PUBLIC

Item 19.3.3: Board Action on CEO Agreement

Peggy Heeg
Human Resources and Governance (HR&G) Committee Chair

Board of Directors Meeting

September 14-15, 2026

Purpose

Recommendation regarding Board action on a proposed Executive Employment Agreement for the ERCOT President and CEO.

Voting Item

Vote on the proposed Executive Employment Agreement for the ERCOT President and CEO.

Key Takeaways

- New agreement contemplates a six-year term, beginning January 1, 2027, and aligns with the structure of the existing agreement.
- Compensation terms of the new agreement include base salary, short-term incentive and long-term incentives, and a new 457(f) plan.

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2027 Potential Earned Compensation, Summary, and New Terms

2027 Potential Earned Compensation

• Base Salary:	$1,162,716.00
• Short-term Incentive:	$1,162,716.00 (target)
• Long-term Incentive:	$2,092,889.00 (target-2030)
• 401(k) Savings Plan:	$53,650.00
• 457(f) Plan:	$587,007.00
• Health and Welfare:	$26,421.00
• Final Make-whole Payment:	$1,385,000.00*
	$6,470,398.00**

* Final make-whole payment due under 2022 Executive Employment Agreement.
** Total 2027 compensation excluding final make-whole payment is $5,085,398.00.

Contractual Compensation Summary*

- 2027-2032**
  - Base Salary: $1,162,716.00
  - Unchanged Short-term Incentive: 100% of base (target)
  - Unchanged Long-term Incentive: 180% of base (target)
  - 457(f) Plan: 14.5% of base, STI, and LTI above IRS limit
  - Standard Benefits: Healthcare, 401(k), etc.

* Total compensation between 50th and 75th percentile of market.
** Annual compensation subject to annual Board adjustment.

Material New Terms

- Six-year contract term (final year of prior agreement rolled in).
- Prior notice required before serving on another board of directors.
- Short and long-term incentive terms aligned with existing ERCOT plans.
- Includes establishment and funding of a 457(f) plan.
- Two years' health care insurance premiums due after completion of Employment Term.

Date: September 9, 2026
To: Board of Directors of Electric Reliability Council of Texas, Inc.
From: Peggy Heeg, Human Resources and Governance (HR&G) Committee Chair
Subject: Board Action on Executive Employment Agreement

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: September 14-15, 2026

Item No.: 19.3.3

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve the execution of a new employment agreement with current ERCOT President and Chief Executive Officer (CEO) Pablo Vegas for a six-year term beginning on January 1, 2027, subject to annual election by the Board until resignation or removal.

Background/History:

Section 7.1 of ERCOT's Amended and Restated Bylaws (Bylaws) requires that the Board hire a CEO to carry out the general affairs of ERCOT under the Board's supervision and direction. It is the duty of the Board to approve the employment and terms for the CEO under Section 4.10(b). Under Section 7.4, "[t]he compensation of the CEO shall be approved by the Board." Finally, under Section 8.2, the ERCOT CEO shall be elected by the Board for a term not exceeding one (1) year and may be re-elected for consecutive terms without limitation and shall hold office until a successor is chosen and qualified or until his or her earlier resignation or removal.

Section 22.231(a) of the Texas Business Organizations Code (TBOC) requires that the officers of a Texas nonprofit corporation shall include a president and a secretary, which positions may not be held by the same person. The TBOC allows other discretionary officer positions, but the president and secretary positions are mandatory. Sections 7.1 and 8.1 of the Bylaws require that the "CEO shall serve as President of ERCOT."

On August 15, 2022, ERCOT and Pablo Vegas entered into an employment agreement under which Mr. Vegas became employed as ERCOT's President and CEO for an employment term concluding on December 31, 2027. The August 15, 2022, employment agreement provides that the parties may consider extensions of the agreement that may be governed by different terms and conditions.

During the second quarter of 2026, ERCOT and Mr. Vegas began negotiating an extension of Mr. Vegas' employment as ERCOT President and CEO through December 31, 2032. Subsequently, under the supervision of Board leadership, ERCOT counsel prepared a draft employment agreement (Executive Employment Agreement) under which Mr. Vegas would serve as ERCOT President and CEO through December 31, 2032. A copy of the final version of the Executive Employment Agreement is attached as ***Attachment A*** for the Board's consideration.

At the conclusion of its September 14, 2026, meeting, the ERCOT Human Resources and Governance Committee voted unanimously to recommend the Board approve the execution of the Executive Employment Agreement.

Under 16 Texas Administrative Code § 25.365(h), the Public Utility Commission of Texas (Commission) must also approve the appointment of and compensation to be paid to the ERCOT CEO. Accordingly, in the event the Board approves the execution of the Executive Employment Agreement, the Commission must also approve the Executive Employment Agreement.

Key Factors Influencing Issue:

- The TBOC requires that ERCOT's officers include a president; the Bylaws provide that the CEO shall serve as the President of ERCOT.
- The Bylaws require Board approval of the employment and terms of ERCOT CEO, and that the compensation of the CEO shall be approved by the Board.
- ERCOT must have a CEO to perform its statutory and corporate functions.

Conclusion/Recommendation:

It is recommended that the Board approve the execution of the Executive Employment Agreement with current ERCOT President and CEO Pablo Vegas, subject to Commission approval and annual election by the Board until resignation or removal.

