

89th Legislative Session – ERCOT Status

ERCOT Public October 2025

Introduction

This document summarizes ERCOT's progress in implementing statutory requirements that affect the organization and arise from legislation adopted by the 89th Legislature in 2025.

Please note this document does not address the legislative obligations or implementation activities of other organizations, such as, but not limited to, the Public Utility Commission of Texas (PUC), the Independent Market Monitor (IMM), and ERCOT Market Participants.

This document also includes updates regarding ERCOT's implementation of changes in law enacted by the 88th Legislature that were in progress when the 89th Legislative Session ended, as well as the outstanding items from the 87th Legislative Session. A full status of ERCOT actions from the 87th and 88th Legislative Session is available under Helpful Resources on ERCOT.com.





89th Legislative Session

Senate Bill 6: Sections 1 & 2, Interconnection Cost Recovery and Interconnection Standards for Large Loads

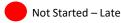
PURA § 35.004(c)(1) requires the Commission by rule to ensure that a large load customer that is subject to the standards adopted under Section 37.0561 contributes to the recovery of the interconnecting electric utility's costs to interconnect the large load to the utility's system; PURA § 37.0561(b) further requires the Commission by rule to establish standards for interconnection large load customers in the ERCOT power region in a manner designed to support business development in this state while minimizing the potential for stranded infrastructure costs and maintaining system reliability. These two requirements will be addressed in PUC Project No. 58541.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|--------------------|
| In Progress | Monitor and participate in PUC rulemaking in Project No. 58481, Rulemaking to Implement Large Load Interconnection Standards | July 2026 | Rickerson, Hobbs | PURA § 35.004(c-1) |
| Not Started | Implement any requirement from adopted rule with respect to the cost recovery mechanism, if applicable | TBD | Rickerson, Hobbs | PURA § 35.004(c-1) |
| Not Started | Implement any requirement from adopted rule with respect to the standards for interconnection, if applicable | TBD | Rickerson, Hobbs | PURA § 37.0561(b) |









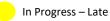
Senate Bill 6: Section 2, Large Load Forecasting Criteria

PURA § 37.0561(m) requires the Commission by rule to establish criteria for ERCOT to include forecasted demand of large load in its transmission planning and resource adequacy models and reports. Other standards identified in PURA § 37.0561(d) – (h) may be identified as criteria to be used in ERCOT's planning-related forecasts.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|-----------------|--------------------------|-------------------|
| In Progress | Monitor and participate in PUC rulemaking in Project No. 58480, <i>Rulemaking to Establish Large Load Forecasting Criteria</i> | March 2026 | Rickerson, Hobbs | PURA § 37.0561(m) |
| Not Started | Implement any requirement from adopted rule with respect to forecasting criteria for transmission planning and resource adequacy planning | TBD | Rickerson, Hobbs | PURA § 37.0561(m) |
| Not Started | Establish a process to access information collected by the interconnecting electric utility or MOU to ensure compliance with the standards for transmission planning analysis, effective after adoption of PUC rule | TBD | Rickerson, Hobbs | PURA § 37.0561(k) |









Senate Bill 6: Section 2, On-Site Backup Generation

Applicable to customer requesting a new or expanded interconnection where load would exceed 75 MW or other threshold set by PUC to accomplish the purposes described by Subsection (b). The standards required to be adopted by the Commission must require the interconnecting electric utility or municipally owned utility (MOU) to provide information about the on-site backup generation for the impacted large load customers to ERCOT. "On-site backup generating facilities" means generation that is not capable of exporting energy to the ERCOT transmission grid and that, in the aggregate, can serve at least 50% of on-site demand. ERCOT must establish a threshold before or during an Energy Emergency Alert (EEA) at which it may issue reasonable notice that large load customers with on-site backup generating facilities may be directed to either deploy the customer's on-site backup generating facilities or curtail load. After ERCOT deploys all available market services, except for frequency responsive services, ERCOT may direct the applicable electric utility or MOU to require the large load customer to either deploy the customer's on-site backup generating facilities or curtail load. ERCOT shall include a deployment under this section as firm load shed when calculating any price adjustments for reliability deployments.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|-------------------|
| In Progress | Monitor and participate in PUC rulemaking in Project No. 58481, Rulemaking to Implement Large Load Interconnection Standards | July 2026 | Rickerson, Woodfin | PURA § 37.0561(b) |
| Not Started | After adoption of PUC rule, identify and implement any required items | TBD | Rickerson, Woodfin | PURA § 37.0561 |
| Not Started | After adoption of PUC rule, scope and establish process to receive and retain information about the customer's on-site backup generation | TBD | Rickerson, Woodfin | PURA § 37.0561(e) |













ISenate Bill 6: Section 2, On-Site Backup Generation, Cont.

