PUBLIC

Item 8.1: Review 2026 Financial Summary

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

Finance and Audit Committee Meeting

September 14, 2026

Purpose

To provide the Finance and Audit (F&A) Committee an overview of ERCOT's financial performance as of July 31, 2026.

For information only

No action is requested; for discussion only.

Key Takeaways:

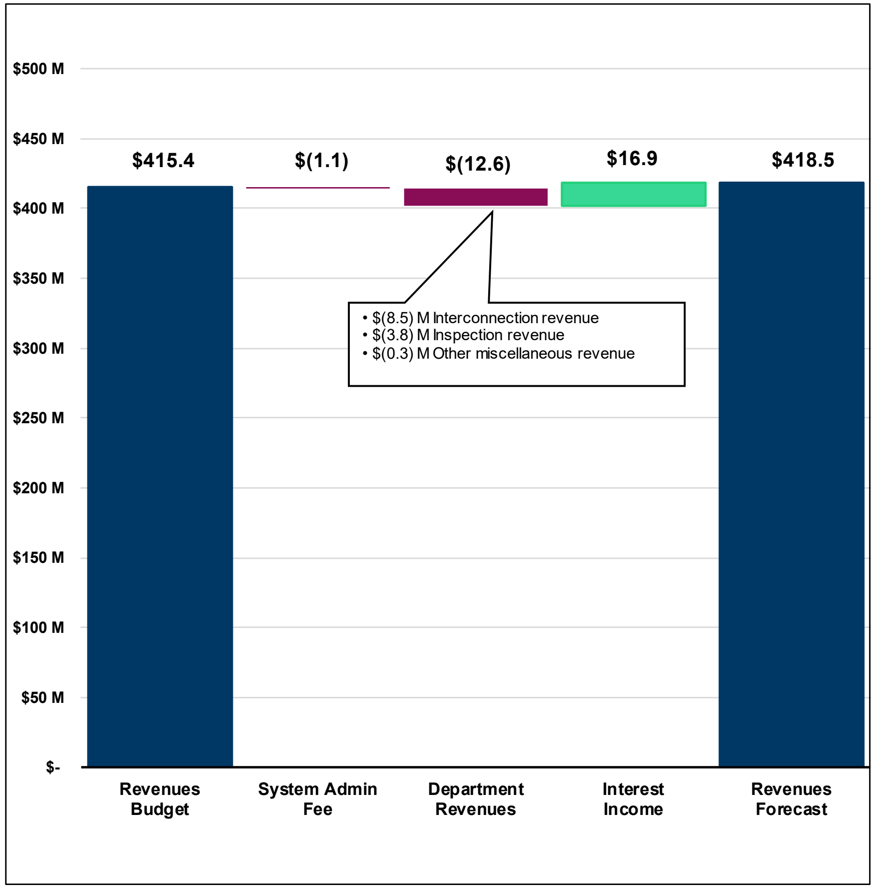
- ERCOT's year-to-date July 2026 actual revenues net of expenditures were $18.7 million favorable to budget, driven by interest income being favorable by $6.2 million, staffing management being favorable by $4.0 million, minor capital being favorable by $3.7 million, and outside services/studies being favorable by $2.8 million.
- ERCOT's year-end 2026 forecasted revenues net of expenditures are $18.7 million favorable to budget, driven by interest income to be favorable by $16.9 million and staffing management to be favorable by $10.7 million, with a partial offset of $8.5 million for interconnection revenue.
- ERCOT had $242.2 million of operating funds as of July 31, 2026, compared to $213.2 million of operating funds as of July 31, 2025.

PUBLIC

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

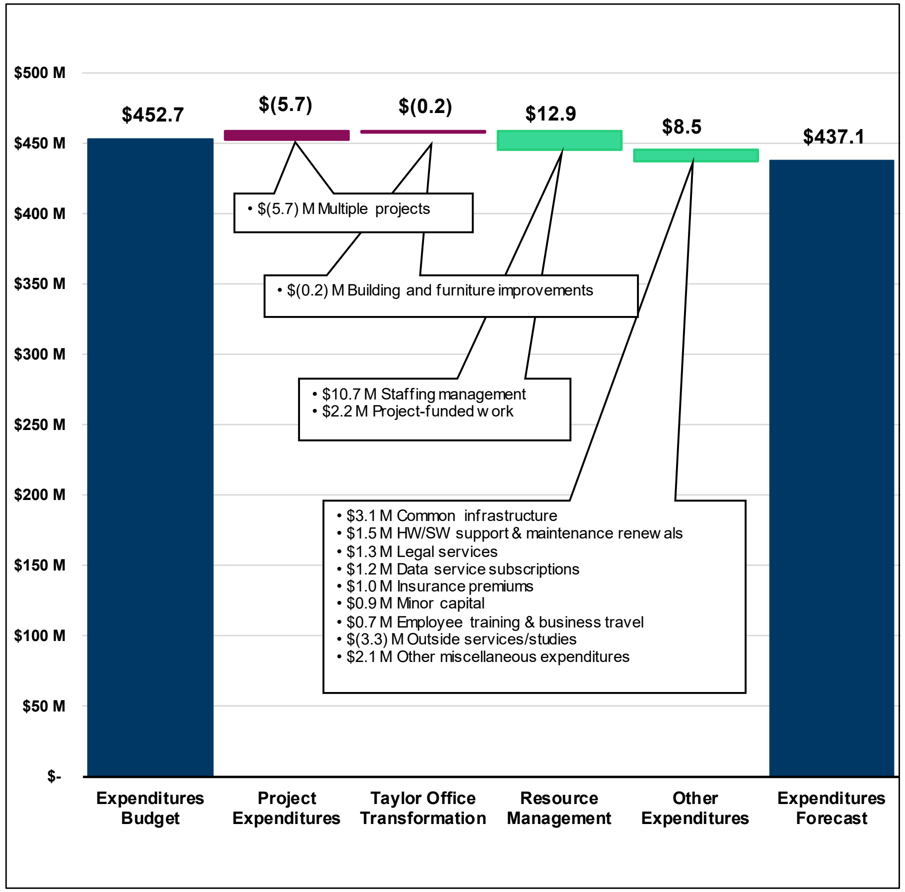
Net Available Year-End Variance to Budget = $18.7 M

Revenues Year-End Forecast
Variance to Budget = $3.1 M [0.8%]



Charts may not foot due to rounding

Expenditures Year-End Forecast
Variance to Budget = $15.5 M [3.4%]



