



Lone Star Infrastructure Protection Act (LSIPA)

**Senate Committee on
Business & Commerce
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Key Takeaways:

- SB 2116 (2021) enacted the LSIPA; SB 2013 (2023) and SB 2368 (2025) amended the LSIPA.
- ERCOT has successfully implemented the LSIPA in accordance with legislative requirements and has established ongoing processes to strengthen the program internally and in collaboration with the Public Utility Commission of Texas (PUCT).
- ERCOT consistently evaluates Market Participants' LSIPA compliance and, so far, has found all but one Market Participant to be compliant. The non-compliant Market Participant was terminated.
- ERCOT has identified enhancements it intends to implement to further improve internal processes and LSIPA compliance evaluations.

LSIPA Enactment and ERCOT's Response

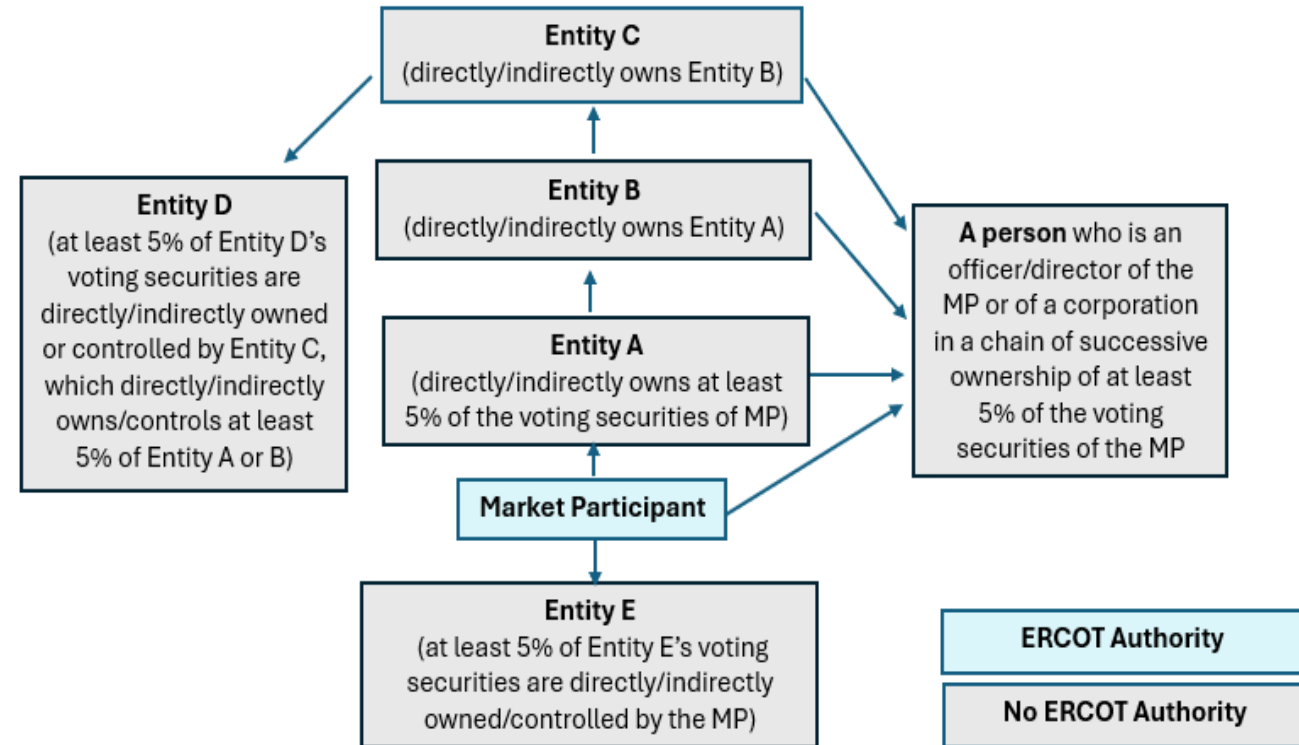
SB 2116 (eff. June 2021): LSIPA Enacted

Prohibits agreements with a known LSIPA Designated Company if that company would be granted direct/remote access to or control of Texas' electric grid.

