



PUBLIC

Item 8.3: Commercial Markets Update

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Board of Directors Meeting

September 22-23, 2025

- **Purpose**

To provide a status update on key market initiatives, prioritization discussions for post-RTC implementation, and Credit initiatives.

- **For Information Only**

No action is currently requested; for discussion only

Key Takeaways

- ERCOT and stakeholders are prioritizing initiatives to undertake once RTC+B is implemented.
- Progress key market design initiatives, such as Residential DR and DRRS, continues.
- ERCOT and stakeholders are proceeding with the “lightweight” option of implementing the Energy Attribute Certificate Program.

ERCOT is Working with Stakeholders to Prioritize Initiatives Post-RTC+B Implementation

Through the Technical Advisory Committee (TAC), ERCOT has been leading stakeholders through a discussion to prioritize which initiatives will be the most important to advance once RTC+B is implemented.

ERCOT proposed an initial sorting of existing/proposed Market & Settlement initiatives into one of 5 tiers:

- Tier 1: Critical Priority
- Tier 2: High Priority
- Tier 3: Medium Priority
- Tier 4: No action to be taken
- Tier 5: Candidates for removal

At a workshop on August 25th, Wholesale Market Working Group (WMWG) Chair Amanda Frazier led a discussion to validate or amend ERCOT's initial recommendations. Final prioritization decisions will be made through the Protocol Revision Subcommittee (PRS).

Tier 1: Critical Initiatives

New Residential Demand Response Program

Updated Dispatchable Reliability Reserve Service Proposal

Firming Requirement Program

Evaluation of Ancillary Service Reliability Service Cost Allocation

Development of a Probabilistic Ancillary Service Methodology

Evaluation of Moving to More Dynamic Ancillary Service Quantity Determination

New Reliability Service for Large Load in SB6

Implementing Other Changes Specified in SB6

Reliability Assessment for the PUCT in 2026



ERCOT Continues to Advance Efforts on Residential DR and Dispatchable Reliability Reserve Service (DRRS)

Residential Demand Response (DR)

ERCOT held the final Residential DR workshop on June 16th, after which we provided another opportunity stakeholder comments on the proposed design.

On August 26th, ERCOT filed NPRR1296 which describes the proposed program in Protocol language. Implementation is expected to take 10-16 months following PUCT approval.

Dispatchable Reliability Reserve Service

ERCOT has proposed a design concept for DRRS that satisfies the statutory language in HB1500 (88th Legislature) as well as guidance from the PUCT to design flexibility to support a Resource Adequacy mandate.

Enabling the flexibility to directly support Resource Adequacy will take place only with direction from the PUCT.

We expect to file an NPRR in October.

Key Takeaway:

- Consistent with Board and Legislative priorities, we continue to work with stakeholders to advance market design work in parallel with RTC+B implementation.



NPRR1264 – Energy Attribute Certificate Program Update

During the June 2025 ERCOT BOD meeting there was discussion regarding ERCOT's level of responsibility for administration of the proposed Energy Attribute Certificate (EAC) program. The options discussed ranged from a "lightweight" option where ERCOT is a data provider to an independent third party, to "heavier" options where ERCOT takes on more, or all, of the responsibility for administration of the program.

ERCOT and the market are working together on the "lightweight" option, which will involve submitting and evaluating a request for qualification of potential vendors as well as updated Protocol language to define the process and the role of ERCOT, the third party and ERCOT market participants.

Key Takeaways:

- ERCOT and stakeholders are proceeding with the "lightweight" option of implementing the Energy Attribute Certificate Program.
- The "lightweight" option involves ERCOT as a data provider to an independent third party that is chosen with significant feedback from the ERCOT stakeholders.
- ERCOT will issue a request for qualification and update Protocol language to define the "lightweight" option.



