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# Item 7: Congestion Revenue Rights Funding Trends

*Keith Collins*
*VP Commercial Operations*

Finance and Audit Committee

September 14, 2026

**Purpose**

Respond to question at the June meeting about rising CRR funds held by ERCOT.

**For information only**

No Board action requested, for discussion only.

**Key Takeaways**

- Market participation (transaction counts and paths traded) increased significantly year-over-year
- Increased market participation outweighs the reduced congestion and clearing prices from RTB+C
- Congestion is down and congestion rent trended down as well

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# Answering the Board's Question

*Is CRR fund growth driven by congestion, grid growth, or something else?*

| Possible driver | What the data show | Verdict |
|---|---|---|
| **Increased congestion prices** | *Average clearing prices* are down 30-49% YoY every month in 2026. | **Not the driver — congestion is easing, not worsening.** |
| **Increased congestion totals** | Day-Ahead / Real-Time *congestion rent* down in every month excepting the January 2026 weather event. | **Not the driver — congestion is easing, not worsening.** |
| **Market participation growth** | Source-sink pairs +20-33% YoY, transaction counts +23-31% YoY, MW volume +4-20% YoY — concentrated Jan-Apr 2026 and moderating since May. | **Most likely driver and may be decelerating.** |

**Key Takeaway:** Rising CRR funds are best explained by market participation growth, not congestion.

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# Conclusion

### Efficiency Improved

RTC+B lowered average clearing prices in every month of 2026.

### Volume Overwhelmed Savings

Transaction size and counts surged, outweighing the price savings and pushing revenue up Jan–Apr 2026.

### Trend May be Changing

Since May 2026, revenue has trended down YoY as participation growth moderates.

DIRECT ANSWER TO THE BOARD'S QUESTION

**The increase in CRR funds held by ERCOT is attributable to market participation growth, not increased congestion — and that growth is already decelerating.**

MEMORANDUM

| | |
|---|---|
| **To:** | Finance and Audit Committee |
| **From:** | Keith Collins, VP of Commercial Operations |
| **Date** | September 4, 2026 |
| **Re:** | CRR Funding Trends |

ERCOT's core mission includes operating a reliable and competitively efficient wholesale electricity market for Texas. Congestion Revenue Rights (CRRs) are one of the primary tools market participants use to hedge transmission congestion costs, and ERCOT holds the funds collected through the CRR auction process.

## Purpose

At the Committee's June 2026 meeting, a Committee member asked ERCOT staff to isolate whether the recent increase in CRR funds held by ERCOT reflects increased congestion, physical grid growth, or another driver. This memo summarizes staff's analysis of ERCOT settlement data from January 2024 through June 2026 and answers that question directly. **This item is for the Committee's information only; no Committee action is requested.**

## Background

CRRs let market participants hedge transmission congestion costs by acquiring rights tied to specific source-sink paths, auctioned monthly and annually. RTC+B (Real-Time Co-optimization plus Batteries) is ERCOT's redesigned real-time market engine, which co-optimizes energy and ancillary services. A more efficient real-time clearing engine should narrow the gap between day-ahead and real-time congestion, which in turn should lower CRR auction clearing prices. Staff examined ERCOT CRR auction settlement data to test whether that expected efficiency gain is visible in the numbers, and what it means for total CRR revenue.

## Methodology, in Brief

- ERCOT CRR annual and monthly auction settlement data, January 2024 – June 2026.
- Metrics include total transaction (revenue) amount, average clearing price, source-sink pair counts, transaction counts, transacted MW, and day-ahead/real-time congestion rent; all dollar figures are nominal.

- Each month in 2026 is compared to the same month in 2024 and 2025 (year-over-year) to control for seasonality; a longer 2022–2026 trend was used to confirm the congestion-rent finding against a longer baseline.