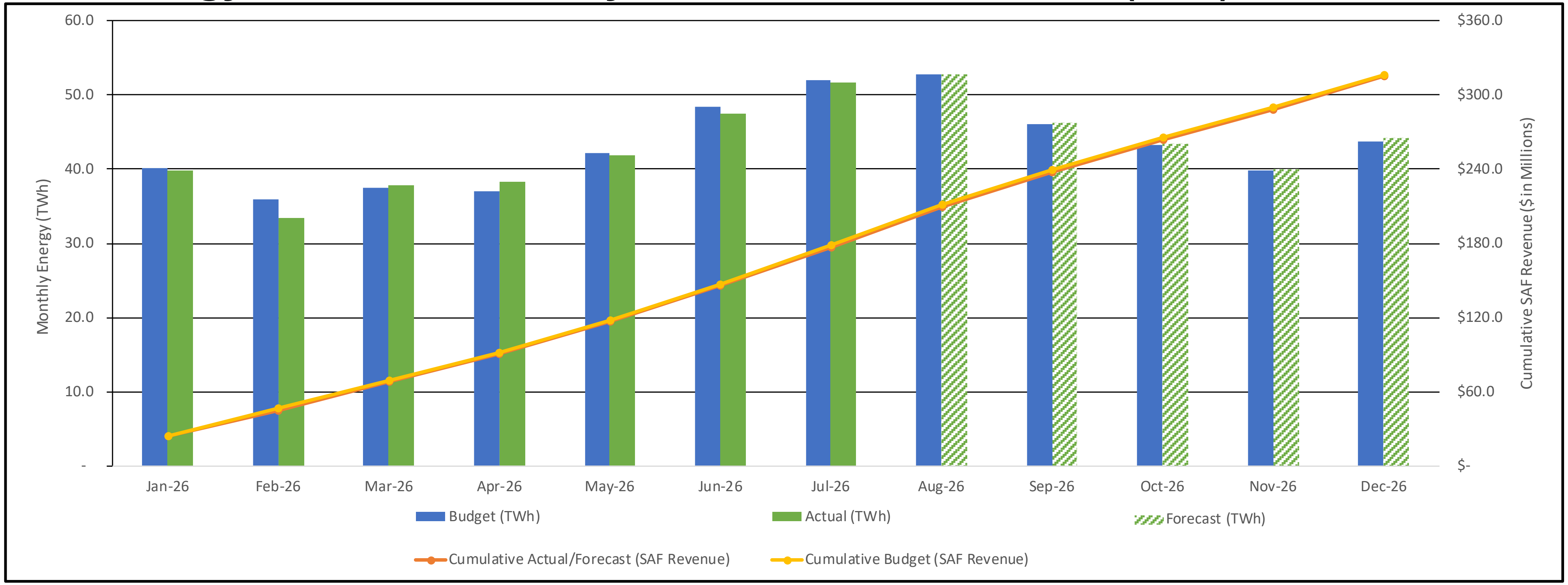
Key Takeaway:

- The forecasted year-end 2026 result is a net available amount of $(18.6) M versus a budgeted amount of $(37.3) M, an $18.7 M favorable variance.

PUBLIC

Review 2026 Financial Summary:

2026 Budget versus Actual/Forecast:
TWh Energy 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
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
Actual/Forecast	489.3	39.9	33.5	37.7	38.3	41.9	47.5	51.7	52.8	46.2	43.4	40.0	44.2	517.1
Variance	9.2	(0.3)	(2.5)	0.3	1.3	(0.3)	(1.0)	(0.3)	0.1	0.1	0.1	0.2	0.5	(1.9)
Variance (%)	*1.9%*	*-0.9%*	*-6.8%*	*0.7%*	*3.5%*	*-0.7%*	*-2.0%*	*-0.6%*	*0.2%*	*0.2%*	*0.3%*	*0.4%*	*1.1%*	*-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	$ 308.2	$ 24.3	$ 44.7	$ 67.8	$ 91.1	$ 116.7	$ 145.7	$ 177.2	$ 209.4	$ 237.6	$ 264.1	$ 288.5	$ 315.4	$ 315.4
Cumulative Variance	$ 5.8	$ (0.2)	$ (1.7)	$ (1.6)	$ (0.8)	$ (0.9)	$ (1.5)	$ (1.7)	$ (1.7)	$ (1.6)	$ (1.5)	$ (1.4)	$ (1.1)	$ (1.1)
Cumulative Variance (%)	*1.9%*	*-0.9%*	*-3.7%*	*-2.2%*	*-0.8%*	*-0.8%*	*-1.0%*	*-1.0%*	*-0.8%*	*-0.7%*	*-0.6%*	*-0.5%*	*-0.4%*	*-0.4%*

PUBLIC

Review 2026 Financial Summary: ERCOT Statements of Financial Position

As of July 31
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	$ 774.7	$ 815.7	$ 4.1	$ 4.1	$ -	$ -
Bond Investments	1,935.5	1,777.2	-	-	-	-
Total unrestricted cash and bond investments	2,710.2	2,592.9	4.1	4.1	-	-
Restricted cash and interest receivable	2,039.1	1,739.1	34.3	39.7	88.4	91.2
Other current assets	61.5	56.0	7.9	7.2	47.5	44.2
Long-term investment in subsidiary	14.6	14.6	-	-	-	-
Other long-term assets	204.4	188.2	358.6	370.5	1,887.6	1,935.1
Total assets	**$ 5,029.8**	**$ 4,590.8**	**$ 404.9**	**$ 421.5**	**$ 2,023.5**	**$ 2,070.5**
Liabilities and Net Assets						
CRR auction liabilities-current	$ 1,442.2	$ 1,422.9	$ -	$ -	$ -	$ -
CRR auction liabilities-long term	953.9	829.7	-	-	-	-
Other market liabilities	71.8	127.0	-	-	-	-
Total market settlement liabilities	2,467.9	2,379.6	-	-	-	-
Security deposits, reserve and interest payable	2,038.7	1,738.7	19.7	24.1	4.9	6.3
Other current liabilities	62.4	54.1	18.2	20.4	96.0	95.0
Other long-term liabilities	21.5	25.4	363.0	373.0	1,912.0	1,958.6
Net assets without donor restrictions	439.3	393.0	4.0	4.0	10.6	10.6
Total liabilities and net assets	**$ 5,029.8**	**$ 4,590.8**	**$ 404.9**	**$ 421.5**	**$ 2,023.5**	**$ 2,070.5**

Key Takeaways:

- ERCOT's net assets without donor restrictions increased $46.3 M year-over-year, mainly driven by favorable interest income.
- TEMSFM's other long-term liabilities decreased $10.0 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.

