



Filing Receipt

Filing Date - 2024-11-14 11:30:03 AM

Control Number - 55999

Item Number - 80

PROJECT NO. 55999

**REPORTS OF THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS**

§
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

ERCOT'S REPORT FOR THE THIRD QUARTER OF 2024

Electric Reliability Council of Texas, Inc. (ERCOT) files its Report for the Third 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 September 30, 2024	A1*
	Audit Cover Letter: Protocol 1.3 Confidentiality Compliance	A2
	Audit Report: Protocol 1.3 Confidentiality Compliance	A3*
	Audit Cover Letter: Identity and Access Management (IAM) - Periodic Access Review Processes	A4
	Audit Report: Identity and Access Management (IAM) - Periodic Access Review Processes	A5*
	Audit Cover Letter: Common Infrastructure Cost Transfer	A6
	Audit Report: Common Infrastructure Cost Transfer	A7*
§§25.362(i)(3)(B) and 25.88	A report on performance measures, as prescribed by the commission.	See Project No. <u>56019-320</u> and <u>56019-322</u>
§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;	 B B1

	(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.	
--	--	--

Dated: November 14, 2024

Respectfully Submitted,

/s/ Katherine Gross

Chad V. Seely
Senior Vice President and General Counsel
Texas Bar No. 24037466
(512) 225-7035 (Phone)
chad.seely@ercot.com

Brandon Gleason
Deputy General Counsel
Texas Bar No. 24038679
(512) 275-7442 (Phone)
brandon.gleason@ercot.com

Katherine Gross
Senior Corporate Counsel
Texas Bar No. 24065610
(512) 225-7184 (Phone)
katherine.gross@ercot.com

ERCOT
8000 Metropolis Drive, Bldg. E, Suite 100
Austin, Texas 78744
(512) 225-7079 (Fax)

ATTORNEYS FOR ELECTRIC
RELIABILITY COUNCIL OF TEXAS, INC.



TO: Brandon Gleason, Deputy General Counsel – Legal Department

FROM: Kris Miller, Senior IT Auditor – Internal Audit Department

DATE: August 12, 2024

SUBJECT: Audit of Protocol 1.3 Confidentiality Compliance

Attached is Internal Audit's final report from the Audit of Protocol 1.3 Confidentiality Compliance.

The report rating for this audit is as follows:

	Controlled
--	------------

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

CC:

Pablo Vegas

Chad Seely

Betty Day

Chad Thompson

Penny Rychetsky

Finance and Audit Committee

Monica Barchenger

Baker Tilly, LLP



TO: Nicholas Jessett, Manager – Identity and Access Management Department

FROM: Michelle Myers, Lead IT Auditor – Internal Audit Department

DATE: August 22, 2024

SUBJECT: Audit of Identity and Access Management (IAM) – Periodic Access Review Processes

Attached is Internal Audit's final report from the Audit of the Periodic Access Review Processes within the Identity and Access Management (IAM) area.

The report rating for this audit is as follows:

	NOT RATED
--	-----------

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

CC:

Pablo Vegas
Jayapal Parakkuth
Chad Seely
Kristi Hobbs
Betty Day
Venkata Tirupati
Drew Bonser
Ravi Duggirala
Diane Gwinn

Penny Rychetsky
Chad Thompson
Michelle James
Chris Barden

Finance and Audit Committee
Monica Barchenger
Baker Tilly, LLP



TO: David Fryklund, Manager, IT Asset Management

FROM: Barbara Kremer, Lead Auditor – Internal Audit Department

DATE: September 23, 2024

SUBJECT: Audit of Common Infrastructure Cost Transfer

Attached is Internal Audit's final report from the Audit of Common Infrastructure Cost Transfer.