A company is an LSIPA Designated Company if it meets any of the LSIPA prohibited citizenship, ownership, or headquarters criteria regarding China, Iran, North Korea, Russia, or any country deemed a threat to Texas critical infrastructure by the Governor.

- **December 2021:** ERCOT confirmed existing Interconnecting Entities' LSIPA compliance.
- **April 2022:** ERCOT adopted the LSIPA Attestation for Interconnecting Entities.
- **June 2022:** ERCOT adopted the LSIPA Attestation for Market Participants and confirmed existing Market Participants' LSIPA compliance.
- ERCOT updated its procurement/contracting policies for vendors and standard form agreements to require information and/or confirmations regarding LSIPA criteria.

Example Scope of Market Participant (MP) Affiliate Relationship(s)



LSIPA-Related Requirements and Authority Added to the Public Utility Regulatory Act (PURA) and ERCOT's Response

SB 2013 (eff. June 2023): Added Critical Electric Grid Equipment (CEGE) & Critical Electric Grid Services (CEGS) requirements

Existing Market Participants and applicants must: attest to LSIPA compliance; report CEGE/CEGS purchased from LSIPA Designated Companies; and confirm such purchases will not result in unauthorized access/control of CEGE.

- **May 2024:** ERCOT adopted the CEGE/CEGS Attestation for Market Participants that requires:
 - Market Participants to report/attest to purchases of CEGE/CEGS from an LSIPA Designated Company within 180 days of the purchase date; and
 - Applicants to report/attest to purchases of CEGE/CEGS from an LSIPA Designated Company made within the preceding five years.
- **May 2024:** ERCOT required all existing Market Participants to report and attest to CEGE/CEGS purchased from an LSIPA Designated Company since June 8, 2018.
- ERCOT updated its employment policies to identify positions that are “critical to the security of the electric grid.”

SB 2368 (eff. Sept. 2025): Granted investigatory/enforcement authority

ERCOT, the Office of Attorney General (OAG), and the Public Utility Commission of Texas (PUCT) were granted various authority to investigate and/or enforce LSIPA compliance.

- **February 2026:** ERCOT implemented a more robust process for LSIPA compliance evaluations.
- **March 2026:** ERCOT is developing a more robust Request for Information process for CEGE/CEGS compliance evaluations.
- **March 2026:** ERCOT is developing and will initiate a Nodal Protocol Revision Request that will provide CEGE/CEGS guidelines for Market Participants.

Breakdown of LSIPA Attestation Data Received

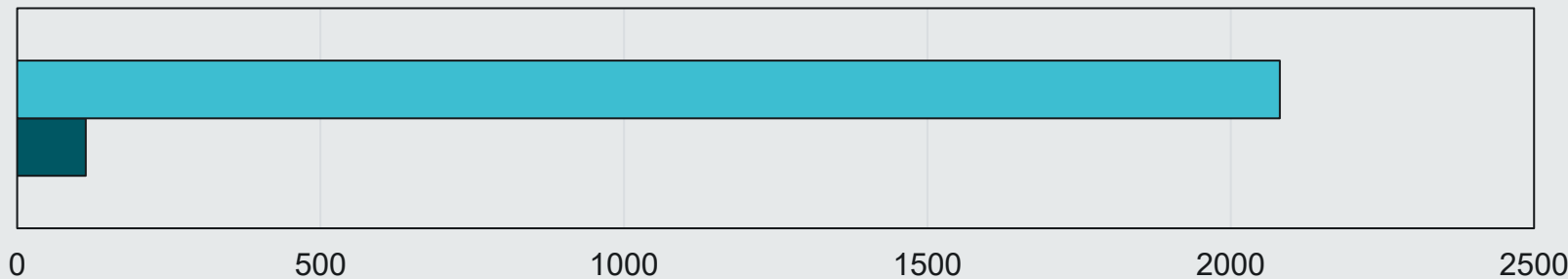
The 1,527 existing Market Participants (MPs) (sans REC Account Holders) on June 1, 2023, were required to submit an Attestation by July 11, 2023

| | |
|-----------------------------------|-----|
| Timely submissions | 807 |
| Late submissions | 687 |
| Nonresponsive MPs were terminated | 33 |

