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Item 11: CEO Update

Pablo Vegas
ERCOT President and CEO

Board of Directors Meeting

June 1-2, 2026

Purpose

This presentation highlights ERCOT's planning activities and strategic areas of focus.

For information only

No action is requested; for discussion only.

Key Takeaways

- ERCOT and the PUCT are working to create a more realistic Long-Term Load Forecast to accurately reflect the growing demand anticipated by the interest that Transmission Service Providers are capturing.
- ERCOT staff, Market Participants, and stakeholders have worked long and hard to create the framework for the Large Load Batch Study.
- The ERCOT grid has seen more than 10,800 MW of new capacity since the summer of 2025, including more than 1,200 MW of natural gas.

Long-Term Load Forecast Update

- At the May 7 Public Utility Commission (PUCT) Open Meeting, ERCOT requested to adjust the Long-Term Load Forecast (LTLF) methodology defined in House Bill 5066 by using either the Batch Load Process Forecast or an Adjusted Load Forecast that discounts utility-reported figures based on historical realization rates.
- These methodology adjustments also impact the May Capacity, Demand, and Reserves (CDR) report, the 2026 Regional Transmission Plan (RTP), and the Reliability Standard Assessments.
- Due to the time involved in developing the adjusted LTLF and receiving the PUCT's formal forecast approval, ERCOT also filed a *good cause exception* with the PUCT to request not releasing a May 2026 CDR.
- In the interim, ERCOT created the Generation Resource Capacity Forecast in lieu of the May CDR to provide an April 2026 data snapshot of installed generation resource capacity typically prepared for the CDR report. (This limited report does not contain load forecast or planning reserve margin data).
- The PUCT could consider the load forecast proposals at the June 18 Open Meeting.

Key Takeaway: ERCOT and the PUCT are working to create a more realistic Long-Term Load Forecast to accurately reflect the growing demand anticipated by the interest that Transmission Service Providers (TSPs) are capturing. The challenge is to create the forecast using numbers from transformational demand growth driven almost entirely by AI/data centers. The goal is to discount those figures based on historical realization rates. The methodology for handling large-load forecasting is still being formalized with the PUCT.