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, pursuant to Section 7.1 of the Amended and Restated Bylaws (Bylaws) of Electric Reliability Council of Texas, Inc. (ERCOT), the ERCOT Board of Directors (Board) shall hire the ERCOT Chief Executive Officer (CEO) who, under the Board's supervision and direction, shall carry on the general affairs of ERCOT;

WHEREAS, Sections 7.1 and 8.1 of the Bylaws each provide, in pertinent part, that the CEO of ERCOT shall serve as the President of ERCOT;

WHEREAS, an employment agreement has been negotiated with current ERCOT President and CEO Pablo Vegas;

WHEREAS, attached as ***Attachment A*** is the final version of the negotiated agreement (Executive Employment Agreement), which identifies the terms of employment including compensation;

WHEREAS, under 16 Texas Administrative Code § 25.365(h), the Public Utility Commission of Texas (Commission) must approve the appointment of and compensation to be paid to the ERCOT CEO; and

WHEREAS, after due consideration of the alternatives, the Board deems it in ERCOT's best interest to approve the execution of the Executive Employment Agreement with Pablo Vegas, subject to approval by the Commission and annual election by the Board until resignation or removal.

THEREFORE, BE IT RESOLVED, that the ERCOT Board hereby approves the execution of the Executive Employment Agreement with Pablo Vegas, subject to approval by the Commission and annual election by the Board until resignation or removal.

CORPORATE SECRETARY'S CERTIFICATE

I, Brandon Gleason, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its September 14-15, 2026, meeting, the Board passed a motion approving the above Resolution by ______.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of September, 2026.

____
Brandon Gleason
Assistant Corporate Secretary

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made as of January 1, 2027 ("Effective Date") by and between Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT" or the "Company"), and Pablo Vegas ("Executive"). In consideration of the mutual covenants contained in this Agreement, ERCOT and Executive agree as follows:

1. **Employment, Position, and Duties**[1]

1.1 Employment. Executive is currently employed by ERCOT as President and Chief Executive Officer. As of the Effective Date, this Agreement supersedes and replaces any prior employment agreement between ERCOT and Executive relating to Executive's employment with ERCOT; provided, however, that any compensation, benefits, vested rights, accrued obligations, indemnification rights, confidentiality obligations, restrictive covenants, or other obligations that by their terms accrued or survive under any prior agreement shall remain in effect except to the extent expressly modified by this Agreement.

1.2 Position. Subject to Section 3 of this Agreement and the approval of the Public Utility Commission of Texas, Executive shall be employed as President and Chief Executive Officer for the Employment Term defined by this Agreement. Pursuant to the Bylaws, Executive will also serve as an *ex officio* non-voting Director. The Parties may consider extensions of this Agreement, and extensions must be mutually agreed upon in writing, signed by both parties, and may be governed by different terms and conditions.

1.3. Duties. During the Employment Term and any extensions thereof, Executive shall conduct the general affairs of ERCOT and render such business and professional services in the performance of his duties as President and Chief Executive Officer under the Board's supervision. Executive shall fully devote his business time, attention, skill, and efforts to ERCOT during the Employment Term, including any successive period of employment, and further agrees: (i) not to serve on the board of directors of any Member of ERCOT or other board of directors that ERCOT Directors are ineligible to serve on under the Texas Public Utility Regulatory Act, ERCOT Bylaws, or ERCOT's conflicts-of-interest or ethics rules; (ii) not to serve on the board of directors of more than two other organizations (whether for-profit or not-for-profit, with or without compensation) without advance approval of the Board, provided such service does not violate ERCOT's conflict of interest or ethics requirements at any time during such service; (iii) to provide advance written notice to the Board before accepting, agreeing to accept, or commencing service on the board of directors or similar governing body of any other organization and obtain advance approval of the Board for any such service; (iv) not to actively engage in any other employment, occupation, or consulting activity; (v) not to acquire or continue to own any securities in conflict with ERCOT's internal policies and procedures concerning Members, Market Participants, and vendors of ERCOT; and (vi) to abide by all other ERCOT employment policies and procedures, including executing and abiding by the ERCOT Employee Ethics and Confidentiality Agreement, attached hereto as SCHEDULE 1.3 – EMPLOYEE ETHICS AND CONFIDENTIALITY AGREEMENT.

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[1] Capitalized terms herein are defined in SCHEDULE 1 – DEFINITIONS.

2. **Salary, Benefits, and Expenses**

2.1 Compensation. Subject to approval by the Public Utility Commission of Texas, Executive's annual compensation shall include a base salary, short-term incentive, and long-term incentive. Executive's initial annual compensation, which shall be adjusted annually at the Board's discretion, is identified in SCHEDULE 2.1 – COMPENSATION.

2.1.1 Salary. Executive shall receive a base salary, which shall be paid in bi-monthly payments on the 15th and last day of each month. All payments made pursuant to this Agreement, including payments pursuant to Section 2, will be subject to applicable federal, state, and local taxes and any other withholdings or deductions required by law.