Terminated Nonresponsive MPs

| | |
|--|----|
| Resource Entity (RE) | 21 |
| Independent Market Information System Registered Entity (IMRE) | 10 |
| Qualified Scheduling Entity (QSE) | 1 |
| Congestion Revenue Right Account Holder (CRRAH) | 1 |

2,194 LSIPA Attestations Received through February 2026

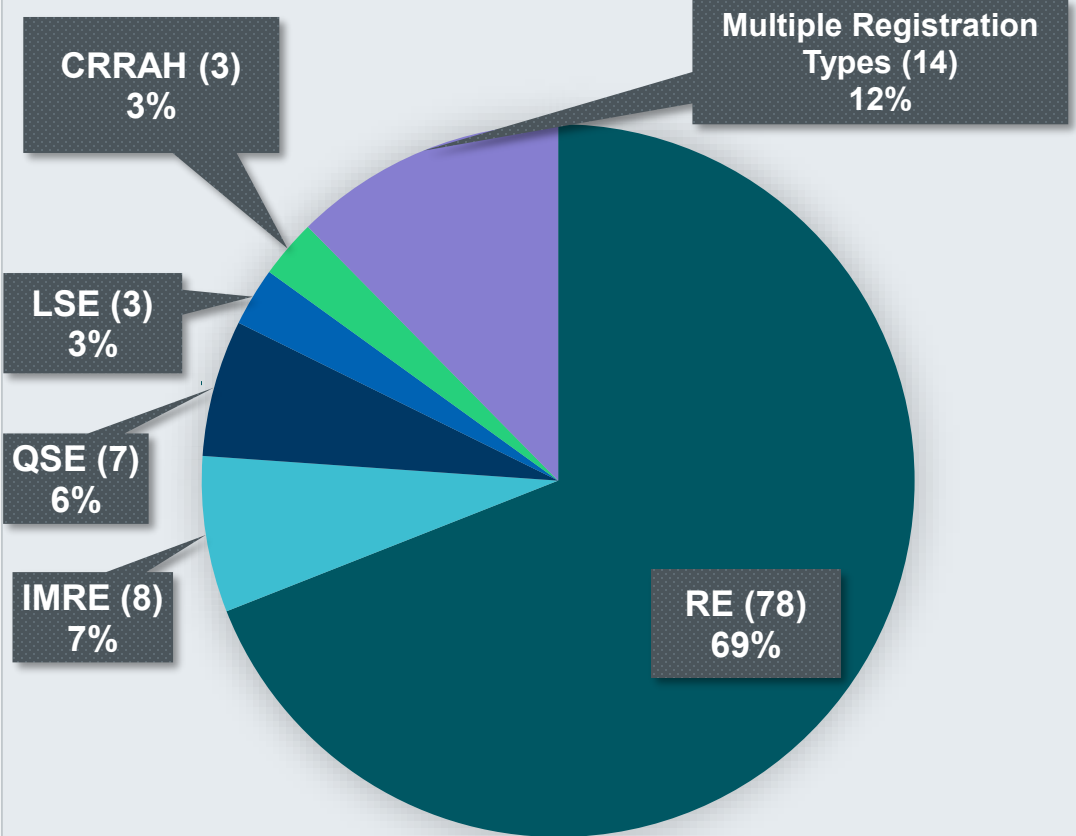


- 2,081 MPs Reported No Affiliate LSIPA Designated Company
- 113 MPs Reported an Affiliate LSIPA Designated Company

