Large Load Updates and Regulatory Developments

Prepared for the NBU Board of Trustees

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NBU® NEW BRAUNFELS UTILITIES

Agenda

Introduction
Why are we here today?

State of the Market
Setting the stage for large loads in the US and Texas

What is Batch Zero and why was it implemented?

NBU Update
Update on Large Load inquiries within NBU's CCN

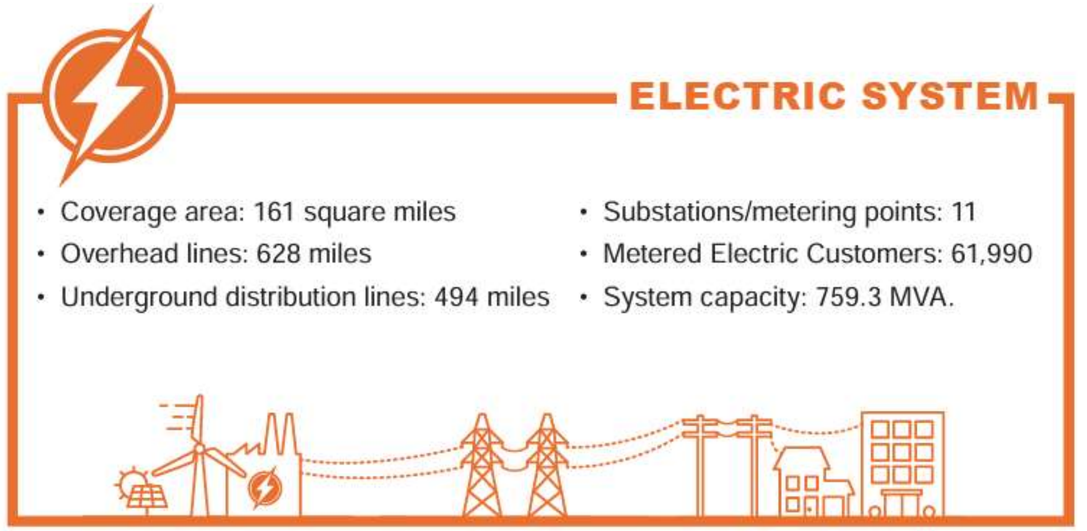
Regulatory Initiatives
What updates have we gotten so far and what updates are still to come?

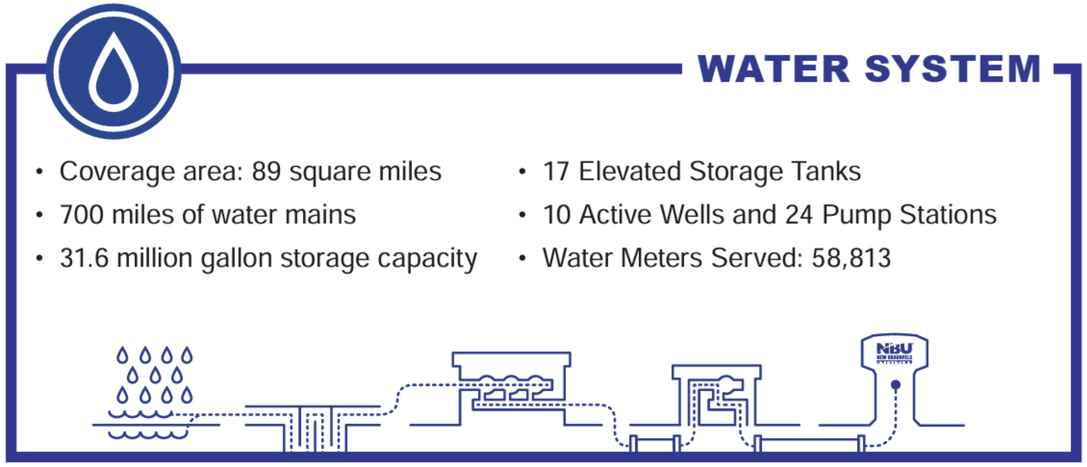
Looking Forward
What next steps are being evaluated?

Introduction

Why are we here today?

