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CLIENT ALERT

ERCOT Approves Implementing New "Batch Zero Process" for Large Load Interconnections

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On June 2, 2026, the ERCOT Board of Directors voted unanimously to recommend approval of Nodal Protocol Revision Request 1325 ("NPRR 1325") and Planning Guide Revision Request 145 ("PGRR 145"),[1] two filings that collectively establish the "Batch Zero Process" implementing a one-time, transitional framework ERCOT will use to evaluate qualifying Large Load interconnection requests on a system-wide basis. This new process replaces the individual study-based approach ERCOT has employed. The Batch Zero Process reflects ERCOT's response to concerns that the rapid growth of data centers and cryptocurrency mining facilities in Texas was threatening grid reliability.

Taken together, NPRR 1325 and PGRR 145 impose new regulatory and operational obligations on all Large Load customers, including mandatory registration, dispatch requirements, and ramp rate compliance, and introduce near-term deadlines of July 10, 2026 for certain elections. These filings necessitate immediate strategic decisions by

[1] Please note that the Board's approval is a recommendation; both filings must still receive final approval from the Public Utility Commission of Texas ("PUCT") before taking effect. ERCOT expects the PUCT to act during its open meeting on July 9, 2026.

customers that require weighing the benefits of increased consumption against onerous obligations. The short-term decisions will have long-term consequences for project development, financing, operations, and transferability.

The Batch-Based Approach

Under the previous framework, Transmission Service Providers ("TSPs") conducted individual interconnection studies for each Large Load, which were then submitted to ERCOT for review and approval. It is widely acknowledged that this process was inadequate in managing the volume of Large Load interconnection requests.

The new Batch Zero Process approach will group qualifying requests together and evaluate them on a system-wide basis, assessing the collective impact on transmission capacity and grid reliability. ERCOT will conduct a single interconnection study for the entire batch, determine what transmission infrastructure is needed to serve the loads reliably, and allocate available transmission capacity accordingly.

The Batch Zero Process

Batch Zero is a one-time, transitional process that has two phases. First, the "Batch Zero Interconnection Study," which is a singular, system-wide study consisting of steady-state analysis and stability screening analysis performed by ERCOT, will evaluate all qualifying Large Loads together and will determine the amount of peak demand that may be reliably served for each load for each year within the study scope. Second, after qualifying loads have executed interconnection agreements meeting ERCOT's requirements for Large Loads, ERCOT will conduct the Batch Zero Refinement Study, which will identify the specific Transmission Facility improvements necessary to serve those committed loads and will produce an actionable transmission plan. ERCOT will submit its final Refinement Study report to the Regional Planning Group for review by June 1, 2027. The set of projects resulting from the Refinement Study will be reviewed as a single project and classified under the existing tier system based on the sum total of all included projects.

Eligibility: How Large Loads Are Categorized

PGRR 145 establishes eligibility criteria that categorize each Large Load within the Batch Zero framework: Base Load and Studied Load. Large Loads that do not meet the eligibility criteria for either Base Load or Studied Load status are ineligible to receive approval for Initial Energization, may not participate in the one-time Batch Zero process, and will be included in a future interconnection study.

Base Load — Not Subject to Additional Study

A "Base Load" has already achieved sufficient study maturity or energization milestones, and its demand is not subject to further evaluation. A Large Load will meet these requirements if, on or before July 10, 2026, it has: (i) achieved Initial Energization before March 25, 2022; (ii) achieved Initial Energization between March 25, 2022 and July 10, 2026; (iii) met the qualification requirements for inclusion in the quarterly stability assessment or was

included in an interim voltage ride-through assessment on or before May 1, 2026; or (iv) completed and validated prior interconnection studies that ERCOT has determined to be fully complete and valid.

A Large Load in this category will be modeled in the Batch Zero study as background load but will not receive new MW allocations or face new obligations.

Studied Load — Subject to Reliability Assessment and Allocation

A "Studied Load" meets certain study maturity or commitment requirements but does not qualify as a Base Load. The key distinction is that these loads have demonstrated sufficient progress toward interconnection to warrant inclusion in Batch Zero but have not yet reached the milestones that would exempt them from further study. A studied load will be included in the Batch Zero Interconnection Study and will be subject to reliability assessment and MW allocation.

Batch Zero Load Types

NPRR 1325 creates two tiers of operational rights and obligations for Large Loads that are included in the Batch Zero study: "Batch Zero Studied Load" and "Batch Zero Base Load." These terms are distinct from the eligibility categories created by PGRR 145 mentioned above and apply only to loads that have already qualified for the Batch Zero study.

Batch Zero Studied Load (The Lower Bar)

A Studied Load is a load that merely participates in the study and receives a determination of its Low Power Consumption ("LPC") amount, which is the maximum firm interconnection capacity that the load may consume without accepting any dispatch or curtailment obligations from ERCOT. The LPC represents the baseline, guaranteed allocation for that load, and a Large Load that is a Studied Load will accept its allocation and can interconnect and operate, but only up to that LPC cap. For many large loads, this baseline allocation will be significantly less than their desired full operating capacity.

Batch Zero Base Load (The Higher Bar)

For a Large Load to consume power up to its full desired capacity (known as the Maximum Power Consumption ("MPC"), which is set at the peak demand modeled in the study), it must register as a Provisional Controllable Load Resource ("PCLR").[2] In doing so, the load may operate at full capacity, but it will be subject to PCLR obligations.