The report rating for this audit is as follows:

	<i>Controlled</i>
--	-------------------

Additional details regarding this engagement are contained in the attached report

CC:

Pablo Vegas

Chad Seely

Jayapal Parakkuth

Ajay Mannepalli

Penny Rychetsky

Chad Thompson

Mike Bishop

Mandy Bauld

Mike Decker

Board of Directors

Baker Tilly, LLP

Electric Reliability Council of Texas, Inc.											
2024 Financial Summary											
As of October 15, 2024											
(S in Millions)		Year-to-Date (September 30)					Year-End (December 31)				
		2023	2024				2023	2024			
					Variance					Variance	
Line		Actual	Budget	Actual	\$	%	Actual	Budget	Forecast	\$	%
1	System Administration Revenue	\$ 190.6	\$ 224.4	\$ 224.0	\$ (0.4)	(0.2)	\$ 247.5	\$ 292.9	\$ 294.4	\$ 1.4	0.5
2	Department Net Expenditures										
3	Chief Information Office	79.4	93.7	85.6	8.1	8.7	107.0	124.8	123.9	0.9	0.7
4	Chief Operations Office	49.7	65.2	57.5	7.7	11.9	65.6	86.9	79.3	7.5	8.7
5	General Counsel	31.8	39.6	36.6	3.0	7.5	42.0	58.2	53.8	4.4	7.6
6	Chief Financial Office	17.1	21.1	16.6	4.5	21.5	22.5	28.4	22.3	6.2	21.6
7	Human Resources	5.0	8.8	5.9	2.9	33.0	7.4	12.5	9.9	2.7	21.4
8	Chief Executive Office	4.4	4.6	5.0	(0.4)	(9.4)	5.2	5.6	5.9	(0.3)	(5.5)
9	Project Funded Labor	(11.0)	(14.5)	(13.6)	(0.8)	(5.8)	(14.9)	(19.3)	(18.1)	(1.2)	(6.1)
10	Total Department Net Expenditures	176.3	218.5	193.5	25.0	11.4	234.8	297.1	276.9	20.2	6.8
11	Net Revenues After Department Expenditures	14.3	5.9	30.5	24.6	416.1	12.6	(4.2)	17.4	21.6	519.0
12											
13	Less: Project Expenditures	24.0	44.3	37.8	6.5	14.6	38.4	59.1	57.0	2.1	3.6
14	Less: Interest Expense	1.0	1.1	0.9	0.1	11.7	1.2	1.4	1.2	0.2	11.9
15	Add: Interest Income	81.4	37.3	93.8	56.4	151.3	120.2	49.8	124.6	74.9	150.5
16											
17	Net Available	\$ 70.7	\$ (2.2)	\$ 85.5	\$ 87.7	>1,000.0	\$ 93.2	\$ (14.9)	\$ 83.8	\$ 98.7	662.1
Note: Schedule may not foot due to rounding											

