|  |
| --- |
| Industrial Segment Bylaw and TAC Revisions |
|  |  |
| Date | March 14, 2025 |
| Bylaw Sections Requiring Revision  | Article 2, DefinitionsSection 5.1, TAC Representatives |
| TAC Procedures Sections Requiring Revision | Section IV.F., VotingSection V.G., Standing TAC Subcommittees |
| Revision Description | These edits to the Bylaws: (i) revise the definition of “Industrial Consumers” so it squarely contemplates non-manufacturing facilities such as data centers or cryptocurrency facilities; (ii) add “Virtual Currency Mining Consumers” as a defined term in reference to PURA; (iii) increase the number of Industrial Consumer Representatives to allow each distinct group to participate without increasing the weight given to the Industrial Consumer subsegment.In addition to changes to the Bylaws, this includes edits to the TAC Procedures to (i) add language to avoid increasing the weight of the Industrial Consumer Subsegment’s votes on TAC; and (ii) increase the number of Standing Representatives on RMS, ROS, and WMS.  |
| Justification of Reason for Revision and Market Impacts | Historically, the Steel Mills and Texas Industrial Energy Consumers have filled certain seats to ensure the interests of both high- and low-load factor manufacturing companies are represented. These two groups, however, do not represent the interests of computing loads such as data centers or cryptocurrency facilities. To allow each of these distinct groups of industrial customers to participate, an additional seat should be added to TAC and the subcommittees. Notably, the changes do not to increase the weight given to the Industrial Consumers Subsegment’s votes. Instead, it splits the Industrial Consumer votes into smaller shares to allow participation from these three sectors.  |

|  |
| --- |
| Submitter’s Information |
| Name | John Russ Hubbard; Mark Smith; Lee Bratcher |
| E-mail Address | jhubbard@omm.com; mark@marksmithlawllc.com; lee@texasblockchaincouncil.org  |
| Company | Texas Industrial Energy Consumers; ERCOT Steel Mills; Texas Blockchain Council (“Joint Industrial Consumers”) |
| Cell Number | 512-964-0415 (John Russ Hubbard); 512-635-7930 (Mark Smith); 512-963-5250 (Lee Bratcher) |
| Market Segment | Industrial Consumer |

|  |
| --- |
| Revised Bylaw Language |

ARTICLE 2

DEFINITIONS

For purposes of these Bylaws, the following definitions apply:

1. **Affiliate**. “Affiliate” shall mean, with respect to any person, any other person who, directly or indirectly, through one or more intermediaries: (i) controls, is controlled by, or is under common control with such person, as set forth in Subsection (B) below; or (ii) exercises substantial influence over such person, is substantially influenced by such person, or is under common substantial influence with such person, as set forth in Subsection (C) below. Membership in ERCOT shall not create an affiliation with ERCOT.
	1. *Construction*

As used in this definition:

(x) “party” shall mean any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint stock company, trust, unincorporated organization, or other entity;

(y) “person” shall mean any party, but shall exclude electric cooperatives and all of the entities listed in Section 11.0042(a)(1)-(4) of the Public Utility Regulatory Act (“PURA”), as well as the entities listed in PURA § 11.0042(a)(5) if the conditions in PURA §11.0042(a)(5)(A) and (B) are satisfied; and

(z) “controls”, “controlled by”, or “under common control with” shall mean the possession by a person, directly or indirectly, through one or more intermediaries, of the power to direct or cause the direction of the management and/or policies and procedures of another person, whether through voting securities, contract or otherwise.

* 1. *Affiliation Through Control*

Ownership by a person of equity securities (whether publicly traded or not) of another person shall result in a presumption of no control for purposes of this definition if:

* + 1. the holder owns (in its name or via intermediaries) less than twenty percent (20%) of the outstanding securities of the person; or
		2. the holder owns (in its name or via intermediaries) twenty percent (20%) or more of the outstanding securities of the person, and:
			1. the securities are held as an investment;
			2. the holder does not have representation on the person’s board of directors (or equivalent governing body) or vice versa; and
			3. the holder does not in fact exercise influence over day to day management decisions.