PUBLIC

Review 2026 Financial Summary: ERCOT Statements of Activities

For the Seven Months Ended July 31 *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	$ 187.7	$ 188.3	$ 11.4	$ 12.6	$ 56.4	$ 57.3
Operating expenses	228.9	199.3	0.2	0.3	0.7	0.7
(Loss) income from operations	(41.2)	(11.0)	11.2	12.3	55.7	56.6
Other income (expense)	46.9	60.1	(11.2)	(12.3)	(55.7)	(56.6)
Change in net assets without donor restrictions	**5.7**	**49.1**	**-**	**-**	**-**	**-**
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	**$ 439.3**	**$ 393.0**	**$ 4.0**	**$ 4.0**	**$ 10.6**	**$ 10.6**

Key Takeaways: ERCOT's year-over-year change in net assets without donor restrictions (equity) decreased by $43.4 M:

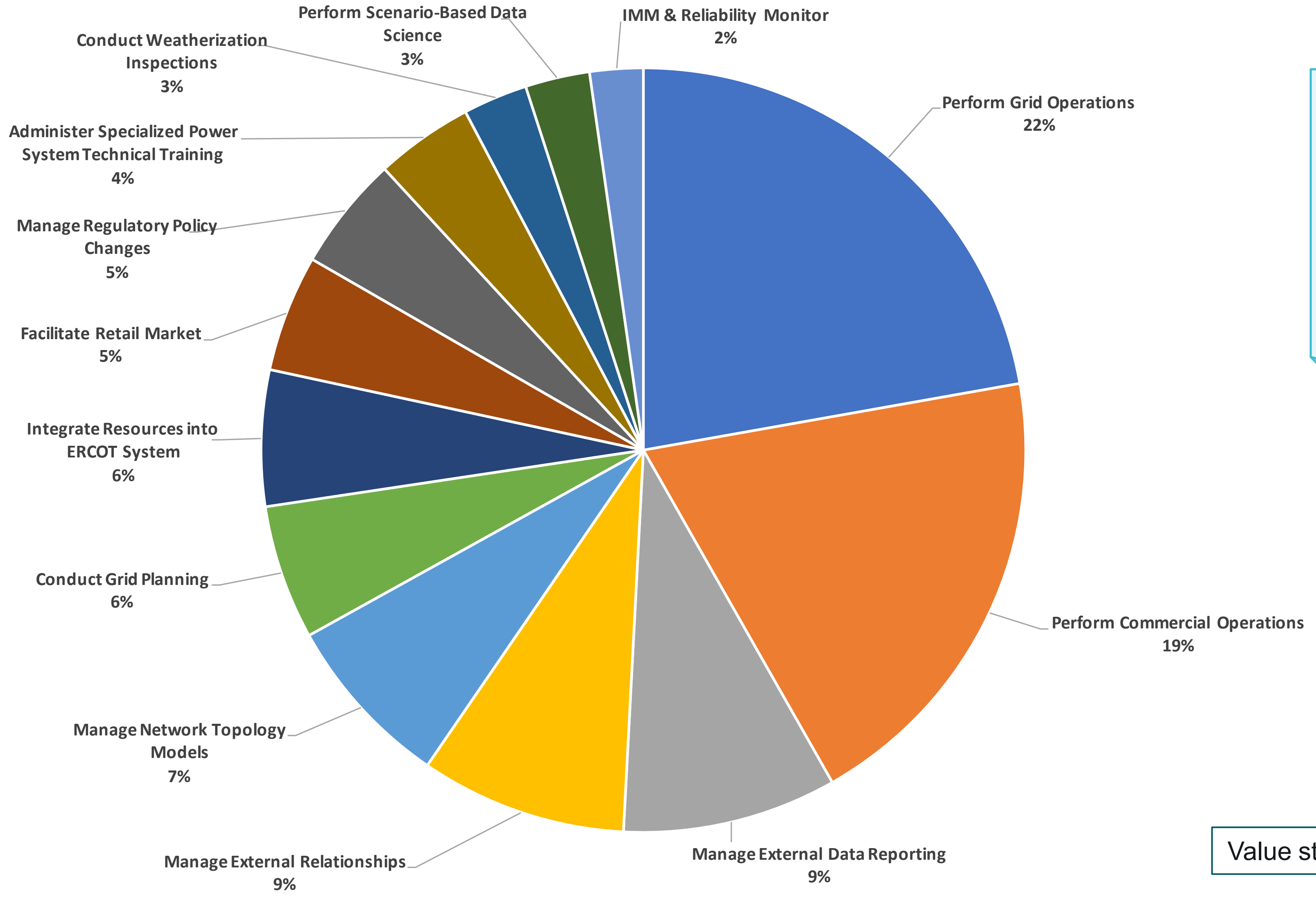
$0.6 M decrease in operating revenues, driven by
- $0.7 M (6%) decrease in other service revenue

$29.6 M increase in operating expenses, driven by
- $14.2 M (11%) increase in salaries and related benefits expense
- $14.1 M (218%) increase in outside services expense, mainly driven by $7.0 M legal fees reimbursement in 2025
- $4.7 M (18%) increase in hardware and software maintenance expense
- $1.4 M (18%) increase in other expense
- $4.8 M (17%) decrease in depreciation expense

$13.2 M decrease in other income (interest income), driven by
- $4.8 M (22%) decrease in interest income
- $8.5 M decrease in U.S. Treasury obligations fair value adjustment ($11.6 M loss in 2026 vs $3.1 M loss in 2025)

