

**NASEO Powering Up Data Centers
and NASEO-NARUC GEB Working
Group Webinar:**

Texas Senate Bill 6

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Data Centers are Driving Unprecedented Load Growth in ERCOT

- ERCOT is now tracking more than 3 times as many large load interconnections compared to 2024
- Nearly 69% of 189 GW of large load requests are from data centers
- The large load requests in the ERCOT queue—189 gigawatts—equal about 40 percent of the nation’s estimated electricity consumption for 2025
- Potential resource adequacy and system reliability issues
- Texas Reliability Entity upgraded the risk of “Disorganized Integration of Large Loads” from Unlikely/Moderate to Likely/Major in 2025



SB6: Tools to Address Grid Challenges from Large Loads While Accommodating Growth

- Support business development while minimizing stranded infrastructure costs and maintaining system reliability
- Load Forecasting Criteria
- Interconnection Standards
- Net Metering Arrangements
- Competitively Procured Reliability Service
- Remote curtailment equipment for transmission-voltage loads
- Transmission Cost Recovery evaluation



Large Load Forecasting Criteria Rulemaking

- Establishing standards for inclusion in ERCOT load forecast to improve accuracy and exclude “phantom” load.
- SGIA, or TSP officer letter substantiated with financial commitments, evidence of site control, disclosure of duplicate service requests, etc.
- Proposed rule published; final rule adoption expected by March 2026.
- Project 58480 implementing PURA §37.0561(m)

Large Load Interconnection Standards Rulemaking

- Support business development while minimizing stranded infrastructure costs and maintaining system reliability.
- Ensure that large load customers contribute to the recovery of the utility's interconnection costs.
- Financial commitments (CAIAC, \$/MW), site control, study fee.
- Disclose on-site backup generation capable of serving $\geq 50\%$ of onsite demand. ERCOT must establish a threshold before or during an EEA when, upon reasonable notice, those customers may be directed to either deploy its backup generation or curtail load (after ERCOT deploys all available market services except frequency response).
- Project 58481 implementing PURA §§37.0561(b) and 35.004(c)(1)

Net Metering Arrangements Rulemaking

- Coordinated ERCOT and PUCT review of new net metering arrangements involving large load customers and existing generation resources.
- ERCOT interim process in place. Published list of stand-alone generation resources as of September 1, 2025.
- 120 day ERCOT study of system impacts, including transmission security and resource adequacy impacts. Recommendation to PUCT.
- Within 60 days, PUCT must approve, deny, or impose reasonable conditions on the proposed arrangement to maintain system reliability.
- Conditions may include curtailment or generation capacity available to the grid during certain events. ERCOT indicated it will recommend that PUCT conditions require these loads to curtail in advance of other firm loads.
- Customers must be held harmless for stranded or underutilized transmission assets.
- Project 58479 implementing PURA §39.169. Proposed rule published.

Large Load Demand Management Service

- Rule to require ERCOT to develop a new reliability service
 - Competitively procure demand reductions from loads $\geq 75\text{MW}$
 - To be deployed in the event of an anticipated emergency condition
 - Excludes price sensitive loads and loads participating in another reliability or ancillary service
 - 24 hours notice required
- Staff solicited comments on what policy determinations should be made by the PUCT vs. the ERCOT stakeholder process.
- Project 58482; (PURA §39.170(b))

Curtailment Capability for Transmission-Voltage Loads

- PUCT must require that ERCOT ensures that utilities develop protocols, including the installation of any necessary equipment or technology before the customer is interconnected, to allow the load to be curtailed during firm load shed.
- Applies to large loads interconnected after December 31, 2025.
- The utility shall confer with the customer to the extent feasible to shed load in a coordinated manner.
- PURA §39.170(a)
- TBD if a rulemaking will be needed to address policy questions.

Evaluation of Transmission Cost Allocation

- PUCT must evaluate whether the existing four-coincident peak (4CP) methodology used to charge wholesale transmission costs to distribution providers continues to appropriately assign costs for transmission investment, including:
 - Whether the 4cp methodology ensures all loads appropriately contribute;
 - Whether alternative methods to calculate wholesale transmission rates would more appropriately assign the cost (e.g., multiple seasonal peak demands, demand during different length daily intervals, or peak energy intervals); and
 - The portion of costs that should be nonbypassable.
- Citing grid changes since 4CP adoption, the IMM recommended changing.
- Project 58484 implementing PURA §37.0561; Dec. 2026 deadline

Insights from the Texas Experience So Far

- Workshops and stakeholder feedback inform proposed rules and can help streamline adoption. UT Symposium [paper](#) available.
- Contemplate future adjustments to thresholds, financial commitments, other standards, and accommodate if possible.
- Diverse types of large loads may warrant different treatment.
- Settings standards early can facilitate investment by creating certainty.
- Load not used to interfacing directly with regulators (and in some aspects, grid operators). Some processes still go through utilities, QSEs. Dealing with owner/operator vs. end-use customer (tenant).
- Anticipate how legislative and regulatory agenda interacts with system protocols, other external developments

Thank You!

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