2.1.2 Short-term Incentive. Executive shall continue to be eligible for a short-term incentive payment, calculated on a percentage of Executive's then existing base salary, which is accrued at the end of each calendar year of Executive's Employment Term during which Executive continues to serve in good standing as President and Chief Executive Officer and payable in accordance with the schedule set forth on SCHEDULE 2.1 – COMPENSATION. For avoidance of doubt, Executive shall be entitled to any short-term incentive accrued in whole or in part but not paid prior to the Effective Date. However, if Executive is terminated for Cause or resigns without Good Reason at any time during the Employment Term, Executive shall forfeit any unpaid portion of the short-term incentive payment, whether accrued or unaccrued. The terms of ERCOT's Short-term Incentive Plan, as may be amended from time to time, shall govern Executive's eligibility and payout for any short-term incentive.

2.1.3 Long-term Incentive. Executive shall continue to be eligible for a long-term incentive payment, which is accrued at the end of each calendar year of Executive's Employment Term during which Executive continues to serve in good standing as President and Chief Executive Officer and payable in accordance with the schedule set forth on SCHEDULE 2.1 – COMPENSATION. For avoidance of doubt, Executive shall be entitled to any long-term incentive accrued in whole or in part but not paid prior to the Effective Date. However, if Executive is terminated for Cause or resigns without Good Reason at any time during the Employment Term, Executive shall forfeit any unpaid portion of the long-term incentive payments, whether accrued or unaccrued. The terms of ERCOT's Long-term Incentive Plan, as may be amended from time to time, shall govern Executive's eligibility and payout for any long-term incentive.

2.2 Prior Employer Make-whole Payment. Executive shall receive the remaining $1,385,000.00 make-whole payment contracted for under his prior employment agreement. The payment is to make up for earned payments, incentives, and grants from his prior employer, which Executive relinquished because of his agreement to serve as President and Chief Executive Officer. The make-whole payment shall be paid during the first calendar quarter of 2027. If Executive is terminated for Cause or resigns at any time without Good Reason during the Employment Term, Executive shall forfeit the unpaid make-whole payment, and any remaining make-whole payment obligation ceases.

2.3 Retirement Benefits. ERCOT shall provide to Executive participation in all ERCOT tax-qualified retirement plans, subject to the eligibility and participation requirements of any such plans, as may be amended from time to time.

2.4 457(f) Plan. No later than the Effective Date, ERCOT will establish a nonqualified deferred compensation arrangement (the "457(f) Plan") and shall subsequently credit to Executive's account thereunder, with respect to each calendar year of the Employment Term, an amount equal to the portions of ERCOT's 10% Fixed Non-Elective Contribution (FNEC) and 4.5% 401(k) matching contributions attributable to Executive's annual compensation that are ineligible for contribution to ERCOT's tax-qualified 401(k) plan on Executive's behalf by reason of the limitations imposed under Section 415(c)(1)(A) (or any successor provision) of the Internal Revenue Code of 1986, as amended (the "Code"). The 457(f) Plan is applicable to Executive's annual compensation, which includes base salary, short-term incentive, and long-term incentive. The terms and requirements of the 457(f) Plan will be set out in a separate plan document or documents, which shall be designed and administered in compliance with Sections 457(f) and 409A of the Code and other applicable laws and shall not be inconsistent with the terms of this Section 2.4. ERCOT shall credit amounts to Executive's 457(f) Plan account with respect to each calendar year during the first calendar quarter immediately following such calendar year (e.g., credits attributable to calendar year 2027 shall be made during the first calendar quarter of 2028). Each annual credit shall vest on the third anniversary of the date on which such credit is made, subject to Executive's continued employment through such date; provided, however, that any credits that would otherwise vest after December 31, 2032, shall instead vest on December 31, 2032, subject to Executive's continued employment through such date. Notwithstanding the foregoing vesting schedule, all unvested amounts credited to Executive's account under the 457(f) Plan shall become fully vested and payable upon Executive's termination without Cause, resignation for Good Reason, or termination due to Executive's death or Disability. For the avoidance of doubt, Executive's entitlement to the 457(f) Plan credit attributable to calendar year 2032 shall vest upon Executive's completion of employment through December 31, 2032, and ERCOT's obligation to credit and pay such amount shall survive Executive's separation from service, with payment no later than March 15, 2033. The vesting schedule for 457(f) Plan credits is set forth in SCHEDULE 2.4 – 457(f) PLAN VESTING SCHEDULE.

2.5 Benefits. During Executive's employment and subject to the requirements for eligibility and participation in such plans, policies, and programs, Executive shall be eligible to participate in the employee benefit plans maintained by ERCOT that are applicable to other ERCOT employees to the full extent provided under such plans, policies, and programs.

2.6 Vacation; Holidays. Executive will accrue 200 hours of vacation per year in accordance with ERCOT's standard vacation accrual policy, including any applicable limits on annual carryover and payout upon termination, as such policy may be amended from time to time. As of the Effective Date, ERCOT's policy permits a maximum of 240 accrued vacation hours to be carried over from year to year and a maximum of 160 accrued vacation hours to be paid upon termination. Executive will also be entitled to the paid holidays set forth in ERCOT's internal policies and procedures, which are subject to change at ERCOT's discretion.

2.7 Expenses. ERCOT shall reimburse Executive for all reasonable business expenses incurred on behalf of ERCOT in connection with the rendering of services under this Agreement, provided that such expenses are incurred and reported in accordance with ERCOT's internal policies and procedures for the reimbursement of business-related expenses.

