	<u>47,371</u>
Financing activities:		
Repayment of debt payable	(1,000)	(1,000)
Net cash (used in) financing activities	<u>(1,000)</u>	<u>(1,000)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	272,768	(304,106)
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>\$ 3,027,327</u>	<u>\$ 2,597,543</u>

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 838,269	\$ 4,035	\$ -	\$ -	\$ 842,304
Securitization charges receivable, current	-	7,672	46,877	-	54,549
Accounts receivable	2,176	-	-	-	2,176
Unbilled revenue	5,604	-	-	(364)	5,240
Interest receivable	15,109	88	134	-	15,331
Receivable from intercompany	174	-	394	(568)	-
Restricted cash and cash equivalents, current	2,189,058	25,491	41,544	-	2,256,093
Short-term investments	1,083,919	-	-	-	1,083,919
Prepaid expenses and other current assets	47,031	4	-	-	47,035
Total current assets	4,181,340	37,290	88,949	(932)	4,306,647
Restricted cash equivalents, non-current	-	1,912	10,579	-	12,491
Long-term investments	827,374	-	-	(14,579)	812,795
Property and equipment, net	140,489	-	-	-	140,489
Systems under development	58,438	-	-	-	58,438
Securitization charges receivable, non current	-	360,743	1,899,625	-	2,260,368
Other long term assets	628	-	-	-	628
Total assets	\$ 5,208,269	\$ 399,945	\$ 1,999,153	\$ (15,511)	\$ 7,591,856
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 5,419	\$ -	\$ 1	\$ -	\$ 5,420
Accrued liabilities	43,703	4,900	24,022	-	72,625
Payable to intercompany	393	124	415	(932)	-
Deferred revenue	9,515	-	-	-	9,515
Market settlement liabilities	1,409,935	-	-	-	1,409,935
Security deposits	2,188,665	17,724	4,944	-	2,211,333
Debt payable, current portion	4,000	8,281	47,299	-	59,580
Total current liabilities	3,661,630	31,029	76,681	(932)	3,768,408
Long-term liabilities:					
Debt payable, less current portion:					
Principal	22,000	367,120	1,922,694	-	2,311,814
Less unamortized discount and debt issuance costs	91	4,116	10,801	-	15,008
Debt payable less current portion and unamortized discount and debt issuance costs	21,909	363,004	1,911,893	-	2,296,806
Debt reserves	-	1,912	-	-	1,912
Long-term CRR liabilities	1,098,249	-	-	-	1,098,249
Other long-term liabilities	506	-	-	-	506
Total long-term liabilities	1,120,664	364,916	1,911,893	-	3,397,473
Total liabilities	4,782,294	395,945	1,988,574	(932)	7,165,881
Net assets without donor restrictions	425,975	4,000	10,579	(14,579)	425,975
Total liabilities and net assets	\$ 5,208,269	\$ 399,945	\$ 1,999,153	\$ (15,511)	\$ 7,591,856

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities
For the Four Months Ended April 30, 2026
(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	\$ 91,129	\$ -	\$ -	\$ -	\$ 91,129
Other services revenue	6,042	-	-	(486)	5,556
Securitization charges fees	-	6,533	32,374	-	38,907
Total operating revenues	97,171	6,533	32,374	(486)	135,592
Operating expenses					
Salaries and related benefits	81,679	-	-	-	81,679
Facility and equipment costs	3,682	-	-	-	3,682
Outside services	10,686	118	399	(486)	10,717
Hardware and software maintenance and licensing	16,757	-	1	-	16,758
Depreciation	13,445	-	-	-	13,445
Other	4,893	-	-	-	4,893
Total operating expenses	131,142	118	400	(486)	131,174
(Loss) income from operations	(33,971)	6,415	31,974	-	4,418
Other income (expense)					
Investment return, net	26,381	101	351	-	26,833
Interest expense	(52)	(6,516)	(32,325)	-	(38,893)
Non-operating income	38	-	-	-	38
Change in net assets without donor restrictions	(7,604)	-	-	-	(7,604)
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	\$ 425,975	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 425,975