An ownership interest of twenty percent (20%) or more without all of the conditions set forth in Subsection (B)(2)(a) through (c) above shall create a presumption of control that may be challenged pursuant to Subsection (D) below.

For purposes of determining whether two otherwise unrelated persons are affiliated based on a holder’s ownership of equity securities of both persons, the holder’s ownership interest shall not result in common control for purposes of this definition if such holder’s ownership meets the foregoing conditions for either person.

* 1. *Affiliation Through Substantial Influence*

A person who is not controlling, controlled by or under common control with another person as described in Subsection (B) above, may nonetheless be determined by the Board, pursuant to Subsection (D) below, to be an Affiliate of another person, if allegations brought before the Board are substantiated that such person, directly or indirectly, through one or more intermediaries, exercises substantial influence over such person, is substantially influenced by such person, or is under common substantial influence with such person. Such a determination may be made by the Board only after notice and an opportunity for hearing at an ERCOT Board meeting as set forth in Subsection (D).

* 1. *Procedure for Board Determinations Regarding Affiliation*
		1. Any party may challenge the presumption of control pursuant to Subsection (B) above, or allege substantial influence pursuant to Subsection (C) above, to the Board pursuant to the procedure set forth in this Subsection (D).
		2. The challenging party shall submit written notice of the challenge to ERCOT’s General Counsel. Such written notice shall identify any persons that are the subject of the challenge and shall include a detailed summary of the facts supporting the challenge. ERCOT’s General Counsel will provide a recommendation to the Board on the challenge.
		3. The Board will hear such matter at the next regularly-scheduled Board meeting that is at least ten (10) business days after the date the written notice of challenge is received by ERCOT’s General Counsel. Notice of the Board’s consideration of the challenge shall be given pursuant to Section 4.6(b) of these Bylaws.
		4. The Board shall have discretion to determine whether the persons who are the subject of the challenge are Affiliates of one another for purposes of these Bylaws by reference to the factors set forth in this definition and other persuasive evidence. The challenging party shall bear the burden of proof.
	2. *Changes in Affiliates*

Members shall notify ERCOT of any change in Affiliates in accordance with Section 3.3(c) of these Bylaws.