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

Line	Project	Year-to-Date As of September 30, 2024		Year-End (YE) As of October 15, 2024		Life-to-Date As of September 30, 2024		Estimate-at-Completion (EAC) As of October 15, 2024			
		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	\$ 3.7	55%	\$ 6.8	12%	\$ 3.9	19%	\$ 20.8	10%	\$ 20.8	\$ 0.0
2	RTC-B Program Control	1.8	31%	5.7	10%	2.7	15%	17.9	8%	17.9	0.0
3	RTC-B Commercial Applications	0.8	79%	1.0	2%	1.0	17%	5.8	3%	5.8	0.0
4	RTC-B Integration & Information	0.6	50%	1.3	2%	0.6	12%	5.3	2%	5.3	0.0
5	Dispatchable Reliability Reserve Service (DRRS)	0.0	0%	0.0	0%	0.0	0%	1.3	1%	1.3	0.0
6	Subtotal - Market Design Projects	6.9	47%	14.7	26%	8.2	16%	51.2	24%	51.2	0.0
7	Data Center 5.0 (DCS) Program	4.2	89%	4.7	8%	58.6	97%	60.6	28%	61.1	0.5
8	Energy Management System (EMS) Upgrade 2024	(0.6)	100%	(0.6)	(1%)	16.9	100%	16.9	8%	16.8	(0.1)
9	Second iTest Environment	7.4	96%	7.7	13%	7.4	64%	11.5	5%	11.5	0.0
10	NMMS IMM Schema upgrade to CIM 16	0.3	34%	1.0	2%	0.3	8%	4.5	2%	4.5	(0.0)
11	Market Management System (MMS) Outage Scheduler (OS) Red Hat Enterprise Linux (RHEL) Migration	1.1	100%	1.1	2%	4.4	100%	4.4	2%	4.4	(0.0)
12	ServiceNow Self Hosted Migration	2.0	46%	4.3	8%	2.0	44%	4.4	2%	4.4	0.0
13	ServiceNow Change Management	0.3	13%	2.1	4%	0.3	7%	3.9	2%	3.9	0.0
14	Microsoft SharePoint Migration – Phase 2	0.0	26%	0.1	0%	0.0	1%	3.3	2%	3.3	0.0
15	Treasury Management Risk Mitigation	0.7	100%	0.7	1%	2.7	100%	2.7	1%	2.7	(0.0)
16	Test Data Management	0.0	0%	3.5	6%	0.0	0%	2.6	1%	2.6	0.0
17	Treasury Single Source of Truth	0.0	10%	0.4	1%	0.0	2%	2.1	1%	2.1	0.0
18	Texas Standard Electronic Transaction ("Texas SET") 5.0	0.8	86%	0.9	2%	1.9	94%	2.0	1%	2.0	(0.0)
19	TIBCO BusinessWorks Upgrade	0.8	148%	0.5	1%	1.7	118%	1.4	1%	2.0	0.5
20	Total Projects with EAC Budget Over \$2.0M	23.8	58%	41.0	72%	104.6	61%	171.7	80%	172.6	0.9
21	Other Projects	14.0	88%	16.0	28%	27.1	64%	42.7	20%	43.8	1.2
22	Total Project Expenditures	\$ 37.8	66%	\$ 57.0	100%	\$ 131.7	61%	\$ 214.3	100%	\$ 216.4	\$ 2.0

Note: Schedule may not foot due to rounding

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Financial Position****As of September 30, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 646,076	\$ 484,830
Accounts receivable	5,204	3,004
Unbilled revenue	6,501	4,020
Interest receivable	15,069	24,397
Receivable from intercompany	492	192
Restricted cash and cash equivalents	1,505,638	2,027,005
Short-term investments	1,090,804	1,109,692
Prepaid expenses and other current assets	40,806	46,959
Total current assets	3,310,590	3,700,099
Long-term investments	607,919	658,626
Property and equipment, net	151,292	139,372
Systems under development	34,662	39,265
Other long-term assets	879	985
Total assets	\$ 4,105,342	\$ 4,538,347
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 10,861	\$ 8,193
Accrued liabilities	37,194	32,061
Payable to intercompany	507	341
Deferred revenue	10,746	8,455
Market settlement liabilities	1,334,427	1,287,523
Security deposits	1,505,131	2,026,664
Debt payable, current portion	4,000	4,000
Total current liabilities	2,902,866	3,367,237
Long-term liabilities:		
Debt payable, less current portion:		
Principal	28,000	32,000
Less unamortized debt issuance costs	108	125
Debt payable less current portion and unamortized debt issuance costs	27,892	31,875
Long-term CRR liabilities	835,517	915,994
Other long-term liabilities	661	734
Total long-term liabilities	864,070	948,603
Total liabilities	3,766,936	4,315,840
Net assets without donor restrictions	338,406	222,507
Total liabilities and net assets	\$ 4,105,342	\$ 4,538,347

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Activities and Changes in Net Assets
For the Nine Months Ended September 30, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Operating revenues		
System administration fees	\$ 224,020	\$ 190,563
Other services revenue	14,593	9,604
Total operating revenues	238,613	200,167
Operating expenses		
Salaries and related benefits	145,260	124,605
Facility and equipment costs	7,178	7,316
Outside services	19,846	15,174
Hardware and software maintenance and licensing	31,657	29,913
Depreciation	30,712	25,673
Other	8,780	10,494
Total operating expenses	243,433	213,175
Loss from operations	(4,820)	(13,008)
Other income (expense)		
Investment return, net	93,762	81,359
Interest expense	(937)	(950)
Non-operating income	5	4
Change in net assets without donor restrictions	88,010	67,405
Net assets without donor restrictions, beginning of year	250,396	155,102
Net assets without donor restrictions, end of period	\$ 338,406	\$ 222,507