Applicable to customer requesting a new or expanded interconnection where load would exceed 75 MW or other threshold set by PUC to accomplish the purposes described by Subsection (b). The standards required to be adopted by the Commission must require the interconnecting electric utility or municipally owned utility (MOU) to provide information about the on-site backup generation for the impacted large load customers to ERCOT. "On-site backup generating facilities" means generation that is not capable of exporting energy to the ERCOT transmission grid and that, in the aggregate, can serve at least 50% of on-site demand. ERCOT must establish a threshold before or during an Energy Emergency Alert (EEA) at which it may issue reasonable notice that large load customers with on-site backup generating facilities may be directed to either deploy the customer's on-site backup generating facilities or curtail load. After ERCOT deploys all available market services, except for frequency responsive services, ERCOT may direct the applicable electric utility or MOU to require the large load customer to either deploy the customer's on-site backup generating facilities or curtail load. ERCOT shall include a deployment under this section as firm load shed when calculating any price adjustments for reliability deployments.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|---|-------------|---|-----------------|-----------------------------|-------------------|
| | Not Started | Establish a threshold before or during an EEA at which ERCOT may issue reasonable notice that large load customers with on-site backup generation, to be effective after adoption of PUC rule | TBD | Rickerson, Woodfin | PURA § 37.0561(e) |
| • | In Progress | Establish operating procedures for curtailing large load customers with on-site backup generation serving at least 50% of customer load | TBD | Rickerson, Woodfin | PURA § 37.0561(e) |
| | Not Started | Include deployment as firm load shed when calculating price adjustments for reliability deployments | TBD | Collins | PURA § 37.0561(e) |









Senate Bill 6: Section 4, Net Metering Arrangements

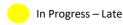
Requires a Power Generating Company (PGC), municipally owned utility (MOU), or electric cooperative to submit a notice to ERCOT before implementing a net metering arrangement between an operating facility registered with ERCOT as a stand-alone generation resource as of 9/1/25, and a new large load customer under Section 37.0561(c), except in certain specified cases. ERCOT is required to study the system impacts of a proposed net metering arrangement and removal of generation for which it receives a notice. The study must be completed and submitted to PUC with recommendations not later than 120 days after ERCOT receives the required information regarding the arrangement, with PUC to approve, deny, or impose conditions within 60 days. Any conditions must include making the dispatchable capacity available to ERCOT. If conditions are not limited to a defined period, PUC must review at least every five years. The parties to a proceeding under this section include only PUC, ERCOT, the interconnecting electric cooperative, Transmission & Distribution Utility (TDU), or MOU, and each party to the net metering arrangement. The PUC shall post its decision on the PUC's website.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|---|---------------|
| In Progress | Monitor and participate in PUC Project No. 58479, Rulemaking for Net Metering Arrangements Involving a Large Load Co-Located with an Existing Generation Resource Under PURA § 39.169 and implement any applicable requirements | March 2026 | Rickerson, Hobbs, Woodfin, Collins | PURA § 39.169 |
| In Progress | Establish interim processes for PGCs, MOUs, and cooperatives to initiate the required review, for studying the system impact of each proposed arrangement, and for submitting reports to PUC within 120 days of receiving necessary information; participate in PUC proceedings for review of ERCOT studies and implement any further PUC direction in such proceedings; align processes with final rule, once adopted | TBD | Rickerson, Hobbs, Seely | PURA § 39.169 |











Senate Bill 6: Section 4, Net Metering Arrangements, Cont.

Requires a Power Generating Company (PGC), municipally owned utility (MOU), or electric cooperative to submit a notice to ERCOT before implementing a net metering arrangement between an operating facility registered with ERCOT as a stand-alone generation resource as of 9/1/25, and a new large load customer under Section 37.0561(c), except in certain specified cases. ERCOT is required to study the system impacts of a proposed net metering arrangement and removal of generation for which it receives a notice. The study must be completed and submitted to PUC with recommendations not later than 120 days after ERCOT receives the required information regarding the arrangement, with PUC to approve, deny, or impose conditions within 60 days. Any conditions must include making the dispatchable capacity available to ERCOT. If conditions are not limited to a defined period, PUC must review at least every five years. The parties to a proceeding under this section include only PUC, ERCOT, the interconnecting electric cooperative, Transmission & Distribution Utility (TDU), or MOU, and each party to the net metering arrangement. The PUC shall post its decision on the PUC's website.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|-------------|---|-----------------|-------------------------------|------------------|
| ✓ | Complete | Identify stand-alone generation resources that would be subject to the required study in PURA § 39.169 as of September 1, 2025 | 9/2/2025 | Seely, Rickerson, Hobbs | PURA § 39.169 |
| | In Progress | Establish operating procedures for curtailing large loads colocated with existing generation resources as may be directed by PUC | TBD | Rickerson, Woodfin | PURA § 39.169 |
| | Not Started | Establish process for continuing to monitor proceedings involving PUC review of conditions at least every five years if conditions imposed under § 39.169(d) are not limited to a specific period | TBD | Seely | PURA § 39.169(f) |













Senate Bill 6: Section 4, Curtailment Capability for Transmission-Voltage Customers