PUBLIC

Review 2026 Financial Summary: Resource Deployment by Value Stream



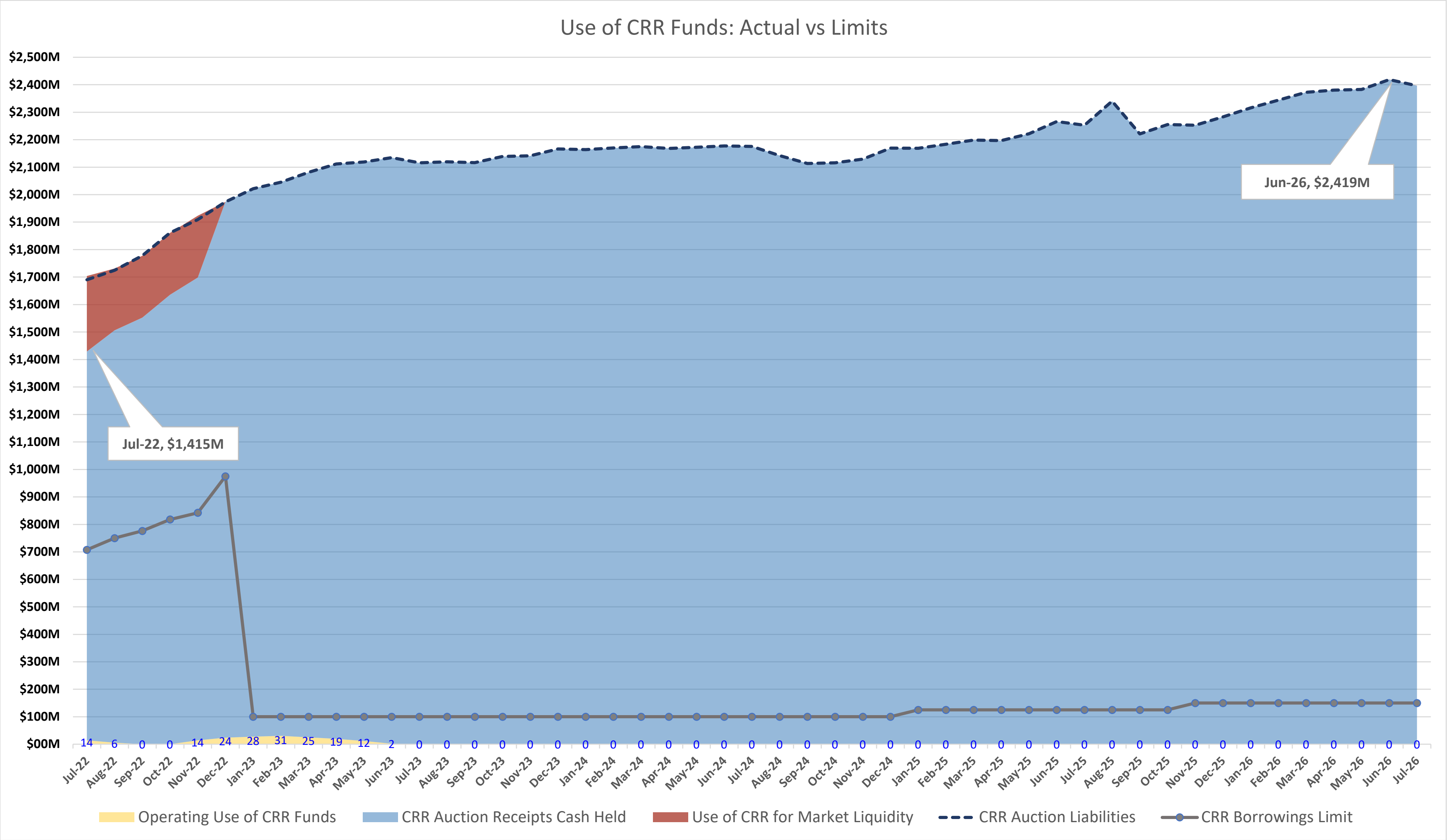
Key Takeaway:

- Almost half of our time and resources in 2026 are being dedicated to performing Grid and Commercial Operations.

Value stream descriptions included in Appendix

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

PUBLIC



Key Takeaways:

- CRR Auction Receipts cash held reached its highest level of $2.4 billion in Jun 2026, $0.3 billion higher-than-projected and is a factor in the higher-than-forecast year-end cash balance.
- June increase driven by $109 M increase from 2-year auction from 2025 to 2026

PUBLIC

Appendix

Electric Reliability Council of Texas, Inc. 2026 Financial Summary As of August 27, 2026 ($ in Millions)	Year-to-Date (July 31)					Year-End (December 31)				
	2025	2026				2025	2026			
				Variance					Variance	
Line	Actual	Budget	Actual	$	%	Actual	Budget	Forecast	$	%
1 System Administration Fee Revenue	$ 177.1	$ 178.9	$ 177.2	$ (1.7)	(1.0)	$ 308.2	$ 316.6	$ 315.4	$ (1.1)	(0.4)
2 Department Net Expenditures										
3 Chief Digital Office	73.8	92.8	80.6	12.2	13.1	123.1	161.4	149.6	11.7	7.3
4 Chief Operations Office	47.6	57.9	59.5	(1.6)	(2.7)	81.6	97.5	106.3	(8.8)	(9.0)
5 General Counsel	9.1	18.9	18.3	0.7	3.5	20.9	33.5	32.1	1.4	4.1
6 Chief Financial Office	13.9	16.1	14.6	1.4	8.9	24.4	28.4	27.0	1.4	5.0
7 Chief People Office	5.7	8.8	7.2	1.6	18.6	10.1	16.3	13.5	2.8	17.1
8 Chief Technology Office	3.5	6.7	6.1	0.6	8.8	7.1	11.7	11.8	(0.1)	(1.0)
9 Chief Executive Office	3.9	5.4	4.6	0.7	13.9	5.9	7.8	7.6	0.3	3.5
10 Total Department Net Expenditures	157.4	206.6	190.9	15.7	7.6	273.1	356.6	347.9	8.7	2.4
11 Net Revenues After Department Expenditures	19.8	(27.6)	(13.7)	13.9	50.4	35.2	(40.0)	(32.5)	7.5	18.8
12 Less: Project Expenditures	21.0	28.9	28.3	0.7	2.3	45.0	49.6	55.3	(5.7)	(11.5)
13 Less: Taylor Office Transformation	0.6	8.0	10.2	(2.2)	(27.8)	10.0	13.7	13.9	(0.2)	(1.4)
14 Less: Interest Expense	0.2	0.1	0.1	0.1	35.8	0.3	0.2	0.1	0.1	42.6
15 Add: Interest Income	60.3	40.8	47.0	6.2	15.3	109.2	66.3	83.2	16.9	25.5
16 Net Available	$ 58.3	$ (23.9)	$ (5.3)	$ 18.7	77.9	$ 89.1	$ (37.3)	$ (18.6)	$ 18.7	50.1
Note: Schedule may not foot due to rounding										

ercot

PUBLIC

Electric Reliability Council of Texas, Inc.
2026 Financial Summary Variance Explanations
As of August 27, 2026