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Cash Flows****For the Nine Months Ended September 30, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Operating activities:		
Change in net assets without donor restrictions	\$ 88,010	\$ 67,405
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	30,712	25,673
Amortization of right-of-use assets	225	200
Amortization of debt issuance costs	13	13
Amortization of bond investment discount	(45,127)	(13,119)
Unrealized loss (gains) on bond investments	(2,213)	(2,259)
Changes in operating assets and liabilities:		
Accounts receivable	439	2,621
Unbilled revenue	1,030	1,179
Interest receivable	1,801	(10,025)
Receivable from intercompany	58	742
Prepaid expenses and other assets	995	(10,815)
Other long-term liabilities	(42)	(9)
Accounts payable	1,966	413
Accrued liabilities	2,262	9,557
Payable to intercompany	(215)	(382,406)
Deferred revenue	1,744	785
Security deposits	(22,800)	628,103
Market settlement liabilities	(71,261)	(216,147)
Long-term CRR liabilities	16,884	70,408
Net cash provided by operating activities	4,481	172,319
Investing activities:		
Purchase of investments	(935,997)	(1,944,882)
Proceeds from investments	1,061,675	711,540
Capital expenditures for property and equipment and systems under development	(39,132)	(24,789)
Net cash provided by (used in) investing activities	86,546	(1,258,131)
Financing activities:		
Repayment of debt payable	(3,000)	(3,000)
Net cash (used in) financing activities	(3,000)	(3,000)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	88,027	(1,088,812)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	3,600,647
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,151,714	\$ 2,511,835

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of September 30, 2024
(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	\$ 646,076	\$ 4,035	\$ -	\$ -	\$ 650,111
Securitization charges receivable, current	-	8,016	44,808	-	52,824
Accounts receivable	5,204	-	-	-	5,204
Unbilled revenue	6,501	-	-	(276)	6,225
Interest receivable	15,069	118	139	-	15,326
Receivable from intercompany	492	-	508	(1,000)	-
Restricted cash and cash equivalents	1,505,638	26,184	39,669	-	1,571,491
Short-term investments	1,090,804	-	-	-	1,090,804
Prepaid expenses and other current assets	40,806	-	-	-	40,806
Total current assets	3,310,590	38,353	85,124	(1,276)	3,432,791
Long-term investments	607,919	-	-	(14,579)	593
Property and equipment, net	151,292	-	-	-	151,292
Systems under development	34,662	-	-	-	34,662
Securitization charges receivable, non current	-	376,689	1,973,223	-	2,349,912
Other long term assets	879	-	-	-	879
Total assets	\$ 4,105,342	\$ 415,042	\$ 2,058,347	\$ (15,855)	\$ 6,562,876
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 10,861	\$ -	\$ -	\$ -	\$ 10,861
Accrued liabilities	37,194	2,913	18,416	-	58,523
Payable to intercompany	507	438	331	(1,276)	-
Deferred revenue	10,746	-	-	-	10,746
Market settlement liabilities	1,334,427	-	-	-	1,334,427
Security deposits	1,505,131	21,571	3,569	-	1,530,271
Debt payable, current portion	4,000	8,608	44,504	-	57,112
Total current liabilities	2,902,866	33,530	66,820	(1,276)	3,001,940
Long-term liabilities:					
Debt payable, less current portion:					
Principal	28,000	379,914	1,992,932	-	2,400,846
Less unamortized discount and debt issuance costs	108	2,402	11,984	-	14,494
Debt payable less current portion and unamortized discount and debt issuance costs	27,892	377,512	1,980,948	-	2,386,352
Long-term CRR liabilities	835,517	-	-	-	835,517
Other long-term liabilities	661	-	-	-	661
Total long-term liabilities	864,070	377,512	1,980,948	-	3,222,530
Total liabilities	3,766,936	411,042	2,047,768	(1,276)	6,224,470
Net assets without donor restrictions	338,406	4,000	10,579	(14,579)	338,406
Total liabilities and net assets	\$ 4,105,342	\$ 415,042	\$ 2,058,347	\$ (15,855)	\$ 6,562,876