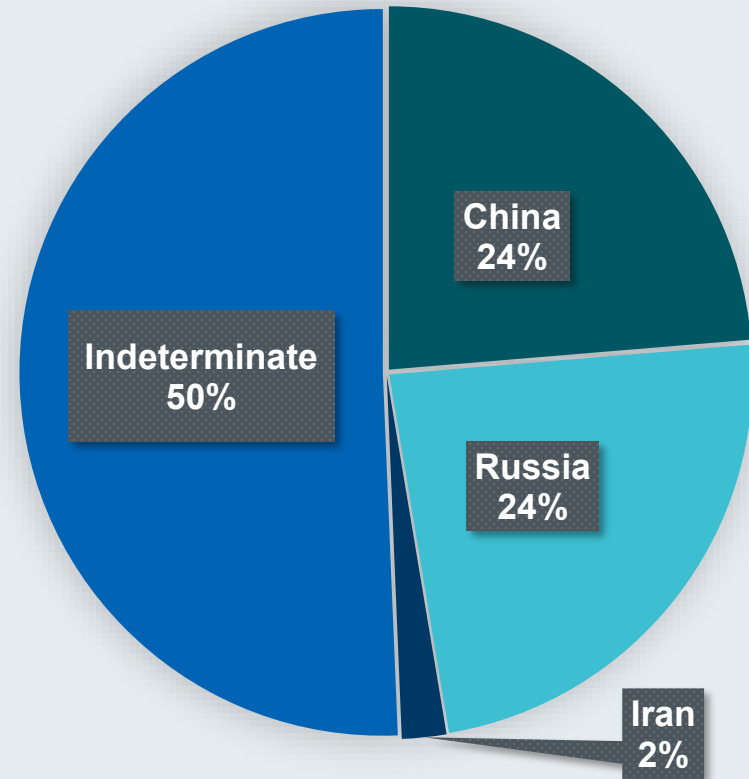
All but 1 of the 113 MPs that reported an Affiliate LSIPA Designated Company attested that their Affiliate WILL NOT have direct/remote access to or control of ERCOT's Wide Area Network, Market Information System, or any data from such ERCOT systems. ERCOT terminated the 1 MP that attested otherwise.

Breakdown of 113 Market Participants (MPs) that Reported an Affiliate LSIPA Designated Company through February 2026

Registration Types of the 113 MPs that Reported an Affiliate LSIPA Designated Company



Country Associated with the Reported Affiliate LSIPA Designated Companies



Key Takeaway: All existing Market Participants with a reported Affiliate LSIPA Designated Company attested their Affiliate WILL NOT have direct/remote access to or control of ERCOT's Wide Area Network, Market Information System, or any data from such ERCOT systems.

CEGE/CEGS Attestation Data Received

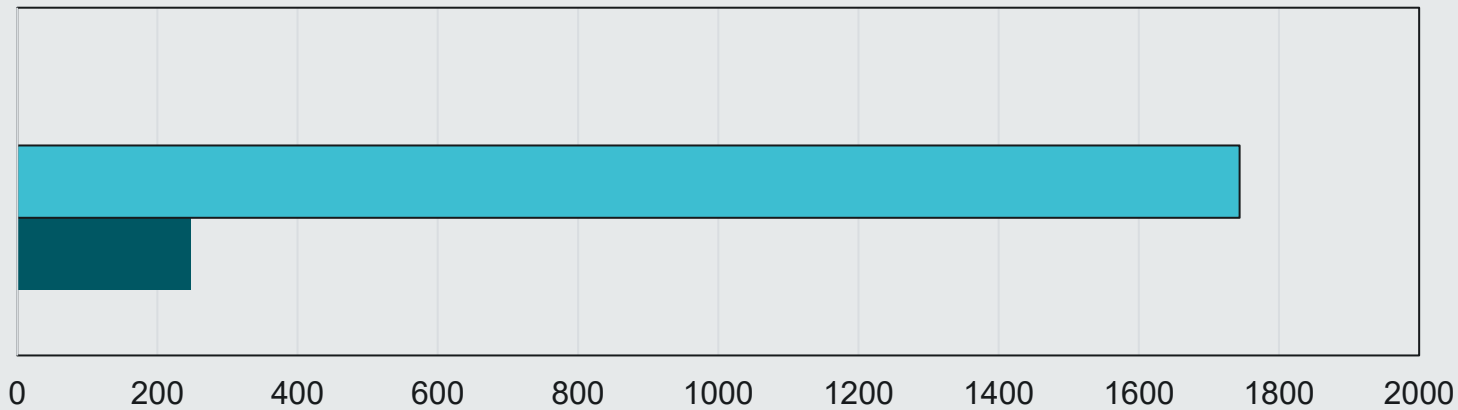
The 1,704 existing MPs (sans REC Account Holders) on May 1, 2024, were required to submit CEGE/CEGS Attestations by October 28, 2024

| | |
|--------------------|-----|
| Timely submissions | 625 |
| Late submissions | 953 |
| Nonresponsive | 126 |