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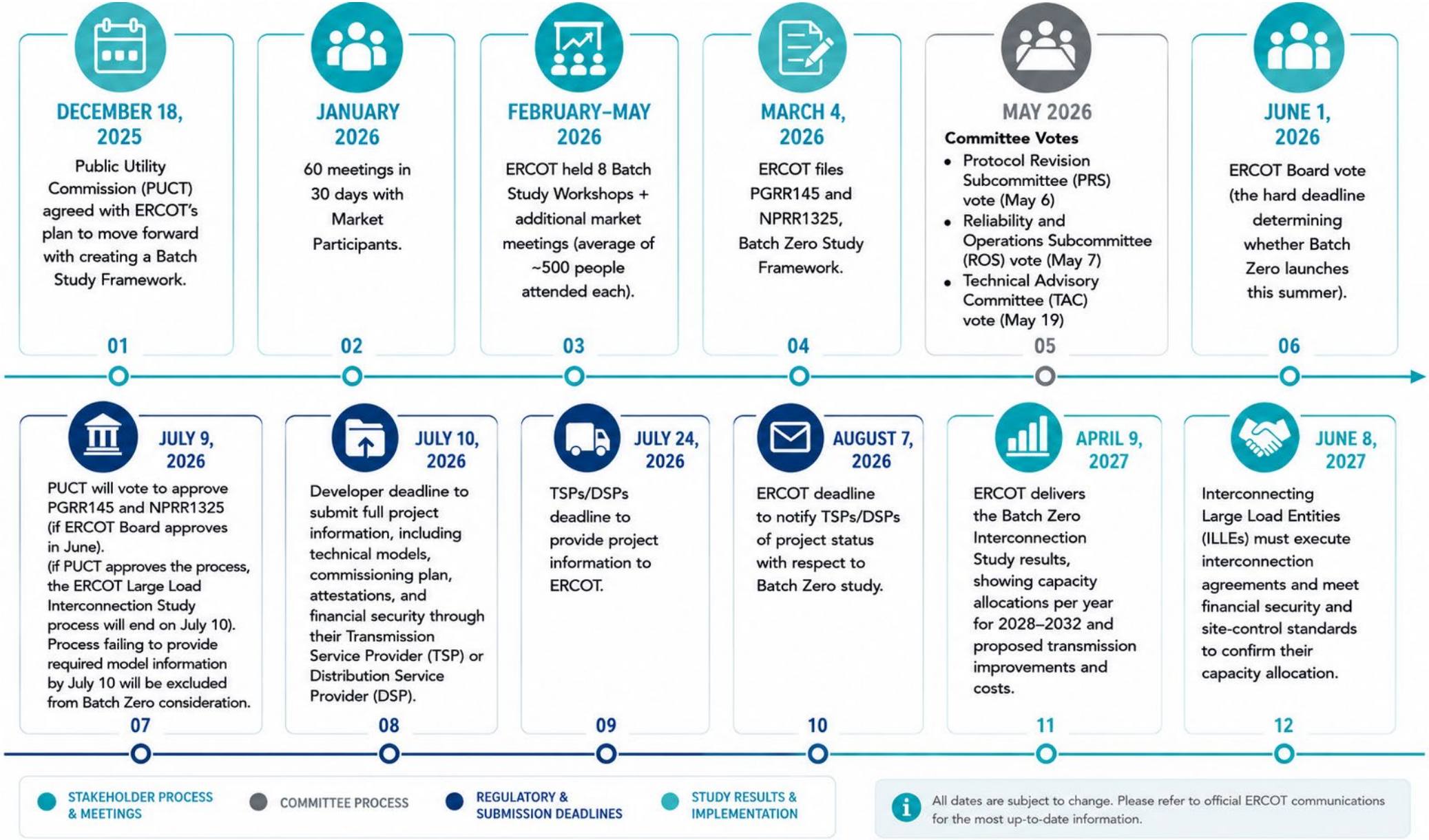
Batch Study Framework Key Milestones



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PGRR145 defines Batch Zero as a Structured Process from Screening to Actionable Transmission Plan

Detailed next

Batch Zero PGRR145 Building Blocks

Inclusion criteria
Who enters Batch Zero

Eligibility rules to determine which projects are included in Batch Zero and how they are treated

- Formal classification of projects (base load, studied, excluded)
- Eligibility thresholds and milestones (agreements, readiness)
- Validation and ordering of existing studies

Batch Zero Study
System-wide assessment

Single ERCOT-led, system-wide study to assess reliability and allocate load

- Single system-wide interconnection study:
  1. **Allocation of load by year via updated LCPs**
  2. **Identification of initial transmission upgrade set**
  3. **Financial commitment requirements**

Commitment Gate
Who stays in

Formal commitment gate to convert allocated load into firm, financeable demand

- Execution of interconnection agreements and financial commitments
- Acceptance of ERCOT-defined MW allocation and timeline (LCP)
- Automatic removal of non-committed projects

Refinement Study
Right-sizing the plan

Refinement step to update the plan based only on committed projects

- Re-study limited to committed projects only
- Determination of which upgrades are still required, modified, or removed
- Updated cost estimates and evaluation of alternatives

Transmission Plan to RPG
Actionable output

Translation of study results into a single actionable transmission plan

- Bundled transmission plan submission to RPG
- Inclusion of cost estimates, need justification, and alternatives
- Direct path from study results to implementation

1. Load Commissioning Plan | 2. Per NPRR1325

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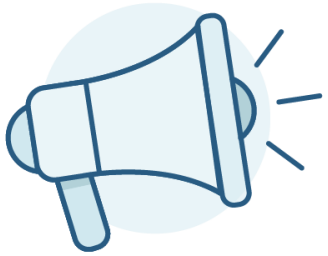
An Example of Senate Bill (SB) 6 in Action

1 ERCOT SIGNALS TIGHT CONDITIONS



When feasible, ERCOT will issue a public notice that grid conditions are tightening and co-located facility owners may need to take action.