## Key Findings

- **Congestion is down, not up.** Average CRR clearing prices fell 30–49% year-over-year in every month of 2026, and Day-Ahead congestion rent also trended down (excluding a January 2026 weather-driven spike). This is the clearest evidence that RTC+B is producing more efficient market clearing.
- **Market participation growth is the real driver of rising CRR funds.** Source-sink pairs traded rose 20–33% year-over-year and total transaction counts rose 23–31% year-over-year in every month of 2026; transacted MW volume rose 4–20%. This participation growth outweighed the price savings from RTC+B, pushing total CRR revenue up 1–6% year-over-year from January through April 2026.
- **That growth has already begun to moderate.** Since May 2026, participation growth has slowed and total CRR revenue is down 5–7% year-over-year in both May and June — the first sustained multi-month reversal in the series. Staff view this as an early signal, not yet a confirmed new trend.

In short: the increase in CRR funds held by ERCOT is attributable to market participation growth, not increased congestion — and that growth is already decelerating.

## Analysis

The sections below present the underlying data and detailed findings that support the Key Findings summarized above.

### FINDING 1: AVERAGE CRR CLEARING PRICES FELL SHARPLY IN 2026

Average CRR clearing prices fell 30–49% year-over-year in every month of 2026, as seen in Figure 1 below. The decline is consistent across all six months, not a one-time event, and is the clearest evidence that RTC+B is producing more efficient market clearing.

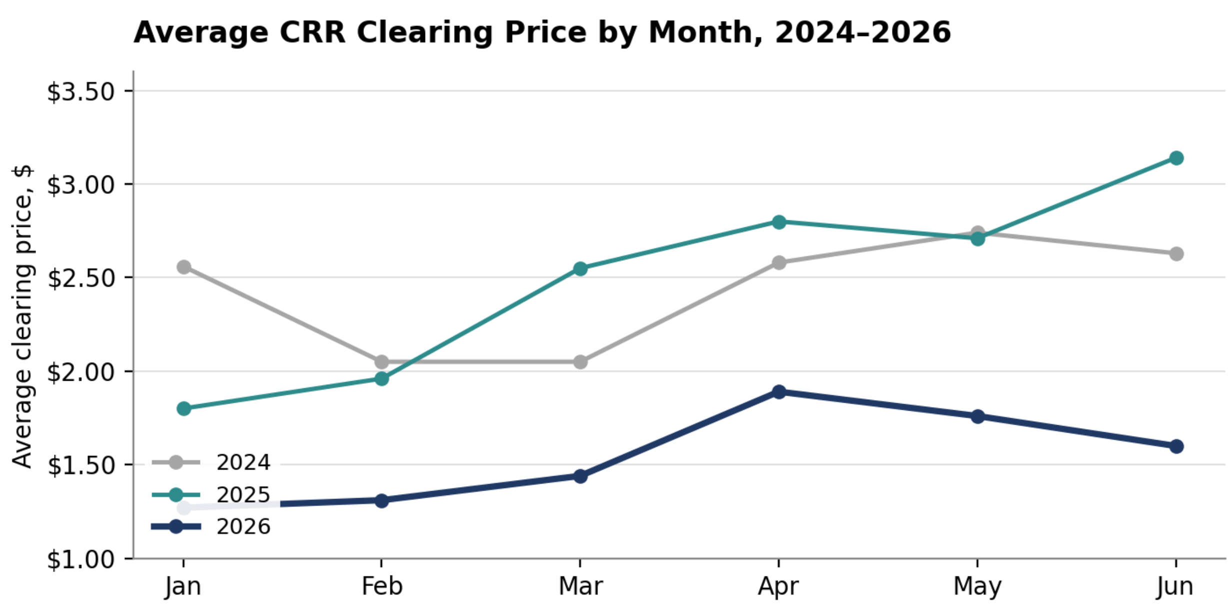


FIGURE 1, AVERAGE CRR CLEARING PRICE BY MONTH, 2024–2026

**Change, 2026 vs. 2025**

| Month | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|
| YoY % | -30% | -33% | -44% | -32% | -35% | -49% |

## FINDING 1 (CONT.): CONGESTION RENT TRENDS SUPPORT THE RTC+B EFFICIENCY GAIN

Day-Ahead congestion rent ran below 2025 levels in every remaining month, excluding the January 2026 weather-driven spike, as seen in Figure 2 below. This confirms the tighter Real-Time and Day-Ahead price convergence under RTC+B.

