



Lone Star Infrastructure Protection Act (LSIPA)

**Texas House Committee on Homeland Security, Public Safety, & Veterans' Affairs,
July 30, 2026**

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Key Takeaways:

- ERCOT implemented rule changes and internal procedures to comply with the LSIPA and its amendments.
- ERCOT consistently reviews Market Participants' (MPs) and Interconnecting Entities' data to evaluate LSIPA compliance.
- The 107 active MPs that reported having an Affiliate that is an LSIPA Designated Company attested the Affiliate **DOES NOT** have direct/remote access/control of ERCOT systems.
- The 261 active MPs that have reported purchasing Critical Electric Grid Equipment (CEGE) from an LSIPA Designated Company attested the LSIPA Designated Company **WILL NOT** have unauthorized access/control of the CEGE.
- ERCOT terminated a MP for LSIPA noncompliance, and the matter was referred to PUCT for further enforcement.

LSIPA Enactment and ERCOT's Response

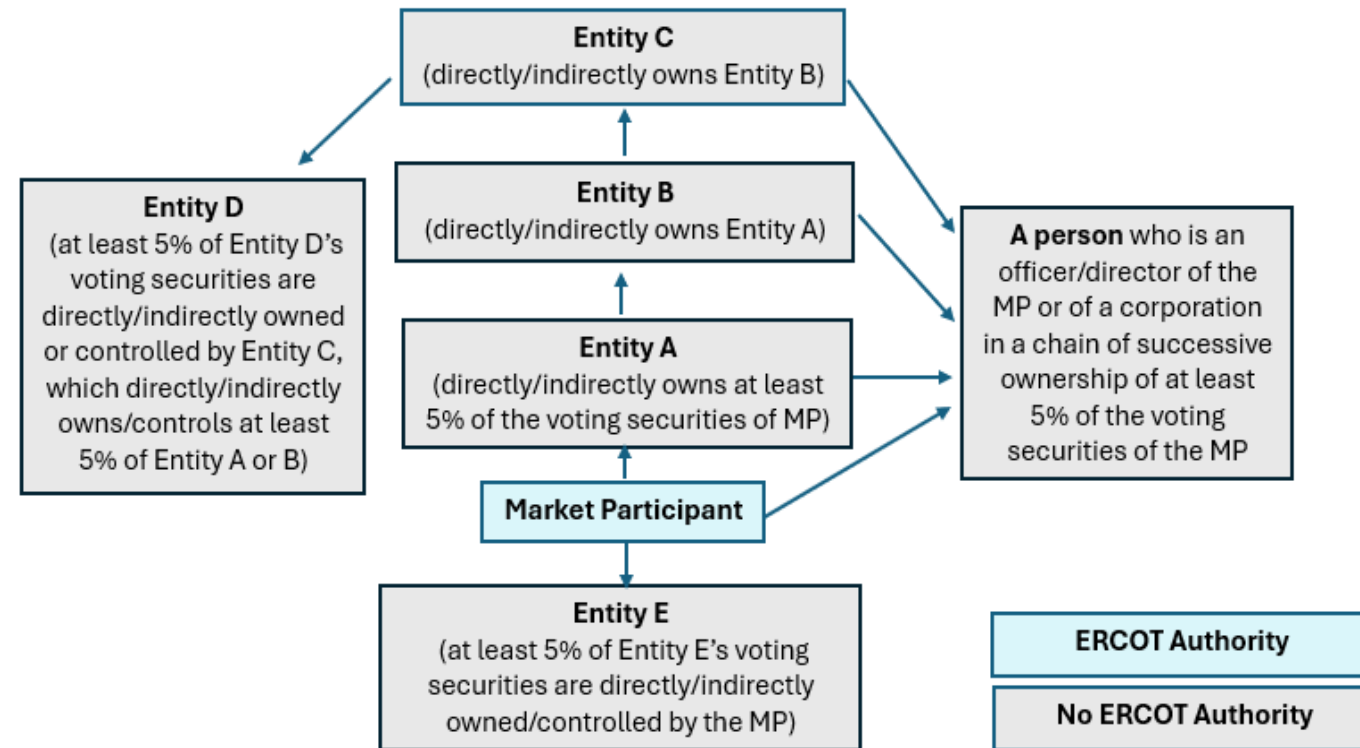
LSIPA Enacted by SB 2116 (2021):

Prohibits agreements re: Texas electric grid with a known LSIPA Designated Company that would be granted direct/remote access or control of the grid.