If conditions deteriorate or do not improve, ERCOT may instruct the facility owners to act.

2 COORDINATED RESPONSE

Co-located facilities act

LARGE USER REDUCES DEMAND

The facility temporarily reduces electricity use or switches to backup generation.

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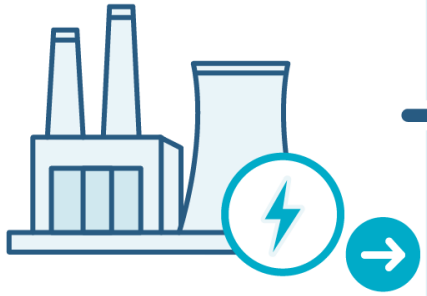
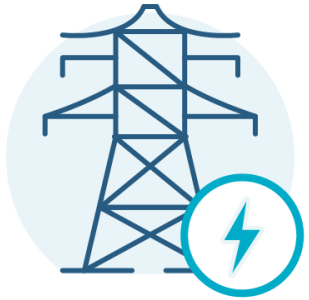


POWER GENERATOR MAKES CAPACITY AVAILABLE

The associated generator's capacity is now fully available to the ERCOT grid.

3 ELECTRICITY SUPPLY INCREASES



More electricity becomes available across the ERCOT System.

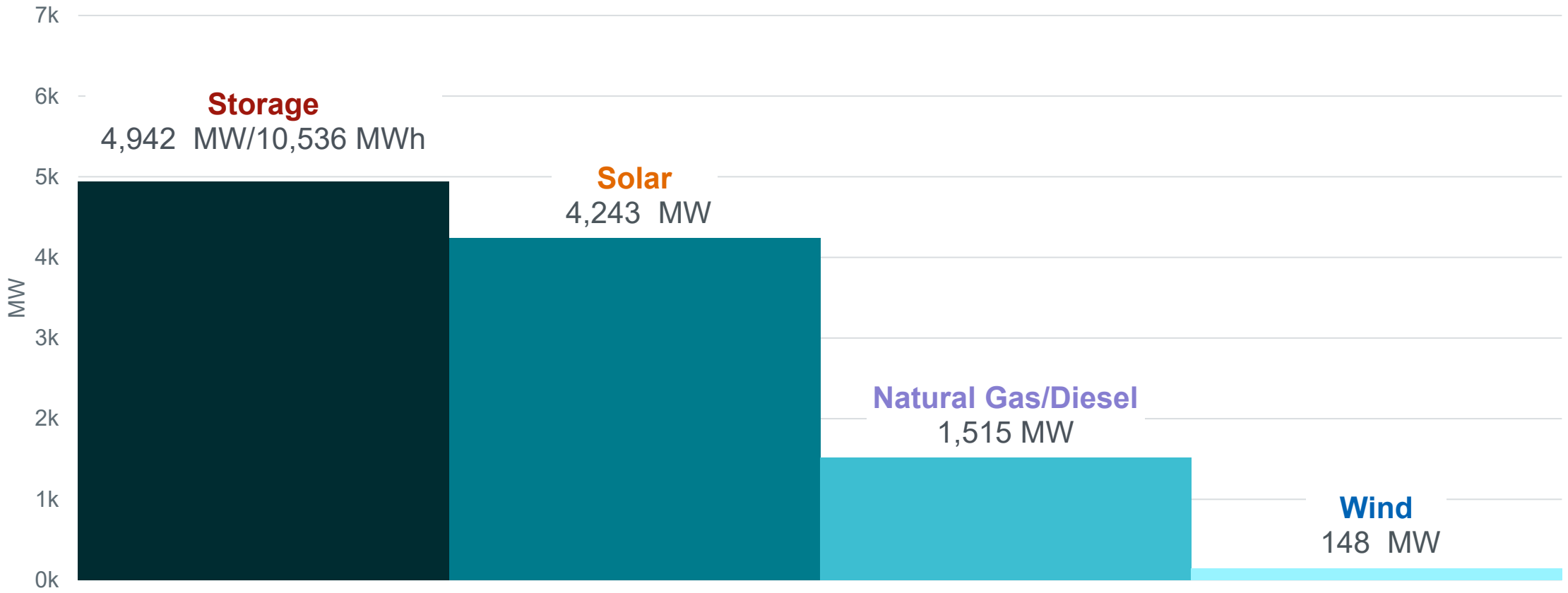
4 POWER IS AVAILABLE FOR TEXANS

Electricity that had been serving the co-located facility now supports homes, businesses, and critical services across the ERCOT grid, potentially avoiding a wider electricity shortage.

Note: this arrangement only applies to a co-located facility in which the generation resource existed prior to September 1, 2025. A generator that comes online now with a co-located load would not be subject to this same outcome.