Market Credit Update

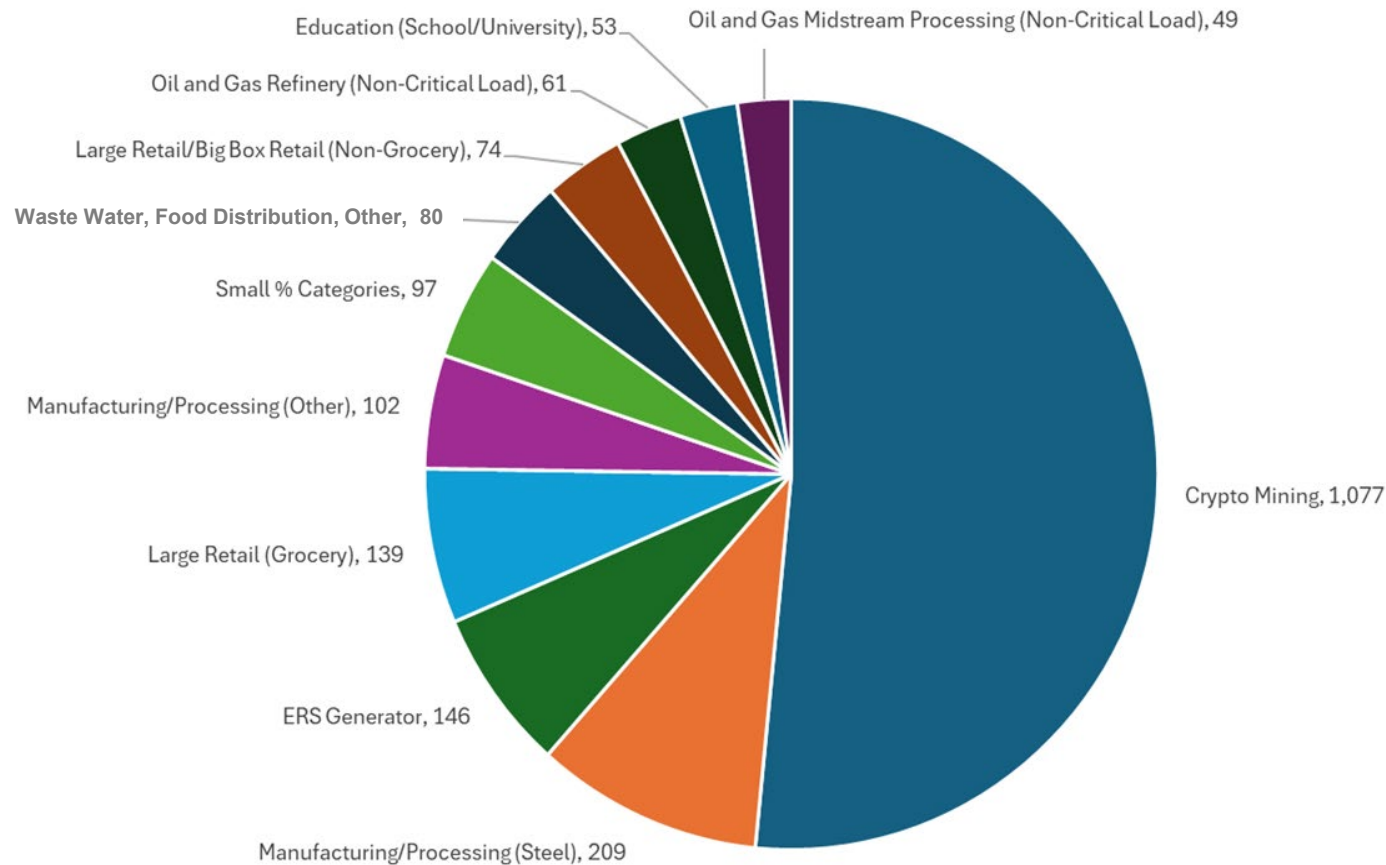
- No significant issues nor ERCOT Settlement/Credit related defaults this summer. Total potential exposure moderately increased from \$1.75 billion in June to \$1.84 billion in July as expected.
- TAC voted unanimously to recommend approval of NPRR1277, revisions to EAL formula, related to collateral requirements for Counter-Parties.
 - NPRR1277 addresses instances of high collateralization requirements and high volatility relative to underlying Counter-Party exposure that result from formula mechanics, and do not properly reflect anticipated exposure.
 - NPRR1277 is scheduled for a vote at this Board of Directors Meeting.
- ERCOT credit staff continues to work with Credit Finance Sub Group as well as directly with members on defining and measuring market stress scenarios.