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Four Months Ended April 30, 2026
(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	\$ (7,604)	\$ -	\$ -	\$ -	\$ (7,604)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	13,445	-	-	-	13,445
Amortization of right-of-use assets	87	-	-	-	87
Amortization of discount & debt issuance costs	5	60	249	-	314
Amortization of bond investment discount	(15,316)	-	-	-	(15,316)
Unrealized loss on bond investments	7,070	-	-	-	7,070
Net (gain) on capital assets	(4)	-	-	-	(4)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	2,535	15,561	(332)	17,764
Accounts receivable	3,713	-	-	-	3,713
Unbilled revenue	766	-	-	(232)	534
Interest receivable	(42)	(19)	(5)	123	57
Receivable from intercompany	147	-	-	(147)	-
Prepaid expenses and other assets	1,161	(4)	-	-	1,157
Other long-term liabilities	(71)	-	-	-	(71)
Accounts payable	1,241	(3)	1	-	1,239
Accrued liabilities	(10,046)	(2,623)	(16,431)	-	(29,100)
Payable to intercompany	(333)	(63)	(192)	588	-
Deferred revenue	(1,106)	-	-	-	(1,106)
Security deposits and reserves	186,445	134	79	-	186,658
Market settlement liabilities	(81,839)	-	-	-	(81,839)
Long-term CRR liabilities	222,452	-	-	-	222,452
Net cash provided by (used in) operating activities	320,171	17	(738)	-	319,450
Investing activities:					
Purchase of investments	(541,947)	-	-	-	(541,947)
Proceeds from investments	515,000	-	-	-	515,000
Capital expenditures for property and equipment and systems under development	(19,460)	-	-	-	(19,460)
Proceeds from sale of property and equipment	4	-	-	-	4
Net cash (used in) investing activities	(46,403)	-	-	-	(46,403)
Financing activities:					
Repayment of debt payable	(1,000)	(3,699)	(22,938)	-	(27,637)
Net cash (used in) financing activities	(1,000)	(3,699)	(22,938)	-	(27,637)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	272,768	(3,682)	(23,676)	-	245,410
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	\$ 3,027,327	\$ 31,438	\$ 52,123	\$ -	\$ 3,110,888

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of April 30, 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	\$ 784,374	\$ 4,042	\$ -	\$ -	\$ 788,416
Securitization charges receivable, current	-	6,440	43,990	-	50,430
Accounts receivable	4,510	-	-	-	4,510
Unbilled revenue	5,879	-	-	(414)	5,465
Interest receivable	15,118	117	159	-	15,394
Receivable from intercompany	911	-	689	(1,600)	-
Restricted cash and cash equivalents, current	1,813,169	24,276	42,942	-	1,880,387
Short-term investments	1,023,950	-	-	-	1,023,950
Prepaid expenses and other current assets	42,691	-	-	-	42,691
Total current assets	3,690,602	34,875	87,780	(2,014)	3,811,243
Restricted cash equivalents, non-current	-	7,241	10,579	-	17,820
Long-term investments	692,758	-	-	(14,579)	678,179
Property and equipment, net	157,916	-	-	-	157,916
Systems under development	32,460	-	-	-	32,460
Securitization charges receivable, non current	-	372,390	1,946,662	-	2,319,052
Other long term assets	756	-	-	-	756
Total assets	\$ 4,574,492	\$ 414,506	\$ 2,045,021	\$ (16,593)	\$ 7,017,426
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 3,264	\$ -	\$ -	\$ -	\$ 3,264
Accrued liabilities	34,044	5,923	24,506	-	64,473
Payable to intercompany	688	888	438	(2,014)	-
Deferred revenue	11,671	-	-	-	11,671
Market settlement liabilities	1,376,990	-	-	-	1,376,990
Security deposits	1,812,481	15,753	5,636	-	1,833,870
Debt payable, current portion	4,000	7,026	45,417	-	56,443
Total current liabilities	3,243,138	29,590	75,997	(2,014)	3,346,711
Long-term liabilities:					
Debt payable, less current portion:					
Principal	26,000	376,251	1,969,993	-	2,372,244
Less unamortized discount and debt issuance costs	106	2,576	11,548	-	14,230
Debt payable less current portion and unamortized discount and debt issuance costs	25,894	373,675	1,958,445	-	2,358,014
Debt reserves	-	7,241	-	-	7,241
Long-term CRR liabilities	935,070	-	-	-	935,070
Other long-term liabilities	544	-	-	-	544
Total long-term liabilities	961,508	380,916	1,958,445	-	3,300,869
Total liabilities	4,204,646	410,506	2,034,442	(2,014)	6,647,580
Net assets without donor restrictions	369,846	4,000	10,579	(14,579)	369,846
Total liabilities and net assets	\$ 4,574,492	\$ 414,506	\$ 2,045,021	\$ (16,593)	\$ 7,017,426