PURA §39.170(a) requires the PUC to require ERCOT to ensure that each cooperative, Transmission & Distribution Utility (TDU), and municipally owned utility (MOU) serving a transmission-voltage customer develops a protocol, including the installation of any necessary equipment or technology before the customer is interconnected, to allow the load to be curtailed during firm load shed. The electric cooperative, TDU, or MOU shall confer with the customer to the extent feasible to shed load; this is not applicable under certain specified criteria.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|-----------------------------------|------------------|
| Not Started | Monitor PUC Project No. 58317, SB 6 Implementation, for further guidance as to whether a rulemaking will be needed and what policy decisions will need to be made before this requirement can be implemented, in accordance with PUC Staff's August 1, 2025 memorandum | TBD | Rickerson, Woodfin, Collins | PURA § 39.170(a) |
| Not Started | Once PUC direction has been received, develop and implement requirement for TDUs, MOUs, and electric cooperatives to develop a protocol that ensures transmission-voltage customers may be curtailed during firm load shed | TBD | Rickerson, Woodfin, Collins | PURA § 39.170(b) |











Senate Bill 6: Section 4, Large Load Demand Management Service

PURA § 39.170(b) requires the PUC to require ERCOT to develop a reliability service to competitively procure demand reductions from large load customers with a demand of at least 75 MW to be deployed in the event of an anticipated emergency condition. The rules governing this service must: (1) specify the periods when the service may be used to assist with maintaining reliability during extreme weather events; (2) ensure that ERCOT provides at least a 24-hour notice to large load customers and requires each large load to remain curtailed for the duration of the Energy Emergency Alert (EEA) or until the load can be recalled safety; and (3) prohibit participation by any large load customer that curtails in response to the wholesale price of electricity, as determined by ERCOT, or that otherwise participates in a different reliability or ancillary service. ERCOT is required to include this deployment when calculating any price adjustments for reliability deployments.

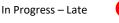
| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|-----------------|-----------------------------------|------------------|
| In Progress | Monitor and participate in PUC Project No. 58482, Rulemaking to Develop a Reliability Service to Competitively Procure Demand Reductions from Large Loads Under PURA § 39.170 | August 2026 | Rickerson, Woodfin, Collins | PURA § 39.170(a) |
| Not Started | Develop and implement a reliability service to competitively procure demand reductions from large load customers with a demand of at least 75 MW to be deployed in the event of an EEA, the deployment of which is included as a price adjustment calculation, as required by PUC | TBD | Rickerson, Woodfin, Collins | PURA § 39.170(b) |













Senate Bill 6: Section 4, Large Load Demand Management Service, Cont.

PURA § 39.170(b) requires the PUC to require ERCOT to develop a reliability service to competitively procure demand reductions from large load customers with a demand of at least 75 MW to be deployed in the event of an anticipated emergency condition. The rules governing this service must: (1) specify the periods when the service may be used to assist with maintaining reliability during extreme weather events; (2) ensure that ERCOT provides at least a 24-hour notice to large load customers and requires each large load to remain curtailed for the duration of the Energy Emergency Alert (EEA) or until the load can be recalled safety; and (3) prohibit participation by any large load customer that curtails in response to the wholesale price of electricity, as determined by ERCOT, or that otherwise participates in a different reliability or ancillary service. ERCOT is required to include this deployment when calculating any price adjustments for reliability deployments.

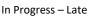
| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|-----------------|-----------------------------|------------------|
| Not Started | Establish compliance process to ensure prohibition of participation by any large load customer that curtails in response to the wholesale price of electricity or that otherwise participates in a different reliability or ancillary service, as required by PUC | TBD | Rickerson, Seely | PURA § 39.170(b) |













Senate Bill 6: Section 6, Transmission Cost Allocation Review

Requires the PUC to evaluate whether the existing four-coincident peak (4CP) methodology used to charge wholesale transmission costs to distribution providers continues to appropriately assign costs for transmission investment. The PUC shall also evaluate: (1) whether the 4CP methodology ensures that all loads appropriately contribute to the recovery of an electric cooperative's, electric utility's, or municipally owned utility's (MOU) costs to provide access to the transmission system; (2) whether alternative methods to calculate wholesale transmission rates would more appropriately assign the cost of providing access to and wholesale service from the transmission system, such as consideration of multiple seasonal peak demands, demand during different length daily intervals, or peak energy intervals; and (3) the portion of costs related to access to and wholesale service from the transmission system that should be nonbypassable. The PUC shall evaluate whether its retail ratemaking practices ensure that transmission cost recovery appropriately charges the system costs that are caused by each customer class. After completion of the evaluation project and not later than 12/31/26, the PUC shall amend rules to ensure that wholesale transmission charges appropriately assign costs for transmission investment.