- Texas is experiencing an unprecedented energy transformation.
- Right now, Electric Reliability Council of Texas (ERCOT) is tracking a massive 444,000 megawatts in large-user connection requests - 89% of that demand is coming from data centers alone.
- NBU serves more than 70,000 customers and operates complex electric, water, and wastewater systems that span hundreds of miles of infrastructure.
- NBU holds a Certificate of Convenience and Necessity (CCN), an official permit issued by the PUCT for its service territory. The CCN grants NBU the exclusive **right and obligation** to deliver utility services within our defined geographic boundary**.**

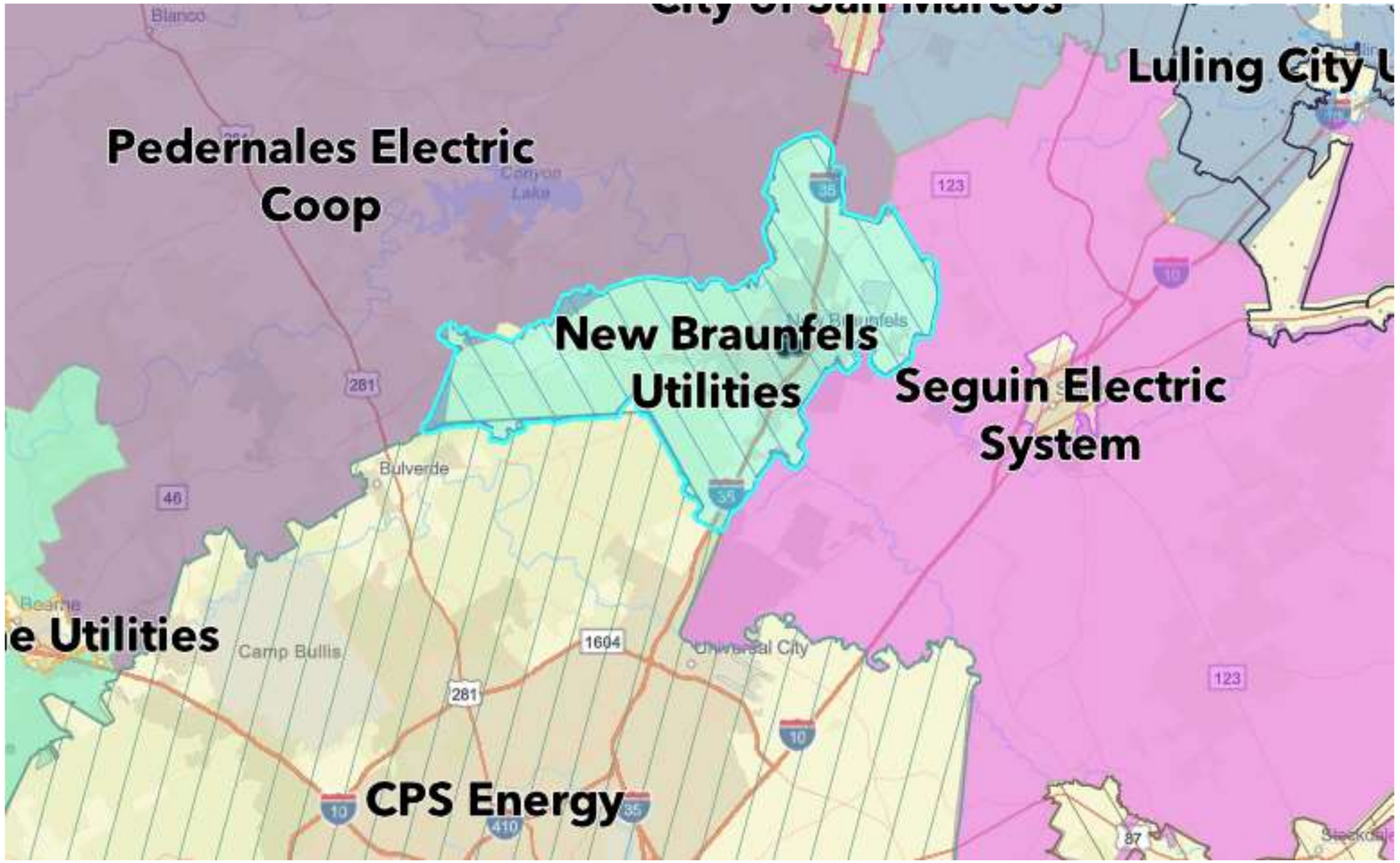




Introduction

NBU's peak electric demand:

- 392 MWs set July 2026



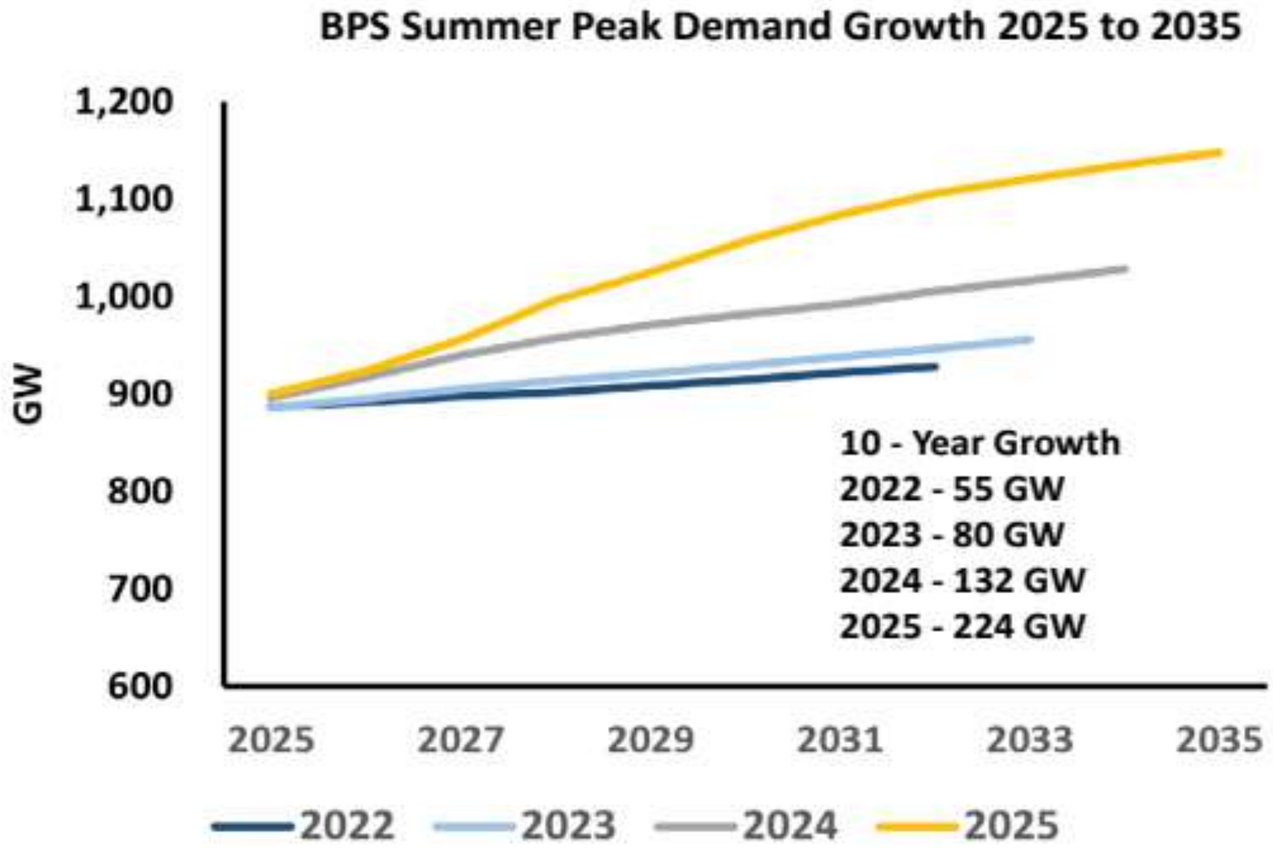
Introduction

What makes a “large load” a “large load”?

- A large load is simply any single facility, or group of facilities on the same site, that uses 75 megawatts (MW) or more of electricity at its peak.
  - 75 MW is enough to power roughly 15,000 to 20,000 average Texas homes
- The 75 MW rule applies to the *total* energy used at a single site, even if it's split across multiple buildings or meters
- Increased demand has driven ERCOT and the PUCT to implement new processes for evaluating and allowing connection to the grid.
- In preparation, NBU has contracted with EEPlus to evaluate, determine, and design an internal process for customers.