Line		Year-to-Date (July 31)	Year-End (December 31)
1	System Administration Fee Revenue	-$25.7 M - Weather +$24.0 M - Economy	-$1.1 M - Based on current actuals and load forecast for remainder of year
3	Chief Digital Office	+$2.3 M - Common infrastructure +$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$1.0 M - Contingent labor [Resource Management - Staffing Management] +$1.4 M - HW/SW support & maintenance renewals +$1.1 M - Outside services/studies +$1.1 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +$0.5 M - Minor capital +$0.2 M - Project labor [Resource Management - Project-Funded Work] +$0.3 M - WAN costs +$0.3 M - Utilities +$0.2 M - Telecommunications +$0.2 M - Equipment & maintenance +$0.1 M - Employee training & business travel -$0.5 M - WAN revenue -$0.1 M - Data service subscriptions -$0.1 M - Training subscriptions -$0.1 M - IT hardware +$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> +$2.6 M - Minor capital +$0.8 M - HW/SW support & maintenance renewals +$0.2 M - Contingent labor [Resource Management - Staffing Management] +$0.1 M - Corporate events +$0.1 M - Equipment & maintenance +$0.1 M - WAN costs +$0.1 M - Outside services/studies	+$3.1 M - Common infrastructure +$2.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$1.5 M - Contingent labor [Resource Management - Staffing Management] +$1.4 M - HW/SW support & maintenance renewals +$1.1 M - Outside services/studies +$1.1 M - HW/SW vendor support services [Resource Management - Project-Funded Work] +$0.5 M - Minor capital +$0.4 M - Project labor [Resource Management - Project-Funded Work] +$0.3 M - WAN costs +$0.3 M - Utilities +$0.3 M - Telecommunications +$0.2 M - Equipment & maintenance +$0.1 M - Employee training & business travel -$0.5 M - WAN revenue -$0.2 M - Data service subscriptions -$0.1 M - Training subscriptions -$0.1 M - IT hardware +$0.1 M - Other miscellaneous expenditures
4	Chief Operations Office	-$3.9 M - Interconnection revenue -$0.1 M - Outside services/studies -$2.1 M - Inspection revenue +$1.0 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$1.5 M - Contingent labor [Resource Management - Staffing Management] +$0.7 M - Data service subscriptions +$0.4 M - Minor capital +$0.2 M - Employee training & business travel +$0.1 M - Project labor [Resource Management - Project-Funded Work] +$0.1 M - Black start training & operator training seminar revenue <u>Timing Differences</u> +$0.3 M - Black start training & operator training seminar revenue +$0.2 M - Minor capital	-$8.5 M - Interconnection revenue -$4.3 M - Outside services/studies -$3.8 M - Inspection revenue +$3.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$2.1 M - Contingent labor [Resource Management - Staffing Management] +$1.0 M - Data service subscriptions +$0.4 M - Minor capital +$0.4 M - Employee training & business travel +$0.3 M - Project labor [Resource Management - Project-Funded Work] +$0.1 M - Black start training & operator training seminar revenue +$0.1 M - HW/SW support & maintenance renewals
5	General Counsel	+$1.1 M - Legal services +$0.2 M - Project labor [Resource Management - Project-Funded Work] +$0.1 M - Corporate events -$0.1 M - Contingent labor [Resource Management - Staffing Management] <u>Timing Differences</u> +$0.1 M - Outside services/studies -$0.7 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	+$1.3 M - Legal services +$0.3 M - Project labor [Resource Management - Project-Funded Work] +$0.1 M - Corporate events -$0.2 M - Outside services/studies -$0.1 M - Contingent labor [Resource Management - Staffing Management]

PUBLIC

Electric Reliability Council of Texas, Inc.
2026 Financial Summary Variance Explanations
As of August 27, 2026

Line	Year-to-Date (July 31)	Year-End (December 31)
6 Chief Financial Office	+$0.5 M - Insurance premiums +$0.2 M - Data service subscriptions +$0.2 M - Property tax +$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$0.1 M - Bank fees +$0.1 M - Project labor [Resource Management - Project-Funded Work] -$0.1 M - Contingent labor [Resource Management - Staffing Management] Timing Differences +$0.3 M - Outside services/studies	+$1.0 M - Insurance premiums +$0.4 M - Data service subscriptions +$0.3 M - Property tax +$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$0.1 M - Bank fees +$0.1 M - Project labor [Resource Management - Project-Funded Work] -$0.5 M - Contingent labor [Resource Management - Staffing Management] -$0.3 M - Outside services/studies
7 Chief People Office	+$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$0.2 M - Contingent labor [Resource Management - Staffing Management] +$0.2 M - Non-monetary reward & recognition +$0.1 M - Employee training & business travel +$0.1 M - Recruiting & pre-employment costs +$0.1 M - Corporate events +$0.1 M - Health & wellness expense Timing Differences +$0.3 M - Outside services/studies	+$1.8 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$0.3 M - Contingent labor [Resource Management - Staffing Management] +$0.3 M - Non-monetary reward & recognition +$0.1 M - Employee training & business travel +$0.1 M - Recruiting & pre-employment costs +$0.1 M - Corporate events +$0.1 M - Health & wellness expense
8 Chief Technology Office	-$0.5 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] +$0.4 M - Outside services/studies Timing Differences +$0.6 M - Outside services/studies +$0.1 M - Contingent labor [Resource Management - Staffing Management]	-$0.5 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] +$0.4 M - Outside services/studies
9 Chief Executive Office	+$0.6 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$0.1 M - Employee training & business travel	+$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +$0.1 M - Employee training & business travel
12 Project Expenditures	Timing Differences +$0.7 M - Multiple projects	-$5.7 M - Multiple projects
13 Taylor Office	-$0.2 M - Building and furniture improvements Timing Differences -$2.0 M - Building and furniture improvements	-$0.2 M - Building and furniture improvements
14 Interest Expense	No material variance	+$0.1 M - Capitalized interest
15 Interest Income	+$7.0 M - Interest rate +$10.8 M - Investment balance -$11.6 M - Fair value adjustment	+$15.2 M - Interest rate +$13.3 M - Investment balance -$11.6 M - Fair value adjustment

