



## Item 10: Commercial Markets Update

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Vice President, Commercial Operations

Board of Directors Meeting

June 1-2, 2026

### **Purpose**

Provide an update on key market design and credit initiatives and identify noteworthy outcomes since the last meeting.

### **For information only**

No action is requested; for discussion only.

### **Key Takeaways**

- Multiple statutory and market design initiatives are actively being discussed in the ERCOT stakeholder process, alongside high-visibility initiatives such as Dispatchable Reliability Reserve Service and Residential Demand Response
- ERCOT is working with a consultant to review the credit stress framework and provide recommendations

# ERCOT is currently advancing multiple, important market evolution efforts

## Generation Firming Program

- HB1500 (88<sup>th</sup> Legislature) requires ERCOT to implement a Generation Firming Program by December 1, 2027
- Public Utility Commission of Texas (PUCT) published the rule, defining the key characteristics of the program
- ERCOT filed NPRR1328, guided by the PUCT rule framework
- WMS is discussing NPRR1328 and is targeting September 2026 Board approval

## Aggregate Distributed Energy Resource (ADER) Program

- ERCOT continues work on the ADER Pilot Program as an enduring feature of the ERCOT market design
- ERCOT staff shared a workplan, including key issues for discussion and timelines, with the Demand Side Working Group
- Enables automated systems development and program enhancements to support continued growth of ADER participation

## Day-Ahead Market (DAM) Point-to-Point (PTP) Bid Fees

- Bid volume for PTP obligations increased significantly in recent years. This impacts software performance and increases risk of delayed or unsuccessful DAM execution.
- In particular, speculative PTP obligation bids increased significantly. These bids are well outside expected clearing price range
- Through discussion at the CMWG, ERCOT wants to disincentivize this behavior while protecting competition

**Key Takeaway:** Alongside major efforts such as Dispatchable Reliability Reserve Service (DRRS) and Residential Demand Response, ERCOT continues to advance other important statutory and market design priorities through the stakeholder process.

# ERCOT has commenced work to review the proposed credit stress framework, with help from an external consultant

## Scope of consultant engagement:

- Independently review ERCOT's work-to-date
- Assess expected effectiveness of proposed framework
- Make recommendations for improvement

Work will be conducted over the next few months and supported by ERCOT staff

Deliverable will be a final report which summarizes:

- Evaluation
- Recommendations

ERCOT leadership will review final report, and consultant will be available to discuss findings and recommendations with the Board of Directors and the Public Utility Commission of Texas (PUCT).