Key Takeaway: ERCOT and the PUCT are carrying out SB6's directive to ensure large load additions at existing generation facilities do not jeopardize ERCOT's ability to use those generation facilities to serve the rest of the system during actual or anticipated grid emergencies. As of May 2026, the PUCT has approved two net metering arrangements with conditions. Three additional net metering proceedings have been initiated at the PUCT, with many more expected.

New Generation Capacity Since Last Summer (October 15 – May 15)



Key Takeaway: The ERCOT grid has seen 10,848 MW of new capacity since last summer, including more than 1,200 MW of natural gas, approximately 900 MW from Texas Energy Fund projects. (Last summer at this time, the grid had a natural gas net loss of 366 MW due to retirements, derates, and indefinite mothballs).

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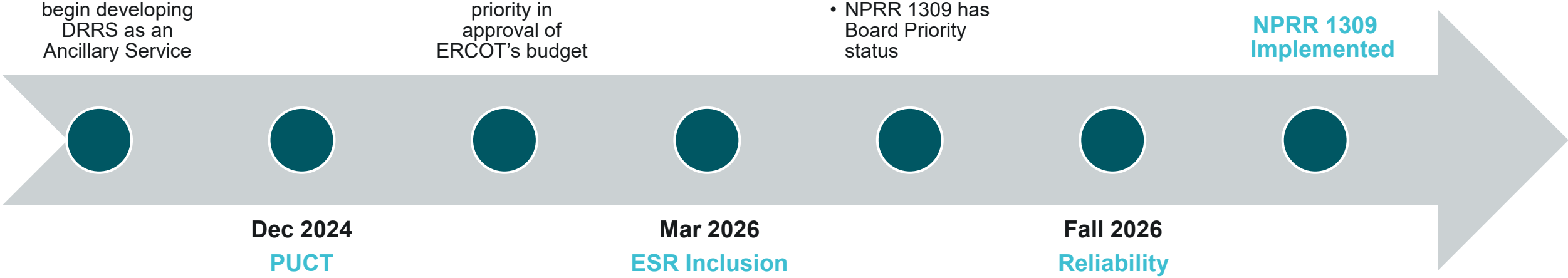
Dispatchable Reliability Reserve Service (DRRS) Evolution

HB 1500 § 22 (88R) | PURA § 39.159(d)



2023

HB 1500 Passes

ERCOT & stakeholders begin developing DRRS as an Ancillary Service

Dec 2024

PUCT Guidance

To address operational forecast uncertainty while preserving resource adequacy optionality