State of the Market – National Landscape

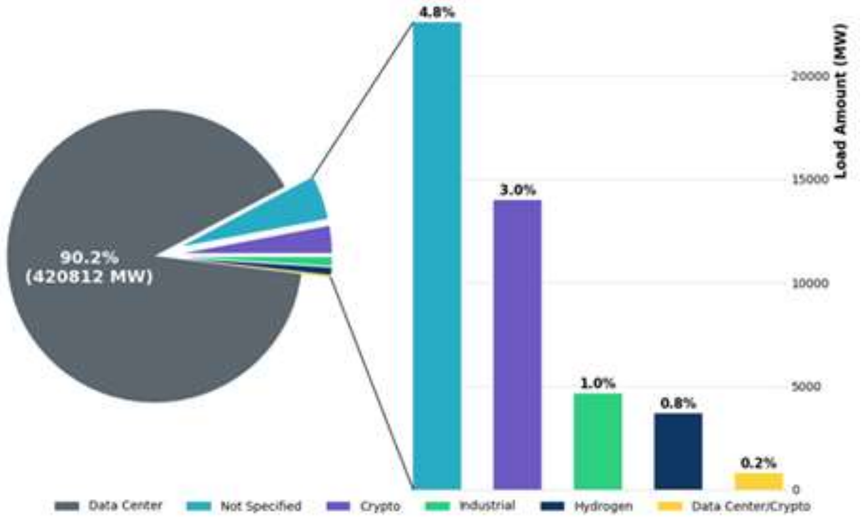
- Exponential demand growth expected over the next 10 years
- Growth drivers:
  - Data Centers for AI
  - Cryptocurrency Mining
  - Large Industrial Loads
  - Transportation Electrification
  - Heat Pumps
  - Demographic changes
- Critical Challenges:
  - Electricity supply
  - Infrastructure

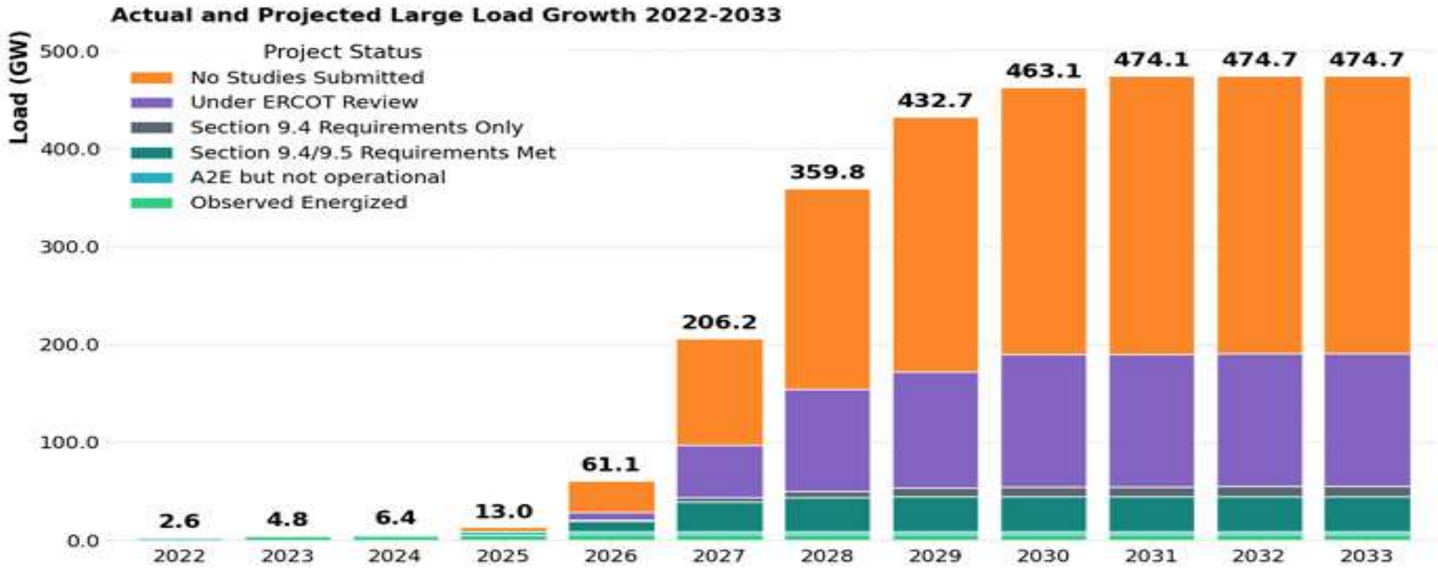


Source: NERC Long Term Reliability Assessment January 2026 , NERC LTRA Infographic