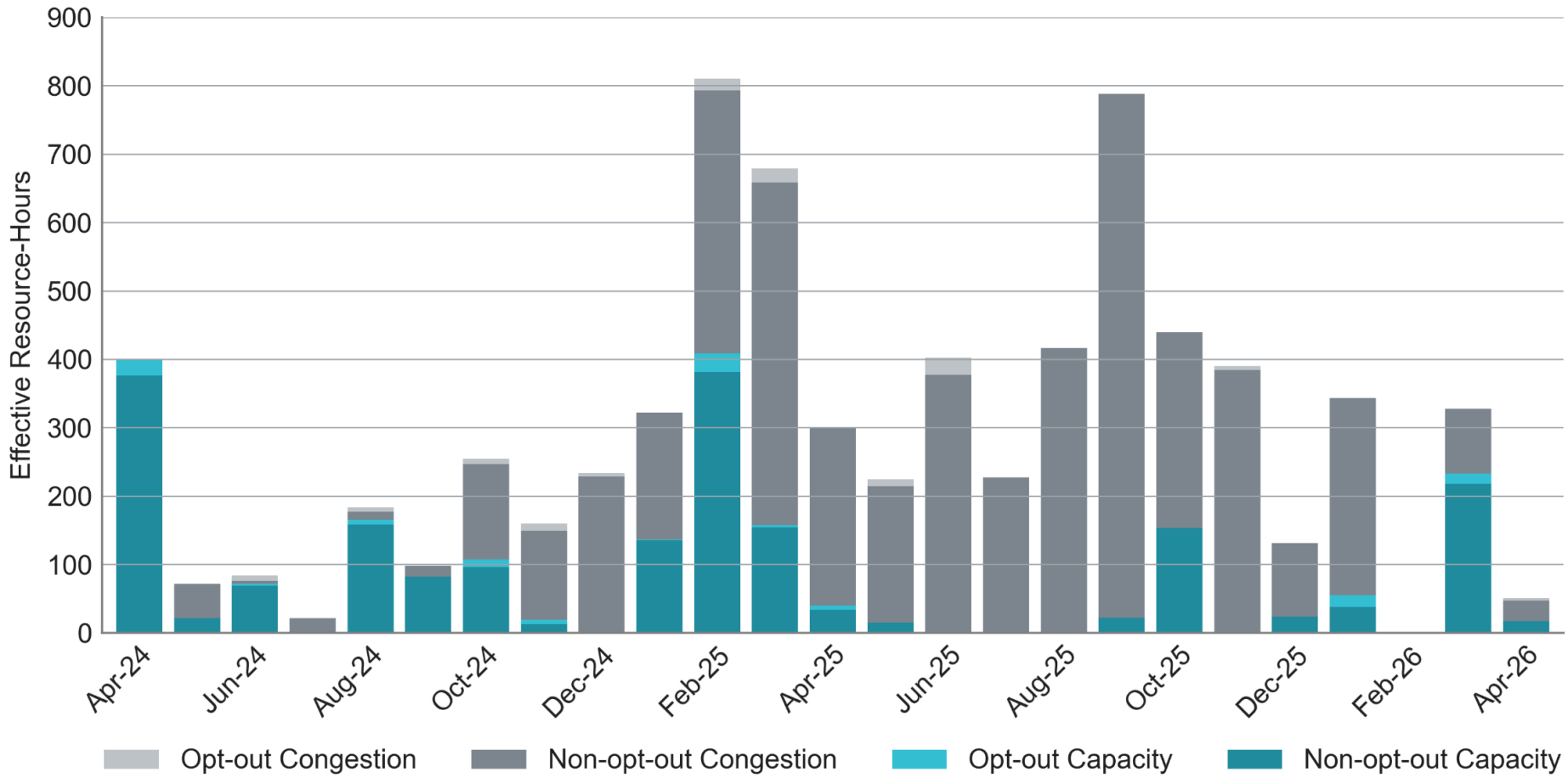
### **Key Takeaway:**

An external consultant is reviewing ERCOT's proposed credit stress framework, guiding its final design. The findings and any recommendations will be presented in a final report to senior ERCOT leadership and shared with other key audiences, including the Board and PUCT.