Key Takeaways:

- No ERCOT credit or settlement related defaults.
- Total potential exposure has remained stable since the June BOD Meeting.
- NPRR1277, revisions to EAL formula, ready for a vote by ERCOT BOD.
- ERCOT staff working with the market to further develop a credit stress testing methodology



Breakdown of Emergency Response Service (ERS) by resource type



Key Takeaways:

- The largest provider of ERS by type is Crypto Mining loads at over 50% of all ERS resources
- Crypto Mining loads are typically price sensitive
- Senate Bill 6 provisions disallow price sensitive large loads from participating in the SB 6 24-hour notice large load response program
- There is no corresponding limitation for Crypto Mining load participation in the ERS program

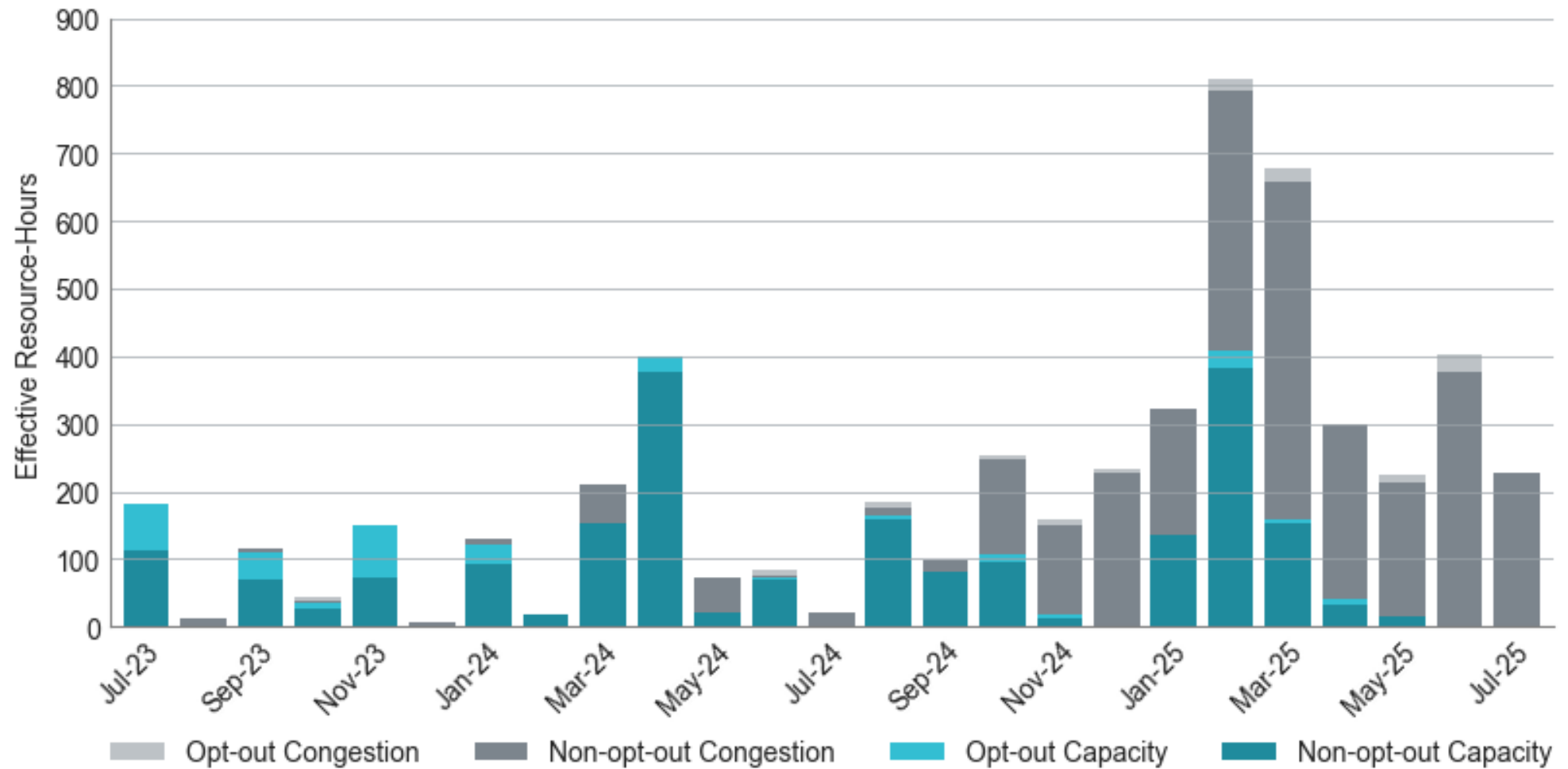
* These results are for time-period 3, which are generally representative of the different ERS time periods. ERS awarded = 2,088 MW.



