2026 ERCOT CONE Study

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2026 ERCOT Cost of New Entry (CONE) Study

Context: Texas is experiencing record load growth amid industry-wide scarcities of equipment and labor for building gas-fired generation, leading to high costs and long lead times for new plants

Problem Statement: ERCOT asked Brattle with Sargent & Lundy to conduct a streamlined analysis of CT CONE

- ERCOT and the PUCT plan to use this study for planning purposes and as an input to the 2026 Reliability Assessment.
- The study will inform ERCOT and the PUCT in assessing whether ERCOT's market design can set prices high enough to attract sufficient capacity to meet reliability criteria on a near-term and/or on a long-run basis after scarcities resolve.
- "**CONE**" is a common metric that expresses the levelized cost of new generation, typically estimated as:
  - *Overnight Capital Cost (OCC) × Capital Charge Rate (CCR) + Levelized Annual Fixed O&M (FOM)*
  - OCC can be estimated from bottom-up analysis of the equipment, labor, materials, and other costs to build a plant.
  - CCR is the portion of capital recovery required in year-1, given the economic life of the asset, the cost of capital, and the assumed revenue recovery trajectory.
- PUCT staff asked us to estimate "level-real CONE" under current conditions and long-run conditions.

Interpretation: see next slide for market relevance of Current CONE, Indicative Long-Term Equilibrium CONE, and levelization methods

2026 ERCOT Cost of New Entry (CONE) Study – Essential Concepts for Interpretation

Basic concepts: In restructured markets, merchant investors will enter if they expect to recover their capital and fixed costs over the life of the plant plus a reasonable return on investment through net revenues in the wholesale market.

- They expect revenues in the first year to equal CONE at minimum, where CONE is calculated with an expected net revenue trajectory supported by anticipated market fundamentals.
- That trajectory could be "level-real" in a static environment with constant technology and resource costs, such that an entrant today can continue to earn net revenues that rise in nominal terms at the rate of inflation over the life of the plant.
- Yet if technology will improve or supply chains will ease, *future* entrants will compete down prices and erode revenue recovery for today's entrants. That necessitates assuming a front-loaded revenue recovery, corresponding to "level-nominal" or even higher when calculating CONE as a "reservation price" for a merchant investor to enter the market.

Current conditions: With scarcity of equipment, skilled construction labor, and EPCs, OCC is very high, but the reservation price for entry is even more extraordinarily high. That is because the prospect of current high prices normalizing after current scarcity conditions are alleviated means that merchant investors would require extra front-loaded revenue recovery and thus high CCR, with 1st-year revenue requirements much higher than the (already elevated) current level-real or level-nominal CONE.

Long-term conditions: ERCOT/PUCT may not want to design the market around acute short-term conditions, especially if long lead-times limit how quickly entry could be stimulated by higher prices. Hence their request to also estimate CONE for future long-term (LT) equilibrium conditions. For that purpose, we provide some indicative benchmarks:

- **Indicative LT OCC**, using equipment and labor/EPC costs per kW as in 2018 & 2022 (adjusted for inflation), creating a benchmark that is an indicator, albeit a highly uncertain one, of future expected costs once shortages abate. We discuss factors that could make actual average costs higher or lower;
- **Indicative Level-real LT CONE** corresponding to the PUCT's request, while also providing a level-nominal version
- **Timing of equilibrium**: it is difficult to predict when the market may moderate to "equilibrium," but current turbine reservations suggest after 2032.

Costs to build new gas-fired plants are substantially higher than in 2024 when the last ERCOT CONE Study was done, due to supply chain constraints driven by large load demand for electricity.

Scarcity of turbines, other equipment, and labor/EPC has made building new gas plants costlier than ever, and with longer lead times

- Current best estimates of bottom-up costs to build a Frame CT today are **$1,843/kW overnight capital costs** and **$2,353/kW installed capital costs** (including capital carrying costs during construction). This incorporates OEM equipment quotes, labor rates, and other project costs from the S&L database as of July 2026 for a 444 MW plant in Harris County, TX.
- These capital cost estimates are aligned with contemporary estimates from publicly announced CT projects (see Appendix for more details).
- In real terms, **2026 frame CT overnight capital costs are more than double the 2024 ERCOT CONE Study**, and 43% higher than the 2025 PJM CONE Study completed a year ago, with higher turbine costs accounting for almost 3/5 of that increase, followed by labor (1/3), then EPC (1/10).
- Consistent with other CONE studies, we define the development timeline as beginning from the Final Investment Decision (FID) which assumes that major equipment has already been ordered, the site has already been permitted, and interconnection is approved. Construction then is 50 months for a **2030 COD**. Turbine costs are $662/kW based on current quotes from OEMs.
- However, if a developer actually placed order now with the latest turbine backlog, the project would take at least another 15 months starting from zero (pre-FID) with a **COD in 2032 or later**.

This translates to a $288/kW-year Level-real CT CONE for 2030 entry

- Assumes a 9.71% merchant ATWACC and 20-year life. A capital charge rate of 12.9% when applied to $1,869/kW escalated overnight cost results in a Year 1 level-real capital recovery of $241/kW-year
- Levelized FOM is $47/kW-year, which is additive to result in a level-real CONE of $288/kW-year.
- The 2025 PJM CONE CT (online June 2028) had similar capital charge rate of 12.8% applied to a lower overnight cost ($1,247/kW) resulting in a level-real capital recovery of $160/kW-year. Levelized FOM was $21/kW-year, resulting in a level-real CONE of $181/kW-year for 2028 entry (values expressed in nominal $ for online date).

Overnight Capital Cost for a 444 MW Frame CT (2026$/kW)

