

October 7, 2026

Supply Analysis Working Group (SAWG) October 2026 Update to WMS

Kevin Hanson (Invenergy) Chair
Greg Lackey (Step Up Energy Advisors) Co-Vice Chair
Pete Warnken (ERCOT) Co-Vice Chair

Overview

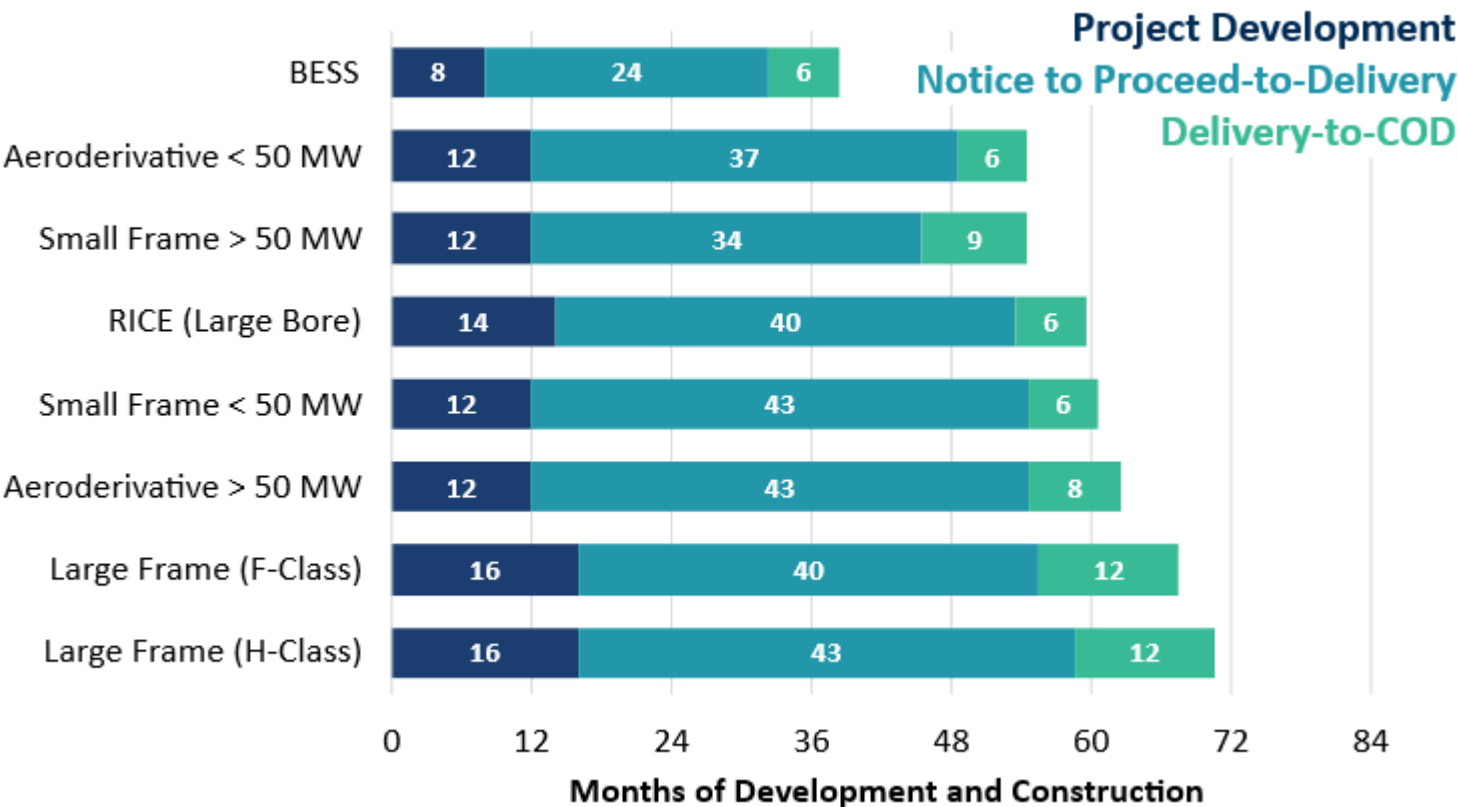
SAWG discussed a couple issues at the meeting:

1. Brattle and Sargent & Lundy discussed the Cost of New Entry (CONE) Study Results
 - a. A detailed analysis was presented and can be found at https://www.ercot.com/files/docs/2026/10/01/3.-SAWG_Oct2026_ERCOT_CONE_Draft_Report.pptx
 - b. ERCOT and the PUCT plan to use this study for planning purposes and as an input to the 2026 Triennial Reliability Assessment
 - c. From the analysis, the 2026 current level-real CT CONE for 2030 entry is \$290/kW-year, whereas the prevailing ERCOT CONE value is \$140/kW-year
 - d. Matt Arth (ERCOT) mentioned that the CONE assumption to be used in the market could be addressed in PUCT Project 59550
2. Pete Warnken (ERCOT) discussed the Probabilistic Capacity, Demand and Reserves (CDR) Concept
 - a. A detailed presentation can be found at https://www.ercot.com/files/docs/2026/10/01/4.-SAWG_Oct2026_Probabilistic_CDR_Concept.pptx
 - b. Using Perfect Capacity approach, it would convert the CDR to an ELCC approach.
 - c. It will be discussed more at future SAWG meetings.

Causes of CONE Costs increasing

- 1. CT Overnight Costs have increased substantially in recent years.
 - a. H-frame CT cost has gone from \$918/kW in December 2023 to \$1,853/kW in July 2026, driven almost entirely by scarcity pricing for turbines, major equipment, and labor.
 - b. A gas fired CT ordered today would not come online until 2032 or later due to a substantial backlog of gas turbines, supply chain constraints on transformers and switchgear, and scarcity of skilled labor.
- 2. Increase in Overnight capital costs also drive Fixed O&M increases.

New Generation Development Timelines as of Q4 2025



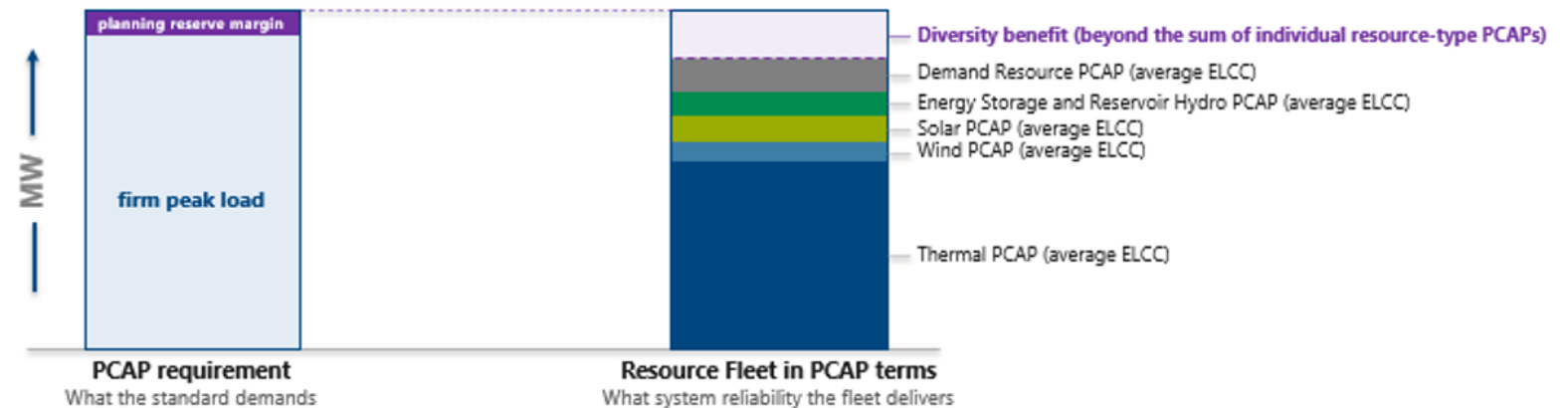
Perfect Capacity (PCAP) Planning Reserve Margin Concept