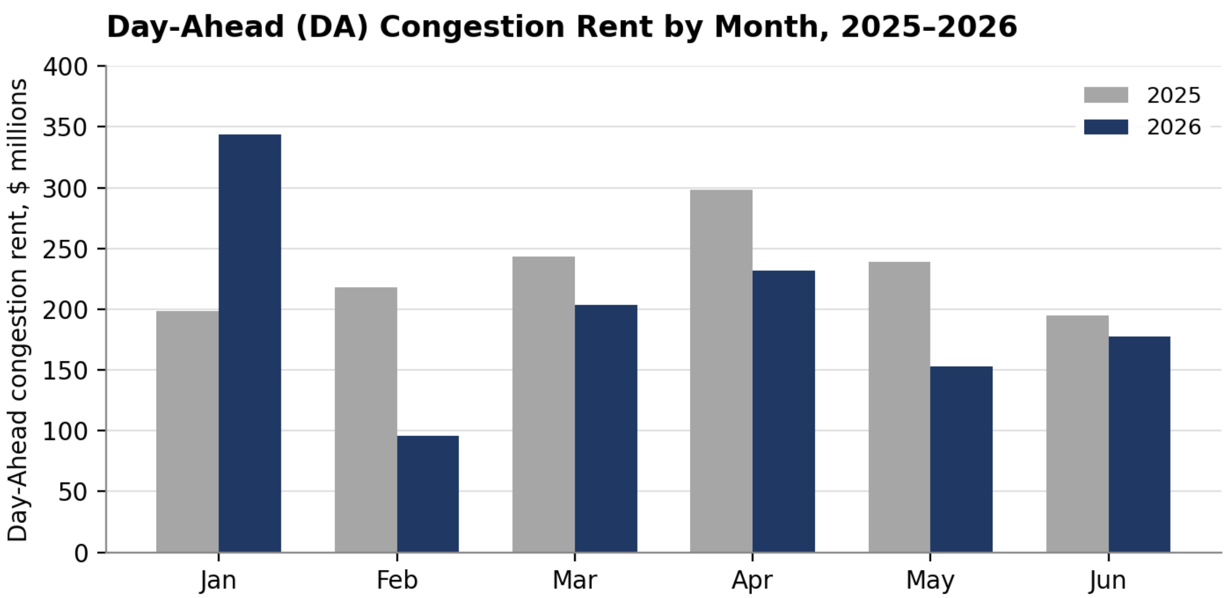


**FIGURE 2, DAY-AHEAD (DA) CONGESTION RENT BY MONTH, 2025–2026, $ MILLIONS. JAN 2026 REFLECTS AN EXTREME-WEATHER CONGESTION EVENT AND IS AN OUTLIER TO THE GENERAL TREND.**

## FINDING 2: CRR TRANSACTION ACTIVITY SURGED ACROSS 2026

- Both the number of distinct source-sink paths traded (+20–33% YoY) and total transaction counts (+23–31% YoY) grew sharply throughout 2026, as seen in Figures 3 and 4 below — a market participating far more actively, not just clearing more efficiently. Both metrics grew sharply throughout 2026, showing more active market participation, not just more efficient clearing of the market.