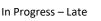
| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|-----------------|---------------------------------|---------------------------------|
| In Progress | Monitor and participate in PUC Project No. 58484, Evaluation of Transmission Cost Recovery | 12/31/26 | Collins, Rickerson, Hobbs | Section 6(a)-(c) (not codified) |
| Not Started | Implement changes to internal processes to submit annual demand data to the Commission upon any changes to the wholesale transmission methodology, as required by the PUC | 12/31/26 | Collins | Section 6(c) (not codified) |













Senate Bill 75, Section 2: Reliability Exercises

Requires the PUC and ERCOT to conduct simulated or tabletop exercises with providers of electric generation service and transmission and distribution service in the ERCOT power region to mitigate and prepare for a threat of an attack or an actual physical attack on a critical facility. The exercises required by the subsection are in addition to the load-shedding exercises required by Subsection (b) and NERC Critical Infrastructure Protection (CIP) standards.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|---|
| In Progress | Coordinate with PUC to conduct simulated or tabletop exercises with providers of electric generation and transmission and distribution service in the ERCOT power region to mitigate and prepare for a threat of an attack or actual physical attack on a critical facility, at least once every two years and no later than December 31, 2026 | 12/31/2026 | TBD | PURA § 38.077(c)-(d), PURA § 38.077(f), Section 4 (not codified) |
| Not Started | Establish processes for receiving and retaining written attestations from providers of generation service and transmission and distribution service regarding the provider's coordination with law enforcement in identifying roles and responsibilities under subsection (d) | TBD | Seely | PURA § 38.077(f) |











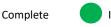
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Senate Bill 75, Section 3: Grid Security Commission

Establishes a Texas Grid Security Commission, identifies required members and structure, and requires that the Texas Grid Security Commission evaluate grid resilience in identified essential areas. Section 3 further requires that the Texas Grid Security Commission consider and recommend resilience standards for municipalities and critical infrastructure of the ERCOT electric grid, as well as for all hazards resilience to help support the development of a critical infrastructure resilience report delivered annually to state leadership.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|-----------------|--------------------------|-------------------------------------|
| Not Started | Assign ERCOT designee to serve as a member of the Texas Grid Security Commission and establish processes for designating successors; seek appropriate security clearances | TBD | Bonser | PURA § 44.002(a), § 44.003(a)(1) |
| Not Started | Support the Texas Grid Security Commission in any information-gathering requests or other engagement as needed | Ongoing | Bonser | PURA § 44.004 |
| Not Started | Support the Texas Grid Security Commission in development of a report to the Legislature for resilience standards and for all-hazards resilience | 12/1/2026 | Bonser | PURA § 44.005(c), § 44.007 |
| Not Started | Support the Texas Grid Security Commission in its annual report assessing natural and man-made threats to critical infrastructure and efforts to mitigate the threats | TBD | Bonser | PURA § 44.008 |







Senate Bill 75, Section 3: Grid Security Commission, Cont.

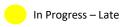
Establishes a Texas Grid Security Commission, identifies required members and structure, and requires that the Texas Grid Security Commission evaluate grid resilience in identified essential areas. Section 3 further requires that the Texas Grid Security Commission consider and recommend resilience standards for municipalities and critical infrastructure of the ERCOT electric grid, as well as for all hazards resilience to help support the development of a critical infrastructure resilience report delivered annually to state leadership.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|-----------------|--------------------------|------------------|
| Not Started | Coordinate with Grid Security Commission membership to confirm procedures for submitting confidential information to ERCOT for retention; establish internal procedures for receiving, storing, and maintaining confidential Grid Security Commission information | TBD | Seely | PURA § 44.003(d) |













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Senate Bill 1877: Office of Public Utility Counsel (OPUC) Information Sharing

Requires ERCOT to share electricity market data, including data related to reliability, generation resource adequacy, long-term transmission planning, and transmission and distribution system resiliency, to OPUC.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|---------------------|
| In Progress | Establish internal team and communications channels to share the required data with OPUC on an ongoing basis | Ongoing | Seely | PURA § 13.003(a)(5) |
| In Progress | Establish conforming changes in ERCOT's Protocols to reflect ERCOT's duty to disclose electricity market data, including ERCOT Critical Energy Infrastructure Information (ECEII) and Protected Information, to OPUC | TBD | Seely | PURA § 13.003(a)(5) |











Senate Bill 2148: Preparing for Attacks on Critical Facilities

Requires the PUC and ERCOT to conduct simulated or tabletop exercise with providers of electric generation service and transmission and distribution service in the ERCOT power region to mitigate and prepare for a threat of an attack or an actual physical attack on a critical facility. Requires the Commission and ERCOT to conduct the exercise under this subsection at least once every two years and requires identification of the roles and responsibilities of several distinct entities, including ERCOT and the Commission. Requires ERCOT and the Commission to conduct such a simulated or tabletop exercise with each provider of electric generation service and of transmission and distribution service as required by PURA 38.077(c) by 12/31/26.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|---|
| In Progress | Coordinate with PUC to conduct simulated or tabletop exercises with providers of electric generation and transmission and distribution service in the ERCOT power region to mitigate and prepare for a threat of an attack or actual physical attack on a critical facility, at least once every two years and no later than December 31, 2026 | 12/31/2026 | TBD | PURA § 38.077(c)-(d), PURA § 38.077(f), Section 4 (not codified) |
| Not Started | Establish processes for receiving and retaining written attestations from providers of generation service and transmission and distribution service regarding the provider's coordination with law enforcement in identifying roles and responsibilities under subsection (d) | TBD | Seely | PURA § 38.077(f) |