State of the Market – ERCOT Recap

- The ERCOT is currently tracking over 400 GWs of Large Load Interconnection Requests
- There are 9 GWs approved for energization today
- "Batch Zero" study process.
  - One-time ‘clean up’ round
  - Study multiple projects at once

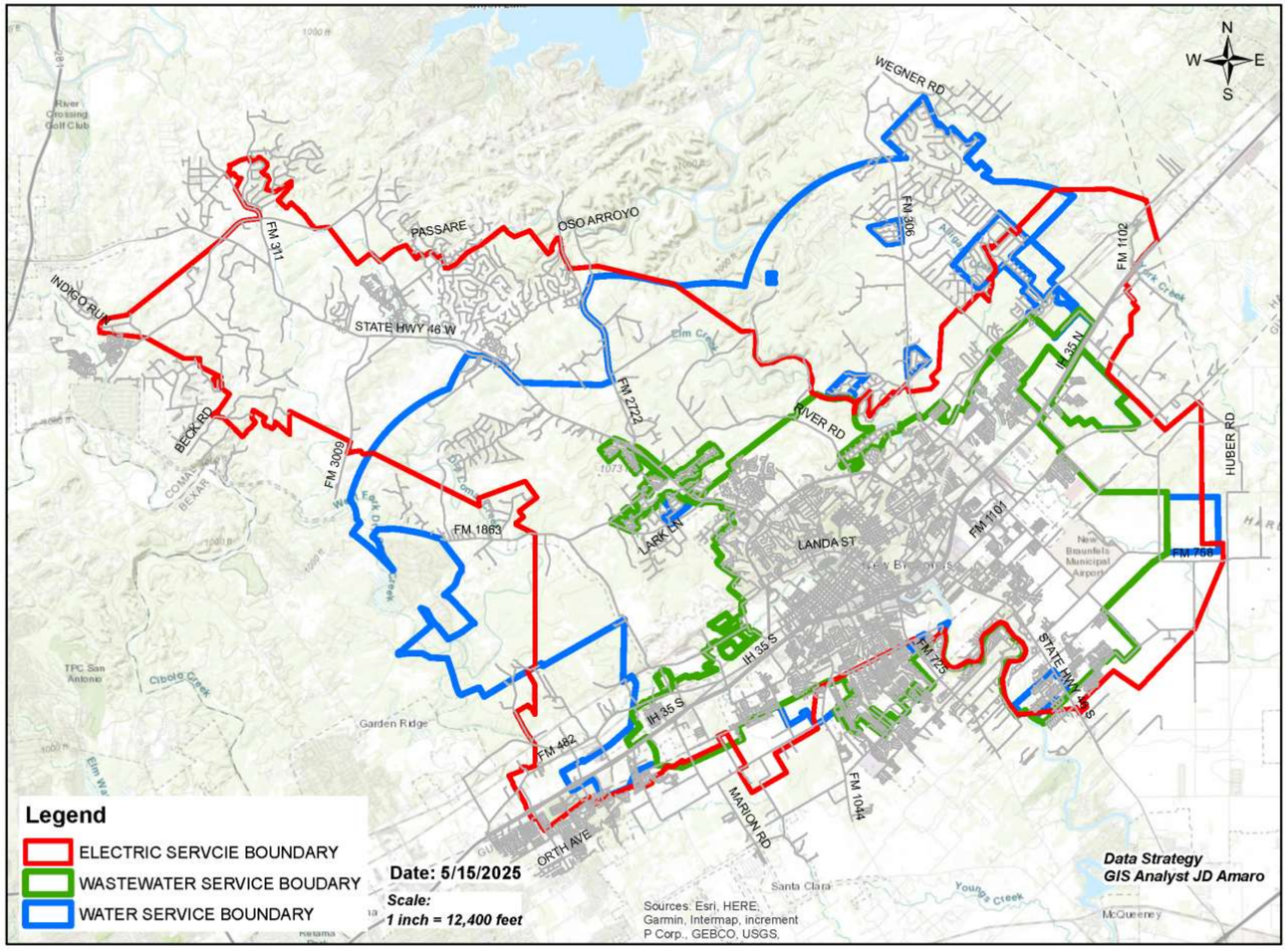




Source: ERCOT Update Senate Committee on Business & Commerce July 29th 2026

NBU Update

- NBU has continued to monitor updates for our service territory.
- **No projects in NBU's electric service territory are in Batch Zero**



Large Load and Regulatory Timeline

- **July 10, 2026 -** Deadline for projects wanting to be part of the Batch Zero
- **July 17, 2026 -** PUC and ERCOT submit a memorandum
- **July 31, 2026 -** PUC to initiate action to protect residential transmission costs
- **January 12, 2027 -** The 90th Legislative Session begins
- **Spring 2027 -** ERCOT provides update to Batch Zero applicants **PAUSED/POSTPONED**
- **Summer 2027 -** Batch 1 Process begins **PAUSED/POSTPONED**
- **Fall 2027 -** Batch Zero results and transmission plan is published **PAUSED/POSTPONED**

Looking Forward

- **Continue to protect our community resources**
- **Continued work with outside consultant, EEplus, to address:**
  - Rapid electricity demand growth across the state
  - Regulatory complexity across ERCOT and PUCT
  - Proactively manage financial, reliability and compliance risks
- **Coordination across community stakeholders**