Status of 126 Nonresponsive MPs

- 44 IMREs were terminated
- 73 MPs either self-terminated or were terminated by ERCOT for another breach/default reason
- ERCOT/PUCT are coordinating on the remaining 9 nonresponsive MPs

1,992 CEGE/CEGS Attestations Received Through February 2026



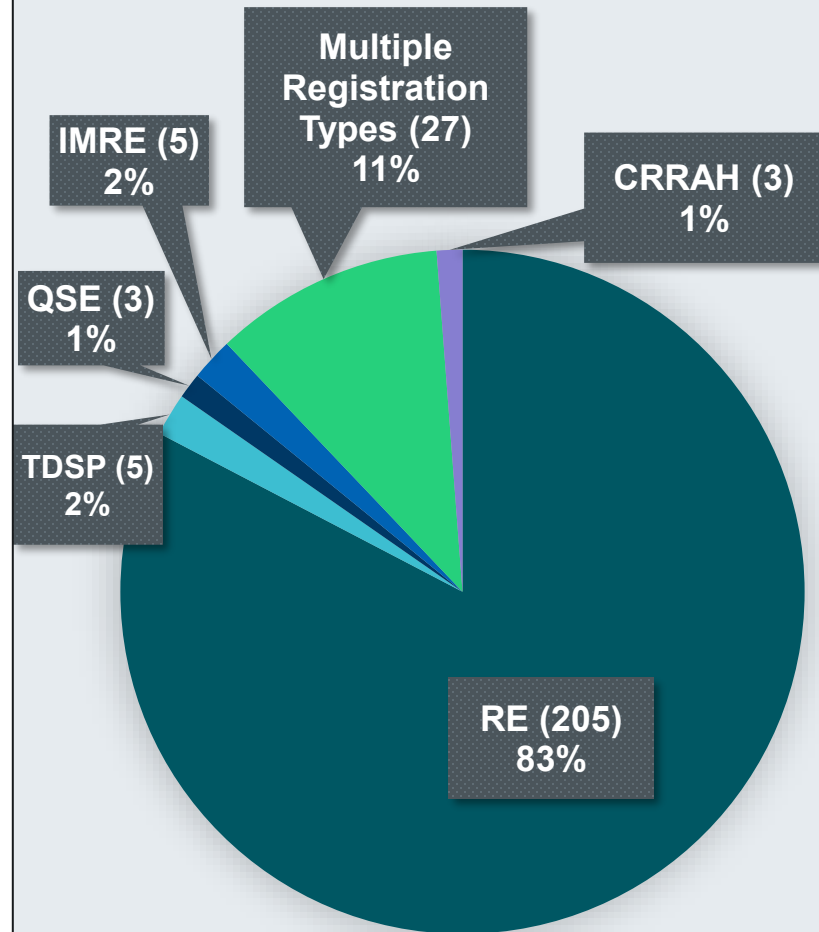
■ MPs Reported CEGS (0) ■ MPs Reported No CEGE/CEGS (1,744) ■ MPs Reported CEGE (248)

All 248 MPs that reported CEGE purchased from an LSIPA Designated Company attested that the purchase WILL NOT result in the LSIPA Designated Company's unauthorized access/control of the CEGE.