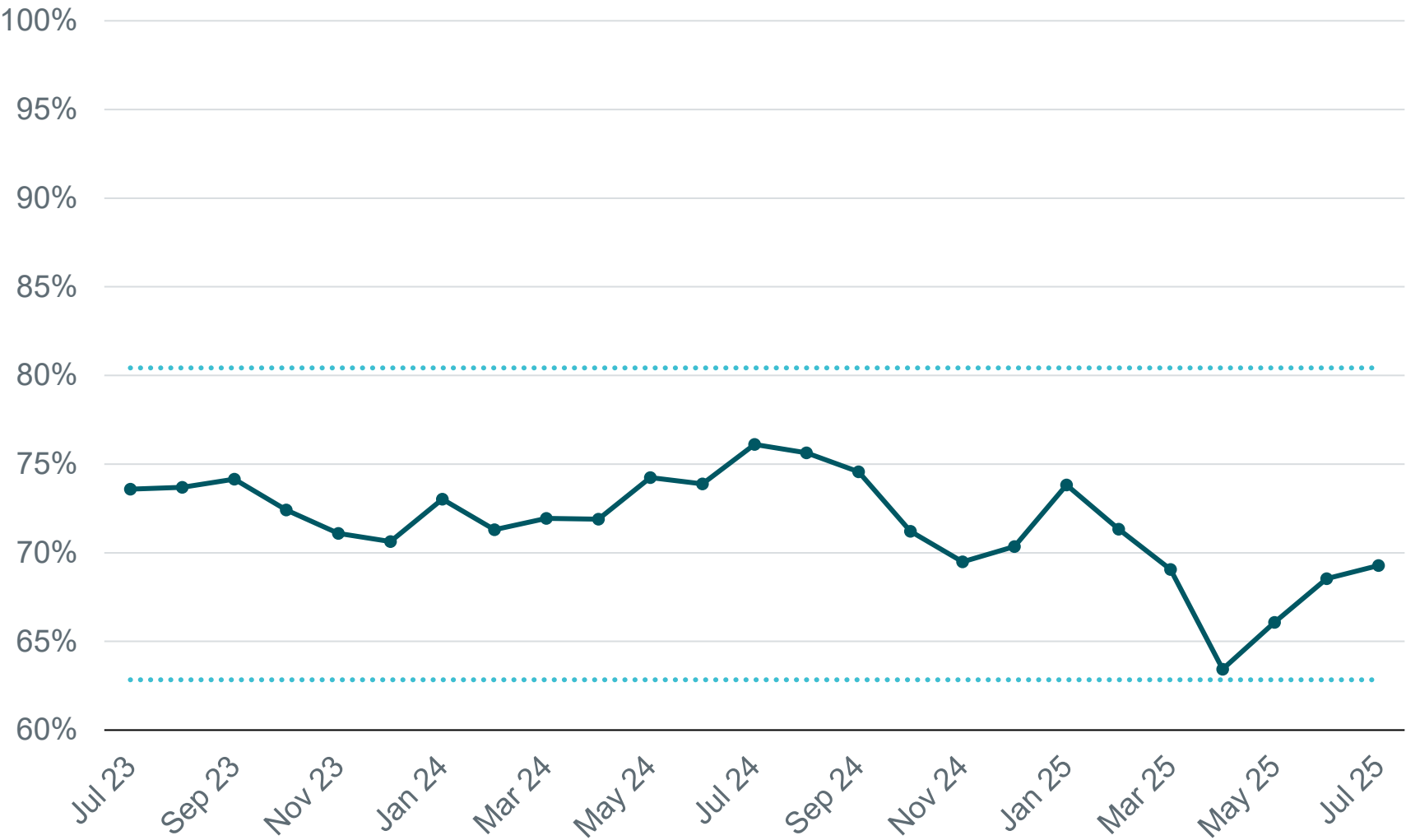
APPENDIX



RUC Activity Decreased in July Compared to June, Nominally for Managing Congestion