An LSIPA Designated Company is determined by the LSIPA's citizenship, ownership, & headquarters criteria.

- **Dec. 2021:** ERCOT confirmed existing Interconnecting Entities' (IEs) LSIPA compliance.
- **Apr. 2022:** ERCOT adopted the LSIPA Attestation for IE applicants.
- **June 2022:** ERCOT adopted the LSIPA Attestation for MP applicants and confirmed existing MP's LSIPA compliance.
- ERCOT updated its procurement/contracting policies for vendors and Standard Form Agreements to require information and/or confirmations re: LSIPA criteria.

Example Scope of Market Participant Affiliate Relationship(s)



LSIPA Related Requirements Added to PURA and ERCOT's Response

Critical Electric Grid Equipment (CEGE) & Critical Electric Grid Services (CEGS) requirements added by SB 2013 (June 2023):

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

- **May 2024:** ERCOT adopted CEGE/CEGS Attestation for MPs.
- **May 2024:** ERCOT required all existing MPs to report and attest to all applicable CEGE/CEGS purchases made since June 18, 2021.
- ERCOT updated employment policies to identify positions that are “critical to the security of the electric grid.”

Investigatory/enforcement authority added by SB 2368 (Sept. 2025):

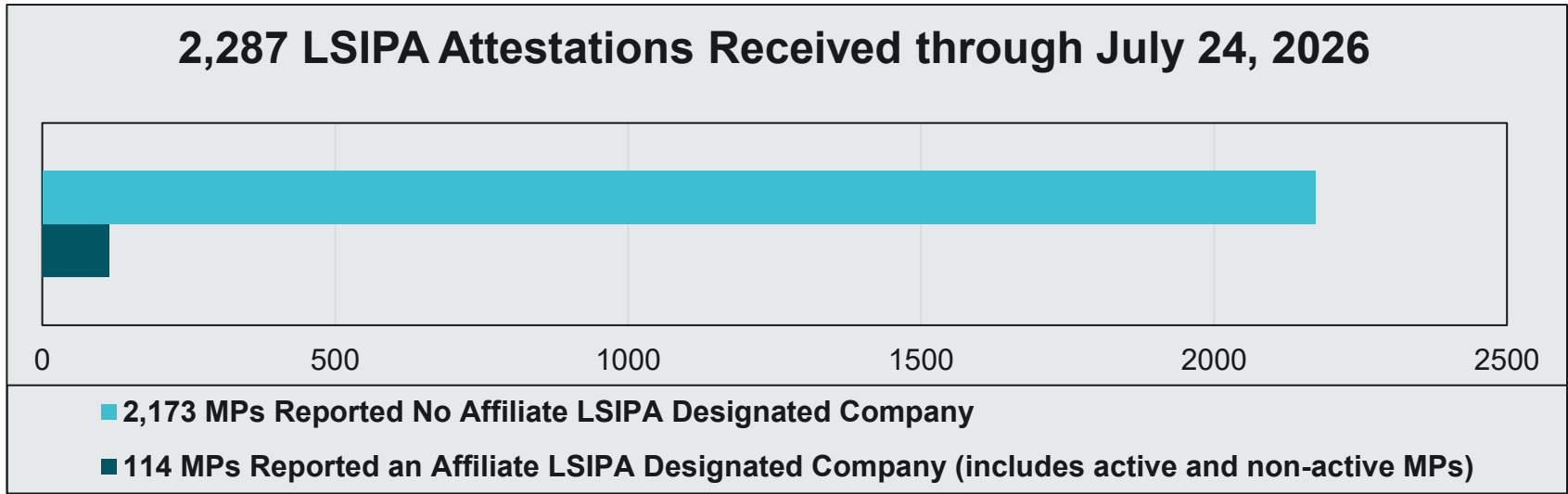
ERCOT, OAG, PUCT granted authority to investigate and/or enforce LSIPA compliance.