ELECTRIC RELIABILITY COUNCIL OF TEXAS**Consolidated Statements of Activities and Changes in Net Assets****For the Nine Months Ended September 30, 2024**

(Dollars in Thousands)

	Texas Electric Market Stabilization ERCOT		Texas Electric Market Stabilization Funding M (TEMSFM)		Texas Electric Market Stabilization Funding N (TEMSFN)		Eliminations	Consolidated
Operating revenues								
System administration fees	\$	224,020	\$	-	\$	-	\$	224,020
Other services revenue		14,593		-		-	(1,243)	13,350
Securitization charges fees		-		8,833		74,823	-	83,656
Total operating revenues		238,613		8,833		74,823	(1,243)	321,026
Operating expenses								
Salaries and related benefits		145,260		-		-	-	145,260
Facility and equipment costs		7,178		-		-	-	7,178
Outside services		19,846		562		909	(1,243)	20,074
Hardware and software maintenance and licensing		31,657		-		1	-	31,658
Depreciation		30,712		-		-	-	30,712
Other		8,780		-		-	-	8,780
Total operating expenses		243,433		562		910	(1,243)	243,662
(Loss) income from operations		(4,820)		8,271		73,913	-	77,364
Other income (expense)								
Investment return, net		93,762		543		1,403	-	95,708
Interest expense		(937)		(8,814)		(75,316)	-	(85,067)
Non-operating income		5		-		-	-	5
Change in net assets without donor restrictions		88,010		-		-	-	88,010
Net assets without donor restrictions, beginning of year		250,396		4,000		10,579	(14,579)	250,396
Net assets without donor restrictions, end of period	\$	338,406	\$	4,000	\$	10,579	(14,579)	\$ 338,406

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2024
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSEFM)	Texas Electric Market Stabilization Funding N (TEMSEFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 88,010	\$ -	\$ -	\$ -	\$ 88,010
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	30,712	-	-	-	30,712
Amortization of right-of-use assets	225	-	-	-	225
Amortization of discount & debt issuance costs	13	58	560	-	631
Amortization of bond investment discount	(45,127)	-	-	-	(45,127)
Unrealized gain on bond investments	(2,213)	-	-	-	(2,213)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	7,707	32,104	(215)	39,596
Accounts receivable	439	-	-	-	439
Unbilled revenue	1,030	-	-	(414)	616
Interest receivable	1,801	(27)	39	197	2,010
Receivable from intercompany	58	-	-	(58)	-
Prepaid expenses and other assets	995	-	-	-	995
Other long-term liabilities	(42)	-	-	-	(42)
Accounts payable	1,966	(4)	-	-	1,962
Accrued liabilities	2,262	(2,954)	(25,628)	-	(26,320)
Payable to intercompany	(215)	(123)	(295)	633	-
Deferred revenue	1,744	-	-	-	1,744
Security deposits	(22,800)	1,003	237	-	(21,560)
Market settlement liabilities	(71,261)	-	-	-	(71,261)
Long-term CRR liabilities	16,884	-	-	-	16,884
Net cash provided by (used in) operating activities	4,481	5,660	7,017	143	17,301
Investing activities:					
Purchase of investments	(935,997)	-	-	-	(935,997)
Proceeds from investments	1,061,675	-	-	-	1,061,675
Capital expenditures for property and equipment and systems under development	(39,132)	-	-	-	(39,132)
Net cash (used in) investing activities	86,546	-	-	-	86,546
Financing activities:					
Repayment of debt payable	(3,000)	(10,260)	(42,732)	-	(55,992)
Payment of debt issuance costs	-	-	-	(143)	(143)
Net cash (used in) financing activities	(3,000)	(10,260)	(42,732)	(143)	(56,135)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	88,027	(4,600)	(35,715)	-	47,712
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	34,819	75,384	-	2,173,890
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,151,714	\$ 30,219	\$ 39,669	\$ -	\$ 2,221,602