3. **Termination of Employment**

3.1 Resignation. Executive may resign his employment upon not less than 30 days' prior written notice to ERCOT. For the avoidance of doubt, termination of employment at the completion of the Employment Term pursuant to Section 3.5 shall not constitute a resignation under this Section 3.1. If Executive resigns his employment other than for Good Reason, ERCOT's sole remaining obligations to Executive will be payment of the Accrued Amounts. "Accrued Amounts" means: (i) any earned but unpaid base salary through the effective date of termination; (ii) accrued but unused vacation payable under ERCOT's applicable policies; (iii) unreimbursed business expenses properly incurred before termination and reimbursable under ERCOT's policies; and (iv) any vested benefits or amounts to which Executive is entitled under the terms of ERCOT's retirement plans or programs, in each case payable solely at the time and in the manner provided under the applicable plans or programs.

3.2 Termination for Cause. In the event of termination of Executive's employment by ERCOT during the Employment Term for Cause, as defined in SCHEDULE 1 - DEFINITIONS, Executive shall be entitled only to the Accrued Amounts.

3.3 Termination without Cause or Resignation for Good Reason. If Executive is terminated by ERCOT without Cause or resigns for Good Reason during the Employment Term, Executive shall be entitled to the Accrued Amounts and all unvested amounts credited to Executive's account under the 457(f) Plan shall become fully vested and payable in accordance with Section 2.4 and the 457(f) Plan. In addition, provided that Executive has timely executed and not revoked a general release and waiver of claims in ERCOT's then-standard form for senior executives, with customary exceptions for vested benefits, indemnification rights, rights that cannot lawfully be waived, and claims arising after the release execution date, and such release has become effective and irrevocable within sixty (60) days following Executive's separation from service (the "Release"), Executive shall be entitled to receive from ERCOT a lump-sum payment equal to the sum of the following (the "Severance Compensation"):

(A) two times the sum of (1) Executive's then existing annual base salary and (2) the annualized amount of short-term incentive pay which would have been payable to Executive for the year of termination if his employment with ERCOT had not terminated and all relevant KPIs had been achieved at the target level;

(B) the amount of long-term incentive compensation earned and accrued as of the date of termination at the target level;

(C) the make-whole payment identified in Section 2.2 if unpaid; and

(D) an amount equal to two years' health care benefit premiums, based on ERCOT's monthly COBRA costs for Executive's healthcare coverage election in effect at the time of termination.

Provided the conditions in this Section 3.3 have been met, payment of the Severance Compensation set forth in this Section 3.3 shall be paid by the 60th day following the date of Executive's termination of employment.

3.4 Termination in the Event of Death or Disability. In the event Executive's employment terminates due to Executive's death or Disability, Executive or Executive's estate, as applicable, shall be entitled to the following: (1) Accrued Amounts, (2) the make-whole payment described in Section 2.2 if unpaid, (3) and any earned and accrued short-term and long-term incentives at the target level. Additionally, all unvested amounts credited to Executive's account under the 457(f) Plan shall become fully vested and payable in accordance with the 457(f) Plan. In the event Executive's employment terminates due to Disability, payment of the make-whole payment shall be conditioned on Executive's execution and non-revocation of the Release within sixty (60) days following termination. In the event Executive's employment terminates due to death, the make-whole payment shall be paid to Executive's estate without a release condition. Payment of the amounts due under this Section 3.4 shall be made in a single lump-sum payment within 60 days following the date of Executive's termination due to Executive's death or Disability.

3.5 Termination at Completion of Employment Term. In the event Executive remains employed through the entire Employment Term and completes his employment with ERCOT at the end of the Employment Term, Executive shall be entitled to receive from ERCOT a lump-sum payment equal to the sum of the following, payable on or before March 15, 2033, which represents ERCOT's sole remaining financial obligation to Executive (other than with respect to vested amounts under the 457(f) Plan):

(A) the Accrued Amounts;

(B) the short-term incentive compensation payable for fiscal year 2032, calculated based on actual performance results for such year;

(C) the long-term incentive compensation payable for the 2029-2032 performance period, calculated based on actual performance results for such period;

(D) a prorated portion of the long-term incentive compensation for the 2030-2033 performance period, calculated based on the number of full months Executive was employed during such performance period (24 of 36 months), payable at the target level;

(E) a prorated portion of the long-term incentive compensation for the 2031-2034 performance period, calculated based on the number of full months Executive was employed during such performance period (12 of 36 months), payable at the target level; and

(F) an amount equal to two years' health care benefit premiums, based on ERCOT's monthly COBRA costs for Executive's healthcare coverage in effect at the time of termination.

For purposes of this Section 3.5, all amounts described herein shall be treated as subject to a substantial risk of forfeiture (within the meaning of Code Section 457(f)) until December 31, 2032, conditioned upon Executive's continued employment through the entire Employment Term.