- **Feb. 2026:** ERCOT implemented more robust LSIPA compliance evaluations.
- **Mar. 2026:** Developing more robust Request for Information (RFI) process for CEGE/CEGS compliance evaluations and an NPRR to provide CEGE/CEGS guidelines for MPs.
- Discussed logistical LSIPA investigations/enforcement processes with OAG and PUCT.

Breakdown of LSIPA Attestation Data Received

The 1,527 existing MPs (sans RECs) on June 1, 2023, were required to submit an LSIPA Attestation by July 11, 2023	
Timely submissions	807
Late submissions	687
Nonresponsive MPs were terminated	33

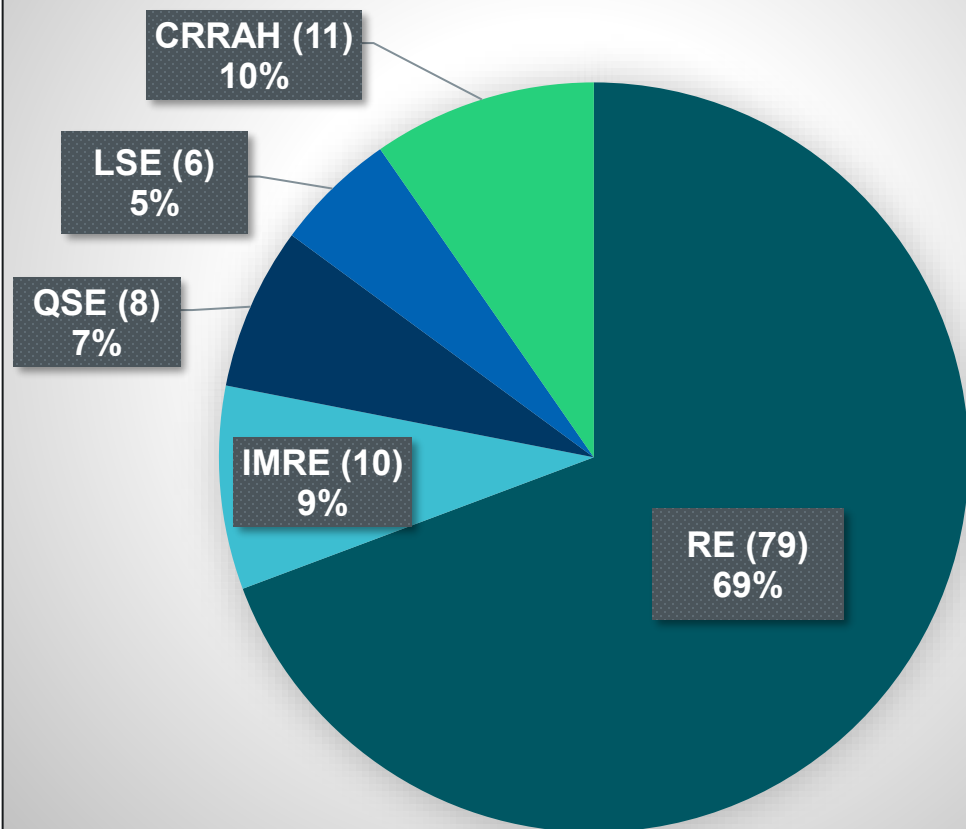
Terminated Nonresponsive MPs	
Resource Entity (RE)	21
Independent Market Information System Registered Entity (IMRE)	10
Qualified Scheduling Entity (QSE)	1
Congestion Revenue Rate Account Holder (CRRAH)	1