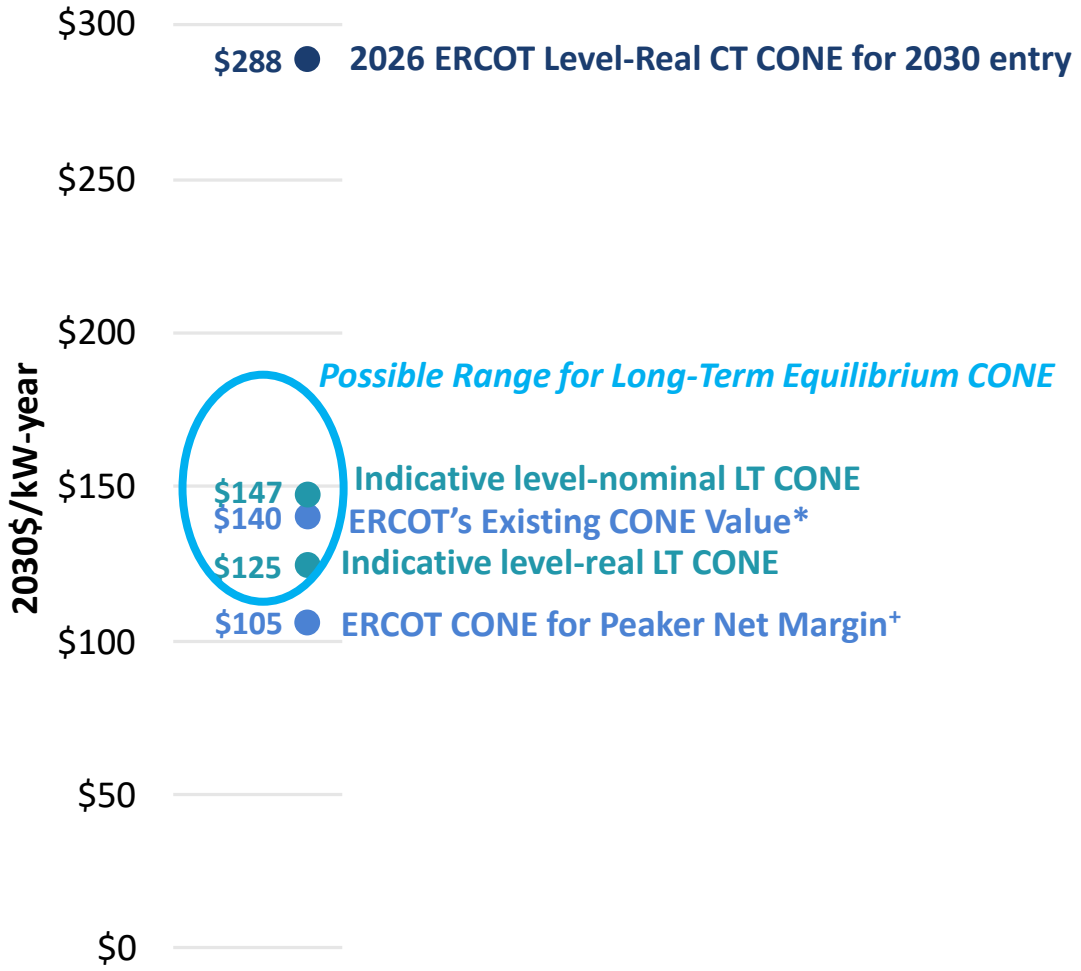
Owner-Furnished Equipment (OFE)	**$855**
Gas Turbines	$662
SCR	$166
GSU	$26
Sales Tax	$0
Engineering, Procurement, and Construction Costs (EPC)	**$821**
Other Equipment	$43
Total Labor	$338
Construction Labor	$134
Other Labor	$204
Materials	$71
Sales Tax	$0
EPC Contractor Fee	$163
EPC Contingency	$206
Non-EPC Costs	**$168**
Project Development	$87
Mobilization and Start-Up	$13
Non-Fuel Inventories	$12
Net Start-Up Fuel Costs	-$14
Electrical Interconnection	$0
Gas Interconnection	$8
Land	$2
Owner's Contingency	$20
Financing Fees	$40
Overnight Capital Costs	**$1,843**

2026 ERCOT Cost of New Entry (CONE) Study

Current Level-real CT CONE *understates* the net revenues an investor would need to enter for 2030-32 and likely *overstates* future entry prices.

- Level-real CONE assumes future revenues increase at the rate of inflation.
- This **understates short-term revenues investors would require to enter now** if current high prices are expected to eventually revert back to lower equilibrium levels.
  - For example, investors' current reservation prices could be $591/kW-year if they expect 5 years of high prices followed by reversion to an equilibrium at $147/kW-year (see below).
  - This is sensitive to assumptions, and there is little empirical basis for knowing investors' actual range of expectations, other than revealed preference from commercial activity.
- On the other hand, **current CONE likely overstates the net revenues investors will need to enter in the future** if equipment and labor costs revert toward lower long-term equilibrium levels. We think about possible long-term cost and timing as follows:
  - **Long-term (LT) CONE**: One **indicative benchmark of LT level-real CONE is $125/kW-year,** derived by substituting today's equipment and labor costs (and EPC costs as percentages of other capital costs) with those from 2018 (pre-COVID) and 2022 (pre-large load demand) PJM CONE studies, then using a construction timeline from 2022 (for both estimates) and adjusting for Texas. The **level-nominal version is $147/kW-year**, reflecting expectations of subsequent technology progress, so raises the front-end marginal cost and reservation price for entry.
  - **Timing**: beyond 2032, as indicated by the current turbine backlog, but could be longer. Other inputs (e.g., labor, EPC) could revert toward equilibrium on different timelines.
  - **Qualifiers:** the timing and level of future costs are highly uncertain. True "equilibrium" CONE could be lower or higher than these benchmarks, depending on a variety of factors we discuss herein. We show these possibilities on the chart as +/- 25% around our $147/kW-year benchmark. Here "equilibrium" is not a forecast of prices in any given period, but an expectation of future prices absent short-term scarcities and surpluses.
- The $125/kW-year indicative LT level-real CONE is based on 2018/21-vintage costs, whereas ERCOT's existing $140/kW-year parameter was based on higher 2023-vintage costs.

2026 Level-real CONE and Long-term Equilibrium CONE Benchmarks



Sources: Brattle CONE analysis.
* ERCOT Existing Value from the Commission's decision based on 2024 CONE Study Level-real CT sensitivity for 2026 entry see PUCT Open Meeting Minutes, July 25, 2024 Item 19 at 3.
+ ERCOT CONE for Peaker Net Margin is the 2012 ERCOT CT Level-Real CONE see Newell, et al., ERCOT Investment Incentives and Resource Adequacy, June 1, 2012 at 48. Existing CONE values shown unescalated at $105/kW-year and $140/kW-yr in nominal dollars per ERCOT practice.

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Introduction

ERCOT requested an updated Cost of New Entry (CONE) study for planning purposes.

Per ERCOT's request, this study is a streamlined update to the CONE estimate rather than an in-depth bottom-up estimate:

- The streamlined CONE approach uses the same reference technology as the recent 2025 PJM CONE Study (a large-frame combustion turbine, "CT") and the same reference location as the 2024 ERCOT CONE Report (Harris County) with several ERCOT-specific adjustments including: assessing a CT that is not a dual fuel plant and instead has a firm gas supply contract, adjusting capital cost and labor rates for Texas, and applying an after-tax weighted average cost of capital ("ATWACC") reflecting tax rates in ERCOT. Based on recent ERCOT interconnection request analysis, Harris County continues to be a reasonable reference location, but future CONE studies would need to consider other areas such as the North and South CDR Zones.
- We understand the PUCT and ERCOT may use this CONE study to inform modeling for long-term reliability planning purposes. Additionally, the PUCT/ERCOT have requested a CONE estimate that could be an indicator of long-run equilibrium market conditions in addition to an estimate of current CONE.
- Therefore, in this study we present estimates of both current CONE based on prevailing costs and labor rates as well as indicators of what a long-term equilibrium CONE could be based on capital costs and labor rates prior to when scarcity and premium prices materialized.

Key Considerations

There were several key considerations while undertaking this 2026 CONE Study

Rapid Demand Growth

Recently, demand for electricity has increased substantially across the U.S., driven primarily by data centers. BNEF estimates that 20% of the U.S. data center pipeline is in ERCOT. While ERCOT is still determining the amount of data center and other large loads to include in its next long-term load forecast, the amount remains substantial. **There is high uncertainty around how much of this new load will materialize.**

Tight Labor and EPC Market

EPC contractors are managing substantial workloads and are pricing projects to reflect **higher skilled labor rates and the opportunity cost of taking on more work given the limited capacity they have available**. Meanwhile, there is acute scarcity for skilled EPC and construction labor and bottlenecks to expanding the labor pool due to the time needed for training.

Scarcity of Gas Turbines and Other Equipment

Substantial equipment shortages for new gas turbines, transformers, switchgear, and other equipment result in high prices and long wait times. The three largest gas turbine manufacturers (GE, Siemens, and Mitsubishi) have a combined order backlog of 246 GW as of Q2 2026 compared to an annual production capacity of roughly 60 GW (see slide 14). As a result, **gas-fired plants that reserve turbines with OEMs today would not come online until 2032 or later.**

Tight Supply Conditions

Consequently, **many regions in the U.S. are facing premium prices for new generation due to scarcity and rapid demand growth that outpaces the rate that new generation can be built.** In the near term, supply chain constraints for gas turbines and other major equipment substantially restrict the deployment of new generation capacity.