3.6 Non-Competition. In consideration of Executive's access to ERCOT's confidential information, trade secrets, specialized training, and goodwill, and subject to applicable law, Executive agrees that during employment and for one (1) year after termination of employment for any reason, Executive shall not, directly or indirectly, provide services that are the same as or substantially similar to the services Executive provided to ERCOT, in a senior executive, advisory, consulting, board, operational, or strategic role, to any Independent System Operator, Regional Transmission Organization, or other entity in North America that performs grid operations, market administration, or substantially similar functions, if such services would reasonably be expected to involve the use or disclosure of ERCOT's confidential information or trade secrets or otherwise compete with ERCOT's core functions. This restriction shall not prohibit Executive from: (i) owning less than two percent (2%) of the outstanding securities of a publicly traded company; (ii) working for a diversified business entity in a business unit that does not compete with ERCOT and where Executive does not provide services to a competing ISO/RTO function; or (iii) engaging in activities expressly approved in writing by ERCOT. The Parties agree that this covenant is ancillary to otherwise enforceable agreements, including ERCOT's agreement to provide Executive access to confidential information, trade secrets, specialized training, and significant business relationships. Executive acknowledges that a breach of this Section 3.6 may cause irreparable harm for which monetary damages would be inadequate. ERCOT shall be entitled to seek temporary, preliminary, and permanent injunctive relief, in addition to any other remedies available at law or in equity. To the extent permitted by law, if Executive materially breaches this Section 3.6, Executive shall forfeit any unpaid Severance Compensation and shall repay any Severance Compensation paid under Section 3.3 after the breach, except to the extent such repayment is prohibited by applicable law. The Parties intend that this Section 3.6 be enforced to the maximum extent permitted by applicable law, and if any restriction is found overbroad, the Parties request that it be modified and enforced to the maximum lawful extent.

4. **General**

4.1 Cooperation. Executive agrees that after termination or expiration of Executive's employment, Executive shall, at ERCOT's reasonable request, render in good faith reasonable assistance and perform lawful acts ERCOT considers advisable in connection with any litigation, administrative, regulatory, or investigatory matter involving ERCOT or any of its directors, officers, employees, or agents. ERCOT shall reimburse Executive for reasonable out-of-pocket expenses incurred in providing such assistance and, to the extent such assistance is provided after Executive's employment ends, shall compensate Executive at a reasonable hourly rate based on the fair market value of the assistance provided.

4.2 Non-Solicitation. In consideration of Executive's acknowledgement of receiving ERCOT's current and future confidential information and other good and valuable consideration, Executive agrees that, during employment and for one (1) year after Executive is no longer employed by ERCOT, Executive shall not directly or indirectly solicit, induce, recruit, or encourage any ERCOT employee with whom Executive had material business contact during the final twelve (12) months of employment, or any executive, officer, director-level employee, or other key employee of ERCOT, to terminate employment with ERCOT or accept employment or engagement with any Independent System Operator, Regional Transmission Organization, Member, Market Participant, vendor, or consultant of ERCOT. This Section shall not prohibit general solicitations not targeted at ERCOT employees or the hiring or engagement of any individual who responds to such general solicitation without other solicitation by Executive.

4.3 Protection of Confidential Information. As a condition of Executive's employment, Executive agrees to annually execute ERCOT's Employee Ethics and Confidentiality Agreement wherein Executive agrees to protect ERCOT's confidential information and trade secrets that Executive will receive during Executive's employment by ERCOT. As of the Effective Date and always thereafter, Executive will keep all confidential information and trade secrets of ERCOT in strict confidence and will not use or disclose any confidential information or trade secrets for any purpose other than the performance of Executive's duties for ERCOT. Executive will not cause the transmission, removal, or transport of confidential information or trade secrets from ERCOT's premises except in accordance with ERCOT's approved policies and procedures and then only to the extent necessary to perform Executive's duties. The restrictions set forth in this Section 4.3 are in addition to and not in lieu of any obligations Executive has by law with respect to ERCOT's information. Nothing in this Agreement prohibits Executive from reporting possible violations of law or regulation to, filing a charge or complaint with, communicating with, cooperating with, or participating in any investigation or proceeding conducted by any federal, state, or local governmental agency or regulatory authority, without notice to or authorization from ERCOT. Nothing in this Agreement limits Executive's right to receive an award from a governmental agency for information provided to such agency. Executive remains obligated, however, to take reasonable steps to protect ERCOT's privileged information and trade secrets except as expressly permitted by law. Pursuant to the Defend Trade Secrets Act of 2016, Executive is notified that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the individual's attorney and use the trade secret information in the court proceeding, provided that any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

4.4 Security Clearance. Executive shall use best efforts to obtain and maintain any government security clearance necessary to fulfill Executive's duties. If Executive fails to obtain or maintain any required security clearance and such failure materially impairs Executive's ability to perform his duties, ERCOT may treat such failure as Cause if the failure results from Executive's misconduct, refusal to cooperate, or failure to satisfy reasonable requirements. For the avoidance of doubt, ERCOT may not treat such failure as Cause for termination under Section 3.2 if the failure results from an event beyond Executive's control. Otherwise, ERCOT may terminate Executive's employment under Section 3.3 if the failure materially impairs Executive's ability to perform his duties.

4.5 Non-Disparagement. During Executive's employment and always thereafter, Executive will not directly or indirectly make or publish any disparaging statements concerning ERCOT, its business, or ERCOT's directors, officers, employees, or agents. Nothing in this Section 4.5 shall preclude Executive from providing truthful testimony, responding truthfully to any subpoena, court order, or governmental inquiry, making reports or disclosures protected by law, or otherwise exercising rights that cannot lawfully be waived.

4.6 No Assignment; Binding Effect. This Agreement is binding upon the Parties and inures to the benefit of ERCOT and its successors and permitted assigns. ERCOT may assign this Agreement, in its discretion, to any parent, subsidiary, affiliate, related entity, successor, or permitted assign, and Executive expressly consents to enforcement of this Agreement by ERCOT's successors and permitted assigns. Executive may not assign any rights or obligations under this Agreement.