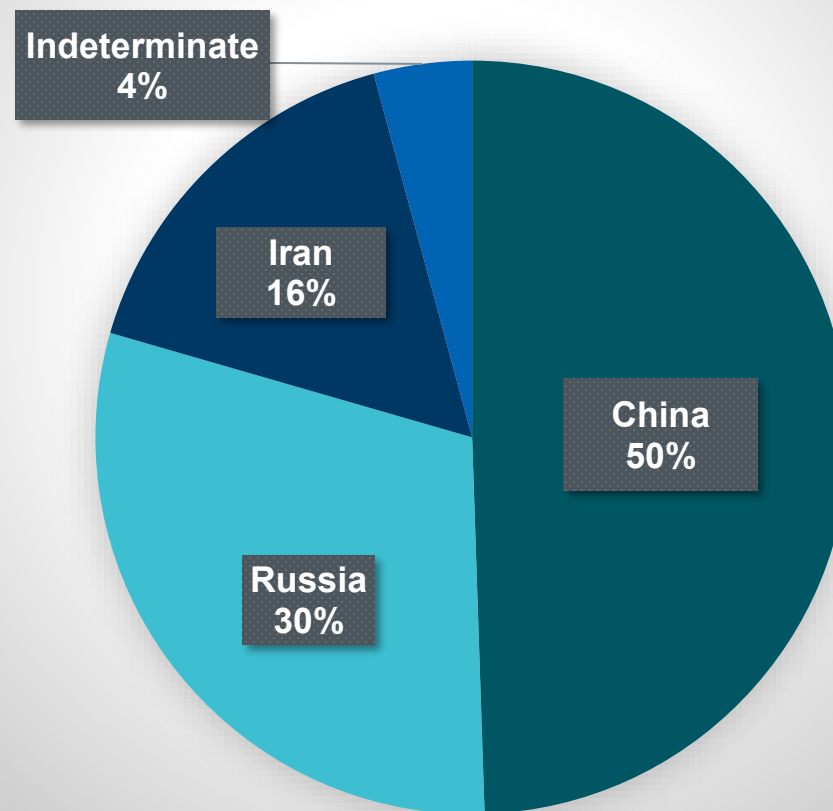
All 107 active MPs that reported an Affiliate LSIPA Designated Company attested that their Affiliate WILL NOT have direct/remote access to or control of ERCOT's Wide Area Network (WAN), Market Information System (MIS), or any data from such ERCOT systems.

Reported Affiliate LSIPA Designated Companies through July 24, 2026

Market Participant (MP) Types that Reported an Affiliate LSIPA Designated Company



Country Associated with the Reported Affiliate LSIPA Designated Companies



- **Key Takeaway:** The active Market Participants 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 (WAN), Market Information System (MIS), or any data from such ERCOT systems.