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Current Administrative CONE Value

Costs of gas-fired generation have increased sharply, along with longer lead-times.

Issue: The current administrative CONE value is $140/kW-year and was based on a sensitivity analysis from the previous 2024 ERCOT CONE Study with underlying cost estimates from 2023, which do not reflect current costs.

- The 2024 ERCOT CONE Study estimated a **CONE of $293/kW-year for an aeroderivative CT and $263/kW-year for a solar + battery storage hybrid resource (both in 2026$)** based on technologies that were dispatchable, economically viable, and were being developed in ERCOT at that time.
- **PUCT Commission Staff recommended a CONE value of $162/kW-year (in 2026$) based on a sensitivity analysis** from the 2024 ERCOT CONE Study that assessed an indicative level-nominal CONE estimate for a frame CT based on cost estimates from December 2023.
- **The PUCT decided on the final administrative CONE value of $140/kW-year by adjusting the indicative level-nominal frame CT sensitivity to a level-real levelization approach**. A level-real CONE assumes that revenues constantly increase at the rate of inflation while a level-nominal CONE assumes that revenues are constant over the lifetime of the plant.
- **The PUCT also decided to maintain the legacy CONE value of $105/kW-year** based on a 2012 CONE Study for the peaker net margin threshold.

Overnight capital costs for frame CTs have more than doubled in real terms since the 2024 ERCOT CONE Study and merchant investors' reservation price for entry today is likely even more extraordinarily high. That is because the prospect of wholesale prices eventually normalizing once current scarcity conditions are alleviated means that merchant investors would require extra front-loaded revenue recovery, with 1st-year revenue requirements much higher than the (already elevated) current level-real or level-nominal CONE.

However, ERCOT/PUCT may not want to design the market around acute short-term conditions (especially if long lead-times limit how quickly entry could be stimulated by higher prices) and instead opt to center market design around long-term equilibrium conditions.

Sources and Notes: For Aero and PV+BESS CONE, see Newell, et al., ERCOT CONE for 2026, June 10, 2024 at 34-35. For frame CT sensitivity, see Newell, et al., ERCOT CONE for 2026, June 10, 2024 at 46-47. For Staff's $162/kW-year recommendation, see PUCT Project No. 54584, Item 69, Staff's Update on CONE , July 3, 2024 at 2. For the Commission's $140/kW-year decision, see PUCT Open Meeting Minutes, July 25, 2024 Item 19 at 3. For Peaker Net Margin (2012 CT Level-Real CONE) see Newell, et al., ERCOT Investment Incentives and Resource Adequacy, June 1, 2012 at 48.

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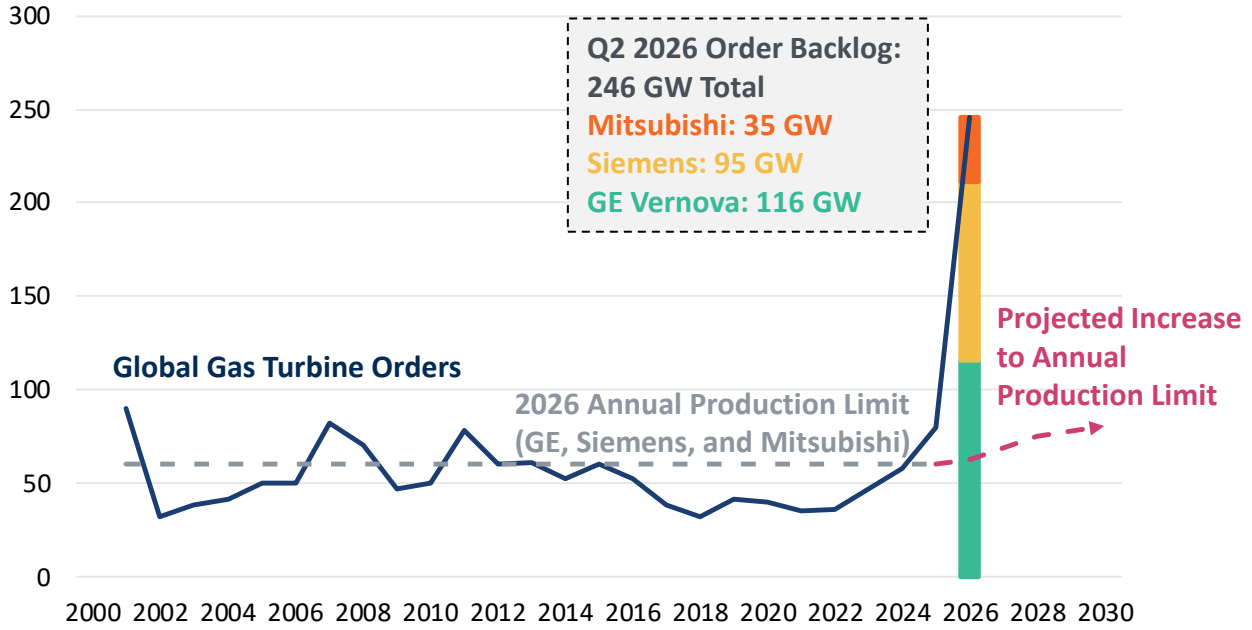
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Current Conditions for Gas-fired CT Generation Development

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. This has increased prices and development timelines for new generation nationwide; it is highly uncertain when these scarcity conditions will resolve.

- Large load (mostly data center) electricity demand has caused a substantial backlog of orders for new gas turbines (246 GW in Q2 2026), which **cannot be resolved quickly with the current annual production limit of gas turbines (60 GW) or even projected increases by 2030 (~80 GW).**
- U.S. utilities and ISOs anticipate an extended period of large-load-driven demand growth, while broader electrification efforts, the coal-to-gas transition, and firm capacity needs all point to a sustained supply crunch for gas turbines.
- Meanwhile, there is acute scarcity for skilled EPC and construction labor and a bottleneck due to the time needed to train new workers.
- Additionally, recent proposed restrictions from the Trump Administration on sourcing bulk-power equipment from certain countries may further constrain options for new generation.

Historical Gas Turbine Orders and Annual Production Limit (GW)