Nov 2025

PUCT Budget Priority

DRRS designated as a key PUCT priority in approval of ERCOT's budget

Mar 2026

ESR Inclusion

- PUCT guidance to consider ESR participation in a separate NPRR

Jun 2026

Board Vote

- NPRR 1309 has Board Priority status

Fall 2026

Reliability Assessment

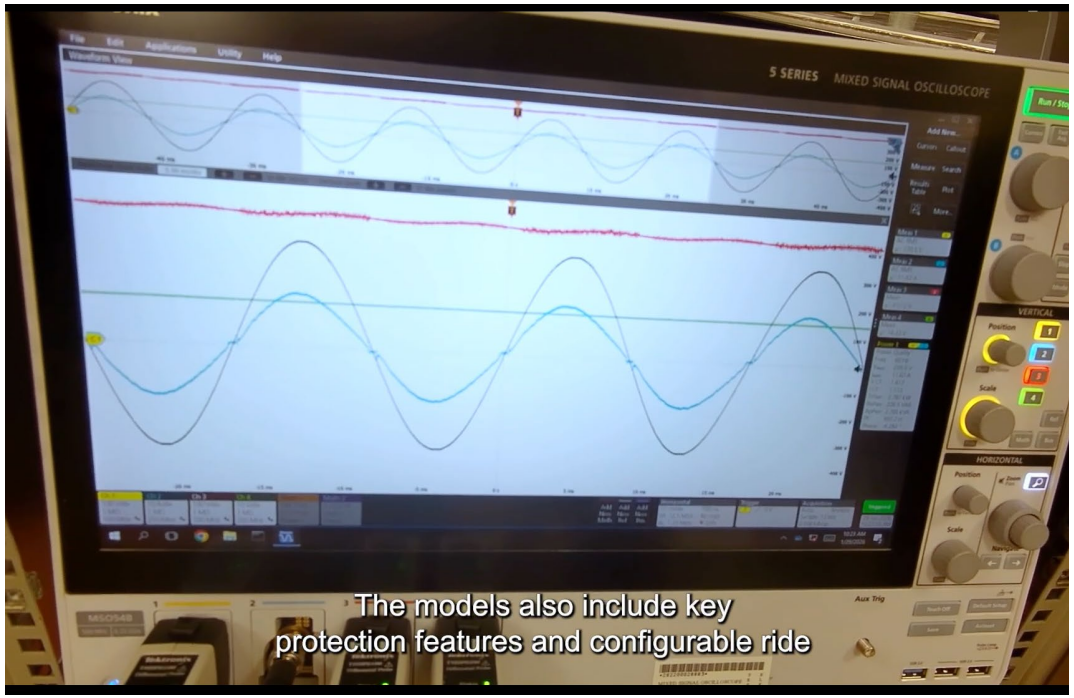
- NPRR 1310 as a market design option for 2029 study year

2028

NPRR 1309 Implemented

Grid Innovation, Transformation, and Research (GRIT) Initiatives

Large Load Modeling



Energy Storage Resource (ESR) State of Charge Optimization

Key Takeaway: Aligning with our vision to be the most innovative and reliable grid in the world, ERCOT's GRIT Program is focusing on advancing research and prototyping of emerging concepts and solutions to deeply understand the implications of rapid grid and technology evolution, positioning ERCOT to lead in the future energy landscape.

ERCOT Employee Recognition

PGRR145/NPRR1325 Batch Zero Study Initiative

Project Leads
Jeff Billo
Agee Springer
Christina Switzer
Matt Mereness
Evan Rowe

Additional Team
Dana Anders
Janice Ayson
Nathan Bigbee
Britton Davis
Freddy Garcia
Rolando Garza
Prabhu Gnanam
Kristi Hobbs
Curry Holden
Caleb Holland
Fred Huang
Sun Wook Kang
Ryan King
Joel Koepke
Eric Meier
Sheri Messer
Sai Moorty
Kenneth Ragsdale
Priya Ramasubbu
Jesus Silva Rodriguez
Jonathan Rose
Trey Schober
Kenisha Webber
Ping Yan