Senate Bill 2321: TCEQ Enforcement Discretion

Permits the Texas Commission on Environmental Quality (TCEQ) to exercise enforcement discretion to waive enforcement for emissions from electric generation facilities and on-site backup generation facilities in the state during a period requested by an independent system operator (ISO) if the ISO notifies the TCEQ that additional electric generation is necessary to mitigate an emergency condition or a significant risk of an emergency condition. Establishes provisions for an ISO to submit a notification to the TCEQ and requires an ISO to notify Market Participants after such submittal.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|--------------------------------------|
| In Progress | Establish processes to notify TCEQ that additional electric generation is necessary to mitigate an emergency condition or a significant risk of an emergency condition | TBD | Seely, Woodfin | Health & Safety Code § 382.086(b) |
| In Progress | Establish processes to notify Market Participants that ERCOT has invoked enforcement discretion and to specify the period during which limits or standards may not apply to the operation of an electric generation facility or on-site backup generation facility | TBD | Seely, Woodfin | Health & Safety Code § 382.086(b) |











Senate Bill 2368: Amendments to the Lone Star Infrastructure Protection Act

Amends the Lone Star Infrastructure Protection Act (LSIPA), including requirements for ERCOT to receive an attestation from a prospective employee regarding any former travel by the prospective employee to a country of concern and any relationship between the prospective employee and a foreign governmental entity or foreign political organization; permits ERCOT to require as a condition of market participant registration that a business entity provide ERCOT with additional information to confirm the accuracy of LSIPA attestation and disclose information or relevant information to the Attorney General or the Commission. Additionally, the amendments permit ERCOT to request to the Attorney General an investigation of the accuracy or sufficiency of the information provided under the LSIPA to ERCOT and provide any new information in relation to the investigation to ERCOT or the Commission.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|-------------|---|--------------------|--------------------------|--------------------|
| ✓ | Complete | Establish processes to require prospective employees to submit an attestation regarding past travel to a country of concern and any relationship with a foreign governmental entity or foreign political organization; establish processes to receive and store such attestations | 7/1/25 | Spak | PURA § 39.151(g-8) |
| | In Progress | Establish processes for requesting that the Attorney General conduct an investigation and for receiving and using information from the Attorney General after an investigation has completed | TBD | Seely | PURA § 39.360(j) |











HB 5323: Texas Energy Waste Advisory Committee

Establishes the Texas Energy Waste Advisory Committee to make recommendations for coordinating and improving state agency and interagency programs that reduce energy waste, increase energy efficiency, and enhance demand response programs in order to increase the reliability of electric service in the ERCOT power region, requires ERCOT to appoint a designee to serve on the Committee, and requires the Committee to solicit information from and make recommendations to enumerated state agencies and organizations regarding state programs that have the potential to reduce demand for electricity in the ERCOT wholesale market during high risk identified by PUC. The Committee is required to provide a report to the Legislature on the Committee's activities and recommendations no later than December 1 of each even-numbered year.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|---------------|
| Not Started | Assign ERCOT designee to serve as a member of the Texas Energy Waste Advisory Committee, and establish processes for designating successors | TBD | Collins | PURA § 18.003 |
| Not Started | Support the Texas Energy Waste Advisory Committee on any information-gathering requests or other engagement as needed | Ongoing | Collins | PURA § 18.004 |











Outstanding Items from 88th Legislative Session

ERCOT Status

This document includes updates regarding ERCOT's implementation of changes in law enacted by the 88th Legislature that were in progress when the 89th Legislative Session ended. All other ERCOT action items from the 88th Legislative Session are complete.

A full status of ERCOT actions from the 88th Legislative Session as of June 1, 2025 is available on <u>ERCOT.com</u>.