# Appendix

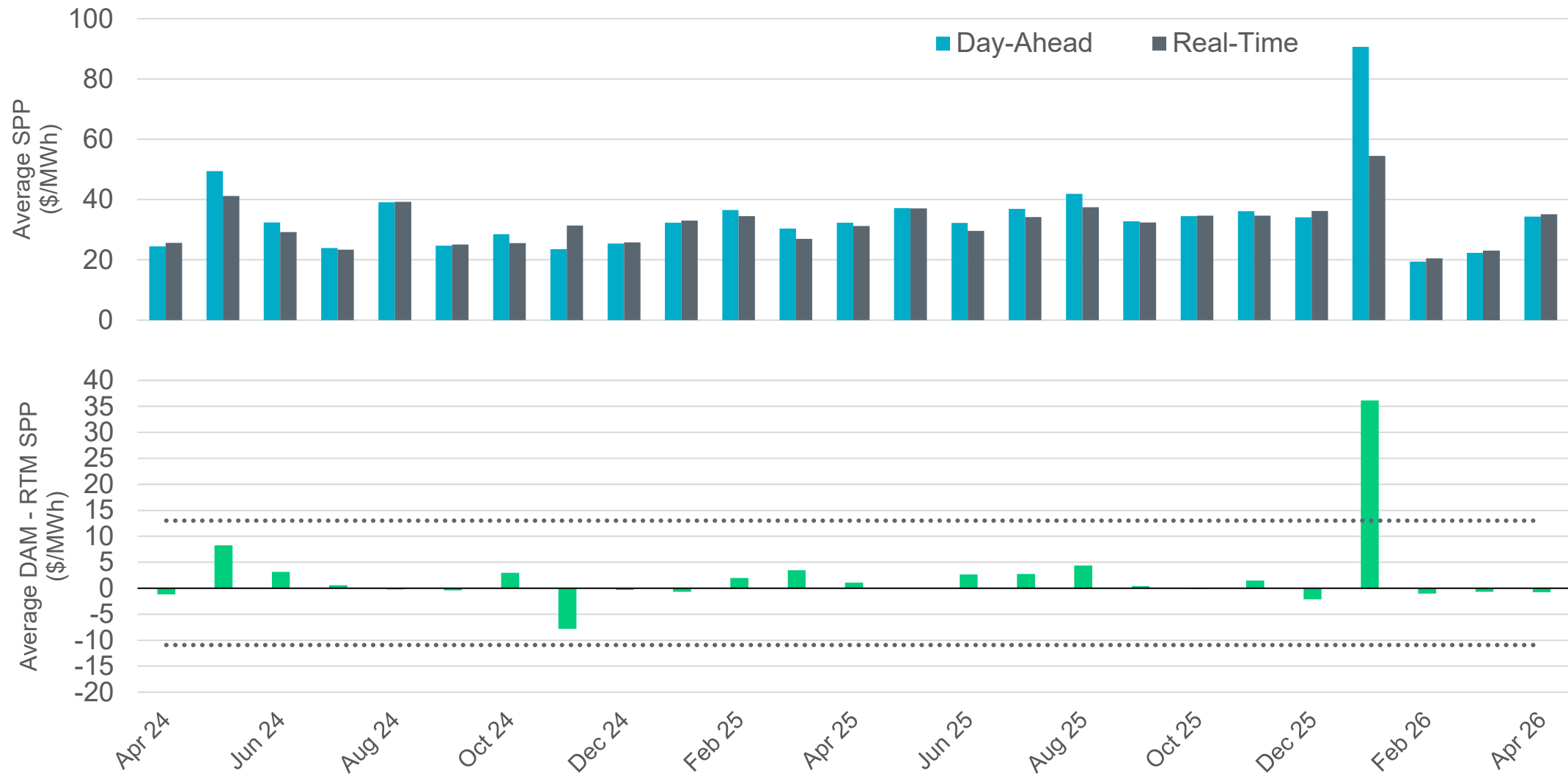
- Appendix A: Declining RUC Activity since RTC+B implementation
- Appendix B: Energy price trends in April, including DAM/RTM convergence
- Appendix C: Day-Ahead and Real-Time Ancillary Service price trends
- Appendix D: Congestion Revenue Rights funding and Balancing Account trends
- Appendix E: Price correction investigations in April
- Appendix F: Available Credit by Type Compared to Total Potential Exposure (TPE)

# Reliability Unit Commitment (RUC) activity continues to decline, following the introduction of RTC+B in December 2025. April RUC activity was lower than both April 2025 and 2024