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of September 30, 2023
(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	\$ 484,830	\$ 4,035	\$ -	\$ -	\$ 488,865
Securitization charges receivable, current	-	10,311	43,025	-	53,336
Accounts receivable	3,004	-	-	-	3,004
Unbilled revenue	4,020	-	-	(276)	3,744
Interest receivable	24,397	116	149	-	24,662
Receivable from intercompany	192	-	341	(533)	-
Restricted cash and cash equivalents	2,027,005	24,419	41,059	-	2,092,483
Short-term investments	1,109,692	-	-	-	1,109,692
Prepaid expenses and other current assets	46,959	-	-	-	46,959
Total current assets	3,700,099	38,881	84,574	(809)	3,822,745
Long-term investments	658,626	-	-	(14,579)	644
Property and equipment, net	139,372	-	-	-	139,372
Systems under development	39,265	-	-	-	39,265
Securitization charges receivable, non current	-	384,628	2,017,357	-	2,401,985
Other long term assets	985	-	-	-	985
Total assets	\$ 4,538,347	\$ 423,509	\$ 2,101,931	\$ (15,388)	\$ 7,048,399
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 8,193	\$ -	\$ -	\$ -	\$ 8,193
Accrued liabilities	32,061	3,144	20,121	-	55,326
Payable to intercompany	341	133	335	(809)	-
Deferred revenue	8,455	-	-	-	8,455
Market settlement liabilities	1,287,523	-	-	-	1,287,523
Security deposits	2,026,664	19,427	3,458	-	2,049,549
Debt payable, current portion	4,000	10,260	42,733	-	56,993
Total current liabilities	3,367,237	32,964	66,647	(809)	3,466,039
Long-term liabilities:					
Debt payable, less current portion:					
Principal	32,000	388,522	2,037,435	-	2,457,957
Less unamortized discount and debt issuance costs	125	1,977	12,730	-	14,832
Debt payable less current portion and unamortized discount and debt issuance costs	31,875	386,545	2,024,705	-	2,443,125
Long-term CRR liabilities	915,994	-	-	-	915,994
Other long-term liabilities	734	-	-	-	734
Total long-term liabilities	948,603	386,545	2,024,705	-	3,359,853
Total liabilities	4,315,840	419,509	2,091,352	(809)	6,825,892
Net assets without donor restrictions	222,507	4,000	10,579	(14,579)	222,507
Total liabilities and net assets	\$ 4,538,347	\$ 423,509	\$ 2,101,931	\$ (15,388)	\$ 7,048,399

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Changes in Net Assets
For the Nine Months Ended September 30, 2023
(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	\$ 190,563	\$ -	\$ -	\$ -	\$ 190,563
Other services revenue	9,604	-	-	(1,243)	8,361
Securitization charges fees	-	10,106	76,284	-	86,390
Total operating revenues	200,167	10,106	76,284	(1,243)	285,314
Operating expenses					
Salaries and related benefits	124,605	-	-	-	124,605
Facility and equipment costs	7,316	-	-	-	7,316
Outside services	15,174	593	968	(1,243)	15,492
Hardware and software maintenance and licensing	29,913	-	-	-	29,913
Depreciation	25,673	-	-	-	25,673
Other	10,494	2	1	-	10,497
Total operating expenses	213,175	595	969	(1,243)	213,496
(Loss) income from operations	(13,008)	9,511	75,315	-	71,818
Other income (expense)					
Investment return, net	81,359	486	1,324	-	83,169
Interest expense	(950)	(9,997)	(76,639)	-	(87,586)
Non-operating income	4	-	-	-	4
Change in net assets without donor restrictions	67,405	-	-	-	67,405
Net assets without donor restrictions, beginning of year	155,102	4,000	10,579	(14,579)	155,102
Net assets without donor restrictions, end of period	\$ 222,507	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 222,507