ercot

PUBLIC

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

Line	Project	Year-to-Date As of July 31, 2026 Actual	% of YE Forecast	Year-End (YE) As of August 27, 2026 YE Forecast	% of All Included Projects	Life-to-Date As of July 31, 2026 Actual	% of EAC Forecast	Estimate-at-Completion (EAC) As of August 27, 2026 EAC Forecast	% of All Included Projects	Budget	Variance
1	RTC-B Program	$ (2.0)	93%	$ (2.1)	-4%	$ 33.6	101%	$ 33.5	12%	$ 34.9	$ 1.5
2	Dispatchable Reliability Reserve Service (DRRS)	0.0	0%	0.4	1%	0.0	0%	4.0	1%	3.9	(0.1)
3	Generation Firming Program	0.0	0%	0.2	0%	0.0	0%	1.2	0%	1.2	(0.0)
4	**Subtotal - Market Design Projects**	**(2.0)**	**127%**	**(1.5)**	**-3%**	**33.6**	**87%**	**38.7**	**13%**	**40.1**	**1.4**
5	Data Center 6.0 (DC6) Program	0.2	46%	0.4	1%	0.2	0%	102.0	35%	102.0	-
6	Identity & Access Management Program	5.0	47%	10.7	19%	5.2	19%	27.5	9%	27.5	(0.0)
7	Second iTest Environment	0.7	84%	0.8	2%	10.2	98%	10.4	4%	10.4	-
8	Test Data Management	0.6	77%	0.8	2%	7.0	97%	7.2	2%	7.4	0.2
9	Site Power Updates	0.1	61%	0.1	0%	0.1	1%	7.1	2%	7.2	0.0
10	Fiber Expansion and Modernization	0.1	2%	3.2	6%	2.3	41%	5.5	2%	5.5	0.0
11	Cloud Foundations	1.8	88%	2.1	4%	4.3	95%	4.6	2%	4.6	0.0
12	NMMS IMM Schema Upgrade to CIM 16	0.6	31%	2.1	4%	2.7	60%	4.5	2%	4.5	-
13	Internal Network Security Monitoring (INSM)	0.0	6%	0.4	1%	0.0	1%	4.2	1%	4.2	-
14	Alfresco Replacement	0.6	29%	2.2	4%	0.7	19%	3.6	1%	3.7	0.1
15	ServiceNow CMDB & Change Management	1.3	60%	2.1	4%	3.0	78%	3.9	1%	3.3	(0.6)
16	Treasury Single Source of Truth	1.0	53%	1.8	3%	1.6	54%	3.0	1%	2.8	(0.3)
17	NPRRs 1188 & 1244 - Controllable Load Resource Enhancements	1.6	60%	2.7	5%	1.6	58%	2.8	1%	2.8	(0.0)
18	ERCOT Website Redesign Implementation	0.9	50%	1.8	3%	1.7	61%	2.8	1%	2.9	0.0
19	SCR820 Operator Real-Time Messaging During Emergency	0.8	60%	1.3	2%	2.0	80%	2.5	1%	2.5	0.0
20	Microsoft SharePoint Migration – Phase 2	0.7	78%	0.9	2%	1.8	86%	2.2	1%	2.2	-
21	**Total Projects with EAC Over $2.0M**	**14.0**	**44%**	**31.8**	**58%**	**78.0**	**34%**	**232.5**	**80%**	**233.5**	**1.0**
22	**Other Projects**	**14.3**	**61%**	**23.5**	**42%**	**28.9**	**50%**	**57.7**	**20%**	**59.2**	**1.4**
23	**Total Project Expenditures**	**$ 28.3**	**51%**	**$ 55.3**	**100%**	**$ 106.9**	**37%**	**$ 290.2**	**100%**	**$ 292.7**	**$ 2.4**

Note: Schedule may not foot due to rounding

ercot

PUBLIC

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Financial Position
As of July 31, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	$ 774,653	$ 815,675
Accounts receivable	4,972	5,733
Unbilled revenue	6,139	5,934
Interest receivable	15,169	16,715
Receivable from intercompany	305	1,090
Restricted cash and cash equivalents, current	2,032,960	1,732,937
Short-term investments	1,254,834	1,196,917
Prepaid expenses and other current assets	47,786	40,544
Total current assets	4,136,818	3,815,545
Long-term investments	688,457	587,054
Property and equipment, net	154,725	149,289
Systems under development	49,182	38,184
Other long term assets	576	698
Total assets	$ 5,029,758	$ 4,590,770
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 3,815	$ 2,796
Accrued liabilities	51,455	41,668
Payable to intercompany	376	391
Deferred revenue	8,904	11,382
Market settlement liabilities	1,514,065	1,549,925
Security deposits	2,032,584	1,732,546
Debt payable, current portion	4,000	4,000
Total current liabilities	3,615,199	3,342,708
Long-term liabilities:		
Debt payable, less current portion:		
Principal	21,000	25,000
Less unamortized debt issuance costs	88	102
Debt payable less current portion and unamortized debt issuance costs	20,912	24,898
Long-term CRR liabilities	953,880	829,677
Other long-term liabilities	468	512
Total long-term liabilities	975,260	855,087
Total liabilities	4,590,459	4,197,795
Net assets without donor restrictions	439,299	392,975
Total liabilities and net assets	$ 5,029,758	$ 4,590,770

ercot

PUBLIC

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Activities
For the Seven Months Ended July 31, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Operating revenues		
System administration fees	$ 177,211	$ 177,118
Other services revenue	10,537	11,214
Total operating revenues	187,748	188,332
Operating expenses		
Salaries and related benefits	138,020	123,849
Facility and equipment costs	6,661	6,629
Outside services	20,550	6,456
Hardware and software maintenance and licensing	30,722	25,991
Depreciation	24,144	28,920
Other	8,866	7,512
Total operating expenses	228,963	199,357
Loss from operations	(41,215)	(11,025)
Other income (expense)		
Investment return, net	46,984	60,338
Interest expense	(91)	(198)
Non-operating income (expense)	42	(62)
Change in net assets without donor restrictions	5,720	49,053
Net assets without donor restrictions, beginning of year	433,579	343,922
Net assets without donor restrictions, end of period	$ 439,299	$ 392,975