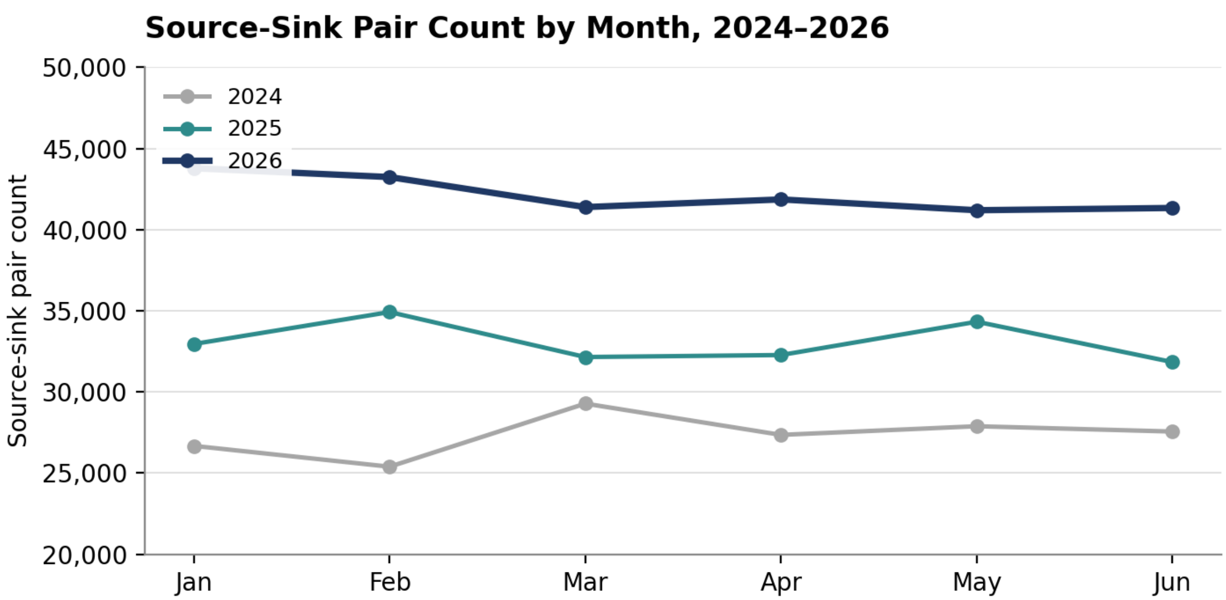


FIGURE 3, SOURCE-SINK PAIR COUNT BY MONTH, 2024–2026

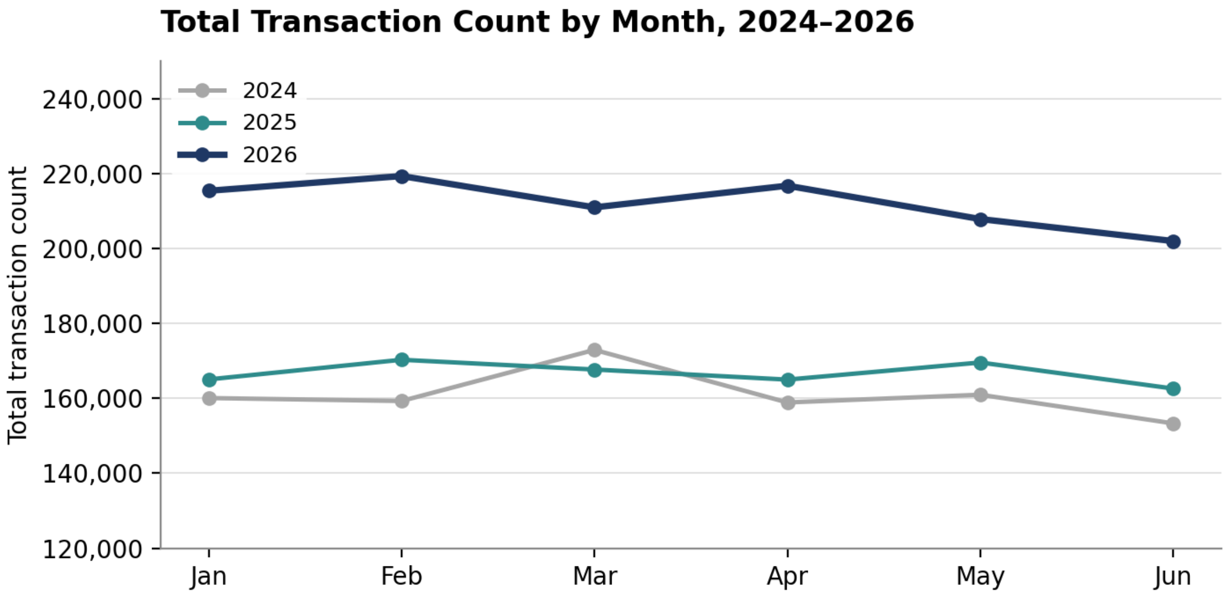


**FIGURE 4, TOTAL TRANSACTION COUNT BY MONTH, 2024–2026**

## FINDING 2 (CONT.): TRANSACTED MW VOLUME ALSO CLIMBED

- As seen in Figure 5 below, transacted MW volume also climbed, rising every month of 2026 versus 2025, by as much as 20% in February. Volume growth, not price, is now the dominant driver of CRR revenue movement. Transacted MW volume rose every month of 2026 versus 2025, confirming that volume growth — not price — is now the dominant driver of CRR revenue movement.