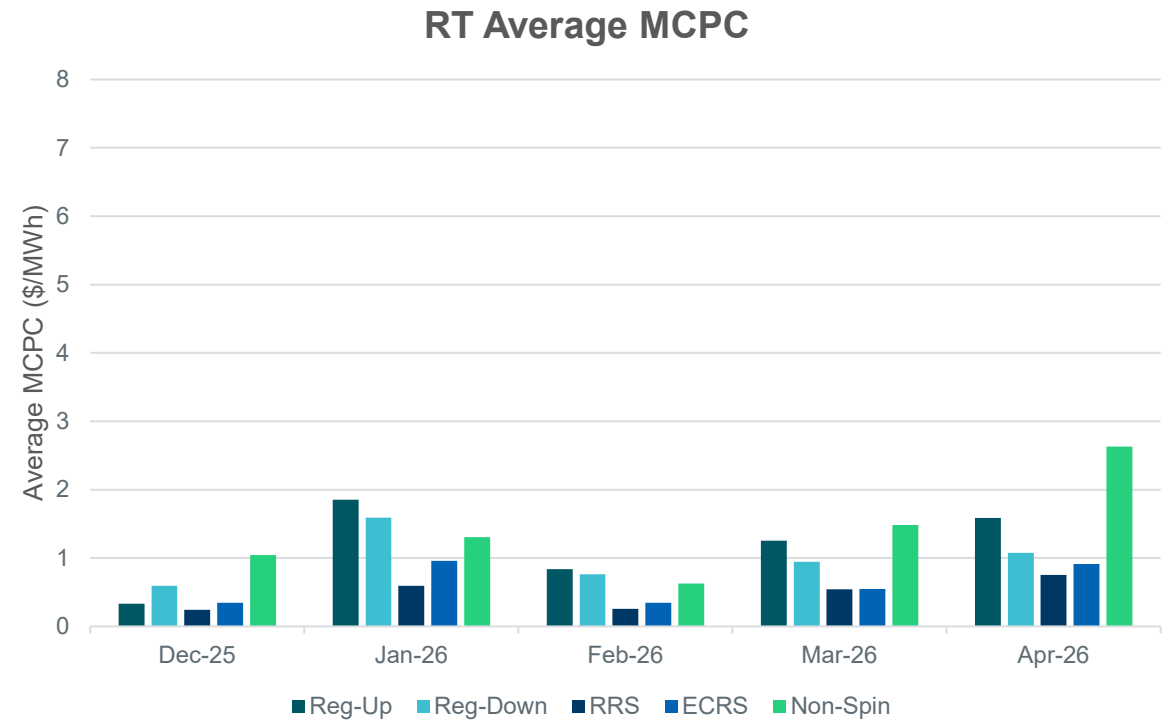
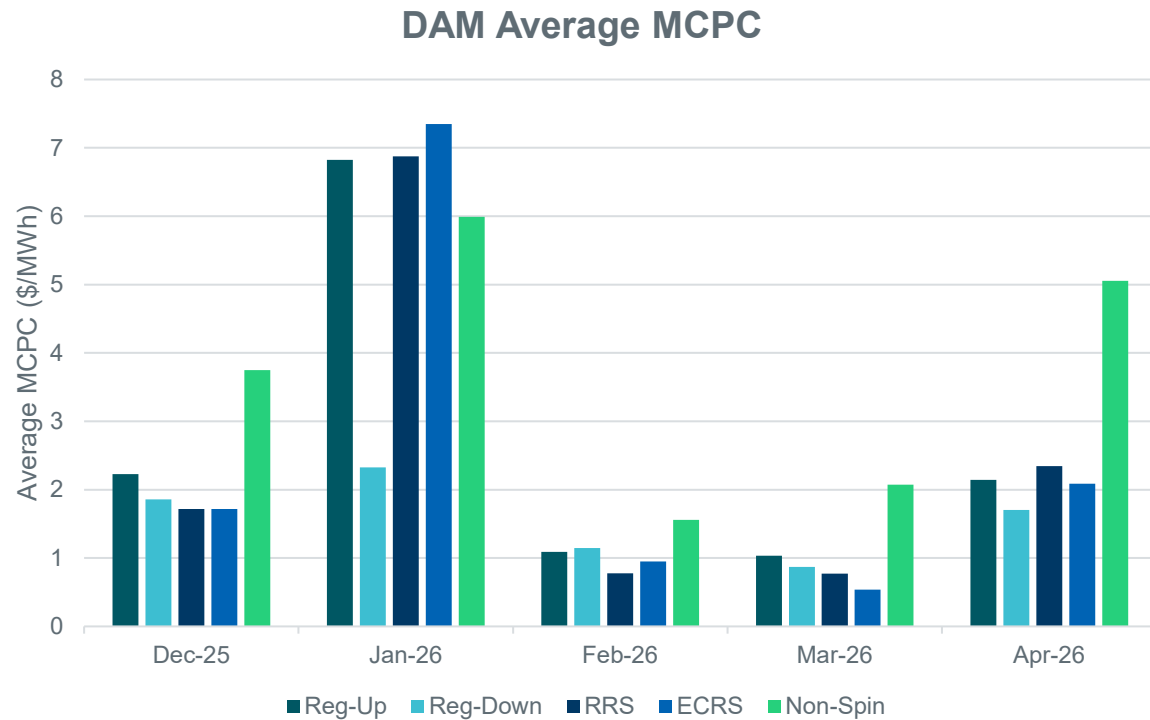
Notes: 1) "Effective Resource-Hours" excludes any period during a Reliability Unit Commitment hour when the RUC-committed Resource was starting up, shutting down, off-line, or otherwise not available for dispatch by SCED.

