The Finance & Audit (F&A) Committee is expected to consider F&A Committee Agenda Items 4.3 and 11.1:

Recommendation regarding Acceptance of 2025 ERCOT 401(k) Savings Plan Audit Report

at its meeting on September 14, 2026.

The Board of Directors is expected to hear the F&A Committee's recommendation on this matter as part of the F&A Committee Report at the Board meeting on September 14-15, 2026.

Attached are the Board materials in relation to these agenda items.

Date: September 4, 2026
To: Board of Directors
From: Finance & Audit Committee
Subject: Acceptance of ERCOT 401(k) Savings Plan 2025 Plan Year Audit Report

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: September 14-15, 2026
Item No.: 19.1.1

Issue:
Acceptance of the audited financial statements of Electric Reliability Council of Texas, Inc.'s (ERCOT's) 401(k) Savings Plan (401(k) Plan), as of December 31, 2025.

Background/History:
ERCOT maintains a 401(k) retirement savings plan for its employees, qualified under the Employee Retirement Income Security Act (ERISA). Pursuant to ERISA, plan sponsors must annually file Form 5500 with the U.S. Department of Labor. The required filing must include the Plan's audited financial statements.

On December 8, 2020, the Board approved Baker Tilly to provide 401(k) Plan audit services for calendar years 2021, 2022, 2023, 2024, 2025, and 2026 subject to the annual approval of the Board for 2022, 2023, 2024, 2025, and 2026. Based on this approval, ERCOT engaged Baker Tilly US, LLP (Baker Tilly) to provide 401(k) Plan audit services for the calendar year ending December 31, 2025.

It is expected that on September 14, 2026, a representative of Baker Tilly will meet with the Finance and Audit (F&A) Committee to discuss the proposed final audit report for the ERCOT 401(k) Plan, as of December 31, 2025.

The F&A Committee is expected to recommend that the Board accept the 2025 audited financial statements for the ERCOT 401(k) Plan, as of December 31, 2025, as prepared by Baker Tilly, during its meeting.

A draft of the final audit report for the ERCOT 401(k) Plan, as of December 31, 2025, prepared by Baker Tilly, and submitted for the Board's acceptance, is attached hereto as ***Exhibit A***.

Key Factors Influencing Issue:

- The ERISA reporting requirements and filing requirements for the annual Form 5500 for ERCOT's 401(k) Plan. The 401(k) Plan's books and records must be audited by an independent auditor, and a copy of the audit report supplied with Form 5500. The 2025 filing is due no later than October 15, 2026;

- Section IV(G)(2) of the Finance and Audit Committee Charter provides that based on its review and discussions with management and the independent auditor the Committee shall provide a recommendation to the Board whether the 401(k) Savings Plan audit report should be accepted.
- The draft report attached hereto reflects no findings indicating material issues with the administration of the 401(k) Plan, and the expectation that the F&A Committee will recommend approval of same; and
- The expectation that Baker Tilly will issue a final opinion consistent with the draft version attached hereto as ***Exhibit A***.

Conclusion/Recommendation:

The F&A Committee is expected to review the final audited statements for ERCOT's 401(k) Plan prepared by Baker Tilly, as of December 31, 2025, at its meeting on September 14, 2026, and is expected to recommend that the Board accept the audited financial statements of ERCOT's 401(k) Plan, as of December 31, 2025, as presented in draft form by Baker Tilly, attached hereto as ***Exhibit A***.

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ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, Baker Tilly has issued a report in connection with its audit of ERCOT's financial statement for the 401(k) Plan as of December 31, 2025;

WHEREAS, the Finance and Audit (F&A) Committee recommended during the Committee's meeting on September 14, 2026 that the Board accept Baker Tilly's report of audited financial statements of ERCOT's 401(k) Plan, as presented by Baker Tilly during the meeting;

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to accept the report of audited financial statements of ERCOT's 401(k) Plan, as of December 31, 2025, as presented by Baker Tilly at the F&A Committee meeting on September 14, 2026; and

THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized and approved to accept the Baker Tilly's audit report of financial statements of ERCOT's 401(k) Plan, as of December 31, 2025.

CORPORATE SECRETARY'S CERTIFICATE

I, Brandon Gleason, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its September 14-15, 2026 meeting, the Board passed a motion approving the above Resolution by ______.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of ______________, 2026.

____
Brandon Gleason
Assistant Corporate Secretary