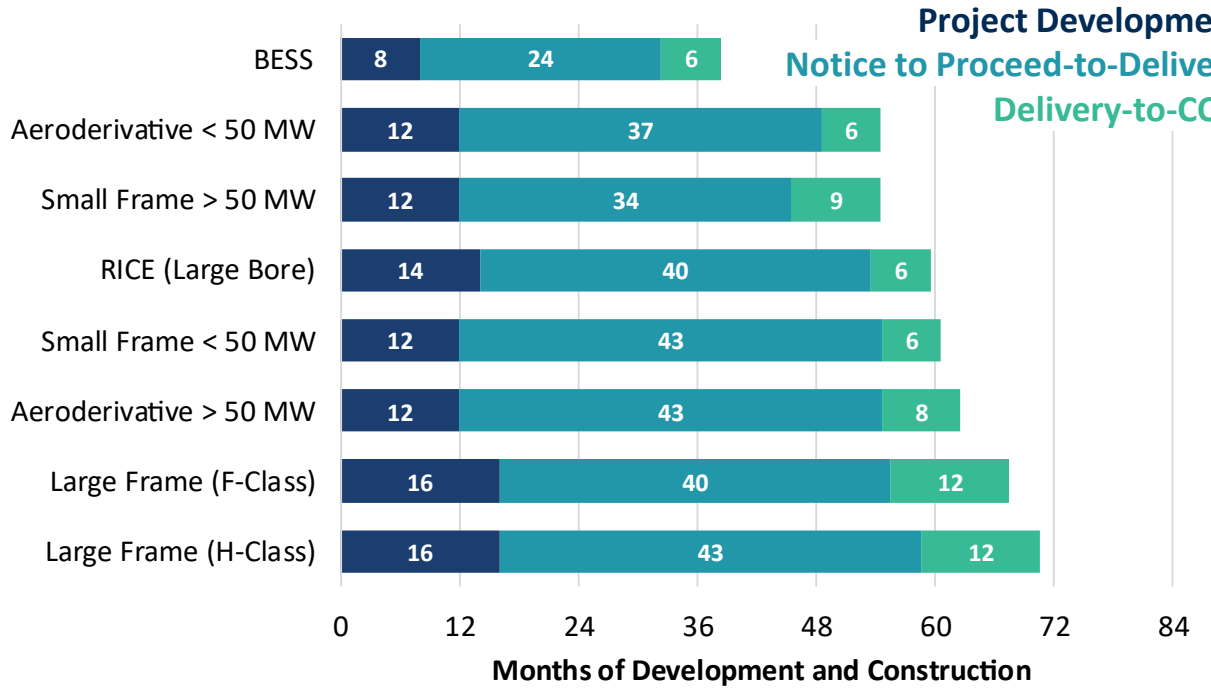
Sources and Notes: Brattle analysis of Nat Bullard, Decarbonization: Parameters, Dollars and Sense, Electrons Photons Molecules, January 15, 2026; POWER Magazine, "We're Writing a New Chapter": Mitsubishi Power CEO Bill Newsom on AI, Gas Turbines, and the Path to Decarbonization, July 9, 2025; Wood Mackenzie, Gas turbine prices soar 195% as market faces supply-demand crisis, April 1, 2026; Bloomberg, Siemens Energy, Mitsubishi Struggle to Keep Up With AI-Driven Demand For Gas Turbines, October 2, 2025; Power Magazine, Gas Turbine Boom Tests Supply Chains as OEMs Race to Expand , September 1, 2026; Siemens Energy, 2025 Capital Market Day, November, 2025; Siemens Energy, Q3 Analyst Presentation, August 5, 2026; MHI, Mitsubishi Heavy Industries, Ltd. 2024 Medium-Term Business Plan Progress Briefing, May 27, 2026; MHI, Q&A Summary, October 5, 2025; MHI, Q1 FY2026 Financial Results , August 4, 2026; GE Vernova, GE Vernova Q&A, May 28, 2025; GE Vernova, GE Vernova Second Quarter 2026 Financial Results, July 22, 2026.

Lead Times for Gas Turbines & High-Voltage Transformer Are Longest

The large-frame gas turbine market is in a supply crunch: OEM backlogs show deliveries for H- and F- class CTs pushing into 2032 and beyond[1], with record turbine orders and substantial reservation fees required.

- In ERCOT, equipment procurement constraints have already impacted projects (e.g., Texas Energy Fund applicants withdrawing gas due to inability to meet required timeline milestones).
- The bottleneck for transformers is also affecting new builds for all utility-scale technologies: large power transformer U.S. average lead times are now ~80–210 weeks which have doubled since 2021.[2]
- Battery storage (BESS) remains the fastest-to-market option for new capacity: ERCOT utility-scale storage deployments set records in 2024–25[3] and installed costs continue to decline despite policy/tariff announcements, but recent federal policy could impede future BESS deployment.[4]

New Generation Development Timelines as of Q4 2025



Sources and Notes: 1: Sargent & Lundy database of Q3 and Q4 2025 OEM quotes and vendor presentations.

Sources and Notes:
1. Gas turbine delivery timelines based on OEM advertisement and S&L recent project data.
2. Transformer delivery timelines based on Q3 and Q4 2025 vendor quotes and OEM presentation; Wood Mackenzie, Supply shortages and an inflexible market give rise to high power transformer lead times, April 2, 2024.
3. Modo Energy, ERCOT Buildout Report: Battery capacity crosses 12 GW in Q3 2025, October 16, 2025; Energy Storage News, Global energy storage deployments on track for record year in 2025, BNEF says, October 21, 2025.
4. Executive Order 14421: Declaring a National Emergency To Secure the United States Bulk-Power System, August 26, 2026; IRS, Guidance to Apply Interim Safe Harbors for Purposes of Determining a Taxpayer's Material Assistance from a Prohibited Foreign Entity; Other Prohibited Foreign Entity Guidance, February 12, 2026.

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CT Overnight Costs Have Increased Substantially in Recent Years

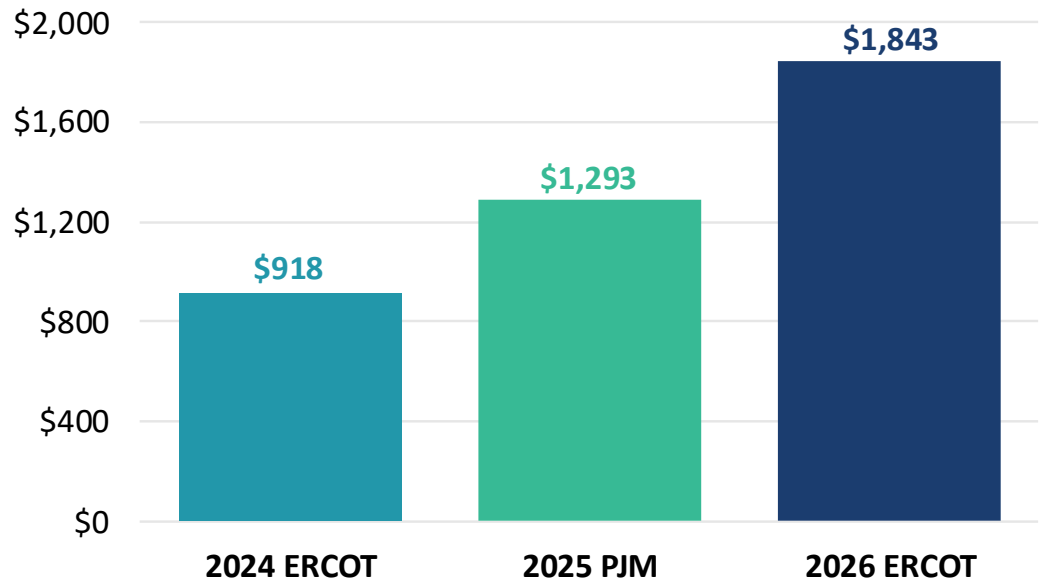
Overnight costs have more than doubled in the past three years resulting from a combination of gas turbine and other major equipment backlogs and scarce labor. The overnight capital costs for an H-frame CT have increased to $1,843/kW in 2026$.