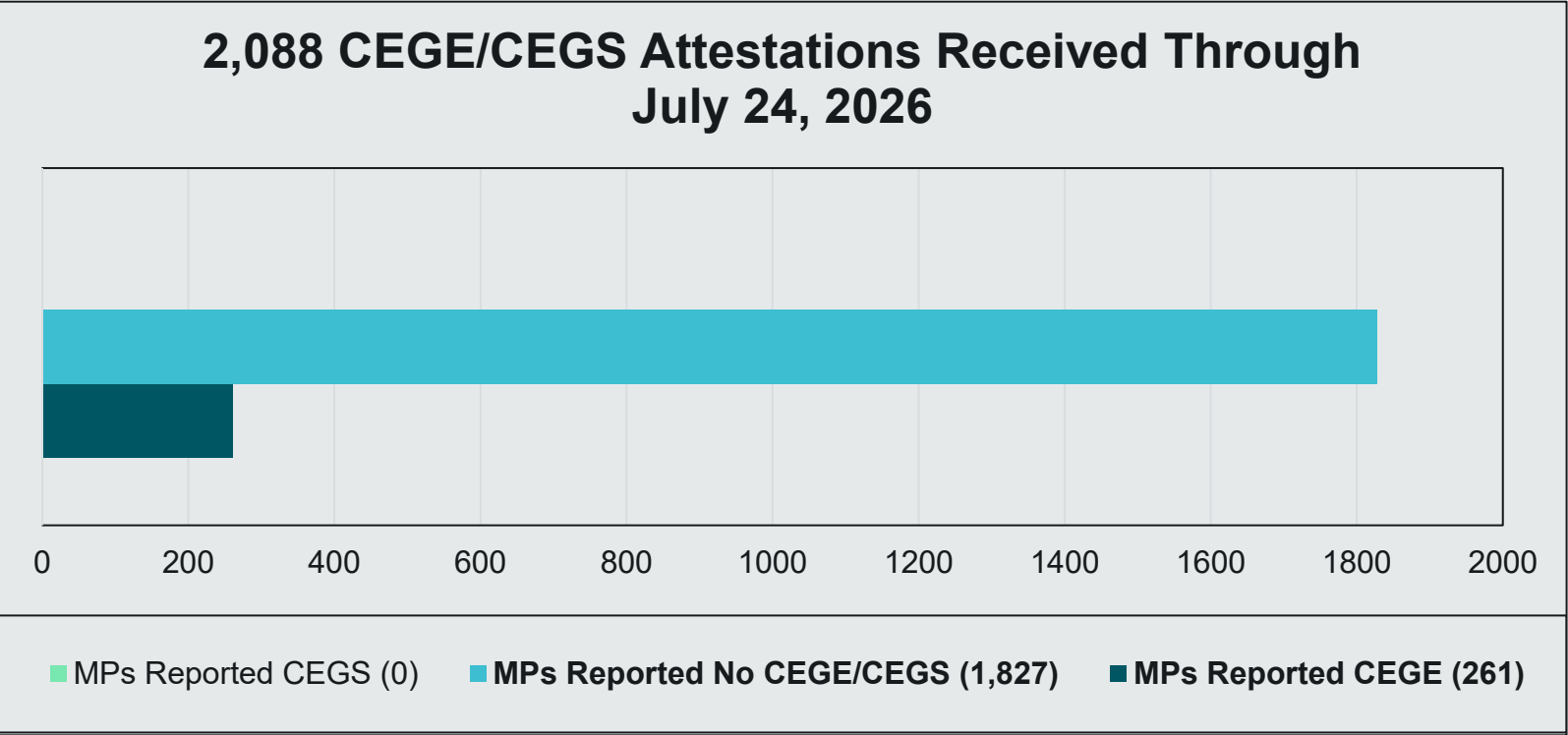
CEGE/CEGS Attestation Data Received

The 1,704 existing MPs (sans RECs) 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

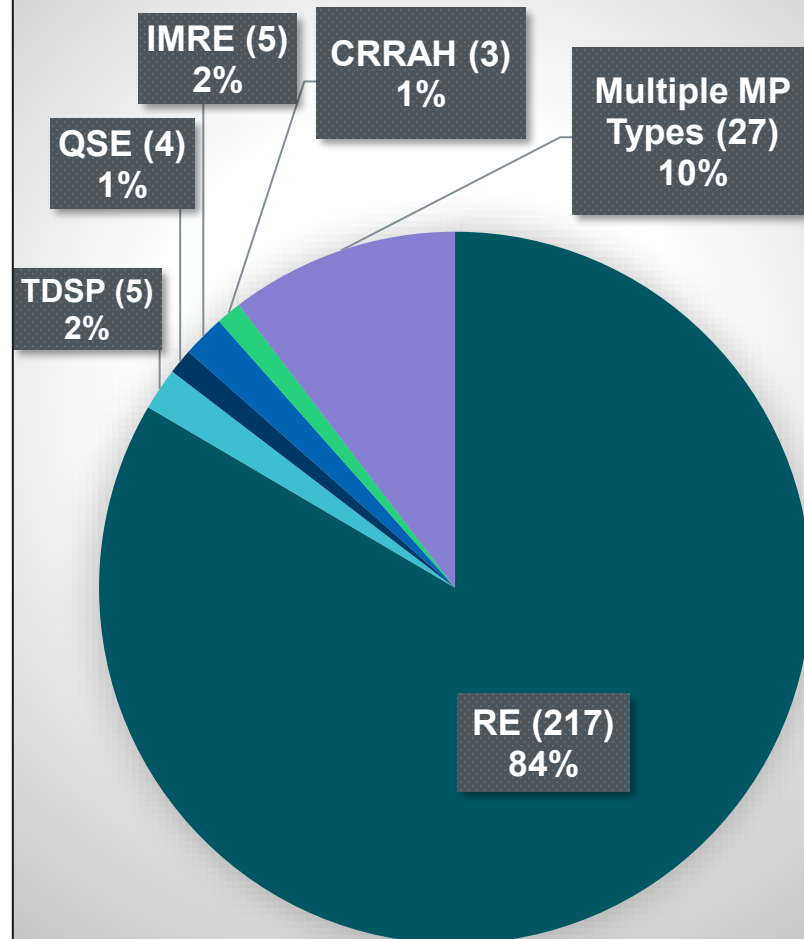
- 44 IMREs were terminated
- 73 MPs either self-terminated or were terminated by ERCOT for another breach/default reason
- ERCOT/PUCT are coordinating on the remaining 9 nonresponsive MPs



