



## Item 9.1: Preliminary Response to IMM 2025 State of the Markets Report

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### **Purpose**

This presentation highlights ERCOT's preliminary comments on the IMM 2025 State of the Market Report.

### **For information only**

No action is requested; for discussion only.

### **Key Takeaways**

- ERCOT is in alignment with certain IMM comments
- ERCOT disagrees with the IMM on certain IMM comments
- ERCOT sees opportunities to enhance both IMM and ERCOT analysis and reports
- ERCOT staff will present a more thorough review and response of the IMM report at the September Board meeting

# Background



The IMM filed their 2025 State of the Markets report at the end of May.

While ERCOT staff has had very limited time to review and consider the report since its posting, we have high level preliminary comments and takeaways to share with the Board.

ERCOT intends to provide a more thorough and detailed response to the IMM report at the September Board, consistent with our approach in prior years.

# Areas where the ERCOT and the IMM are in alignment

## Key findings

- Importance of solar and storage in pricing outcomes
- Current load zone structure is problematic
- Reliability Unit Commitments (RUCs) are undesirable and to be avoided to the extent possible
- Current Operating Plan (COP) State of Charge (SOC) inputs had impacts on RUCs
- Implementation of Real-Time Co-optimization has initially reduced the incidence of RUCs

## Follow-up actions

- Develop and move NPRR 1214 forward to properly set locational price adders
- Address crypto-currency mining load participation in Emergency Responsive Reserves (ERS)
- Improve pricing outcomes by increasing participation of crypto-currency mining loads as controllable load resources (CLRs)

**Key Takeaway:** ERCOT staff looks forward to working along with the IMM and stakeholders in finding ways to move forward these items of alignment.

# Areas where the ERCOT and the IMM are in disagreement

## ERCOT Position

A resource adequacy constraint that delays large load integration is not preferred

Using Physical Responsive Capability (PRC) is no longer the accurate basis of measurement of system tightness

Out-of-market RUCs are not a fundamental feature of conservative operations

Lower net revenues in 2025 may threaten long-term resource adequacy

**Key Takeaways:** ERCOT disagrees with the IMM on several points. We intend to work with the IMM and stakeholders to clarify our positions, as appropriate.

## Areas of potential enhancement

The IMM report did not focus on the effects of crypto-currency mining out-of-market price behavior on pricing outcomes.


- This may have been the result of data limitations. ERCOT staff can work with the IMM to help provide information to allow for enhanced analysis.

IMM analysis treats certain types of loads as flexible demand in its analysis. This essentially treats these loads as non-firm as opposed to firm.

- This could be an area of further enhancement and consideration on how to incorporate these loads into ERCOT reporting.

**Key Takeaways:** ERCOT sees an opportunity for potential enhancements to both IMM and ERCOT analysis and reports.

## Next steps

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ERCOT staff will continue to evaluate and discuss the IMM recommendations and present a complete and thorough response at the September Board meeting.