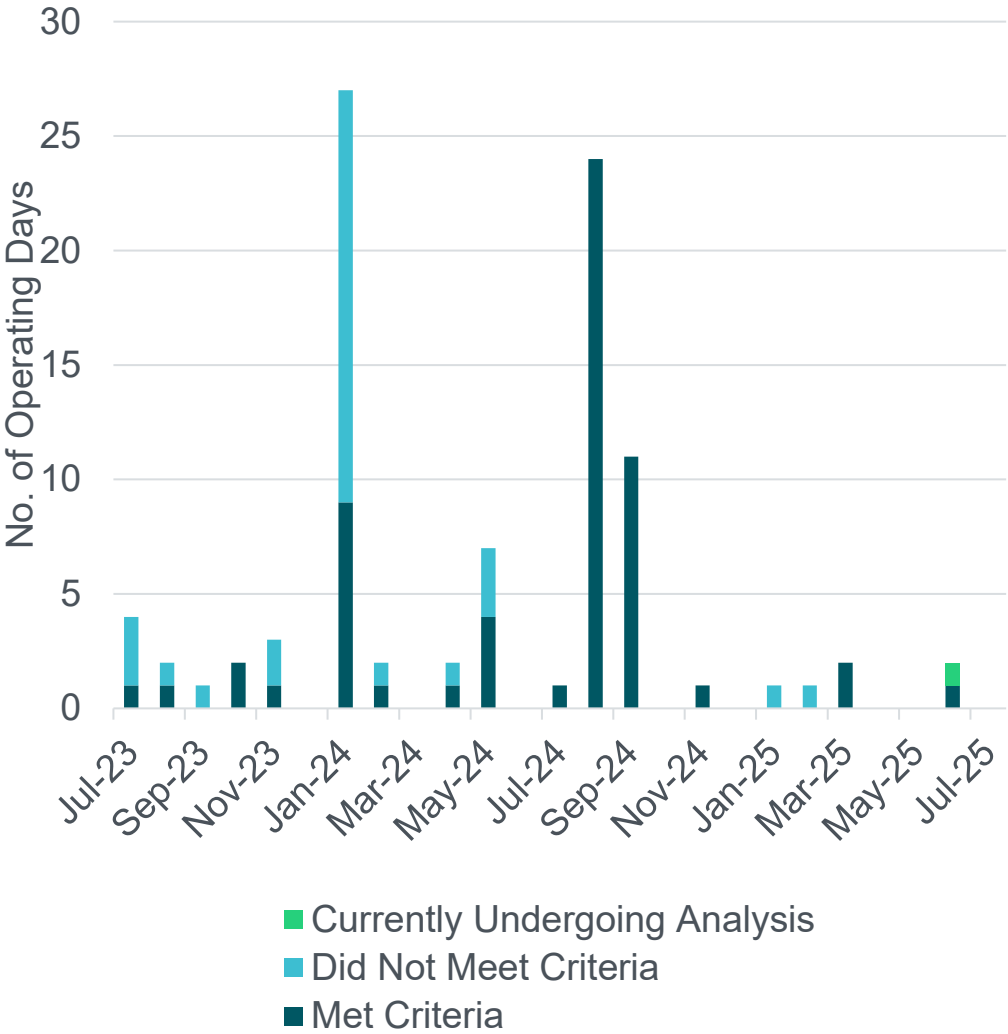
Percentage of Real-Time Load Transacted in the Day-Ahead Market Continues to Recover from Spring Lows



Price Issues and Price Correction Trends

It was found that the Day-Ahead Market (DAM) for Operating Day June 27, 2025, used an incorrect transmission limit for Generic Transmission Constraint (GTC) SAMSW. This was due to a software defect in a tool that is used to calculate GTC limits. ERCOT is seeking Board approval to correct DAM prices of this Operating Day.

There were no price impact events during the month of July 2025.



Retail Transaction Volumes – Summary – July 2025

	Year-To-Date		Transactions Received	
Transaction Type	July 2025	July 2024	July 2025	July 2024
Switches	852,231	762,243	121,440	114,296
Acquisitions	0	0	0	0
Move - Ins	1,725,834	1,878,530	282,238	269,449
Move - Outs	852,413	838,179	138,887	132,223
Continuous Service Agreements (CSA)	339,724	244,479	45,336	30,725
Mass Transitions	0	0	0	0
Total	3,770,202	3,723,431	587,901	546,693



Forward Prices are Trending Upwards for Future Years Compared to Recent Trade Dates