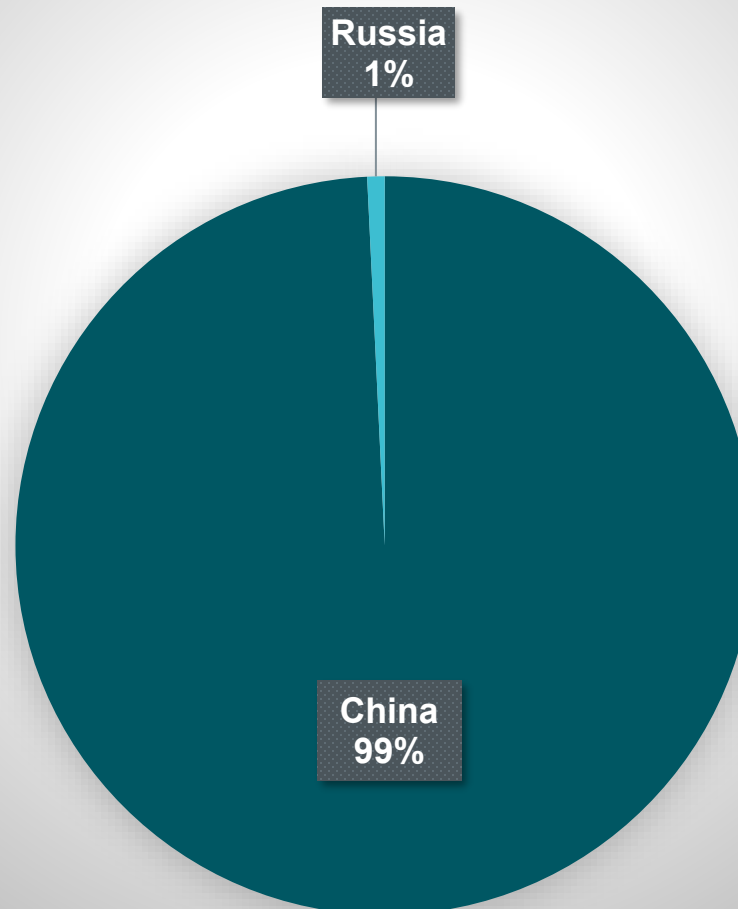
- All 261 MPs that reported CEGE that had been purchased from an LSIPA Designated Company attested that the purchase WILL NOT result in the LSIPA Designated Company's unauthorized access/control of the CEGE.
- PURA § 39.360(d) explicitly allows for the LSIPA Designated Company seller to have authorized access/control of the CEGE for product warranty and support purposes.