The **2024 ERCOT CONE Study** did not develop a bottom-up cost analysis for a frame CT but did provide a sensitivity analysis which estimated an indicative CONE for a frame CT of $162/kW-year in 2026$. The PUCT decided to adopt a $140/kW-year CONE based on a level-real adjustment to the indicative frame CT sensitivity, which reflected **overnight costs of $918/kW in 2026$ based on cost estimates from December 2023.**

More recently, the **2025 PJM CONE Study** developed a bottom-up CONE estimate for a frame CT with an online date of June 2028, which captured some of the recent scarcity premiums and rapid cost increases. The 2025 PJM CT had **overnight costs of $1,293/kW in 2026$ based on cost estimates for turbines from August 2025 and labor/other costs from January 2025.**

The **2026 ERCOT CONE Study** results, however, show that costs have increased substantially, even from the 2025 PJM CONE Study approx. 1.5 years ago. **Overnight costs have doubled in real terms, from $918/kW in December 2023 to $1,843/kW in July 2026 in 2026$, driven by scarcity pricing for turbines and other major equipment, labor, and EPC contractors.**

Frame CT Overnight Capital Costs (2026$/kW)



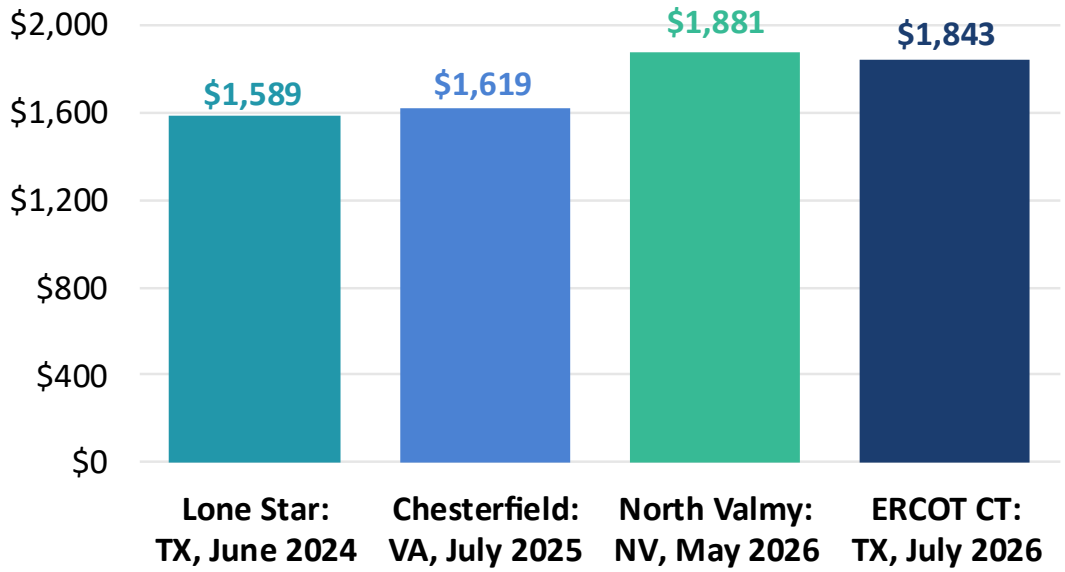
Sources and Notes: All costs escalated to July 2026$ using CPI.
2024 ERCOT: Newell et al., ERCOT CONE For 2026 (June 10, 2024) at 46.
2025 PJM CT (Rest of RTO): Affidavit of Dr. Samuel A. Newell, Dr. Andrew W. Thompson, Dr. Bin Zhou, and Joshua C. Junge Regarding Updates to PJM's CONE and Net Energy and Ancillary Service Offset Parameters for Delivery Years 2028/29 Through 2031/32, before the Federal Energy Regulatory Commission, Docket No. ER26-455, Attachment E.
2026 ERCOT: Results from current 2026 ERCOT CONE Study herein.

Estimated ERCOT Overnight Costs Are In Line With Contemporary Public Estimates

Our estimated current overnight capital cost for a frame CT in ERCOT of $1,843/kW in 2026$ is consistent with publicly-available cost estimates for actual projects.

- The **Lone Star CT** project by Entergy Texas was announced in 2024 with estimated **overnight costs of $1,589/kW** (in 2026$) and is currently under construction with a scheduled COD of 2028.
- The **Chesterfield CT** project by Dominion Energy in Virginia was announced in 2025 with estimated **overnight costs of $1,619/kW** (in 2026$) and is currently under development with construction scheduled to begin in 2026 and a scheduled COD of 2029.
- The **North Valmy CT** project by NV Energy in Nevada was announced in 2024 with most recently (as of 2026 IRP) estimated **overnight costs of $1,881/kW** (in 2026$) and is currently in the planning stages with a scheduled COD of 2028.

Frame CT Benchmark Overnight Capital Costs (2026$/kW)



Sources and Notes:
All costs escalated to July 2026 dollars at the CPI.
Gridlab, The New Reality of Power Generation (September 2025).
Lone Star: Direct Testimony of Carlos Ruiz, before the Public Utility Commission of Texas, Control No. 56693 (June 2024) at 28. Overnight cost estimate includes total generation project cost less AFUDC, plus interconnection costs.
Chesterfield: Direct Testimony of Shawn Kelly, before the Virginia Commerce Commission, Case No. PUR-2025-00037 (July 2025) at 4.
North Valmy: NV Energy, Integrated Resource Plan Vol. 8 (May 2026) at 12.

Turbine and Labor Shortages Have Increased Overnight Costs

Current $1,843/kW frame CT overnight capital costs are primarily driven by increases in turbine equipment costs, labor costs, and the price premiums required by EPCs.

Since the 2025 PJM CONE Study was completed a year ago, overnight capital costs for an H-class frame CT have increased by **$613/kW or 50%** in nominal terms, driven by:

- **Owner-Furnished Equipment (OFE):** Gas turbines alone are now above $660/kW due to ongoing supply scarcity seen nationwide.
- **Labor:** Labor costs are up more than 70% due to higher labor compensation from a tighter labor pool, contractors pricing in opportunity costs to manage labor limitations, and additional workers or overtime needed to complete the same scope to contain timelines during construction where possible.
- **EPC Fee & Contingency, Owner's Contingency:** EPC contractor fees have increased from 10% of OFE + EPC costs to 12.5%, and EPC contingency has increased from 10% to 14% of all other OFE+EPC costs (including the contractor fee). Owner's contingency has increased from 8% to 18% of other owner's costs due to the greater scope and associated risk owners are facing by securing long-lead time equipment which previously was procured by EPCs.

Frame CT Overnight Capital Cost Components (Nominal)

Study	2025 PJM CONE	2026 ERCOT CONE	Change from PJM to ERCOT	Change from PJM to ERCOT
Capacity (MW)	437	444		
$Year	1/1/2025	7/1/2026		
Location	OH & PA	Harris,TX		
Cost Estimate Vintage	1/1/2025	7/1/2026		
Unit	2025$/kW	2026$/kW	Nominal $/kW	%
Owner-Furnished Equipment (OFE)	**$501**	**$828**	**$327**	
Gas Turbines	$375	$662	$287	76%
SCR	$126	$166	$41	32%
Sales Tax	$0	$0	$0	
Engineering, Procurement, and Construction Costs (EPC)	**$483**	**$847**	**$364**	
Other Equipment	$81	$69	-$12	-15%
Total Labor	$197	$338	$141	71%
Construction Labor	$136	$134	-$2	-1%
Other Labor	$61	$204	$142	232%
Materials	$34	$71	$38	112%
Sales Tax	$0	$0	$0	
EPC Contractor Fee	$81	$163	$82	101%
EPC Contingency	$89	$206	$116	130%
Non-EPC Costs	**$247**	**$168**	**-$79**	
Project Development	$49	$87	$38	77%
Mobilization and Start-Up	$10	$13	$4	36%
Non-Fuel Inventories	$5	$12	$7	138%
Net Start-Up Fuel Costs	-$3	-$14	-$11	378%
Electrical Interconnection	$55	$0	-$55	-100%
Gas Interconnection	$79	$8	-$71	-90%
Land	$1	$2	$1	127%
Fuel Inventories	$8	$0	-$8	-100%
Owner's Contingency	$16	$20	$3	20%
Financing Fees	$26	$40	$13	50%
Overnight Capital Costs	**$1,230**	**$1,843**	**$613**	**50%**

Sources and Notes: 2025 PJM OFE costs are based on updated OEM quotes from August 2025. GSU costs for 2026 ERCOT CONE are included in Other Equipment to maintain consistency with 2025 PJM CONE.