4.7 No Representations. Executive acknowledges that he is not relying, and has not relied, on any promise, representation, or statement made by or on behalf of ERCOT, except as expressly set forth herein. Executive acknowledges ERCOT's in-house and outside legal counsel and ERCOT's in-house and outside financial and tax professionals represent ERCOT only and do not represent Executive. Executive further acknowledges that Executive has been advised to seek and has a right to obtain independent legal counsel and to seek independent financial, accounting, tax, and other needed advice and services about Executive's employment relationship and this Agreement.

4.8 Sections 409A and 457(f) of the Internal Revenue Code. All payments to Executive pursuant to this Agreement are intended to comply with the requirements of Section 409A and Section 457(f) of the Code and the regulations thereunder, and to the maximum extent permitted by law this Agreement shall be interpreted and administered in accordance with that intent. Further, all provisions of this Agreement relating to nonqualified deferred compensation subject to Section 409A or Section 457(f) of the Code shall be deemed to incorporate, be subject and subordinate to, modified by, conditioned by, and interpreted to avoid the tax consequences of Section 409A or Section 457(f), the regulations thereunder, and other authoritative guidance. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A and Section 457(f), as applicable, or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A and/or Section 457, as applicable, either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. In the event that any amounts contemplated under this Agreement become taxable under Section 457 prior to payment of such amounts, payment of such amount shall be accelerated in an amount sufficient to satisfy the tax obligations either through withholding or by distribution directly to Executive; provided, however, that the total payment accelerated under this provision shall not exceed the aggregate of state, local and foreign taxes and income tax withholding related to such amount. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

4.9 Severability and Constructions. If any term of this Agreement is declared unenforceable in any respect, the unenforceable term (or portion thereof) will be deemed severed, and the remainder of this Agreement will otherwise remain in full force and effect. Furthermore, ERCOT and Executive request any applicable tribunal to modify such term to the extent practicable and reasonable to make it enforceable. The parties hereto have had the benefit of counsel of their own choice, have participated in the drafting of this Agreement, have reviewed this Agreement with their chosen counsel, and execute this Agreement of their own free will and accord for the purposes and consideration set forth herein.

4.10 Notices. Any notice or other communication hereunder must be in writing to be effective and shall be deemed to have been given when received by the intended recipient in person or by delivery to the notice address set forth below. Either party may from time to time change the notice address by giving written notice thereof to the other party. The address for each party for notices hereunder is as follows:

If to ERCOT: ERCOT General Counsel
Electric Reliability Council of Texas, Inc.
8000 Metropolis Drive (Building E),
Suite 100
Austin, Texas 78744

If to Executive: Pablo Vegas
Executive's most recent address in ERCOT's employment records or such other address as Executive designates by written notice to ERCOT.

4.11 Governing Law; Forum. The execution, validity, interpretation, enforcement, and performance of this Agreement shall be governed by the laws of the State of Texas. For the purposes of any claim or cause of action in any legal proceeding initiated over any dispute arising out of or relating to this Agreement, such claim or cause of action shall be initiated in any federal or state court located within Travis County, Texas, and the parties further agree that venue for all such matters shall lie exclusively in those courts.

4.12 Entire Agreement. This Agreement embodies the sole and entire agreement between the parties and supersedes all prior agreements and understandings relating to the subject matter hereof as of the Effective Date, except as expressly provided in Section 1.1. For the avoidance of doubt, this Agreement does not supersede the terms of any ERCOT tax-qualified retirement plan, employee benefit plan, short-term incentive plan, long-term incentive plan, 457(f) plan, or related award or participation agreement, except to the extent this Agreement expressly provides otherwise with respect to Executive. Nothing in this Agreement shall result in duplication of any payment or benefit. This Agreement may be amended or modified only in writing executed by the party against whom enforcement of any waiver, modification, amendment, change, discharge, or termination is sought. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be part of the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement to be effective as of the Effective Date.

Executive	**Electric Reliability Council of Texas, Inc.**
Signature:	Signature:
______________________________	______________________________
Name: Pablo Vegas	Name: Peggy Heeg
Title: ERCOT President and CEO	Title: ERCOT Board Vice Chair

SCHEDULE 1 – DEFINITIONS

"Accrued Amounts" has the meaning assigned in Section 3.1 herein.

"Agreement" has the meaning assigned in the introductory paragraph herein.

"Board" means the Board of Directors of Electric Reliability Council of Texas, Inc.

"Bylaws" means the Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc., effective December 20, 2022, as may be amended from time to time.

"Cause" means: (i) Executive's willful misconduct, willful violation of law, fraud, embezzlement, or material dishonesty relating to ERCOT; (ii) Executive's conviction of, plea of guilty or nolo contendere to, or indictment for a felony or any crime involving moral turpitude; (iii) Executive's willful and continued failure to substantially perform Executive's duties, other than due to physical or mental incapacity, after written notice and a reasonable opportunity to cure if cure is possible; (iv) Executive's willful and material violation of ERCOT's material policies or procedures after written notice and a reasonable opportunity to cure if cure is possible; (v) Executive's breach of the duty of loyalty to ERCOT; (vi) Executive's willful conduct that is demonstrably and materially injurious to ERCOT or conduct that materially impairs Executive's ability to perform his duties or materially harms ERCOT's reputation, regulatory standing, or public trust; or (vii) Executive's material breach of this Agreement after written notice and a reasonable opportunity to cure if cure is possible. For purposes of this definition, an act or omission shall be deemed willful if done in bad faith or without a reasonable belief that the act or omission was in ERCOT's best interests.