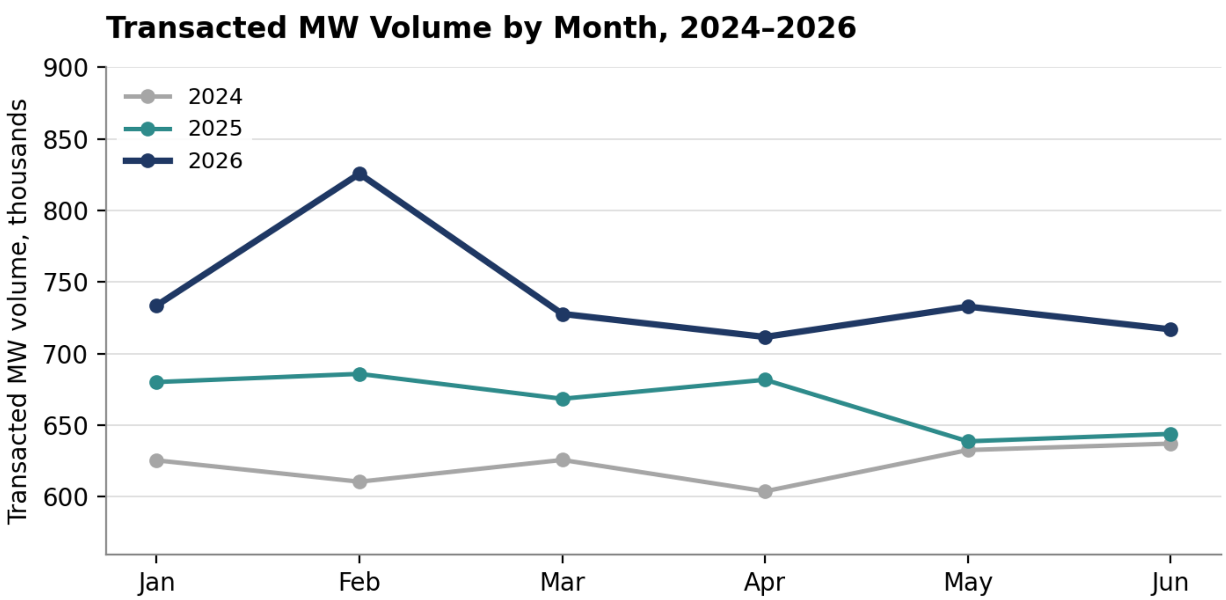


FIGURE 5, TRANSACTED MW VOLUME BY MONTH, 2024–2026 (THOUSANDS)

**Change, 2026 vs. 2025**

| Month | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|
| YoY % | +8% | +20% | +9% | +4% | +15% | +11% |

## FINDING 3: VOLUME GROWTH OUTWEIGHED PRICE SAVINGS THROUGH APRIL

- As seen in Figure 6 below, volume growth outweighed price savings through April 2026. Total CRR revenue grew 1–6% year-over-year from January through April 2026 despite sharply lower clearing prices, as volume growth more than offset the price efficiency gain. May and June 2026 revenue is down 5–7% year-over-year, the first sustained reversal in the series. Total CRR revenue grew 1–6% YoY from January through April 2026 despite lower clearing prices; May and June 2026 revenue is down 5–7% YoY, the first sustained reversal in the series.