# Outage season and warmer temperatures lifted April prices; Day-Ahead and Real-Time prices converged closely



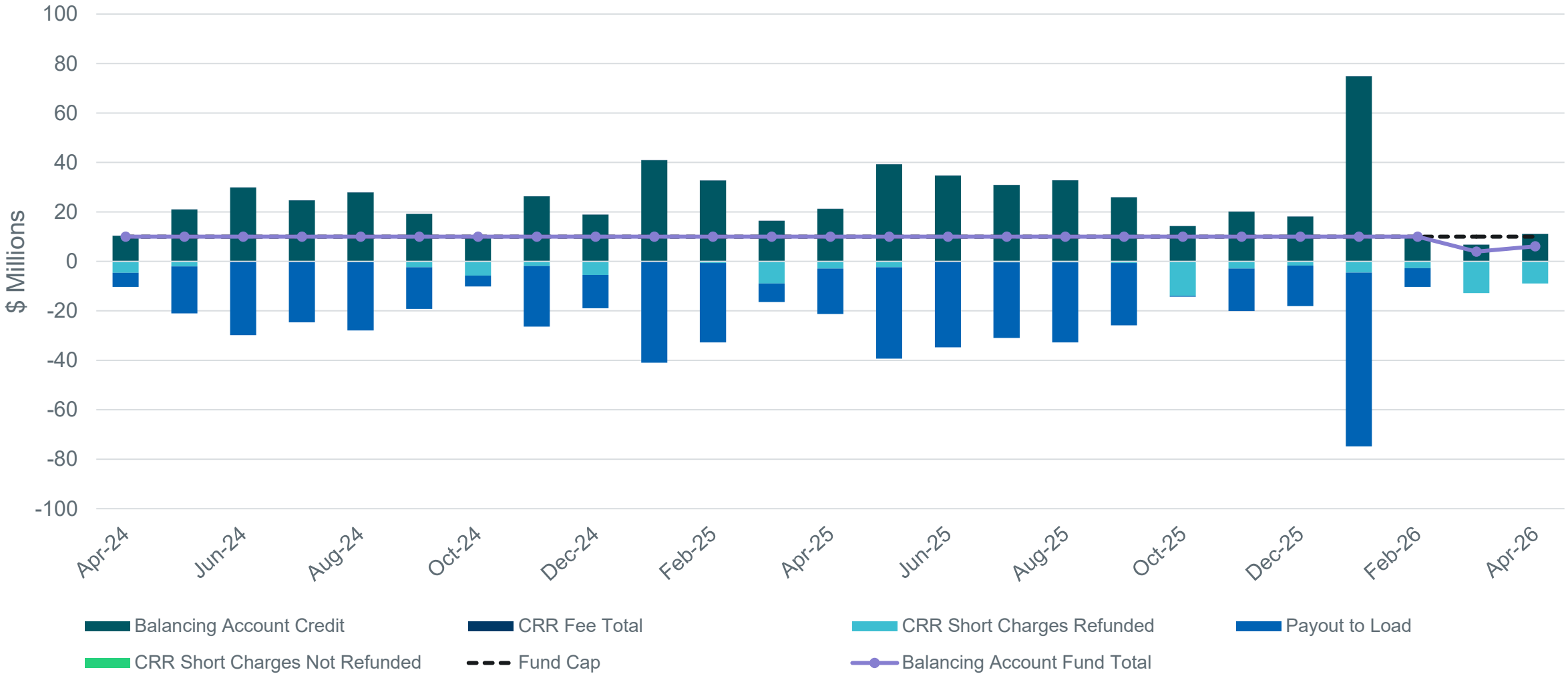
**Notes:**  
 1) The dotted lines represent the bounds for major outliers.  
 2) Averages are weighted by Real-Time Market Load.

# In April, both day-ahead and real-time Ancillary Service prices increased across all products, consistent with the trend of energy prices



**Notes:** 1) Starting with the introduction of the RTC+B program in December 2025, there are now MCPCs for all Ancillary Services in the Real-Time Market (RTM). The table compares RTM MCPCs to DAM MCPCs.  
 2) Monthly MCPCs are calculated as energy- and time-weighted average values, using the total AS awards of each interval for each AS type.