Increases in Overnight Capital Costs Also Drive FOM Increases

First year fixed O&M costs for the reference CT in ERCOT are approximately $52/kW-yr, driven by property tax rates and increases in percentage-based costs. Additionally, the ERCOT reference CT has a firm gas supply contract instead of being a dual-fuel unit like in PJM.

Between the 2025 PJM CONE and 2026 ERCOT CONE studies, first-year FOM costs have increased **$29/kW-yr or 129%** in nominal terms due to:

- **Firm Gas Contract:** In the 2025 PJM CONE study, the CT technology was dual fuel, resulting in higher capital costs (due to additional Capex and fuel inventories) but lower FOM costs (since it did not have a firm gas contract). The 2026 ERCOT CONE Study instead assumes the unit is not dual fuel but does has a firm gas contract, which is an FOM cost.
- **Property Taxes:** Property taxes are calculated as a percentage of the assessed value of the plant and therefore have increased along with overnight capital costs. Additionally, the Harris County, TX location for ERCOT assesses property taxes differently than OH or PA from the 2025 PJM CONE Study.
- **Other Percentage-Based Costs:** Insurance and Interest on Working Capital are also calculated as percentages of overnight capital costs, so these have increased in line with OCC as well.

Frame CT Fixed Operations and Maintenance Cost Components (Nominal)

Study	2025 PJM CONE	2026 ERCOT CONE	Change from PJM to ERCOT	Change from PJM to ERCOT
Capacity (MW)	437	444		
$Year	1/1/2025	7/1/2026		
Location	OH & PA	Harris,TX		
Cost Estimate Vintage	1/1/2025	7/1/2026		
Unit	2025$	2026$	Nominal $	%
First Year Fixed O&M ($/kW-yr)				
LTSA Fixed Payments	$1.2	$1.1	-$0.1	-9%
Labor	$3.0	$3.4	$0.3	11%
Maintenance and Minor Repairs	$1.0	$1.0	$0.0	3%
Administrative and General	$0.8	$0.7	-$0.1	-17%
Asset Management	$1.1	$1.2	$0.1	7%
Property Taxes	$7.9	$20.0	$12.1	152%
Insurance	$7.4	$11.1	$3.7	50%
Firm Gas Contract	$0.0	$13.1	$13.1	
Interest on Working Capital	$0.4	$0.6	$0.3	75%
Total First Year Fixed O&M ($/kW-yr)	**$22.7**	**$52.0**	**$29.3**	**129%**

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Installed Capital Costs

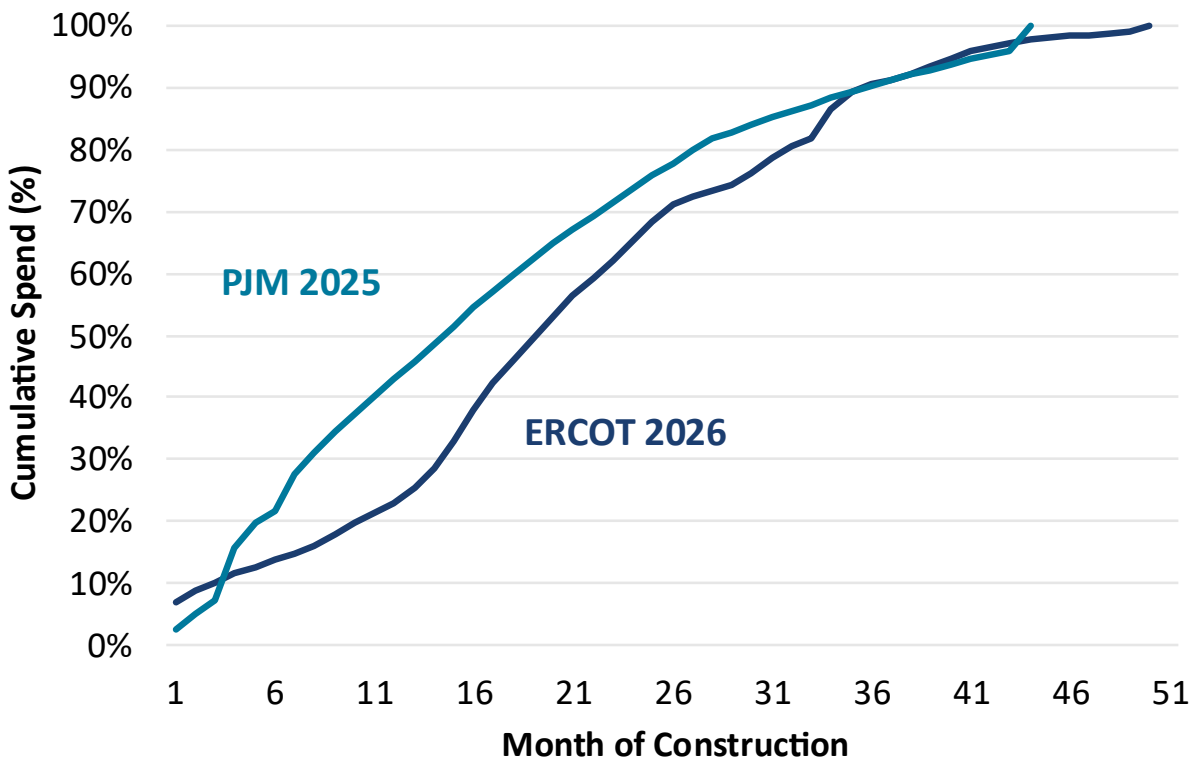
We estimate installed capital costs, which include capital carrying costs during construction, to be $2,353/kW for a frame CT in ERCOT in 2026.

The capital drawdown schedule is estimated by S&L based on observations from actual CT projects reflecting how overnight capital costs are incurred over time. It is used to calculate capital carrying costs during development/construction to arrive at a complete installed cost.

Installed cost is calculated by applying the capital drawdown schedule to nominal overnight costs and then calculating the present value of the monthly cash flows as of the online date using the after-tax cost of capital (ATWACC). We assumed an ATWACC of 9.71% which reflects the core financial assumptions from the 2025 PJM CONE Study adjusted for ERCOT tax conditions (see 2026 ERCOT CONE Model for more details).

The development timeline has increased to 50 months (6 months more than in PJM 2025) and is now more backloaded since developers need to reserve turbines much earlier before construction kicks off. Consistent with past CONE studies, we define the development timeline to be from financial investment decision (FID) until the commercial operation date (COD). We assume an approximately 15-month period of development for permitting and other activities before FID, the costs of which are capitalized.

Capital Drawdown Schedules for Frame CT



Sources and Notes:
PJM 2025: Newell et al., Brattle 2025 CONE Report for PJM, April 9, 2025, Appendix A1.
ERCOT 2026: Brattle CONE analysis.

