



Item 15: Update on Segment Definitions in the Bylaws

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ERCOT Board of Directors

ERCOT Public
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Overview

- **Purpose**

To give an update on Corporate Member and stakeholder discussions on possible proposed changes to the Bylaws

- **Voting Items / Requests**

No action is requested of the ERCOT Board; for discussion only

- **Key Takeaways**

- In response to an ERCOT staff request and following a workshop on February 14, 2025 on this subject, three groups provided possible proposed redlines to the ERCOT Bylaws.
- Interested persons will be able to file responses to the proposed redlines by April 18, 2025.
- ERCOT staff may present a consolidated redline proposal to the Human Resources & Governance (HR&G) Committee in June, along with recommendation to initiate amendment process under the Bylaws.

Background

- Issue arose as to whether data centers and cryptocurrency miners should be assigned to the **Industrial Consumer Segment** or to the **Large Commercial Consumer Segment**, as these entities were present in both Segments for 2024.
 - At least 12 entities are determined to be data centers or cryptocurrency miners on the Membership list.
- For consistency, ERCOT determined that for the 2025 Membership year, all such entities should be in the **Industrial Consumer Segment**, a conclusion reached by applying a broad definition of the common usage of “industrial process” used in the Industrial Consumer Segment definition in the Bylaws.
- Bylaws Article 2, Definitions
 - **Industrial Consumers.** An industrial consumer is a consumer with at least one meter with average monthly demand greater than 1 megawatt consumed within the ERCOT Region engaged in an industrial process.
 - **Large Commercial Consumer.** A commercial consumer having a peak demand of greater than 1,000 kilowatts.

Background (continued)

- Acknowledging that technology has changed dramatically in the many years since the Bylaws were written, ERCOT offered to host one or more workshops to discuss possible Bylaws updates, including changes to address what Segment data centers and cryptocurrency miners should be in for the 2026 Membership year and beyond.
- Stakeholders expressed a desire to have such discussions, and a workshop on possible Bylaw changes was held on February 14, 2025, at which informal ideas regarding changes were presented by some attendees.
- ERCOT requested written proposals be submitted by March 14, 2025.
- Three proposals were submitted for further consideration.

Summary of Corporate Member/Stakeholder Proposals

- **Texas Industrial Energy Consumers, ERCOT Steel Mills, and Texas Blockchain Council** (“Joint Industrial Consumers”) propose changes to revise the definition of “Industrial Consumers” to more clearly include non-manufacturing facilities such as data centers or cryptocurrency facilities and increase the number of Industrial Consumer Representatives without increasing the weight given to the Industrial Consumer subsegment.
- **Calpine Corporation, Constellation Energy Generation, LLC, and Vistra Operations Company LLC** propose amending the Bylaws to (1) establish formal subsegments of the Independent Generator Segment for Thermal and Inverter-Based Resources; and (2) clarify that the 10 MW threshold for inclusion in the Segment is for Generation Resources directly interconnected to the ERCOT transmission system.
- **Lone Star Transmission, LLC and NextEra Energy, Inc.** propose to change the definition of “Transmission and Distribution Entity” to exclude from that definition entities that do not meet the definition of “retail electric utility” under PURA § 37.001. This would allow NextEra to register in the Independent Generator Segment.

Process to Amend Bylaws

Bylaws Amendment Process Steps	Approving / Acting Entity	Authority
Initial proposal of bylaws amendment	ERCOT Director; ERCOT Secretary; Corporate Member(s); TAC; or HR&G Committee	Bylaws § 13.1 TAC Proc. § I.A HR&G Charter § IV.B.1.a
Initial HR&G Committee meeting and discussion	HR&G Committee	HR&G Charter §§ IV.B.1.a, V.A, V.B
21-day notice and comment period for Corporate Members	Corporate Members	Bylaws § 13.1
PUCT Statement of Input	PUCT	PURA § 39.151(g-1)
Final HR&G Committee meeting and recommendation to Board	HR&G Committee	HR&G Charter § IV.B.1.a
Final Board approval	Board	Bylaws § 13.1
Filing of ERCOT-approved bylaws amendment at the PUCT for approval	PUCT	PURA § 39.151(g-1)
Bylaws amendment effective upon PUCT approval by order		PURA §§ 39.151(g-1), 39.1514



Next Steps

- April 18, 2025 – responses are due on the three proposals.
- Continue to work with Corporate Members and interested stakeholders on a consensus redlined version of the Bylaws.
 - Determine whether another workshop is necessary
 - Updates to Technical Advisory Committee (TAC)
- Bring consolidated redlines to the June 23, 2025 HR&G Committee meeting for further discussion.
- Determine whether to initiate formal amendment process pursuant to Article 13 of Bylaws.