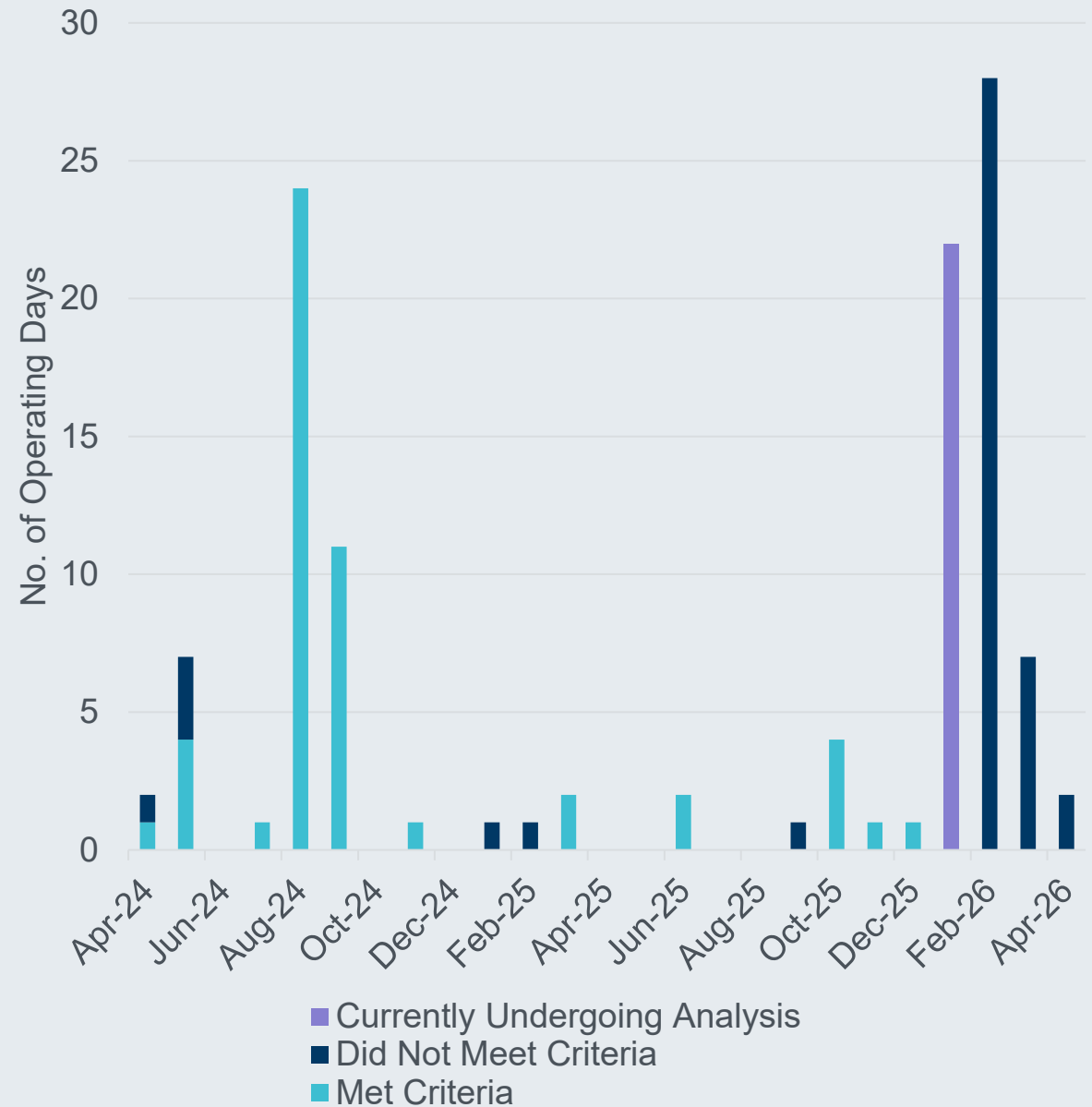
**Congestion Revenue Rights (CRR) settlement payments were fully funded, with excess amounts applied to the CRR Balancing Account fund. The fund balance is \$6.05M.**



# Price Issues and the Impact of Nodal Protocol Revision Request (NPRR) 1024 on Price Corrections

This graph looks at the recent history of price issues in the RTM or DAM and breaks the impacted Operating Days into three categories:

- Days that met the criteria for “significance” under NPRR1024 and were corrected;
- Days that were not corrected because they did not meet the criteria for “significance” under NPRR1024; and
- Days that are currently undergoing analysis to determine if criteria for “significance” under NPRR1024 is met.