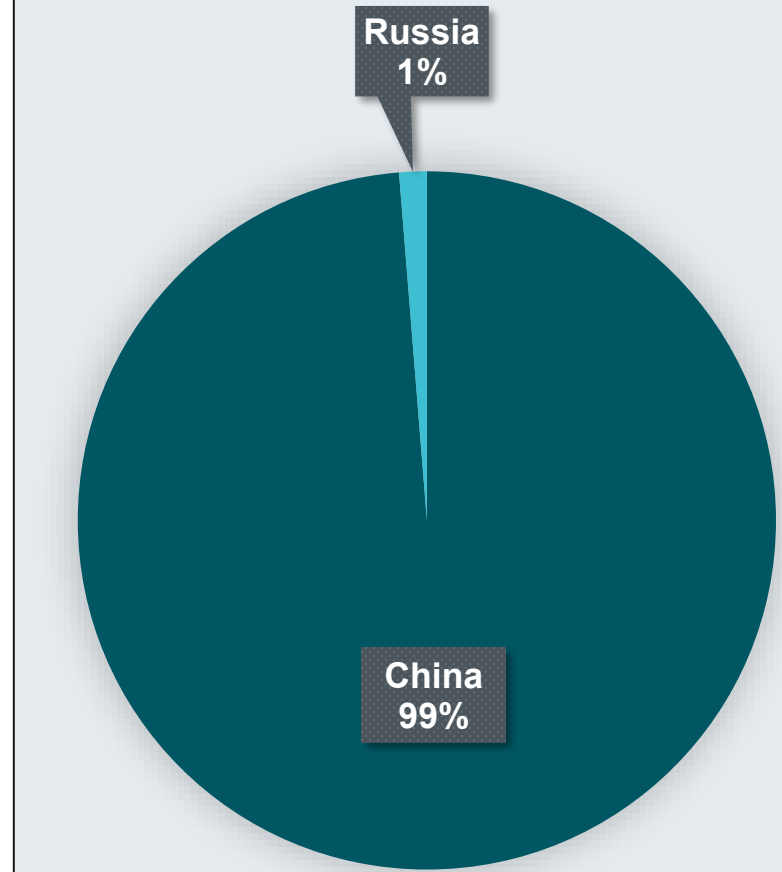
PURA § 39.360(d) explicitly allows for the LSIPA Designated Company seller to have authorized access/control of the CEGE for product warranty and support purposes.

Breakdown of 248 Market Participants (MPs) that Reported CEGE through February 2026

Registration Types of the 248 MPs that Reported CEGE



Country Associated with Reported CEGE



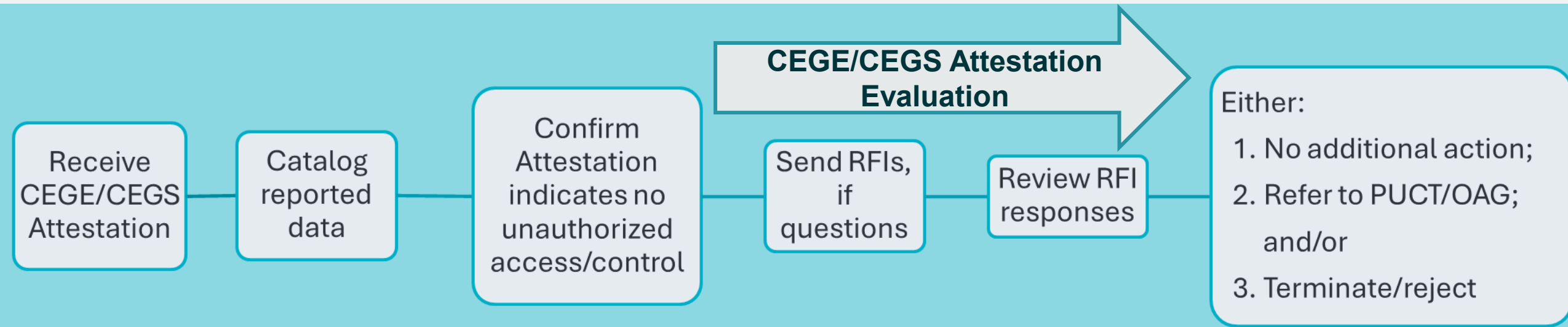
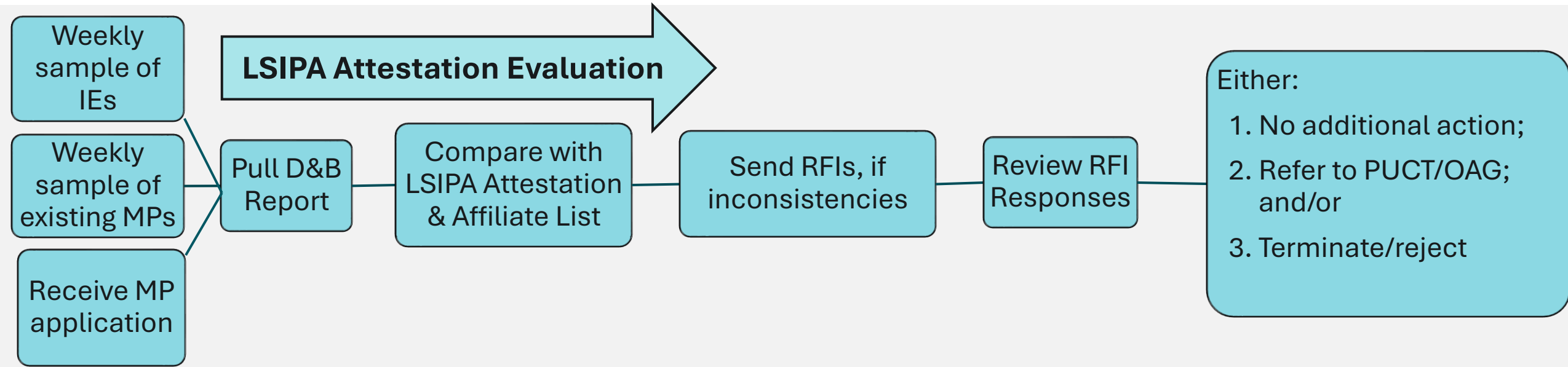
Most reported CEGE Type:

- Batteries/BESS equipment
- Inverters/inverter controllers
- Transformers
- Battery management systems
- Power conversion systems
- Computers
- Switches/circuit breakers
- Solar panels and components

Most reported mitigation measures to prevent unauthorized access/control:

- Firewalls
- Multi-factor authentication
- Identity and access management controls
- Remote access controls

ERCOT's LSIPA & CEGE/CEGS Compliance Evaluation Processes



Enhancements to ERCOT's Processes

- **Update ERCOT's compliance evaluations:**
 - Require Market Participants and Interconnecting Entities to identify the name and associated country for each reported Affiliate that is an LSIPA Designated Company.
 - Implement a more robust Request for Information process for CEGE/CEGS compliance evaluations.
- **Enhance Market Participants' understanding of Protocols regarding CEGE/CEGS:**
 - Develop clear categories of CEGE/CEGS, host a workshop to discuss the categories and any lessons learned, and initiate a Nodal Protocol Revision Request to include CEGE/CEGS guidelines in Protocols.
 - Revise CEGE/CEGS Attestation to require additional information (e.g., quantity of CEGE purchased, scope of authorized access, and description of mitigation measures that have been/will be implemented for such authorized access).
- **Collaborate with OAG regarding the LSIPA compliance investigation process under PURA § 39.360(j) (not yet codified, see SB 2368).**
- **ERCOT is currently evaluating whether third-party applications can provide ERCOT with more in-depth visibility and/or real-time updates regarding Market Participant and Interconnecting Entity ownership changes or ERCOT vendor supply chains.**

Potential Legislative Considerations

- Consider prohibiting Market Participants from purchasing CEGE/CEGS from foreign threat companies identified on the Department of Defense's *Section 1260H List* and Texas' *Prohibited Technologies List*.
- Consider requiring security measures be implemented to mitigate risk for an LSIPA Designated Company's authorized access to CEGE/CEGS for product warranty or support purposes.
- Consider requiring Market Participants to attest that the purchase of **CEGS (grid services)** from an LSIPA Designated Company will not result in unauthorized access under PURA § 39.360(d). Statute addresses only Market Participants' attestation for unauthorized access of **CEGE (grid equipment)**.

Terminology Reference Table

| Acronym | Term |
|----------------|---|
| CEGE | Critical Electric Grid Equipment |
| CEGS | Critical Electric Grid Services |
| CRRAH | Congestion Revenue Rate Account Holder |
| D&B | Dun & Bradstreet |
| IE | Interconnecting Entity |
| IMRE | Independent Market Infrastructure System Registered Entity |
| LSE | Load Serving Entity |
| LSIPA | Lone Star Infrastructure Protection Act |
| MP | Market Participant |
| PURA | Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 |
| QSE | Qualified Scheduling Entity |
| RE | Resource Entity |
| RFI | Request for Information |
| SB | Senate Bill |
| TDSP | Transmission/Distribution Service Provider |

Definitions of the capitalized terms used throughout the slides are provided in ERCOT Protocols Section 2, Definitions.