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CONE Calculation Overview

Gross CONE = Overnight Capital Cost x Capital Charge Rate + Levelized Fixed O&M

Owner's Required Levelized Revenues

Investors' Levelized Capital Recovery: Dependent on capital costs, levelization method, length of project development period, taxes, and cost of capital

Annualized O&M Costs: Dependent on size and trajectory of fixed operating costs + levelization approach

Capital Charge Rate (CCR) is an output from the CONE model which expresses the fraction of overnight capital cost that investors would need to recover in the first year of operation to be willing to finance a new plant.

CCR thus depends on:

- Investors' long-term view of economics (trajectory of net revenues and economic lifetime of the plant)
- ATWACC available to merchant investors
- Depreciation schedules for capital
- Income tax
- Tax credits (if applicable)

2026 Level-Real CONE Estimate for a Frame CT

The estimated **2026 Level-real CONE for a frame CT in ERCOT is $288/kW-year,** representing updated costs and the PUCT-prescribed level-real revenue trajectory. A level-real CONE calculation assumes that revenues increase at the rate of inflation over the plant's assumed economic life (20 years).

However, a level-real CONE is unlikely to reflect the revenues required to enable new entry in today's market. Current scarcity for turbines causing cost premiums for equipment, long development timelines, and uncertainty imply that investors would likely need a more front-loaded revenue recovery and thus a higher CONE to be incentivized to enter (see additional analysis in Appendix). **However, ERCOT/PUCT may not want to design the market around acute short-term conditions and have also requested an estimate of CONE for future long-run equilibrium conditions.**

2026 Level-real CONE

Nominal$ for Online Year	Overnight Capital Cost [A] $/kW See notes	Capital Charge Rate [B] %/year See notes	Year 1 Capital Recovery [C] $/kW-year [A] x [B]	Levelized Fixed O&M [D] $/kW-year See notes	Gross CONE ICAP [E] $/kW-year [C] + [D]
2026 ERCOT CT (Online October, 2030)	$1,869	12.9%	$241	$47	**$288**
2025 PJM Rest of RTO CT (Online June, 2028)	$1,247	12.8%	$160	$21	**$181**

Sources and Notes:
[A], [B], [D]: Brattle CONE analysis.

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Indicative Long-term Equilibrium CONE Benchmarks

It is unclear when scarcity conditions will ease and we can expect prices to revert to a long-term competitive equilibrium (which in principle means costs are such that suppliers of plant components recover their cost of capital).

However, we assess indicative benchmarks using data from before current scarcity conditions with the following approach:

- Substitute today's equipment and labor costs on a per kW basis and percentage-based EPC and non-EPC cost percentages with those from 2018 (pre-COVID) and 2022 (pre-large load demand) taken from our 2018 and 2022 PJM CONE studies; use current 2026 costs for remaining cost line items.
- Adjust for ERCOT: adjust OCC using the ratio of locational overnight capital cost factors between Scranton, PA for PJM and Houston, TX.
- Take 20-month FID-to-COD timeline from 2022 PJM CONE Study.
- Use current 9.71% ATWACC merchant cost of capital for ERCOT (slide 22).
- This results in a **LT level-real CONE of $125/kW-year** and a **LT level-nominal CONE of $147/kW-year.** Past work by Brattle on the rate of historical technology progress suggests level-nominal is a better indicator of the long-term year-1 marginal cost and reservation price for new entry. (See 2018 PJM CONE Study, Section VII.A).

Qualifiers: These long-term benchmarks are uncertain indicators of future conditions and investor expectations.

- The level of such prices is uncertain (see next slide).
- The timing of when scarcity can be expected to resolve is unclear. Turbine backlogs to 2031 (for 2032 COD) suggests premium pricing through then, at least for turbines; and timing/pricing vary by input component. Reversion toward "long-term equilibrium" CONE could take longer if supply chains and labor expand slowly, or perhaps shorter if growth of large loads slows nationally/globally.

Current CONE and Indicative Long-term Equilibrium CONE Benchmarks

Nominal$ for October, 2030 Online Year	Overnight Capital Cost [A] $/kW See notes	Capital Charge Rate [B] %/year See notes	Year 1 Capital Recovery [C] $/kW-year [A] x [B]	Levelized Fixed O&M [D] $/kW-year See notes	Gross CONE ICAP [E] $/kW-year [C] + [D]
Current CONE					
2026 ERCOT CT (Level-Real)	$1,869	12.9%	$241	$47	**$288**
2026 ERCOT CT (Level-Nominal)	$1,869	15.3%	$286	$56	**$343**
Long-term CT Benchmarks (Level-Real)					
2018 Costs, 2022 Timeline	$804	11.2%	$90	$33	$123
2022 Costs, 2022 Timeline	$823	11.2%	$92	$33	$126
Average Level-Real Long-Term CONE Benchmark					**$125**
Long-term CT Benchmarks (Level-Nominal)					
2018 Costs, 2022 Timeline	$804	13.3%	$107	$39	$146
2022 Costs, 2022 Timeline	$823	13.3%	$109	$39	$149
Average Level-Nominal Long-Term CONE Benchmark					**$147**

Sources and Notes:
[A], [B], [D]: Brattle CONE analysis.
For locational adjustment, see EIA, Capital Cost and Performance Characteristics for Utility-Scale Electric Power Generating Technologies, January 2024.
For 2018 PJM CONE Study, see Affidavit of Samuel A. Newell, John M. Hagerty and Sang H. Gang (Attachment G), before the Federal Energy Regulatory Commission, Docket No. ER19-105-000, December 12, 2018.
For 2022 PJM CONE Study, see Affidavit of Samuel A. Newell, John M. Hagerty, and Sang H. Gang (Attachment D), before the Federal Energy Regulatory Commission, Docket No. ER22-2984-000, December 1, 2022.
For 2024 ERCOT CONE Study, see Newell et. al., ERCOT CONE for 2026, June 10, 2024.

Factors That Could Make True Equilibrium Higher or Lower Than LT CONE Benchmarks

True equilibrium CONE could be lower if:

Economies of Scale Drive per-kW Cost Reductions: The current reference frame CT has a 25% larger capacity now relative to 2018 largely due to performance and efficiency enhancements that do not generate commensurate cost increases.[1] Greater scale can lower not just the cost per kW of the turbine, but the entire plant.

Possible Lower Cost of Capital: If interest rates fall and reduce the cost of debt and equity, CONE would decrease. For example, a 200 basis point difference in ATWACC would reduce CONE by 15%.

It is conceivable that these factors plus other possible long-term shifts in the labor market could reduce the $147/kW-year benchmark by up to 25%.

True equilibrium CONE could be higher if:

2018/2022 Turbine Costs Were Below LT Equilibrium: In 2018 and 2022, turbine OEMs reported low prices and poor financial performance associated with overcapacity of turbines relative to stagnant electricity demand growth, although it is difficult to assess how far below equilibrium prices were.[2] Turbines then averaged $240/kW in 2026$ (vs. $660/kW today). Even if that increased 50% in spite of economies of scale, the additional $120/kW would add only $18/kW-year to our benchmark CONE.

Critical Material Supply Chains Remain Constrained: "equilibrium" pricing would rise over time for any inputs that cannot be manufactured or substituted (e.g., copper or steel).

It is conceivable that these factors and other possible long-term shifts in the labor market could increase the $147/kW-year benchmark by up to 25%.

- Very roughly, the true LT CONE could be as much as -25% to +25% of our $147/kW-yr benchmark, and we show that range in slide 7. Some analysts might apply a tighter range, but uncertainty distributions tend to be wider than expected.
- Costs in any given year could be far above or below equilibrium expectations. For example, we might expect the current labor & EPC shortages to resolve well before 2035, but new factors could elevate or depress pricing then.