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Cash Flows
For the Seven Months Ended July 31, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Operating activities:		
Change in net assets without donor restrictions	$ 5,720	$ 49,053
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	24,144	28,920
Amortization of right-of-use assets	152	160
Amortization of debt issuance costs	8	9
Amortization of bond investment discount	(26,480)	(28,012)
Unrealized loss on bond investments	11,640	3,181
Net (gain) loss on capital assets	(4)	83
Changes in operating assets and liabilities:		
Accounts receivable	917	(192)
Unbilled revenue	231	791
Interest receivable	65	(887)
Receivable from intercompany	16	(82)
Prepaid expenses and other assets	406	2,636
Other long-term liabilities	(109)	(119)
Accounts payable	(208)	1,526
Accrued liabilities	(3,686)	(1,020)
Payable to intercompany	(350)	(734)
Deferred revenue	(1,717)	(667)
Security deposits	30,364	(493,802)
Market settlement liabilities	22,291	40,704
Long-term CRR liabilities	78,083	71,203
Net cash provided by (used in) operating activities	141,483	(327,249)
Investing activities:		
Purchase of investments	(918,351)	(870,597)
Proceeds from investments	866,000	881,000
Capital expenditures for property and equipment and systems under development	(34,082)	(34,191)
Proceeds from sale of property and equipment	4	-
Net cash (used in) investing activities	(86,429)	(23,788)
Financing activities:		
Repayment of debt payable	(2,000)	(2,000)
Net cash (used in) financing activities	(2,000)	(2,000)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	53,054	(353,037)
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	$ 2,807,613	$ 2,548,612

ercot

PUBLIC

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of July 31, 2026
(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	$ 774,653	$ 4,070	$ -	$ -	$ 778,723
Securitization charges receivable, current	-	7,876	47,087	-	54,963
Accounts receivable	4,972	-	-	-	4,972
Unbilled revenue	6,139	-	-	(729)	5,410
Interest receivable	15,169	111	241	-	15,521
Receivable from intercompany	305	-	376	(681)	-
Restricted cash and cash equivalents, current	2,032,960	32,326	77,628	-	2,142,914
Short-term investments	1,254,834	-	-	-	1,254,834
Prepaid expenses and other current assets	47,786	3	-	-	47,789
Total current assets	4,136,818	44,386	125,332	(1,410)	4,305,126
Restricted cash equivalents, non-current	-	1,896	10,579	-	12,475
Long-term investments	688,457	-	-	(14,579)	673,878
Property and equipment, net	154,725	-	-	-	154,725
Systems under development	49,182	-	-	-	49,182
Securitization charges receivable, non current	-	358,634	1,887,622	-	2,246,256
Other long term assets	576	-	-	-	576
Total assets	$ 5,029,758	$ 404,916	$ 2,023,533	$ (15,989)	$ 7,442,218
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 3,815	$ -	$ 26	$ -	$ 3,841
Accrued liabilities	51,455	9,777	48,031	-	109,263
Payable to intercompany	376	234	800	(1,410)	-
Deferred revenue	8,904	-	-	-	8,904
Market settlement liabilities	1,514,065	-	-	-	1,514,065
Security deposits	2,032,584	17,680	4,718	-	2,054,982
Debt payable, current portion	4,000	8,281	47,299	-	59,580
Total current liabilities	3,615,199	35,972	100,874	(1,410)	3,750,635
Long-term liabilities:					
Debt payable, less current portion:					
Principal	21,000	367,120	1,922,694	-	2,310,814
Less unamortized discount and debt issuance costs	88	4,072	10,614	-	14,774
Debt payable less current portion and unamortized discount and debt issuance costs	20,912	363,048	1,912,080	-	2,296,040
Debt reserves	-	1,896	-	-	1,896
Long-term CRR liabilities	953,880	-	-	-	953,880
Other long-term liabilities	468	-	-	-	468
Total long-term liabilities	975,260	364,944	1,912,080	-	3,252,284
Total liabilities	4,590,459	400,916	2,012,954	(1,410)	7,002,919
Net assets without donor restrictions	439,299	4,000	10,579	(14,579)	439,299
Total liabilities and net assets	$ 5,029,758	$ 404,916	$ 2,023,533	$ (15,989)	$ 7,442,218

ercot

PUBLIC

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities
For the Seven Months Ended July 31, 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	$ 177,211	$ -	$ -	$ -	$ 177,211
Other services revenue	10,537	-	-	(850)	9,687
Securitization charges fees	-	11,396	56,405	-	67,801
Total operating revenues	187,748	11,396	56,405	(850)	254,699
Operating expenses					
Salaries and related benefits	138,020	-	-	-	138,020
Facility and equipment costs	6,661	-	-	-	6,661
Outside services	20,550	238	727	(850)	20,665
Hardware and software maintenance and licensing	30,722	-	1	-	30,723
Depreciation	24,144	-	-	-	24,144
Other	8,866	-	-	-	8,866
Total operating expenses	228,963	238	728	(850)	229,079
(Loss) income from operations	(41,215)	11,158	55,677	-	25,620
Other income (expense)					
Investment return, net	46,984	232	830	-	48,046
Interest expense	(91)	(11,390)	(56,507)	-	(67,988)
Non-operating income	42	-	-	-	42
Change in net assets without donor restrictions	5,720	-	-	-	5,720
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	$ 439,299	$ 4,000	$ 10,579	$ (14,579)	$ 439,299

ercot

PUBLIC

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Seven Months Ended July 31, 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	$ 5,720	$ -	$ -	$ -	$ 5,720
Adjustments to reconcile change in net assets without donor restrictions					
to net cash provided by operating activities:					
Depreciation/amortization of assets	24,144	-	-	-	24,144
Amortization of right-of-use assets	152	-	-	-	152
Amortization of discount & debt issuance costs	8	104	436	-	548
Amortization of bond investment discount	(26,480)	-	-	-	(26,480)
Unrealized loss on bond investments	11,640	-	-	-	11,640
Net (gain) on capital assets	(4)	-	-	-	(4)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	4,440	27,372	(350)	31,462
Accounts receivable	917	-	-	-	917
Unbilled revenue	231	-	-	132	363
Interest receivable	65	(4)	(16)	(8)	37
Receivable from intercompany	16	-	-	(16)	-
Prepaid expenses and other assets	406	(3)	-	-	403
Other long-term liabilities	(109)	-	-	-	(109)
Accounts payable	(208)	(3)	26	-	(185)
Accrued liabilities	(3,686)	2,252	7,578	-	6,144
Payable to intercompany	(350)	11	97	242	-
Deferred revenue	(1,717)	-	-	-	(1,717)
Security deposits and reserves	30,364	74	(147)	-	30,291
Market settlement liabilities	22,291	-	-	-	22,291
Long-term CRR liabilities	78,083	-	-	-	78,083
Net cash provided by operating activities	141,483	6,871	35,346	-	183,700
Investing activities:					
Purchase of investments	(918,351)	-	-	-	(918,351)
Proceeds from investments	866,000	-	-	-	866,000
Capital expenditures for property and equipment and systems under development	(34,082)	-	-	-	(34,082)
Proceeds from sale of property and equipment	4	-	-	-	4
Net cash (used in) investing activities	(86,429)	-	-	-	(86,429)
Financing activities:					
Repayment of debt payable	(2,000)	(3,699)	(22,938)	-	(28,637)
Net cash (used in) financing activities	(2,000)	(3,699)	(22,938)	-	(28,637)
Net increase in cash, cash equivalents, and restricted cash and cash equivalents	53,054	3,172	12,408	-	68,634
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	$ 2,807,613	$ 38,292	$ 88,207	$ -	$ 2,934,112