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2023

(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSEFM)	Texas Electric Market Stabilization Funding N (TEMSEFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 67,405	\$ -	\$ -	\$ -	\$ 67,405
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	25,673	-	-	-	25,673
Amortization of right-of-use assets	200	-	-	-	200
Amortization of debt issuance costs	13	57	561	-	631
Amortization of bond investment discount	(13,119)	-	-	-	(13,119)
Unrealized losses on bond investments	(2,259)	-	-	-	(2,259)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	7,359	29,846	(113)	37,092
Accounts receivable	2,621	-	-	-	2,621
Unbilled revenue	1,179	-	1,843	(733)	2,289
Interest receivable	(10,025)	63	240	-	(9,722)
Receivable from intercompany	742	382,293	-	(383,035)	-
Prepaid expenses and other assets	(10,815)	2	-	-	(10,813)
Other long-term liabilities	(9)	-	-	-	(9)
Accounts payable	413	(4)	-	-	409
Accrued liabilities	9,557	(8,748)	(35,786)	-	(34,977)
Payable to intercompany	(382,406)	(290)	(464)	383,160	-
Deferred revenue	785	-	-	-	785
Security deposits	628,103	862	419	-	629,384
Market settlement liabilities	(216,147)	-	-	-	(216,147)
Long-term ORR liabilities	70,408	-	-	-	70,408
Net cash provided by (used in) operating activities	172,319	381,594	(3,341)	(721)	549,851
Investing activities:					
Purchase of investments	(1,944,882)	-	-	-	(1,944,882)
Proceeds from investments	711,540	-	-	-	711,540
Capital expenditures for property and equipment and systems under development	(24,789)	-	-	-	(24,789)
Net cash (used in) investing activities	(1,258,131)	-	-	-	(1,258,131)
Financing activities:					
Repayment of debt payable	(3,000)	(396,974)	(35,532)	-	(435,506)
Payment of debt issuance costs	-	(213)	(508)	721	-
Net cash (used in) financing activities	(3,000)	(397,187)	(36,040)	721	(435,506)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(1,088,812)	(15,593)	(39,381)	-	(1,143,786)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	3,600,647	44,047	80,440	-	3,725,134
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,511,835	\$ 28,454	\$ 41,059	\$ -	\$ 2,581,348

Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of October 15, 2024		
Line	Year-to-Date (September 30)	Year-End (December 31)
1 System Administration Revenue	-\$20.0 M - Weather -\$19.6 M - Economy	\$1.1 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	-\$0.7 M - HW/SW support & maintenance renewals -\$0.9 M - WAN costs \$0.7 M - ITW/SW vendor support services [Resource Management - Project-Funded Work] \$0.7 M - Contingent labor [Resource Management - Staffing Management] -\$0.5 M - Telecommunications \$0.5 M - Outside services/studies \$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.4 M - Employee training & business travel -\$0.2 M - Data service subscriptions \$0.1 M - Fiber lease -\$0.6 M - WAN revenue -\$0.1 M - ERCOT Innovation Summit <u>Timing Differences</u> -\$2.9 M - Common infrastructure -\$0.3 M - Contingent labor [Resource Management - Staffing Management] \$0.2 M - ITW/SW vendor support services [Resource Management - Project-Funded Work] \$0.2 M - Outside services/studies -\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Other miscellaneous expenditures	-\$1.1 M - HW/SW support & maintenance renewals -\$0.9 M - WAN costs \$0.7 M - ITW/SW vendor support services [Resource Management - Project-Funded Work] \$0.7 M - Contingent labor [Resource Management - Staffing Management] -\$0.6 M - Telecommunications \$0.5 M - Outside services/studies \$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.5 M - Employee training & business travel -\$0.3 M - Data service subscriptions \$0.1 M - Fiber lease -\$3.5 M - Common infrastructure -\$0.9 M - WAN revenue -\$0.5 M - Minor capital -\$0.1 M - ERCOT Innovation Summit -\$7.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$1.1 M - Inspection revenue \$0.8 M - Contingent labor [Resource Management - Staffing Management] -\$0.4 M - Employee training & business travel -\$0.2 M - Interconnection revenue -\$1.7 M - Outside services/studies -\$0.3 M - Minor capital -\$0.3 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue -\$0.1 M - Company dues -\$0.1 M - IT hardware -\$0.1 M - Other miscellaneous expenditures
4 Chief Operations Office	-\$6.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.6 M - Inspection revenue \$0.6 M - Contingent labor [Resource Management - Staffing Management] -\$0.4 M - Employee training & business travel -\$0.1 M - Interconnection revenue -\$1.1 M - Outside services/studies -\$0.3 M - Minor capital -\$0.1 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue <u>Timing Differences</u> \$0.6 M - Outside services/studies -\$0.4 M - Black start training & operator training seminar revenue -\$0.2 M - Employee training & business travel -\$0.1 M - Other miscellaneous expenditures	-\$7.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$1.1 M - Inspection revenue \$0.8 M - Contingent labor [Resource Management - Staffing Management] -\$0.4 M - Employee training & business travel -\$0.2 M - Interconnection revenue -\$1.7 M - Outside services/studies -\$0.3 M - Minor capital -\$0.3 M - Data service subscriptions -\$0.1 M - Operator training seminar revenue -\$0.1 M - Company dues -\$0.1 M - IT hardware -\$0.1 M - Other miscellaneous expenditures

Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of October 15, 2024		
Line	Year-to-Date (September 30)	Year-End (December 31)
5 General Counsel	-\$0.4 M - Legal services -\$1.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.3 M - Outside services/studies -\$0.3 M - Registration fees revenue -\$0.2 M - Contingent labor [Resource Management - Staffing Management] \$0.2 M - ITW/SW vendor support services [Resource Management - Project-Funded Work] \$0.2 M - Membership dues revenue -\$0.2 M - Employee training & business travel -\$0.1 M - Electricity -\$0.1 M - Minor capital -\$0.2 M - Software -\$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> -\$0.2 M - Building systems maintenance	-\$3.0 M - Legal services -\$1.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.3 M - Outside services/studies -\$0.3 M - Registration fees revenue -\$0.3 M - Contingent labor [Resource Management - Staffing Management] \$0.3 M - ITW/SW vendor support services [Resource Management - Project-Funded Work] \$0.2 M - Membership dues revenue -\$0.2 M - Employee training & business travel -\$0.1 M - Electricity -\$0.8 M - Building systems maintenance -\$0.4 M - TRI penalty -\$0.3 M - Minor capital -\$0.3 M - Software -\$0.1 M - Other miscellaneous expenditures
6 Chief Financial Office	-\$3.5 M - Insurance premiums -\$0.9 M - Property tax \$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - SPE M & N administration & servicing revenue -\$0.5 M - Outside services/studies <u>Timing Differences</u> \$0.1 M - Employee training & business travel	-\$5.0 M - Insurance premiums -\$1.2 M - Property tax \$0.1 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	\$0.9 M - Outside services/studies -\$0.4 M - Contingent labor [Resource Management - Staffing Management] -\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.2 M - Recruiting & pre-employment costs \$0.2 M - Corporate events -\$0.1 M - Employee training & business travel -\$0.1 M - Non-monetary reward & recognition \$0.1 M - Data service subscriptions <u>Timing Differences</u> -\$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - Health & wellness expense	\$1.2 M - Outside services/studies -\$0.5 M - Contingent labor [Resource Management - Staffing Management] -\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.2 M - Recruiting & pre-employment costs \$0.2 M - Corporate events -\$0.1 M - Employee training & business travel -\$0.1 M - Non-monetary reward & recognition \$0.1 M - Data service subscriptions

Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of October 15, 2024		
Line	Year-to-Date (September 30)	Year-End (December 31)
8 Chief Executive Office	- \$0.5 M - Outside services/studies \$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] - \$0.2 M - Other miscellaneous expenditures	- \$0.5 M - Outside services/studies \$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] - \$0.2 M - Other miscellaneous expenditures
9 Project Funded Labor	- \$0.8 M - Multiple projects [Resource Management - Project-Funded Work]	- \$1.2 M - Multiple projects [Resource Management - Project-Funded Work]
13 Project Expenditures	\$2.1 M - All projects <u>Timing Differences</u> \$1.1 M - All projects	\$2.1 M - All projects
14 Interest Expense	\$0.1 M - Capitalized interest	\$0.1 M - Bank fees \$0.1 M - Capitalized interest
15 Interest Income	\$48.3 M - Interest rate + \$2.2 M - Fair value adjustment - \$5.9 M - Investment balance	\$61.1 M - Interest rate + \$7.3 M - Fair value adjustment - \$6.5 M - Investment balance