HB 1500, Section 9, Transmission Service Pricing: HB 1500 in part requires postage stamp pricing for wholesale transmission services within ERCOT. Additionally, the PUC, by rule, shall establish a reasonable allowance for Transmission Owners to recover the costs to interconnect, at transmission level, Generation Resources to the ERCOT System. The PUC will review and adjust the allowance at least every 5 years.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|-------------|---|-----------------|--------------------------|---|
| ✓ | Complete | Monitor and participate, as necessary, in PUC rulemaking project until complete | 2/15/24 | Hobbs | PURA § 35.004(d), (d-1), (d-2) PUC Project No. 55566 |
| ✓ | Complete | Modify the existing monthly ERCOT Generation Interconnection Status report to add the newly required cost information | 1/30/25 | Hobbs | PURA § 35.004 16 TAC 25.195(i) PUC Project No. 55566 PGRR088 |
| | Not Started | Create and publish new, annual report providing cost information totaled for the prior calendar year | 4/30/27 | Hobbs | PURA § 35.004 16 TAC 25.195(i) PUC Project No. 55566 |











HB 1500, Sections 15 and 16, Governance: HB 1500 in part modifies ERCOT governance. A second PUC Commissioner is added as another *ex officio*, non-voting member of the ERCOT Board of Directors; such Commissioner shall be appointed by the PUC presiding officer and the appointment will rotate annually. The ERCOT Board's authority to convene in executive session is limited to discussions of risk management or matters ERCOT would be authorized to consider in a closed meeting if ERCOT were subject to the Texas Open Meetings Act. The ERCOT Board is authorized to adopt a policy that excludes PUC Commissioners, including those serving on the Board, from attending an executive-session discussion addressing a contested case or a personnel matter unrelated to the ERCOT Board. The PUC is given explicit authority to remand, with suggested modifications, proposed changes to ERCOT's protocols and rules.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|-------------|---|--------------------|--------------------------|------------------------------------|
| ✓ | Complete | Add a second PUC Commissioner to ERCOT Board | 2/27/24 | Seely | • PURA § 39.151(g- 1) and (g-7) |
| | Not Started | Update bylaws and related documentation to reflect addition of second PUC Commissioner to ERCOT Board | TBD | Seely | • PURA § 39.151(g- 1) and (g-7) |
| | In Progress | Update Protocol-approval governance documentation to reflect clarification that PUC may remand proposed changes to ERCOT Protocols and rules. | TBD | Seely | • PURA § 39.151(g- 6) |
| ✓ | Complete | Update ERCOT Board Policies and Procedures to reflect when the Board and its committees may convene an Executive Session | 6/18/24 | Seely | • PURA § 39.1511(a), |











HB 1500, Sections 15 and 16, Governance: HB 1500 in part modifies ERCOT governance. A second PUC Commissioner is added as another ex officio, non-voting member of the ERCOT Board of Directors; such Commissioner shall be appointed by the PUC presiding officer and the appointment will rotate annually. The ERCOT Board's authority to convene in executive session is limited to discussions of risk management or matters ERCOT would be authorized to consider in a closed meeting if ERCOT were subject to the Texas Open Meetings Act. The ERCOT Board is authorized to adopt a policy that excludes PUC Commissioners, including those serving on the Board, from attending an executive-session discussion addressing a contested case or a personnel matter unrelated to the ERCOT Board. The PUC is given explicit authority to remand, with suggested modifications, proposed changes to ERCOT's protocols and rules.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|-------------|--|-----------------|--------------------------|-------------------------------|
| | Not Started | Update bylaws and related documentation to reflect when the Board and its committees may convene an Executive Session | TBD | Seely | • PURA § 39.1511(a), |
| ✓ | Complete | Create a Board policy regarding when PUC Commissioners, including ERCOT Board members, may be excluded from an Executive Session | 6/18/24 | Seely | • PURA § 39.1511(a), (a-1) |













HB 1500, Section 17, Commission Directives to Independent Organization: HB 1500 in part provides that the PUC may only direct ERCOT to take an official action through a contested case, rulemaking, or memorandum or written order adopted by majority vote. Verbal directives for ERCOT official actions are prohibited. In addition, certain specified official actions require a contested case or rulemaking. The PUC shall adopt a rule addressing the PUC directives.

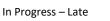
| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|--------------------|--------------------------|---|
| In Progress | Assess whether new governance policies are needed | TBD | Seely | PURA § 39.1514PUC Project No. 52301 |
| In Progress | Monitor and participate in PUC rulemaking project until complete | TBD | Seely | PURA § 39.1514(b)PUC Project No. 52301 |
| Not Started | After adoption of PUC rule changes affecting ERCOT directives, determine if there are ERCOT action items | TBD | Seely | PURA § 39.1514(b)PUC Project No. 52301 |













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HB 1500, Section 22, Dispatchable Generation: HB 1500 in part requires that ERCOT develop and implement an ancillary services program to procure dispatchable reliability reserve services (DRRS) on a day-ahead and real-time basis to account for market uncertainty.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|--------------------|--------------------------|---|
| In Progress | Design and develop the structure and rules for Dispatchable Reliability Reserve Services (DRRS) | 12/31/25 | Collins. Woodfin | PURA § 39.159(d),(e)PUC Project No. 55797 |
| In Progress | Adopt Protocols and other rule changes to implement Dispatchable Reliability Reserve Services (DRRS) | TBD | Collins, Woodfin | PURA § 39.159(d),(e) PUC Project No. 55797 |
| Not Started | Implement Dispatchable Reliability Reserve Services (DRRS) enhancement | TBD | Collins, Woodfin | PURA § 39.159(d),(e) PUC Project No. 55797 |