Breakdown of Reported CEGE through July 24, 2026

MP Types that Reported CEGE



Country Associated with Reported CEGE



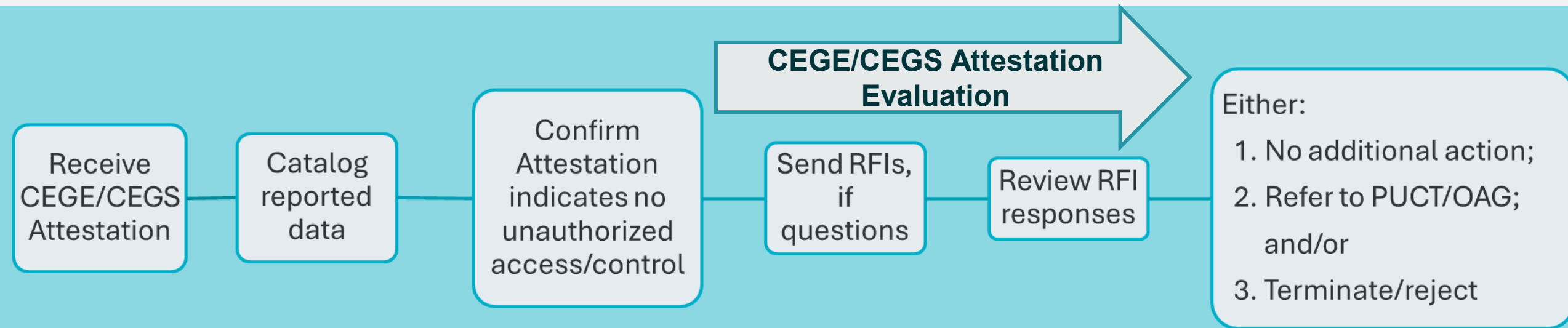
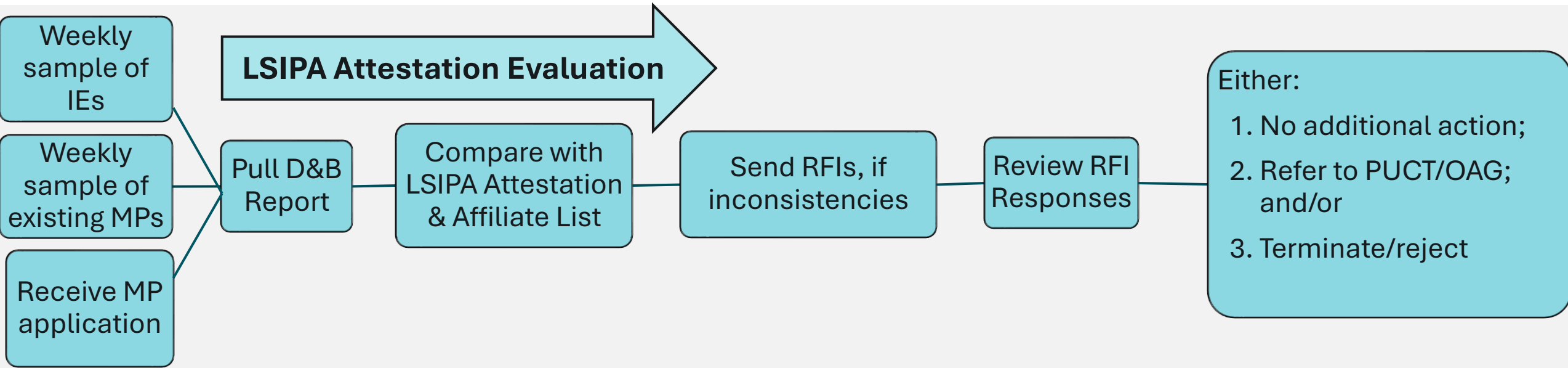
Most reported CEGE:

- 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 Compliance Evaluation Process



Enhancements to ERCOT's Process & Potential Legislative Considerations

1. ERCOT's compliance evaluations:

- a) Require MPs/IEs to identify the name and associated country for each reported Affiliate LSIPA Designated Company.
- b) Implement a more robust RFI process for CEGE/CEGS Attestations.

2. Clarify MP's understanding of Protocols re: CEGE/CEGS:

- a) Develop clear categories of CEGE/CEGS, host a workshop to discuss the categories and any "lessons learned" so far, and initiate an NPRR to include CEGE/CEGS guidelines in Protocols.
- b) Revise CEGE/CEGS Attestation to require additional information (ex: quantity of CEGE and scope of authorized access).

3. Coordinate with OAG regarding the LSIPA compliance investigation process under PURA § 39.360(j) (not yet codified, see S.B. 2368).

4. Currently evaluating whether applications can provide ERCOT with more in-depth visibility and/or real-time updates re: MP/IE ownership changes or ERCOT vendor supply chains.

5. Potential Legislative Considerations:

- a) Whether to prohibit MPs from purchasing CEGE/CEGS from Chinese companies identified on the Department of Defense's 1260H List and Texas' Prohibited Technologies List.
- b) Whether to consider required security measures be implemented to mitigate risk for an LSIPA Designated Company's authorized access to CEGE/CEGS for product warranty or support purposes.
- c) Whether to require large computational loads to be subject to LSIPA requirements.
- d) Whether to allow ERCOT's disclosure of a MP's CEGE Attestation to OAG without prior notice to the MP as required for Protected Information under ERCOT Protocol § 1.3.6(1)(d).