- PCAP is perfect capacity the system needs to just meet the Reliability Standard which includes all technology specific ELCC values
- Current ERCOT CDR is a UCAP hybrid approach without derates for thermal units

$$\text{PCAP Planning Reserve Margin} = (\text{PCAP reliability standard requirement} \div \text{firm peak load}) - 1$$

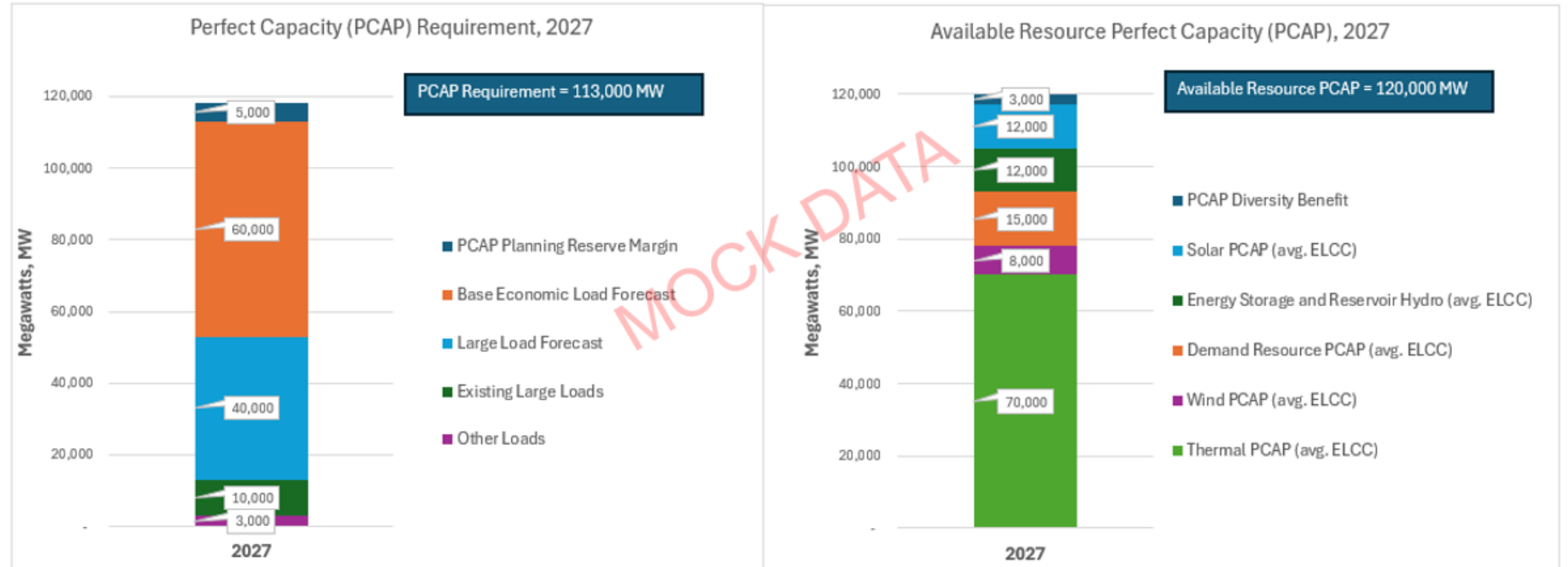
Perfect capacity has 100% availability for a simulation year. The **PCAP requirement** is how much of it the system needs to just meet the reliability standard, determined by running the probabilistic reliability model. **The PCAP reserve margin represents the amount of PCAP needed to cover weather diversity and Large Loads.** Meeting the reliability standard implies that the fleet-wide Effective Load Carrying Capability (ELCC)—which accounts for resource availability when most needed—at least matches the PCAP requirement as shown below.

The resource fleet meets the Reliability Standard if the magnitude of the two bars match



Reliability Standard Compliance Visuals

- The CDR report would have for each of the five forecast years, two side by side stacked bar charts comparing the PCAP requirement and available resource PCAP.
- Additional side by side charts would reflect alternative scenarios.



Other Business

- The next SAWG meeting will be cancelled (Friday October 23, 2026)!
- The next SAWG meeting will be Friday November 20, 2026.
- Next CDR release expected during Q1 2027, with the release data dependent on receipt of the upcoming Long Term Load Forecast.

Questions?