HB 1500, **Section 23**, **Sec 39.1592**: HB 1500 in part requires that the PUC implement performance requirements for certain generation facilities with interconnection agreements signed on or after January 1, 2027. The owners or operators of such generation facilities shall annually demonstrate compliance; the PUC shall require ERCOT to enforce the requirements and impose financial penalties and incentives.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|------------------|--------------------------|---|
| In Progress | Monitor and participate in PUC Project No. 58198, Rulemaking to Implement Firming Reliability Requirements for Electric Generating Facilities in the ERCOT Region Under PURA § 39.1592 | December 2025 | Rickerson | PURA § 39.1592(c), (d) PUC Project No. 58198 |
| Not Started | After adoption of any PUC rule changes regarding generation performance requirements, penalties, and incentives, modify Protocols and processes as needed. May result in substantial changes to ERCOT systems and processes. | 12/1/27 | Rickerson | • PURA § 39.1592(c), (d) |











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HB 1500, Section 23, Sec 39.1593: HB 1500 in part requires that the PUC direct ERCOT to evaluate, with input from the Technical Advisory Committee, the cost allocation of Ancillary Services (AS) and reliability services. The PUC shall evaluate and submit a report to the Legislature by December 1, 2026 on the cost allocation of AS and reliability services.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|--------------------|--------------------------|--|
| In Progress | Monitor and participate in PUC Project No. 58555, ERCOT Ancillary and Reliability Services Cost Allocation Study Pursuant to PURA § 39.1593 | December 2025 | Rickerson, Woodfin | • PUC Project No. 58555 |
| Not Started | Conduct, with Technical Advisory Committee input, a cost-allocation analysis of AS and reliability services | August 2026 | Rickerson, Woodfin | • PURA § 39.1593(a) |
| In Progress | Support PUC by providing information needed to create PUC's one-time report on cost allocation of AS and reliability services | 12/1/26 | Rickerson, Woodfin | PURA § 39.1593(b), (c), (d) PUC Project No. 58555 |













HB 1500, Section 23, Sec. 39.1594: HB 1500 in part imposes specified limits on any credit-based resource-adequacy program, such as the Performance Credit Mechanism (PCM), that might be placed on Loads or LSEs. The PUC and ERCOT shall consider comments and recommendations from the Technical Advisory Committee when adopting and implementing such a program. Before PUC adoption of such a program, the PUC shall require ERCOT and the IMM to provide the PUC and Legislature with a report with an updated assessment that includes specified topics. ERCOT must begin implementing real time co-optimization of energy and ancillary services in the ERCOT wholesale market before the program is implemented.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|--------------------------------|---|--------------------|--------------------------|---|
| ✓ | Complete – No action needed | Sunset all market changes implemented as bridge solutions | 12/19/24 | Collins | PURA § 39.1594(a)(9)PUC Project No. 55000 |
| | In Progress | Begin Realtime Co- optimization (RTC) implementation before PCM implementation | 12/5/25 | Collins | PURA § 39.1594(a)(10) NPRR1007, NPRR1008, NPRR1009, NPRR1011, NPRR1011, NPRR1012, NPRR1013, NPRR1204 |













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HB 1500, Section 52: HB 1500 in part requires PUC and ERCOT to conduct a one-time study on whether implementing an alternative to the single market clearing price for energy, ancillary services, and other products would reduce costs to residential and small commercial customers.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|--|
| In Progress | Work with PUC to study and produce the required report | 12/1/25 | Collins | Section 52 of HB 1500 (not codified) |













House Bill 3390 Status

HB 3390 states ERCOT may establish Protocols that require a person who owns or operates a distributed generation (DG) facility interconnected, or seeking to be interconnected, to the ERCOT system to provide information about the DG facility that is necessary for system reliability. Provision of such information may be a precondition for interconnection. ERCOT may also establish Protocols that require a Transmission Service Provider (TSP) to report to ERCOT aggregated information about certain DG facilities and distribution-connected Load that is necessary for system reliability. ERCOT may establish Protocols that require Transmission and Distribution Utilities (TDUs), municipally owned utilities (MOUs), and electric cooperatives to report information to its TSP for purposes of the TSP's reporting to ERCOT.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|--|-----------------|--------------------------|--|
| In Progress | Establish any needed reliability Protocols for DG-owner or DG- operator reporting | TBD | Hobbs | PURA § 39.9165(b)NPRR1265 |
| In Progress | Establish any needed reliability Protocols for TSP reporting to ERCOT and information sharing to TSPs by TDUs, MOUs, and electric cooperatives regarding DG facilities and distribution- connected Loads | TBD | Hobbs | PURA § 39.9165(c) through (f)NPRR1265 |











Senate Bill 1699 Status

SB 1699 specifies that Retail Electric Providers (REPs) may aggregate distributed energy resources; permits a person to generate electricity as part of a registered aggregated distributed energy resource (ADER); and permits the PUC to establish rules and registration requirements for ADER aggregators, but states that such aggregators are not power generation companies.