"Company" has the meaning assigned in the introductory paragraph herein.

"Director" means a member of the Board of ERCOT.

"Disability" means Executive's entitlement to benefits under Company's long-term disability plan or if Executive does not participate in Company's long term-disability plan, Executive's inability, due to physical or mental incapacity, to perform Executive's duties under this Agreement for a period of ninety (90) consecutive days or one-hundred twenty (120) days during any consecutive six (6)-month period.

"Effective Date" has the meaning assigned in the introductory paragraph herein.

"Employment Term" means the period commencing on the Effective Date and ending on December 31, 2032, unless earlier terminated pursuant to Section 3 of this Agreement.

"ERCOT" has the meaning assigned in the introductory paragraph herein.

"ERCOT Employee Ethics and Confidentiality Agreement" means the ERCOT Employee Ethics and Confidentiality Agreement that all ERCOT employees must sign annually.

"Executive" has the meaning assigned in paragraph 1 herein.

"Good Reason" means Executive's resignation following the occurrence of one or more of the following, without Executive's written consent: (i) a material diminution of Executive's authority, duties, or responsibilities relative to Executive's authority, duties, or responsibilities in effect immediately prior to such diminution; (ii) a material reduction by the Company in the base compensation of Executive as in effect immediately prior to such reduction, other than a reduction of up to 25% that is also applied to other senior executives of the Company; or (iii) the Company's material breach of this Agreement. Executive's resignation shall not constitute Good Reason unless: (A) Executive provides the Company written notice describing the condition alleged to constitute Good Reason within ninety (90) days after the initial existence of such condition; (B) the Company fails to cure such condition within thirty (30) days after receipt of such notice; and (C) Executive resigns within thirty (30) days after expiration of the cure period.

"KPIs" has the meaning assigned in Schedule 2.1 of this Agreement.

"Market Participant" means any entity that engages in any activity that is in whole or in part the subject of the ERCOT Protocols and has, or should have, a contract regarding such activities with ERCOT or an entity that qualifies for ERCOT membership.

"Member" means a member of ERCOT, which has been approved by ERCOT to meet applicable membership qualifications.

"President and Chief Executive Officer" means the President and Chief Executive Officer of Electric Reliability Council of Texas, Inc.

"Release" has the meaning assigned in Section 3.3 herein.

"Severance Compensation" has the meaning assigned in Section 3.3 herein.

SCHEDULE 1.3 – EMPLOYEE ETHICS AND CONFIDENTIALITY AGREEMENT

Employees of Electric Reliability Council of Texas, Inc. ("ERCOT") must conduct ERCOT's business with integrity and objectivity toward ERCOT, and all ERCOT Members and Market Participants. That is why ERCOT requires employees to annually affirm their commitment to the ethical standards that are essential to working at ERCOT. Before completing this Employee Ethics Agreement, you should review the ERCOT Code of Conduct and ERCOT Corporate Standard (CS) 7.6, *Information Protection Corporate Standard* and participate in any associated ethics training.

If you have questions or concerns about the requirements or prohibitions in the ERCOT Code of Conduct, please contact ERCOT Legal, or file an anonymous report through EthicsPoint (www.ethicspoint.com or 1-866-384-4277). For questions about the requirements in CS7.6, please contact ERCOT Legal.

Use and Return of Proprietary Information

I acknowledge that I may have access to ERCOT Confidential information (as defined in CS7.6, *Information Protection Corporate Standard*) in order to perform my job. To protect ERCOT Confidential information, I agree as follows:

A. I shall hold ERCOT Confidential information in strict confidence and shall exercise reasonable care to prevent unauthorized disclosure to others.
B. I shall not directly or indirectly disclose ERCOT Confidential information to others, except ERCOT directors, officers and other ERCOT employees who require access to such information in order to perform job functions, unless first authorized to do so in writing by ERCOT.
C. I shall not reproduce ERCOT Confidential information or use it commercially or for any purpose other than the performance of my duties for ERCOT.
D. I shall notify ERCOT immediately upon discovery of any unauthorized use or disclosure of ERCOT Confidential information and cooperate in any reasonable way to help ERCOT regain possession of the ERCOT Confidential information and prevent further unauthorized use or disclosure.
E. Upon ERCOT's request or upon termination of my employment at ERCOT for any reason, I shall deliver to ERCOT all drawings, notes, documents, equipment and materials received from ERCOT or originating from ERCOT operations, and shall permanently delete all electronic copies of such information from my personal computers, storage devices, external file transfer sites, personal e-mail and document sharing/storage accounts.

Notwithstanding the foregoing, my disclosure of ERCOT Confidential information in response to a subpoena, court order, law enforcement investigation, or civil investigative demand shall not be deemed a violation of this agreement. I shall promptly inform ERCOT Legal prior to any such disclosure, unless impracticable to do so.

ERCOT reserves the right to take disciplinary action, up to and including termination, for any violations of this agreement.