1. **Consumers**. Any entity meeting the definition for Residential Consumers, Commercial Consumers or Industrial Consumers as set forth in this Article.
2. **Commercial Consumers**. A commercial consumer in the ERCOT Region: (a) **Small Commercial Consumer** – A commercial consumer having a peak demand of 1,000 kilowatts or less (or an organization representing such consumers); (b) **Large Commercial Consumer** – A commercial consumer having a peak demand of greater than 1,000 kilowatts. An entity applying for ERCOT membership as either a Small Commercial Consumer or a Large Commercial Consumer is ineligible if that entity has interests in the electric industry in any other capacity than as an end-use consumer or represents the interests of another entity that has interests in the electric industry in any other capacity than as an end-use consumer, such as but not limited to, aggregators, power marketers, retail electric providers, transmission or distribution companies, cooperatives, municipals, or generators and the interest is of such an extent or nature that its decisions might be affected or determined by it.
3. **Cooperative**. An entity operating in the ERCOT Region that is:
	1. a corporation organized under Chapter 161 of the Texas Utilities Code or a predecessor statute to Chapter 161 and operating under that chapter;
	2. a corporation organized as an electric cooperative in a state other than Texas that has obtained a certificate of authority to conduct affairs in the State of Texas;
	3. a cooperative association organized under Chapter 251 of the Texas Business Organizations Code or a predecessor to that statute and operating under that statute; or
	4. a River Authority as defined in Tex. Water Code §30.003.
4. **Director**. A member of the Board of ERCOT.
5. **Eligible Voting Director**. A Seated Director of the Board of ERCOT, other than the non-voting ex officio Directors who are the Chairman of the Public Utility Commission of Texas (“PUCT”) and the ERCOT Chief Executive Officer (“CEO”), pursuant to these Bylaws, who votes at a meeting properly noticed and held pursuant to these Bylaws.
6. **Eligible Voting Representative**. A Seated Representative, pursuant to these Bylaws, who votes in person or by proxy at a meeting properly noticed and held pursuant to these Bylaws.
7. **Entity**. An Entity includes an organization and all of its Affiliates.
8. **ERCOT Protocols**. The document adopted by ERCOT and approved by the PUCT, as amended from time to time that contains the scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, procedures, standards, and criteria of ERCOT.
9. **ERCOT Region**. The geographic area and associated transmission and distribution facilities that are not synchronously interconnected with electric utilities operating outside the jurisdiction of the PUCT.
10. **Independent Generato**r. Any entity that is not a T&D Entity or Affiliate of a T&D Entity and that (i) owns or controls generation capable of operating at least 10 megawatts in the ERCOT Region, or (ii) is preparing to operate and control generation of at least 10 megawatts, in the ERCOT Region, and has approval of the appropriate governmental authority, has any necessary real property rights, has given the connecting transmission provider written authorization to proceed with construction and has provided security to the connecting transmission provider.
11. **Independent Power Marketer**. Any entity that is not a T&D Entity or Affiliate of a T&D Entity and is registered at the PUCT as a Power Marketer to serve in the ERCOT Region.
12. **Independent REP**. Any entity that is certified by the PUCT to serve in the ERCOT Region as a Retail Electric Provider (“REP”) under PURA §39.352 and that is not an Affiliate of a T&D Entity. For the purposes of Segment classification, an aggregator, if such Member does not fit in any other classification, shall participate as an Independent REP.
13. **Industrial Consumers**. An industrial consumer is a consumer with at least one meter with average monthly demand greater than 1 megawatt consumed within the ERCOT Region engaged in a manufacturing or computing process, including Virtual Currency Mining Consumers.
14. **Investor-Owned Utility (“IOU”)**.