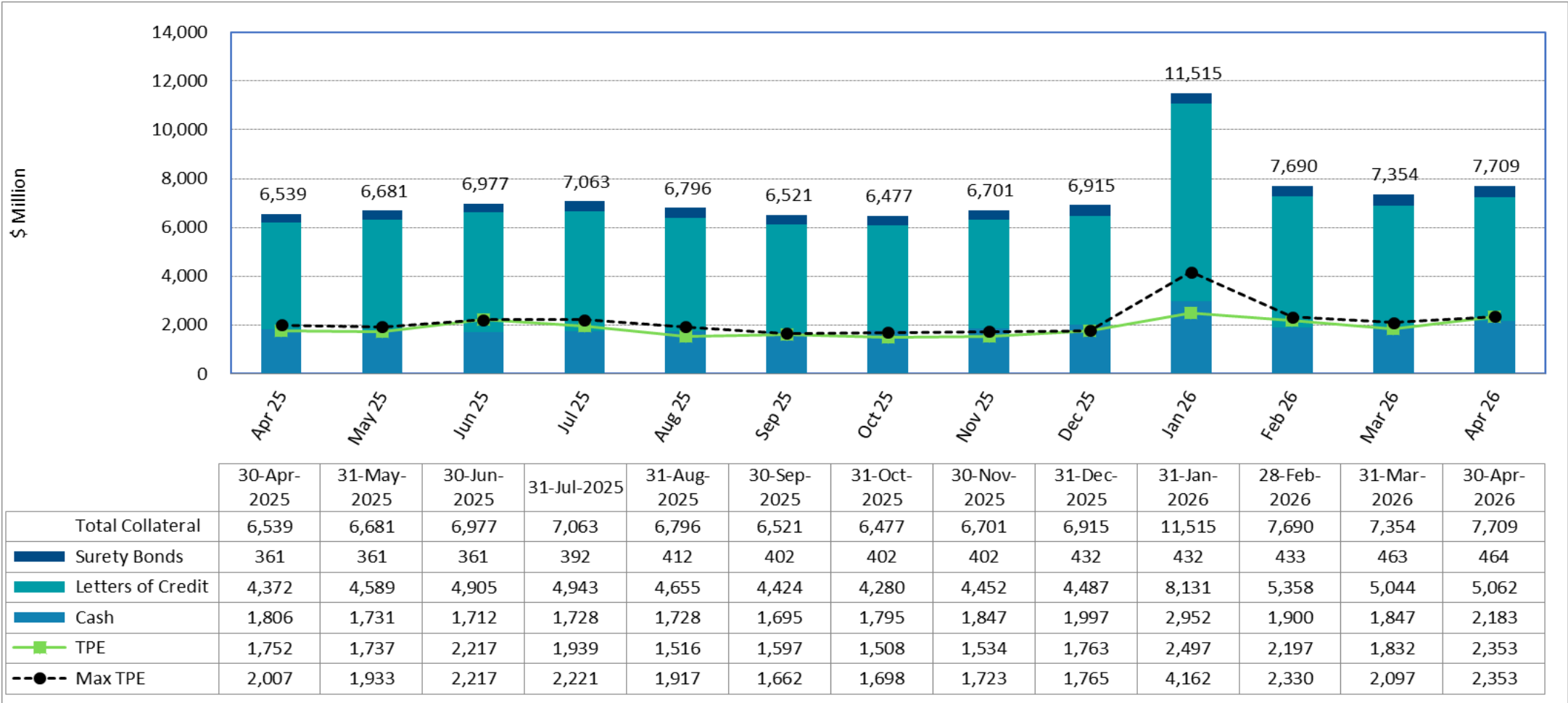


## ERCOT identified 2 pricing incidents in April 2026, neither of which met the criteria for price correction

1) On Operating Day April 20, 2026, an optimization issue delayed the execution of Security-Constrained Economic Dispatch (SCED) for over 7 minutes. This delay triggered the Emergency Basepoint flag. The flag was active for approximately 1.5 minutes. ERCOT is working with the optimization vendor to identify the root cause and will continue to monitor for any related SCED delays. ERCOT's price impact analysis determined the event did not meet the criteria for price correction.

2) On Operating Day April 24, 2026, SCED incorrectly awarded Non-Spinning Reserve Service to a non-qualified Resource for two SCED intervals. The Market Management System incorrectly identified the Resource as qualified for Non-Spin due to a recent change to their Qualified Scheduling Entity. ERCOT will implement a fix for the qualification issue in an upcoming release. ERCOT's price impact analysis determined the event did not meet the criteria for price correction.

# Available Credit by Type Compared to Total Potential Exposure (TPE)



\*Numbers are as of month end except for Max TPE