Additionally, retail customers are entitled to participate in demand response programs offered by REPs; REPs are required to notify retail customers when ERCOT issues an Energy Emergency Alert (EEA); and the PUC shall establish a residential demand reduction goal for the ERCOT region and establish a residential demand response program.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|-------------|---|-----------------|-------------------------------|---|
| | In Progress | Evaluate the participation of Aggregate Distributed Energy Resources (ADERs) in the ERCOT wholesale market. | TBD | Collins | • Project No. 53911 |
| | Not Started | Monitor and participate in PUC project regarding ADER aggregators | TBD | Collins | PURA § 39.3515Project No. 54311 |
| ✓ | Complete | Monitor and participate in PUC rulemaking regarding residential demand response, including supporting PUC in its establishment of the goal | 12/12/24 | Collins | PURA § 39.919Project No. 5696616 TAC § 25.186 |
| | In Progress | After adoption, evaluate PUC rules regarding residential demand response to determine if changes are needed in ERCOT planning or operations | TBD | Hobbs, Collins, Woodfin | • PURA § 39.919 • NPRR1291 |











Outstanding Items from 87th Legislative Session

ERCOT Status

This document includes updates regarding ERCOT's implementation of changes in law enacted by the 87th Legislature that were in progress when the 89th Legislative Session ended. All other ERCOT action items from the 87th Legislative Session are complete.

A full status of ERCOT actions from the 87th Legislative Session as of June 1, 2023 is available on <u>ERCOT.com</u>.

Senate Bill 3 Status

SB 3 Section 16, Involuntary Load Shedding: PUC shall establish by rule involuntary load-shed provisions for Transmission Service Providers (TSPs) during an energy emergency. The PUC and ERCOT shall conduct simulated or tabletop load shedding exercises at least twice a year with at least one during a summer month and at least one during a winter month.

| | Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|----------|-------------|--|-----------------|--------------------------|--|
| | In Progress | Monitor and participate in PUC project, regarding Critical Load Standards and Processes, until complete | Ongoing | Hobbs, Woodfin | PURA § 38.076(a)Project No. 51888 |
| | Not Started | After adoption of any PUC rule changes regarding critical load standards and processes, determine if there are ERCOT action items | TBD | Hobbs, Woodfin | PURA § 38.076(a)Project No. 51888 |
| ✓ | Complete | Conduct simulated or tabletop load shedding exercises as part of semi-annual training activities. First conducted for Winter 21/22 and will continue at least every following summer and winter | Ongoing | Woodfin | • PURA § 38.077(a), (b) |

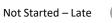












Senate Bill 1580 Status

Electric cooperatives' use of securitization to address extraordinary costs and expenses created by Winter Storm Uri. PURA chapter 41, subchapter D enables electric cooperatives to issue securitized bonds to finance the payment of extraordinary costs and expenses incurred during the period of emergency. Under sections added to PURA chapter 39, ERCOT shall report Market Participants (MPs) who fail to fully repay amounts incurred during the period of emergency. The PUC and ERCOT shall pursue full collection of amounts owed.

| Status | ERCOT Action Item | Completion Date | Accountable Executive(s) | References |
|-------------|---|--------------------|--------------------------|--------------------|
| In Progress | ERCOT shall pursue full collection of amounts owed by defaulting MPs. | Ongoing | Seely, Scheel | • PURA § 39.160(c) |













References:

The enrolled text of the bills are available at the Texas Legislature Online website.

The Texas Codes are available at the <u>official Texas Constitution and Statutes website</u>.

A version of the <u>Public Utility Regulatory Act (PURA)</u> maintained by the PUC is available on the PUC's website.

The <u>PUC's substantive rules</u> are available at the PUC website.

ERCOT's Protocols are available at the ERCOT website.



Glossary of Acronyms

| 4CP | Four Coincident Peak |
|-------|--|
| ADER | Aggregated Distribution Energy Resource |
| AS | Ancillary Services |
| DG | Distributed Generation |
| DRRS | Dispatchable Reliability Reserve Service |
| ECEII | ERCOT Critical Energy Infrastructure Information |
| EEA | Energy Emergency Alert |
| IMM | Independent Market Monitor |
| ISO | Independent System Operator |
| LSIPA | Lone Star Infrastructure Protection ACT |
| MOU | Municipally Owned Utility |
| MP | ERCOT Market Participant |
| MW | Megawatt |
| NPRR | ERCOT Nodal Protocol Revision Request |
| OPUC | Office of Public Utility Counsel |
| PGC | Power Generation Company |
| PUC | Public Utility Commission of Texas |
| PURA | Public Utility Regulatory Act |
| REP | Retail Electric Provider |
| TAC | Technical Advisory Committee |
| TDU | Transmission and Distribution Utility |
| TSP | Transmission Service Provider |