	1. An investor-held, for-profit “electric utility” as defined in PURA §31.002(6) that (a) operates within the ERCOT Region, (b) owns 345 KV interconnected transmission facilities in the ERCOT Region, (c) owns more than 500 pole miles of transmission facilities in the ERCOT Region, or (d) is an Affiliate of an entity described in (a), (b) or (c); or
	2. A public utility holding company of any such electric utility.
15. **Market Participant**. For purposes of these Bylaws, a Market Participant is (i) 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 (ii) any entity that qualifies for ERCOT membership.
16. **Market Segment**. For purposes of these Bylaws, any of the segments (all of which are defined within this Article 2 of these Bylaws) as follows:
	1. Cooperative;
	2. Independent Generator;
	3. Independent Power Marketer;
	4. Independent REP;
	5. IOU;
	6. Municipal; or
	7. Consumer (including: (1) Commercial Consumer comprised of Small Commercial Consumer and Large Commercial Consumer, (2) Industrial Consumer, or (3) Residential Consumer).
17. **Member**. A member of ERCOT, the Texas non-stock, non-profit corporation, which has been approved by ERCOT to meet the applicable membership qualifications described in Sections 3.1 and 3.2 of these Bylaws, or the member’s appointed representative, as the context so requires.
18. **Municipal**. An entity operating in the ERCOT Region that owns or controls transmission or distribution facilities, owns or controls dispatchable generating facilities, or provides retail electric service and is either:
	1. a municipal owned utility as defined in PURA §11.003 or
	2. a River Authority as defined in Tex. Water Code §30.003.
19. **Officer**. An individual elected, appointed, or designated as an officer of an entity by the entity's governing authority or under the entity's governing documents.
20. **PUCT**. The Public Utility Commission of Texas, which is the Texas state agency that has responsibility and oversight of the activities conducted by ERCOT.
21. **Residential Consumers**. The appointed Board Director representing residential consumer interests, an organization or agency representing the interests of residential consumers in the ERCOT Region, or the Residential Consumer Technical Advisory Committee (“TAC”) Representative. An entity applying for ERCOT membership as a Residential Consumer is ineligible if that entity has interests in the electric industry in any other capacity than as an end-use consumer or represents the interests of another entity that has interests in the electric industry in any other capacity than as an end-use consumer, such as but not limited to, aggregators, power marketers, retail electric providers, transmission or distribution companies, cooperatives, municipals, or generators.
22. **Seated Director**. A Director who is currently serving, either ex officio or having been selected in accordance with PURA §39.151, regardless of attendance at meetings. A vacant position shall not be considered a “Seated Director.”
23. **Seated Representative**. A TAC Representative (as defined in Section 5.1 of these Bylaws) or a member of a subcommittee of TAC, or the TAC Representative’s designated alternate representatives when serving in the TAC Representative’s stead (if applicable), who is currently serving, having been selected in accordance with these Bylaws, regardless of attendance at meetings. A vacant position shall not be considered a “Seated Representative.”
24. **Secretary**. The Officer of ERCOT holding the position of “secretary” as defined in Section 22.231(a) of the Texas Business Organizations Code.
25. **Segment**. For purposes of these Bylaws, a “Segment” refers to a Market Segment as defined in this Article 2 of these Bylaws.
26. **Selected Director**. A Director who is selected in accordance with PURA §39.1513.
27. **Transmission and Distribution (“T&D”) Entity**. Any entity that is an IOU, Cooperative or Municipal that owns or controls transmission and/or distribution facilities including at least 200 pole miles of such facilities in the ERCOT Region or any entity that is a “retail electric utility,” as defined in PURA §37.001, operating in the ERCOT Region.
28. **Virtual Currency Mining Consumers**. A consumer that qualifies as a “virtual currency mining facility” as defined in PURA § 39.360.

