



## **Filing Receipt**

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**PROJECT NO. 55999**

<b>REPORTS OF THE ELECTRIC RELIABILITY COUNCIL OF TEXAS</b>	§ § §	<b>PUBLIC UTILITY COMMISSION OF TEXAS</b>
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**ERCOT'S REPORT FOR THE FIRST QUARTER OF 2024**

Electric Reliability Council of Texas, Inc. (ERCOT) files its Report for the First Quarter of 2024 pursuant to 16 Texas Administrative Code (TAC) § 25.362(i)(3). Attachments marked with an asterisk (\*) contain information which is proprietary and confidential and shall be provided in accordance with Commission policy. The following documents comprise this report:

16 TAC Section	Description	Attachments
§25.362(i)(3)(A)	Any internal audit reports that were produced during the reporting quarter.	
	Approved 2024 Audit Plan updated through Mar. 31, 2024	A1*
	Audit Cover Letter: Audit of Fraud Monitoring Activities and Ethics Compliance	A2
	Audit Report: Fraud Monitoring Activities and Ethics Compliance	A3*
	Audit Cover Letter: Corporate Communications	A4
	Audit Report: Corporate Communications	A5*
§§25.362(i)(3)(B) and 25.88	A report on performance measures, as prescribed by the commission.	See Project Nos. 56019-81 & 84
§25.362(i)(3)(C)	By account item as established in the fee-filing package prescribed by the commission under §22.252 of this title (relating to Procedures for Approval of ERCOT Fees and Rates) a report of:  (i) ERCOT fees and other rates, funds allocated, funds encumbered, and funds expended;  (ii) An explanation for expenditures deviating from the original funding allocation for the particular account item;  (iii) For the report covering the fourth quarter of ERCOT's fiscal year, a detailed explanation of how unexpended funds will be expended in the subsequent year.	  B  B1

Dated: May 15, 2024

Respectfully Submitted,

/s/ Katherine Gross

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ATTORNEYS FOR ELECTRIC  
RELIABILITY COUNCIL OF TEXAS, INC.



TO: Chad Seely, Senior Vice President and General Counsel  
 Sean Taylor, Senior Vice President, Chief Financial Officer and Chief Risk Officer  
 Mara Spak, Vice President, Human Resources

FROM: Char Schneemann, Lead Internal Auditor, Internal Audit Department

DATE: January 17, 2024

SUBJECT: 2023 Annual Report on Fraud Monitoring Activities and Ethics Compliance

Attached is Internal Audit's Annual Report on Fraud Monitoring Activities and Ethics Compliance.

The report rating for this audit is as follows:

	Controlled
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Additional details regarding this engagement are contained in the attached audit report.

cc:  
 Pablo Vegas  
 Monica Barchenger  
 Jeyant Tamby  
 Betty Day  
 Jonathan Levine  
 Penny Rychetsky  
 Chad Thompson  
 Jimmy Ramirez  
 Richard Scheel  
 Leslie Wiley  
 Diane Gwinn  
 Dawn Herms  
 Margaret Sachnik  
 Gina Gillmore  
 Jason Terrell  
 Xiangxiang Ni  
 Kristee Watts  
 Shirley White  
 Nicole Rossero  
 Finance and Audit Committee  
 Baker Tilly, LLP



TO: Mark Miner, Sr. Director, Corporate Communications

FROM: Barbara Kremer, Lead Internal Auditor – Internal Audit Department

DATE: March 21, 2024

SUBJECT: Audit of Corporate Communications

Attached is Internal Audit's final report from the Audit of Corporate Communications.

The report rating for this audit is as follows:

	<i>Controlled</i>
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Additional details regarding this engagement are contained in the attached report.

CC:

- Pablo Vegas
- Jeyant Tamby
- Chad Seely
- Robert Black
- Chad Thompson
- Penny Rychetsky
- Amy Lofton
- Christy Penders
- Trudi Webster
- Monica Barchenger
- Finance and Audit Committee
- Baker Tilly, LLP

Electric Reliability Council of Texas, Inc. 2024 Financial Summary As of April 16, 2024 (\$ in Millions)										
Line	Year-to-Date (March 31)					Year-End (December 31)				
	2023 Actual	2024 Variance				2023 Actual	2024			
		Budget	Actual	\$	%		Budget	Forecast	\$	%
1 System Administration Revenue	\$ 52.6	\$ 66.2	\$ 64.0	\$ (2.2)	(3.3)	\$ 247.5	\$ 292.9	\$ 293.7	\$ 0.7	0.2
2 Department Net Expenditures										
3 Chief Information Office	31.5	32.4	30.5	2.0	6.0	110.4	129.3	126.7	2.6	2.0
4 Chief Operations Office	16.1	22.0	18.6	3.4	15.5	65.5	86.9	80.8	6.1	7.1
5 General Counsel	7.7	8.8	8.4	0.3	3.9	30.6	43.8	44.2	(0.5)	(1.1)
6 Chief Financial Office	5.7	7.1	5.5	1.6	22.8	22.7	28.5	22.7	5.9	20.6
7 Human Resources	1.6	2.7	1.7	1.0	36.9	7.4	12.6	11.6	0.9	7.4
8 Public Affairs	2.1	2.6	2.4	0.2	8.1	8.1	9.7	9.6	0.1	1.3
9 Chief Executive Office	2.2	2.7	3.0	(0.3)	(11.2)	5.2	5.6	5.8	(0.2)	(4.3)
10 Project Funded Labor	(3.1)	(4.8)	(4.2)	(0.6)	(12.6)	(14.9)	(19.3)	(18.0)	(1.3)	(6.6)
11 Total Department Net Expenditures	63.7	73.4	65.8	7.6	10.4	234.9	297.1	283.4	13.7	4.6
12 Net Revenues After Department Expenditures	(11.1)	(7.3)	(1.8)	5.4	74.5	12.6	(4.2)	10.2	14.4	345.8
13										
14 Less: Project Expenditures	5.6	14.8	7.1	7.7	52.0	38.4	59.1	58.9	0.2	0.3
15 Less: Interest Expense	0.3	0.4	0.3	0.1	26.8	1.2	1.4	1.3	0.1	10.3
16 Add: Interest Income	25.8	12.4	24.6	12.2	97.7	120.2	49.8	107.8	58.1	116.7
17										
18 Net Available	\$ 8.8	\$ (10.0)	\$ 15.4	\$ 25.3	254.6	\$ 93.2	\$ (14.9)	\$ 57.9	\$ 72.8	488.2
Note: Schedule may not foot due to rounding										

Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of April 16, 2024			
Line	Year-to-Date (March 31)	Year-End (December 31)	
1 System Administration Revenue	-\$7.1 M - Weather \$1.9 M - Recoupy	\$0.7 M - Based on current actuals and load forecast for remainder of year	
3 Chief Information Office	\$0.3 M - WAN costs -\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work]  \$0.4 M - Outside services/studies \$0.4 M - ITW/SW support & maintenance renewals -\$0.1 M - Data service subscriptions -\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - WAN revenue  -\$0.1 M - Other miscellaneous expenditures  <u>Timing Differences</u> -\$0.2 M - Telecommunications -\$0.1 M - Minor capital \$0.1 M - ITW/SW support & maintenance renewals \$0.1 M - Employee training & business travel -\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Common infrastructure -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	\$1.1 M - WAN costs -\$0.7 M - HW/SW vendor support services [Resource Management - Project-Funded Work] -\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.4 M - Outside services/studies \$0.4 M - ITW/SW support & maintenance renewals -\$0.2 M - Data service subscriptions -\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$1.1 M - WAN revenue -\$0.1 M - Minor capital -\$0.1 M - ERCOT Innovation Summit -\$0.2 M - Other miscellaneous expenditures	
4 Chief Operations Office	-\$2.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]  -\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - Outside services/studies  <u>Timing Differences</u> \$0.8 M - Outside services/studies \$0.3 M - Employee training & business travel -\$0.1 M - Operator training seminar revenue -\$0.2 M - Inspection revenue -\$0.1 M - Interconnection revenue	\$7.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$1.1 M - Inspection revenue -\$0.3 M - Contingent labor [Resource Management - Staffing Management] -\$2.2 M - Outside services/studies -\$0.1 M - Data service subscriptions -\$0.1 M - Company dues	
5 General Counsel	-\$0.1 M - Building systems maintenance -\$0.1 M - Software -\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]  <u>Timing Differences</u> \$0.1 M - Employee training & business travel -\$0.1 M - Membership dues revenue -\$0.1 M - Outside legal services	-\$1.9 M - Building systems maintenance -\$0.2 M - Software -\$1.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.3 M - Outside services/studies	

Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of April 16, 2024		
Line	Year-to-Date (March 31)	Year-End (December 31)
6 Chief Financial Office	-\$1.1 M - Insurance premiums \$0.3 M - Property tax \$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - SPE M & N administration & servicing revenue -\$0.1 M - Outside services/studies	-\$4.6 M - Insurance premiums \$1.3 M - Property tax \$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.2 M - SPE M & N administration & servicing revenue -\$0.6 M - Outside services/studies
7 Human Resources	-\$0.1 M - Contingent labor [Resource Management - Staffing Management] \$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - Other miscellaneous expenditures  <u>Timing Differences</u> \$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - Outside services/studies -\$0.1 M - Employee training & business travel -\$0.1 M - Recruiting & pre-employment costs \$0.1 M - Corporate events	-\$0.5 M - Contingent labor [Resource Management - Staffing Management] \$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - Other miscellaneous expenditures
8 Public Affairs	\$0.1 M - Registration fees revenue -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]  <u>Timing Differences</u> \$0.1 M - Outside services/studies -\$0.1 M - Other miscellaneous expenditures	\$0.1 M - Registration fees revenue \$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]
9 Chief Executive Office	-\$0.4 M - Outside services/studies -\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$0.4 M - Outside services/studies -\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]
10 Project-Funded Labor	-\$0.6 M - Multiple projects [Resource Management - Project-Funded Work]	-\$1.3 M - Multiple projects [Resource Management - Project-Funded Work]
14 Project Expenditures	-\$0.2 M - All projects  <u>Timing Differences</u> -\$7.5 M - All projects	-\$0.2 M - All projects
15 Interest Expense	-\$0.1 M - Capitalized interest	-\$0.1 M - Capitalized interest
16 Interest Income	-\$16.8 M - Interest rate -\$1.6 M - Investment balance  <u>Timing Differences</u> -\$6.2 M - Fair value adjustment	-\$51.7 M - Interest rate -\$3.5 M - Investment balance \$2.9 M - Fair value adjustment