Appendix

NBU NEW BRAUNFELS UTILITIES

NERC LTRA Demand Trends

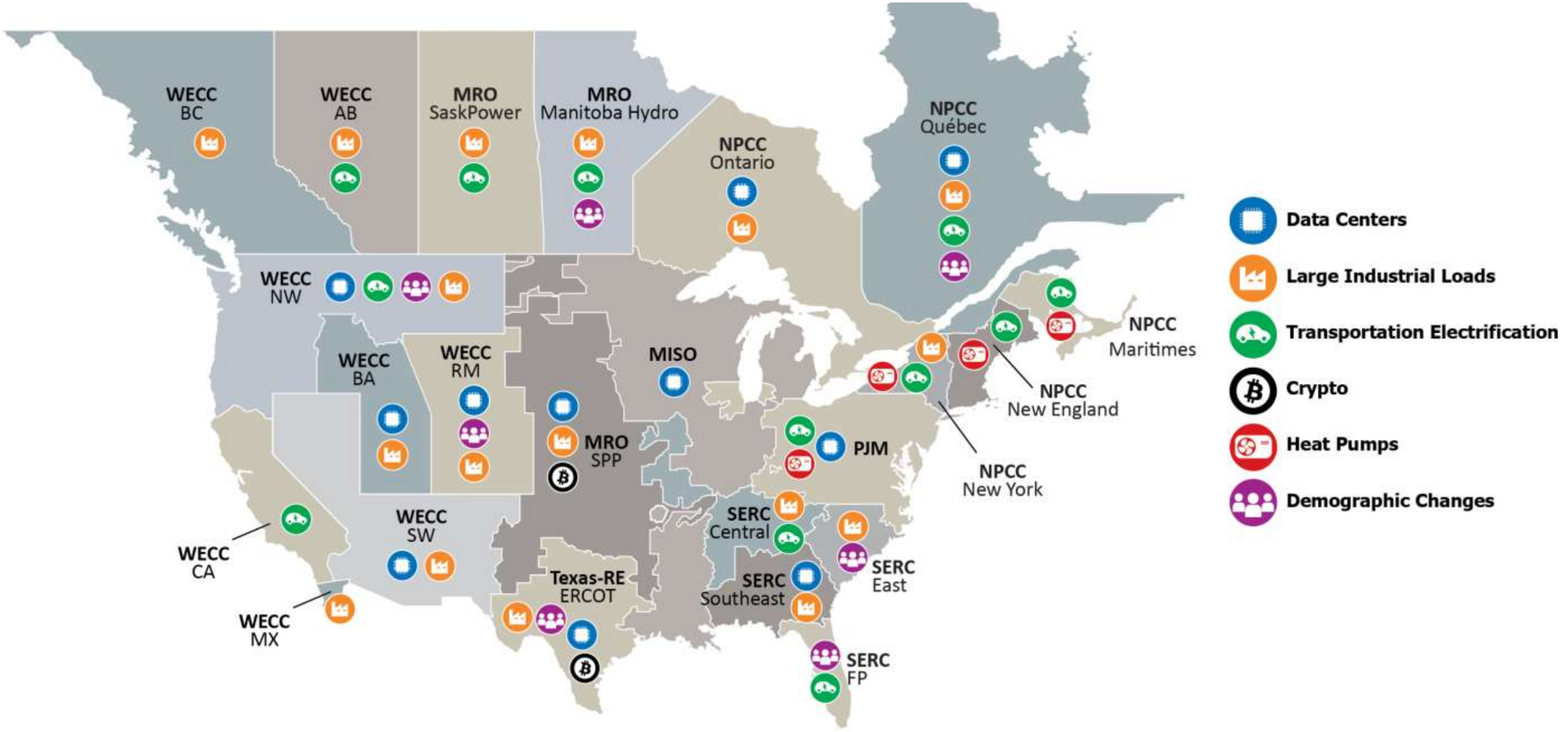


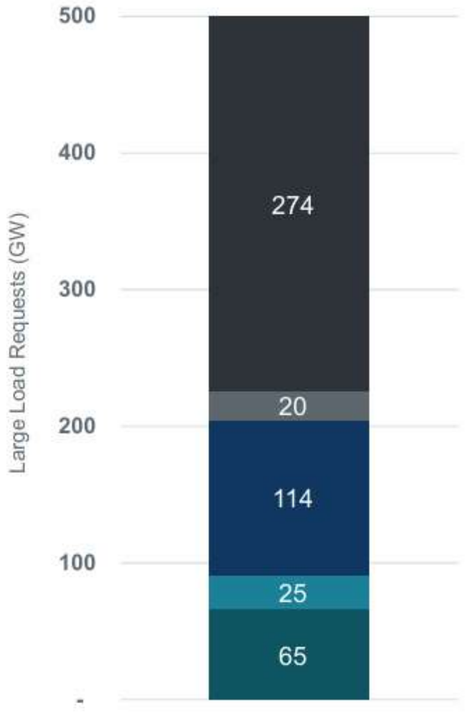
Figure 10: Primary Demand Drivers by Assessment Area

ERCOT Batch Zero Update

PUBLIC

Preliminary Overview of Batch Zero Eligibility

NOTE: The following data is preliminary and only reflects eligibility for inclusion in Batch Zero. ERCOT will review all application materials and make final determinations of which loads are included in the study on or before August 7. ERCOT will communicate the results by September 2.



Data as of July 28, 2026

- **Not Included In Batch Zero – No Qualifying Study (315 Projects):** These loads did not have an existing study that qualified them for inclusion in Batch Zero.
- **Not Included In Batch Zero – No Dynamic Model (47):** These loads had one or more studies that made them eligible for inclusion but were removed when no dynamic model was submitted to ERCOT by July 10.
- **Eligible for Inclusion as Allocated Load (127):** These loads have existing studies that make them eligible for inclusion as allocated load and submitted the required dynamic model data to ERCOT by July 10.
- **Eligible for Inclusion, Base or Allocated Load to be Determined (49):** These loads have existing studies that make them eligible for inclusion in Batch Zero and submitted the required dynamic model data to ERCOT by July 10. ERCOT will review the studies according to Planning Guide 9.2.1.4(4) by August 7 to determine if the load will be treated as base load or allocated load.
- **Eligible for Inclusion as Base Load (150):** These loads have existing studies that make them eligible for inclusion as base load and submitted the required dynamic model data to ERCOT by July 10.

Key Takeaways

- Approximately 205 GW of Large Load is eligible for inclusion in Batch Zero based on existing studies
- ERCOT will make final determinations of which loads are included in the study on or before August 7 and communicate the results by September 2