[2] An ILLE electing PCLR status must register with ERCOT as a Resource Entity, register in the Resource Integration and Ongoing Operations system as a Load Resource, and designate a Qualified Scheduling Entity ("QSE") to submit bids and schedules on its behalf. The ILLE must execute and submit a signed, notarized Form W (Declaration of Intent and Commitment to Register as a Provisional Controllable Load Resource), consisting of Part A (pre-study declaration of intent) and Part B (post-study commitment with ERCOT-determined LPC and MPC values). A PCLR is required to maintain its registration until its ERCOT-determined end date or the date ERCOT approves a change in registration status.

One such obligation is dispatch control: PCLRs must comply with SCED Base Point Dispatch Instructions when consuming energy and NPRR 1325 introduces "Adjusted Bid Caps," which can cap the energy bid curve based on constraint shadow prices and the PCLR's locational impact on those constraints. Further, PCLRs are subject to ramp rate requirements and are exempt only upon receipt of a valid dispatch instruction from ERCOT when necessary to protect system reliability, and compliance is monitored.

Critically, ERCOT does not guarantee that the desired MPC amount can ever be served in Real-Time. ERCOT's dispatch system will issue instructions telling the load how much power it can actually consume at any given moment based on real-time grid conditions, and the PCLR is obligated to follow that dispatch instruction.

The Withdrawal-Limited Private Use Network (WLPUN) Option

NPRR 1325 also introduces the Withdrawal-Limited Private Use Network ("WLPUN"). A WLPUN is a Private Use Network containing both generation and at least one Large Load, with an established MW Withdrawal limit at a single Point of Interconnection determined by the Batch Zero study. This framework, commonly referred to as "bring your own generation," allows a Large Load to pair with on-site or co-located generation behind a single point of interconnection, reducing the facility's net demand on the ERCOT transmission system.

Under PGRR 145, ERCOT determines the MW Withdrawal limit for a WLPUN by modeling the facility with its generation turned off and determining how much peak demand may be reliably served. If the MW Withdrawal limit is less than the amount determined for a prior year, ERCOT will reduce the prior year's limit to equal the lower amount.

The QSE for the Resource Entity representing Generation Resources or Energy Storage Resources in a WLPUN must ensure that net demand at the Point of Interconnection does not exceed the established MW Withdrawal limit. If a WLPUN exceeds the limit, the QSE must reduce the withdrawal as soon as practicable but within one minute. If not resolved within one minute, ERCOT may limit or suspend operation of all or part of the WLPUN. To operate as a WLPUN, both the Interconnecting Large Load Entity ("ILLE") and either the generator owner or Resource Entity must execute a Form X (WLPUN Designation) and deliver it to the applicable interconnecting service provider by July 10, 2026. The WLPUN may only be terminated upon ERCOT's determination that all necessary Transmission Facilities have been energized and ERCOT's written confirmation that the WLPUN may be dissolved.

Key Deadlines

Large Load customers should be aware of several critical near-term deadlines.

- July 10, 2026: Deadline for when entities electing PCLR status must complete, sign, notarize, and deliver Part A of Form W to their applicable Interconnecting Distribution Service Provider ("DSP") or Interconnecting Transmission Service Provider.

- July 10, 2026: Deadline for when entities seeking to operate as a WLPUN must deliver a completed and executed Form X to the applicable service provider.
- July 24, 2026: Deadline for when Interconnecting DSPs or TSPs must provide these completed forms to ERCOT.
- August 7, 2026: Deadline for ERCOT to notify each Interconnecting DSPs and TSPs of how each submitted Large Load is classified in the Batch Zero process.

Large Load customers that miss the July 10, 2026 deadline to elect PCLR or WLPUN status but are otherwise eligible to participate in the study will be treated as Batch Zero Studied Loads (the lower bar), meaning that these customers will receive an LPC determination and will only be eligible to interconnect and operate up to their LPC cap.

Other important timelines:

- Following the issuance of the Batch Zero Interconnection Study report, ILLEs will have 30 days to execute an interconnection agreement meeting requirements set by the PUCT.
- Entities that execute interconnection agreements and wish to proceed as PCLRs must complete, sign, notarize, and submit Part B of Form W by the commitment deadline, which will be determined after ERCOT completes its Batch Zero Interconnection Study report.

Practical Implications

All Large Load customers need to be aware of these deadlines and take steps to determine whether to elect PCLR status. This decision turns on how customers approach the constraints and risks that come with electing PCLR status or not. Customers registering as PCLRs may gain access to full desired capacity, but customers should be aware that ERCOT has not guaranteed full-capacity services. The burdensome requirements for PCLRs may require significant investment in load management systems and enhanced operational capabilities, and may require customers to modify their plans involving facility design, power procurement strategy, operational planning, and project economics. Customers that choose not to register as PCLRs forego these requirements, but are also limiting their allotted consumption. The WLPUN framework offers customers an alternative to depending on ERCOT dispatch, through pairing with co-located generation, but this choice also comes with its own drawbacks. Customers engaging in Project Finance and M&A transactions should also be aware of the notice requirements for PCLR de-registration and for transfers, and that an acquiring entity will automatically assume all PCLR obligations.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

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