ercot

PUBLIC

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 815,675	$ 4,084	$ -	$ -	$ 819,759
Securitization charges receivable, current	-	7,167	43,809	-	50,976
Accounts receivable	5,733	-	-	-	5,733
Unbilled revenue	5,934	-	-	(829)	5,105
Interest receivable	16,715	150	293	-	17,158
Receivable from intercompany	1,090	-	391	(1,481)	-
Restricted cash and cash equivalents, current	1,732,937	31,986	80,284	-	1,845,207
Short-term investments	1,196,917	-	-	-	1,196,917
Prepaid expenses and other current assets	40,544	-	-	-	40,544
Total current assets	3,815,545	43,387	124,777	(2,310)	3,981,399
Restricted cash equivalents, non-current	-	7,568	10,579	-	18,147
Long-term investments	587,054	-	-	(14,579)	572,475
Property and equipment, net	149,289	-	-	-	149,289
Systems under development	38,184	-	-	-	38,184
Securitization charges receivable, non current	-	370,571	1,935,144	-	2,305,715
Other long term assets	698	-	-	-	698
Total assets	$ 4,590,770	$ 421,526	$ 2,070,500	$ (16,889)	$ 7,065,907
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 2,796	$ -	$ 29	$ -	$ 2,825
Accrued liabilities	41,668	12,426	49,002	-	103,096
Payable to intercompany	391	1,079	840	(2,310)	-
Deferred revenue	11,382	-	-	-	11,382
Market settlement liabilities	1,549,925	-	-	-	1,549,925
Security deposits	1,732,546	16,414	6,002	-	1,754,962
Debt payable, current portion	4,000	7,026	45,417	-	56,443
Total current liabilities	3,342,708	36,945	101,290	(2,310)	3,478,633
Long-term liabilities:					
Debt payable, less current portion:					
Principal	25,000	376,251	1,969,993	-	2,371,244
Less unamortized discount and debt issuance costs	102	3,238	11,362	-	14,702
Debt payable less current portion and unamortized discount and debt issuance costs	24,898	373,013	1,958,631	-	2,356,542
Debt reserves	-	7,568	-	-	7,568
Long-term CRR liabilities	829,677	-	-	-	829,677
Other long-term liabilities	512	-	-	-	512
Total long-term liabilities	855,087	380,581	1,958,631	-	3,194,299
Total liabilities	4,197,795	417,526	2,059,921	(2,310)	6,672,932
Net assets without donor restrictions	392,975	4,000	10,579	(14,579)	392,975
Total liabilities and net assets	$ 4,590,770	$ 421,526	$ 2,070,500	$ (16,889)	$ 7,065,907

ercot

PUBLIC

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities
For the Seven Months Ended July 31, 2025
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating revenues					
System administration fees	$ 177,118	$ -	$ -	$ -	$ 177,118
Other services revenue	11,214	-	-	(967)	10,247
Securitization charges fees	-	12,585	57,337	-	69,922
Total operating revenues	188,332	12,585	57,337	(967)	257,287
Operating expenses					
Salaries and related benefits	123,849	-	-	-	123,849
Facility and equipment costs	6,629	-	-	-	6,629
Outside services	6,456	333	726	(967)	6,548
Hardware and software maintenance and licensing	25,991	-	1	-	25,992
Depreciation	28,920	-	-	-	28,920
Other	7,512	-	-	-	7,512
Total operating expenses	199,357	333	727	(967)	199,450
(Loss) income from operations	(11,025)	12,252	56,610	-	57,837
Other income (expense)					
Investment return, net	60,338	387	1,023	-	61,748
Interest expense	(198)	(12,639)	(57,633)	-	(70,470)
Non-operating income	(62)	-	-	-	(62)
Change in net assets without donor restrictions	49,053	-	-	-	49,053
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	$ 392,975	$ 4,000	$ 10,579	$ (14,579)	$ 392,975

ercot

PUBLIC

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

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	$ 49,053	$ -	$ -	$ -	$ 49,053
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	28,920	-	-	-	28,920
Amortization of right-of-use assets	160	-	-	-	160
Amortization of discount & debt issuance costs	9	44	435	-	488
Amortization of bond investment discount	(28,012)	-	-	-	(28,012)
Unrealized loss on bond investments	3,181	-	-	-	3,181
Net loss on capital assets	83	-	-	-	83
Changes in operating assets and liabilities:					
Securitization charges receivable	-	2,972	26,617	(734)	28,855
Accounts receivable	(192)	-	-	-	(192)
Unbilled revenue	791	-	-	138	929
Interest receivable	(887)	(14)	(24)	2	(923)
Receivable from intercompany	(82)	-	-	82	-
Prepaid expenses and other assets	2,636	-	-	-	2,636
Other long-term liabilities	(119)	-	-	-	(119)
Accounts payable	1,526	(4)	29	-	1,551
Accrued liabilities	(1,020)	6,824	7,731	-	13,535
Payable to intercompany	(734)	41	97	596	-
Deferred revenue	(667)	-	-	-	(667)
Security deposits and reserves	(493,802)	1,299	2,127	-	(490,376)
Market settlement liabilities	40,704	-	-	-	40,704
Long-term CRR liabilities	71,203	-	-	-	71,203
Net cash (used in) provided by operating activities	(327,249)	11,162	37,012	84	(278,991)
Investing activities:					
Purchase of investments	(870,597)	-	-	-	(870,597)
Proceeds from investments	881,000	-	-	-	881,000
Capital expenditures for property and equipment and systems under development	(34,191)	-	-	-	(34,191)
Net cash (used in) investing activities	(23,788)	-	-	-	(23,788)
Financing activities:					
Repayment of debt payable	(2,000)	(5,245)	(22,026)	-	(29,271)
Payment of debt issuance costs	-	-	-	(84)	(84)
Net cash (used in) financing activities	(2,000)	(5,245)	(22,026)	(84)	(29,355)
Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents	(353,037)	5,917	14,986	-	(332,134)
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	$ 2,548,612	$ 43,638	$ 90,863	$ -	$ 2,683,113

PUBLIC

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.

PUBLIC

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.