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities
For the Four Months Ended April 30, 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	\$ 92,423	\$ -	\$ -	\$ -	\$ 92,423
Other services revenue	6,688	-	-	(553)	6,135
Securitization charges fees	-	6,726	32,924	-	39,650
Total operating revenues	99,111	6,726	32,924	(553)	138,208
Operating expenses					
Salaries and related benefits	71,966	-	-	-	71,966
Facility and equipment costs	3,900	-	-	-	3,900
Outside services	772	184	400	(553)	803
Hardware and software maintenance and licensing	14,553	-	-	-	14,553
Depreciation	16,787	-	-	-	16,787
Other	4,192	-	-	-	4,192
Total operating expenses	112,170	184	400	(553)	112,201
(Loss) income from operations	(13,059)	6,542	32,524	-	26,007
Other income (expense)					
Investment return, net	39,101	261	443	-	39,805
Interest expense	(137)	(6,803)	(32,967)	-	(39,907)
Non-operating income	19	-	-	-	19
Change in net assets without donor restrictions	25,924	-	-	-	25,924
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	\$ 369,846	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 369,846

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Four Months Ended April 30, 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	\$ 25,924	\$ -	\$ -	\$ -	\$ 25,924
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	16,787	-	-	-	16,787
Amortization of right-of-use assets	91	-	-	-	91
Amortization of discount	5	25	249	-	279
Amortization of discount & debt issuance costs	(15,839)	-	-	-	(15,839)
Unrealized (gains) on bond investments	(2,905)	-	-	-	(2,905)
Net loss on capital assets	1	-	-	-	1
Changes in operating assets and liabilities:					
Securitization charges receivable	-	1,881	15,098	(436)	16,543
Accounts receivable	1,031	-	-	-	1,031
Unbilled revenue	846	-	-	(277)	569
Interest receivable	432	(29)	(9)	156	550
Receivable from intercompany	97	-	-	(97)	-
Prepaid expenses and other assets	489	-	-	-	489
Other long-term liabilities	(87)	-	-	-	(87)
Accounts payable	1,636	(4)	-	-	1,632
Accrued liabilities	(8,668)	983	(17,236)	-	(24,921)
Payable to intercompany	(437)	(84)	(193)	714	-
Deferred revenue	(378)	-	-	-	(378)
Security deposits and reserves	(413,867)	311	1,761	-	(411,795)
Market settlement liabilities	(132,231)	-	-	-	(132,231)
Long-term CRR liabilities	176,596	-	-	-	176,596
Net cash (used in) provided by operating activities	(350,477)	3,083	(330)	60	(347,664)
Investing activities:					
Purchase of investments	(457,421)	-	-	-	(457,421)
Proceeds from investments	529,000	-	-	-	529,000
Capital expenditures for property and equipment and systems under development	(24,208)	-	-	-	(24,208)
Net cash provided by investing activities	47,371	-	-	-	47,371
Financing activities:					
Repayment of debt payable	(1,000)	(5,245)	(22,026)	-	(28,271)
Payment of debt issuance costs	-	-	-	(60)	(60)
Net cash (used in) financing activities	(1,000)	(5,245)	(22,026)	(60)	(28,331)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(304,106)	(2,162)	(22,356)	-	(328,624)
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	\$ 2,597,543	\$ 35,559	\$ 53,521	\$ -	\$ 2,686,623

Value Stream Descriptions

Value Stream	Description
Perform Grid Operations	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.
Conduct Grid Planning	The activities to plan for changes and modernization of the ERCOT grid infrastructure. (This does not include the activities for grid management.)
Integrate Resources into ERCOT System	Enabling facilities to participate and be recognized as a resource within ERCOT. Includes generation resources, noncontrollable and controllable load resources, and large load resources.
Conduct Weatherization Inspections	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.
Manage Network Topology Models	Maintain details and data related to the ERCOT transmission system, which includes all transmission lines, transformers, generators, and loads.
Perform Commercial Operations	Facilitate the physical and financial transactions of products settled by ERCOT, including collection of the administrative fees.
Facilitate Retail Market	Facilitate operation of the retail market; oversight of transactions and switching activities.

Value Stream Descriptions

Value Stream	Description
Manage Regulatory Policy Changes	Includes the evaluation and/or management of changes from any source (e.g., State, security, protocols, energy sources etc.), that will impact regulatory policy.
Manage External Relationships	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.
Administer Specialized Power System Technical Training	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.
Perform Scenario-Based Data Science	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.
Manage External Data Reporting	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.