ARTICLE 5

TECHNICAL ADVISORY COMMITTEE

Section 5.1 TAC Representatives.

1. For the purposes of this Section, membership in the TAC shall be divided in accordance with the definitions of the Segments described in Section 3.1. TAC shall be comprised of the following (“Representatives”):
	1. Representatives of four Members elected from each of the six Segments (other than as described for the Consumer Segment) listed in Section 3.1.
	2. For the Consumer Segment, Corporate Members of each subsegment shall elect its Representatives. Subject to paragraph (j) below, for any subsegment in which there are no Corporate Members, the Board shall appoint such Representatives. For the Residential, Commercial and Industrial subsegments, the TAC Representative seats are as follows:
		1. Up to Three Representatives of Industrial Consumers, which must include no more than one Representative of Virtual Currency Mining Consumers;
		2. One Representative of Small Commercial Consumers;
		3. One Representative of Large Commercial Consumers;
		4. One Representative of Residential Consumers; and
		5. The Public Counsel’s designee as an ex officio voting member.
2. TAC shall adopt policies regarding the qualifications for TAC Representatives, except for the Residential Consumer TAC Representative and representatives of OPUC, which at a minimum shall require five (5) years of electric industry experience.
	1. Such policies shall set forth the acceptable areas of industry experience that satisfy this requirement.
	2. Such policies shall require that for each TAC Representative, the represented Corporate Member must certify that the TAC Representative is authorized to make decisions on behalf of the relevant Segment or subsegment and meets the minimum qualifications for TAC Representatives.
	3. At least annually, TAC shall confirm to the Board that each TAC Representative subject to this paragraph (b) meets the minimum qualifications for TAC Representatives.
3. Each TAC Representative shall be entitled to one vote on matters submitted to TAC, except the Industrial Consumer Representatives in attendance shall equally split two votes.
4. Fifty-one percent (51%) of the eligible, Seated Representatives of TAC shall constitute a quorum for the transaction of business; and abstentions do not affect calculation of a quorum. Affirmative votes of: (i) two-thirds of the Eligible Voting Representatives of TAC; and (ii) at least fifty percent (50%) of the total Seated Representatives shall be the act of TAC. For purposes of voting on TAC, TAC Representatives shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action if: (i) they are not present and have not designated a proxy, or (ii) they abstain from voting.
5. Written proxies may be used for meetings of TAC or any subcommittees of TAC in accordance with any relevant provisions in these Bylaws and the Texas Business Organizations Code, including Chapter 22 thereof. For any meeting of TAC or any subcommittee of TAC, where permitted by these Bylaws, attending in place of a member shall be counted towards a quorum, while proxies shall not be counted towards a quorum.
6. Unless otherwise provided by law, any action required or permitted to be taken at any meeting of TAC Representatives or any subcommittee of TAC may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of TAC Representatives or subcommittee members as would be necessary to take that action at a meeting at which all of the TAC Representatives and subcommittee members were present and voted. TAC Representatives or subcommittee members may participate in and hold a meeting by means of a conference telephone or other similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Where action is taken by TAC without a meeting, notice of the proposed action shall be provided to the TAC Representatives in accordance with Section 5.3.
7. Each Segment may choose to participate in “Participatory Voting” as described herein. If a Segment chooses to engage in Participatory Voting, each TAC Representative elected by that Segment shall be required to present the decision of the Corporate Members of that Segment. A Corporate Member may delegate an employee or agent other than the Member representative described in Section 3.5 to vote on its behalf for purposes of Participatory Voting. If a Corporate Member of a Segment using Participatory Voting is unable or does not wish to attend a TAC meeting that Member may deliver a written proxy, at any time prior to the start of the meeting at which it will be voted, to a Participatory Voting delegate of any Member of the same Segment. A Corporate Member delegate in attendance at a TAC meeting may give a written proxy to a Participatory Voting delegate of any Member of the same Segment during such meeting.
8. All TAC Representatives shall be appointed or elected annually by the Corporate Members of their respective Segments. The term for all TAC Representatives shall be one (1) year. Any TAC Representative may be reappointed or reelected for consecutive terms, without limitation. A vacancy shall be filled by the same means used to elect or appoint the previous TAC Representative. No Entity shall participate in more than one Segment of TAC. The Representatives of TAC shall elect from amongst themselves a Chair and Vice Chair subject to confirmation by the Board. The Chair and Vice Chair shall provide full disclosure pursuant to Section 9.2 (Potential Conflicts of Interest) of these Bylaws during the confirmation process, and any person speaking on behalf of TAC before the Board shall provide full disclosure pursuant to Section 9.2 (Potential Conflicts of Interest) of these Bylaws before speaking on behalf of TAC.
9. Each person (other than the Residential Consumer TAC Representative) serving on TAC or any subcommittee thereof must be an employee or agent of a Corporate or Associate Member. Unless otherwise provided in these Bylaws, if an employee or agent of a Member is elected or appointed to serve on TAC or any subcommittee thereof, such person is only eligible to serve in such capacity so long as they are an employee or agent of the same Member as they were at the time of such election or appointment.
10. In the event that a Small Commercial Consumer Representative cannot be identified to serve on TAC, that seat may be filled by any other Commercial Consumer representative appointed by the Public Counsel provided that such representative represents at least one consumer in the ERCOT Region. Any Representative of the Consumer Segment appointed to TAC by the Public Counsel pursuant to this paragraph or the Board pursuant to paragraph (a)(2) above, if not otherwise a Member of ERCOT, shall be allowed to vote on TAC without the payment of the Annual Member Service Fees. An appointed Commercial Consumer TAC Representative is eligible to serve in such capacity so long as they are an employee or representative of the same company as they were at the time of such appointment.
11. The Board may amend TAC procedures without an affirmative vote of TAC Representatives.

|  |
| --- |
| Revised TAC Procedures Language |

**IV. MEETINGS**

 F. Voting

 In matters determined by the Chair to require a vote of TAC, or when any TAC Representative requests a vote on an issue, each TAC Representative shall have one vote, except the Industrial Consumer Representatives in attendance shall equally split two votes. As provided in the ERCOT Bylaws, an act of TAC requires affirmative votes of: (i) two-thirds of the Eligible Voting Representatives of TAC; and (ii) at least 50% of the total Seated Representatives. For purposes of voting on TAC, TAC representatives shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action if: (i) they are not present and have not designated a proxy, or (ii) they abstain from voting.