Disclosure of Trade Secret Information

Under the Defend Trade Secrets Act of 2016 (the "Act"), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret as defined in the Act: (i) made in confidence to a government official or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a lawsuit filing made under seal. In addition, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

Disclosure of Potential Conflicts of Interest

ERCOT company policy requires all employees to disclose any employment or independent contracting services for a Market Participant that involve an employee's child, spouse or domestic partner, parent, sibling, or any other individual who lives in the employee's household. A listing of ERCOT Market Participants is available at: http://www.ercot.com/mktparticipants.

ERCOT also encourages employees to disclose other potential conflicts that may call into question an employee's ability to conduct ERCOT's business without the appearance of Conflicts of Interest with Market Participants or Vendors to ERCOT. Examples of potential conflicts are discussed in CS5.18, *ERCOT's Conflict of Interest Corporate Standard*. Management evaluates employee disclosures to determine whether, based upon the employee's job responsibilities, any Conflict of Interest exists (and whether to take any steps to address it).

(Please complete this Disclosure section even if you have no potential conflicts to disclose.)

Check this box if you have no Conflicts of Interest to report.

Potential Conflicts of Interest:
Name of Person or Entity: Relationship to Employee:
Description of Potential Conflict:

Potential Conflicts of Interest:
Name of Person or Entity: Relationship to Employee:
Description of Potential Conflict:

Employee Agreement

By checking the box below, I confirm that I have read and understand the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and have participated in any associated ethics training required by ERCOT. I agree to conduct myself in accordance with the principles and standards discussed in the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and I have made any required disclosures below.

I agree to the foregoing terms.

____

Signature Date

SCHEDULE 2.1 – COMPENSATION

Beginning on the Effective Date, Executive shall receive base salary in the annualized amount of $1,162,716.00. In addition to base salary, Executive shall remain eligible to receive an annual short-term incentive payment with a target of 100% of Executive's base salary and long-term incentive payment with a target of $420,000.00 for the 2024-2026 performance period and a target of 180% of Executive's base salary for all other performance periods, for achieving key performance indicators established by the Board ("KPIs"), so long as Executive continues to serve as President and Chief Executive Officer through the date such annual short-term incentive payment or long-term incentive payment is earned and accrued. The terms and conditions of the ERCOT Short-term Incentive Plan and Long-term Incentive Plan, as both may be amended from time to time, shall apply to Executive's short-term and long-term incentive eligibility and payments and are consistent with the terms of this Agreement. Accrued annual short-term and long-term incentive payments, if earned, will be paid pursuant to the following compensation summary and payment schedule:

Compensation Type	Payment Schedule
Annual Base Salary	Bi-monthly
2026 Short-term Incentive	On or before March 15, 2027
2027 Short-term Incentive	On or before March 15, 2028
2028 Short-term Incentive	On or before March 15, 2029
2029 Short-term Incentive	On or before March 15, 2030
2030 Short-term Incentive	On or before March 15, 2031
2031 Short-term Incentive	On or before March 15, 2032
2032 Short-term Incentive	On or before March 15, 2033
2024 Long-term Incentive	On or before March 15, 2027
2025 Long-term Incentive	On or before March 15, 2028
2026 Long-term Incentive	On or before March 15, 2029
2027 Long-term Incentive	On or before March 15, 2030
2028 Long-term Incentive	On or before March 15, 2031
2029 Long-term Incentive	On or before March 15, 2032
2030 Long-term Incentive	On or before March 15, 2033
2031 Long-term Incentive	On or before March 15, 2033 (prorated)
2032 Long-term Incentive	On or before March 15, 2033 (prorated)

Any increases to Executive's annual compensation shall be determined annually by the Board.

SCHEDULE 2.4 – 457(f) PLAN VESTING SCHEDULE

Pursuant to Section 2.4 of this Agreement, ERCOT shall credit to Executive's account under the 457(f) Plan, with respect to each calendar year of the Employment Term, an amount equal to the portions of ERCOT's 10% Fixed Non-Elective Contribution (FNEC) and 4.5% 401(k) matching contributions attributable to Executive's annual compensation that are ineligible for contribution to ERCOT's tax-qualified 401(k) plan on Executive's behalf by reason of the limitations imposed under Section 415(c)(1)(A) of the Code. The vesting schedule for such credits is as follows:

Calendar Year of Employment Term	**Credit Date**	**Vesting Date**
2027	Q1 2028	Q1 2031
2028	Q1 2029	Q1 2032
2029	Q1 2030	December 31, 2032*
2030	Q1 2031	December 31, 2032*
2031	Q1 2032	December 31, 2032*
2032	Q1 2033	December 31, 2032*

*Accelerated Vesting Date. Pursuant to Section 2.4, any credits that would otherwise vest after December 31, 2032, shall instead vest on December 31, 2032, subject to Executive's continued employment through such date.

Accelerated Vesting Events. Notwithstanding the foregoing vesting schedule, all unvested amounts credited to Executive's account under the 457(f) Plan shall become fully vested and payable upon Executive's: (i) termination without Cause; (ii) resignation for Good Reason; or (iii) termination due to Executive's death or Disability.

Calendar Year 2032 Credit. For avoidance of doubt, Executive's entitlement to the 457(f) Plan credit attributable to calendar year 2032 shall vest upon Executive's completion of employment through December 31, 2032, and ERCOT's obligation to credit such amount shall survive Executive's separation from service, with payment no later than March 15, 2033.