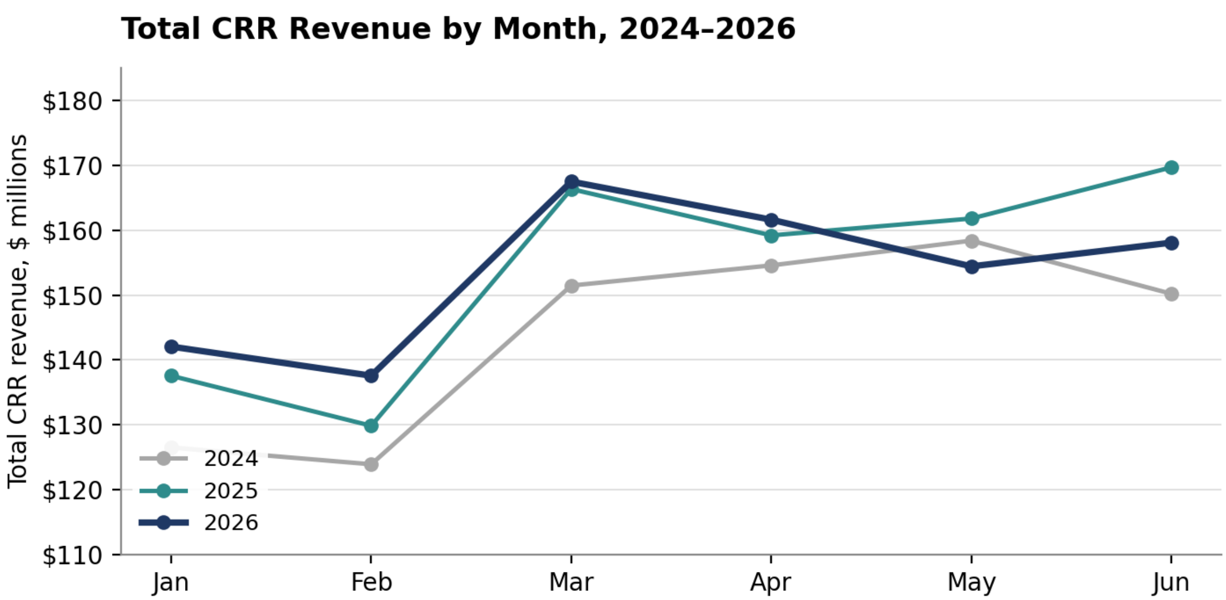


FIGURE 6, TOTAL CRR REVENUE BY MONTH, 2024–2026, $ MILLIONS

**Total CRR revenue, YoY change**

| Month | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|
| YoY % | +3% | +6% | +1% | +2% | -5% | -7% |

## SYNTHESIS: TWO OFFSETTING FORCES ARE SHAPING CRR REVENUE

Two offsetting forces are shaping total CRR revenue:

- **Force 1: Market Efficiency (↓ Price).** RTC+B improves real-time/day-ahead price convergence, narrowing congestion price spreads. Average clearing prices are down 30–49% YoY in every month of 2026, confirmed independently by falling Day-Ahead

(DA) congestion rent (Feb–Jun 2026). Effect on revenue: pushes total CRR revenue down.

- **Force 2: Participation Growth (↑ Volume).** Lower prices and a redesigned market appear to be drawing more participants and more hedging activity. Source-sink pairs are up 20–33% YoY, transaction counts are up 23–31% YoY, and MW volume is up 4–20% YoY. Growth was strongest January–April 2026 and has since moderated. Effect on revenue: pushes total CRR revenue up.

## CONCLUSION

- **Efficiency Improved.** RTC+B lowered average clearing prices in every month of 2026.
- **Volume Overwhelmed Savings.** Transaction size and counts surged, outweighing the price savings and pushing revenue up January–April 2026.
- **Trend May Be Changing.** Since May 2026, revenue has trended down year-over-year as participation growth moderates.

Direct answer to the Committee's question: the increase in CRR funds held by ERCOT is attributable to market participation growth, not increased congestion — and that growth may already be decelerating.

## Next Steps

- Continue monitoring monthly CRR revenue, transaction volume, and clearing prices to confirm whether the May–June 2026 reversal is a durable trend.
  - **Owner:** Commercial Operations.
  - **Timeline:** ongoing.

## Questions for the Committee

- Does the Committee agree that no further action is needed at this time, given that rising CRR funds are attributable to market participation growth rather than congestion, and that this growth is already moderating?