**V. SUBCOMMITTEES**

G. Standing TAC Subcommittees

There shall be four standing TAC subcommittees with representatives as follows:

 1. Retail Market Subcommittee (RMS); Reliability and Operations Subcommittee (ROS); and Wholesale Market Subcommittee (WMS)

Membership: Membership shall consist of one to five Standing Representatives from each Segment elected or appointed by the voting members of the respective Segment, with the exception of the Consumer Segment. The Consumer Segment shall consist of three subsegments (Residential, Commercial, and Industrial). The number of Standing Representatives for each Segment shall be determined by the TAC members representing that Segment. Standing Representatives, if not employed by the voting member thereby represented, must be confirmed in writing by such member (signed by a duly authorized representative of the member). These will be the voting members of the subcommittee. ERCOT shall appoint appropriate staff member(s) to attend and participate in the subcommittee meetings. A Member entity and its affiliates that are also ERCOT Members shall have no more than one representative per TAC subcommittee as it pertains to Section V. G. 1.

Quorum: At least one Standing Representative from each of four Segments and a majority of the Standing Representatives must be present at a meeting to constitute a quorum. Standing Representatives may participate in a meeting in-person or remotely (See Remote Participation below).

Votes: Each Segment shall have a Segment Vote of 1.0 except the Consumer Segment, which shall have a Segment Vote of 1.5. Segment Votes shall be equally divided into Fractional Segment Votes among the Standing Representatives, designated Alternate Representatives and proxies of each Segment that cast a vote. The Consumer Segment Vote shall be equally divided into a Fractional Segment Vote of 0.5 for each of the three subsegments. The Fractional Segment Vote for each subsegment of the Consumer Segment is allocated to the Standing Representatives, designated Alternate Representatives, and proxies of the subsegment casting a vote. For the Consumer Segment, if no Standing Representative from a subsegment is present at a meeting, the Consumer Segment vote is allocated equally to the subsegment(s) that cast a vote. If a representative from a subsegment abstains from a vote, the fraction of the Consumer Segment Vote allocated to such representative is not included in the vote tally.

Voting: Only Standing Representatives, their designated Alternate Representative, or proxy may vote. A motion of the subcommittee passes when a majority (unless a two-thirds vote is required for the motion as prescribed in Appendix A, ERCOT Meeting Rules of Order) of the aggregate of the Fractional Segment Votes are (i) affirmative, and (ii) a minimum total of three. The results of all votes taken will be reported to TAC, whether or not the vote passed.

Abstentions: In the event that a voting member, their designated Alternate Representative, or proxy, is not present during a roll call vote, or abstains from voting, that member’s fractional vote will be reallocated equally among the remaining voting members of that Segment; except for the Consumer Segment.

Remote Participation: Standing Representatives may participate in a meeting, vote, and be counted towards quorum via telephone or other similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons in the meeting. Remote participation in a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Validation of votes taken via such electronic communications system will be required.

E-Mail Voting: An e-mail vote is permitted provided a notification is distributed to the subcommittee distribution list that includes a detailed description of the issue or proposition. A request for an e-mail vote can only be initiated by the Chair or Vice Chair. A quorum of Standing Representatives must participate in the e-mail vote. Participation requires casting a vote, or abstaining. Votes shall be submitted to ERCOT for tallying by the close of two Business Days after notification of the vote. Votes are tallied in the same manner as a regular meeting. The final tally shall be distributed to the subcommittee distribution list and posted on the ERCOT website.