Sources: 1: CT capacity increased from 353 MW to 440 MW. For 2022 PJM CONE Study, see Affidavit of Samuel A. Newell, John M. Hagerty, and Sang H. Gang (Attachment D), before the Federal Energy Regulatory Commission, Docket No. ER22-2984-000, December 1, 2022. For 2025 PJM CONE Study, see Affidavit of Dr. Samuel A. Newell, Dr. Andrew W. Thompson, Dr. Bin Zhou, and Joshua C. Junge, before the federal Energy Regulatory Commission, Docket No. ER26-455-000, December 19, 2025.
2: See General Electric (GE), Company Update, May 23, 2018, p. 4; GE, 2022 Annual Report, p. 11; GE, 2018 Annual Report, p. 16; Siemens, Earnings Release Q2 FY 2018, May 9, 2018, p. 3; Siemens Energy, Annual Report 2022, p. 83; Siemens, Siemens Energy details plans to improve competitiveness, February 2, 2021.

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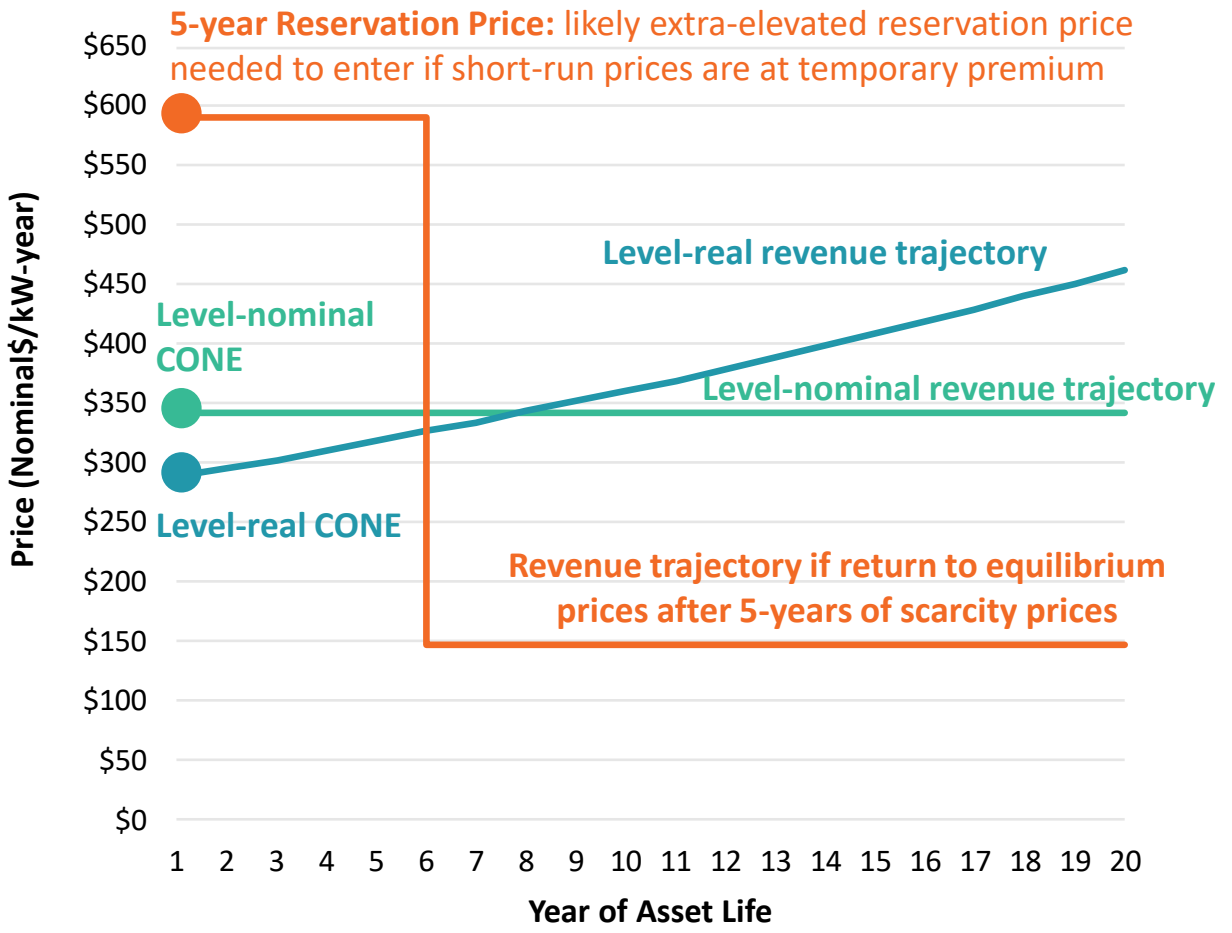
CONE Depends On Assumed Revenue Trajectory Over Lifetime (i.e., "Levelization" Approach)

CONE is the revenue an investor would require in the first year to recover capital and fixed O&M costs over the lifetime of a new build plant, given their expectation of future revenues.

- **Level-real CONE:** An investor could accept a lower price today **if they believed that nominal revenues would continue to increase at the rate of inflation** (i.e., would remain level in real terms).
- **Level-nominal CONE:** An investor may need to front-load recovery in earlier years **if they instead believed that nominal revenues would be constant (i.e., decreasing in real terms at the rate of inflation).**
- **5-year Reservation Price**: If instead an investor expected current tight supply conditions to normalize once supply chains are expanded, such that premium **scarcity prices would eventually revert back toward a long-run equilibrium, they would need an even more front-loaded revenue recovery than level-nominal.** We present an example of five years of scarcity prices that later revert back to a long-run equilibrium.

A levelization approach that reflects short-term scarcity conditions will more accurately reflect the true revenues required for new generation to enter the market today.

Assumed Revenue Trajectories Embedded in CONE Estimates (Nominal Terms)



2026 CONE Under Acute Tight Supply Conditions (Level-Nominal and 5-yr Reservation Price)

The 2026 level-nominal CONE for a frame CT in ERCOT is $343/kW-year, representing updated costs and development timelines and assumes that annual revenues are constant over the economic life of the plant (20 years).

However, if an investor expects that near-term scarcity conditions will subside and that revenues would revert back to lower long-term equilibrium levels, investors would need an even more front-loaded recovery than what level-nominal implies. An estimate of a 5-year Reservation Price is $591/kW-year, which reflects a revenue trajectory of five years of scarcity prices that revert to a long-run equilibrium for the 15-year remainder of the economic life.

2026 Level-Nominal CONE and 5-year Reservation Price

	Overnight Capital Cost	Capital Charge Rate	Year 1 Capital Recovery	Levelized Fixed O&M	Gross CONE ICAP
	[A]	[B]	[C]	[D]	[E]
	$/kW	%/year	$/kW-year	$/kW-year	$/kW-year
Nominal$ for Online Year	See notes	See notes	[A] x [B]	See notes	[C] + [D]
Current Level-Nominal CONE					
2026 ERCOT CT (Online October, 2030)	$1,869	15.3%	$286	$56	**$343**
2025 PJM Rest of RTO CT (Online June, 2028)	$1,247	15.2%	$190	$25	**$215**
5 Yr Reservation Price					
2026 ERCOT CT (Online October, 2030)					**$591**
2025 PJM Rest of RTO CT (Online June, 2028)					**$278**

Sources and Notes:
[A], [B], [D]: Brattle CONE analysis.

Summary of Alternative CONE Estimates

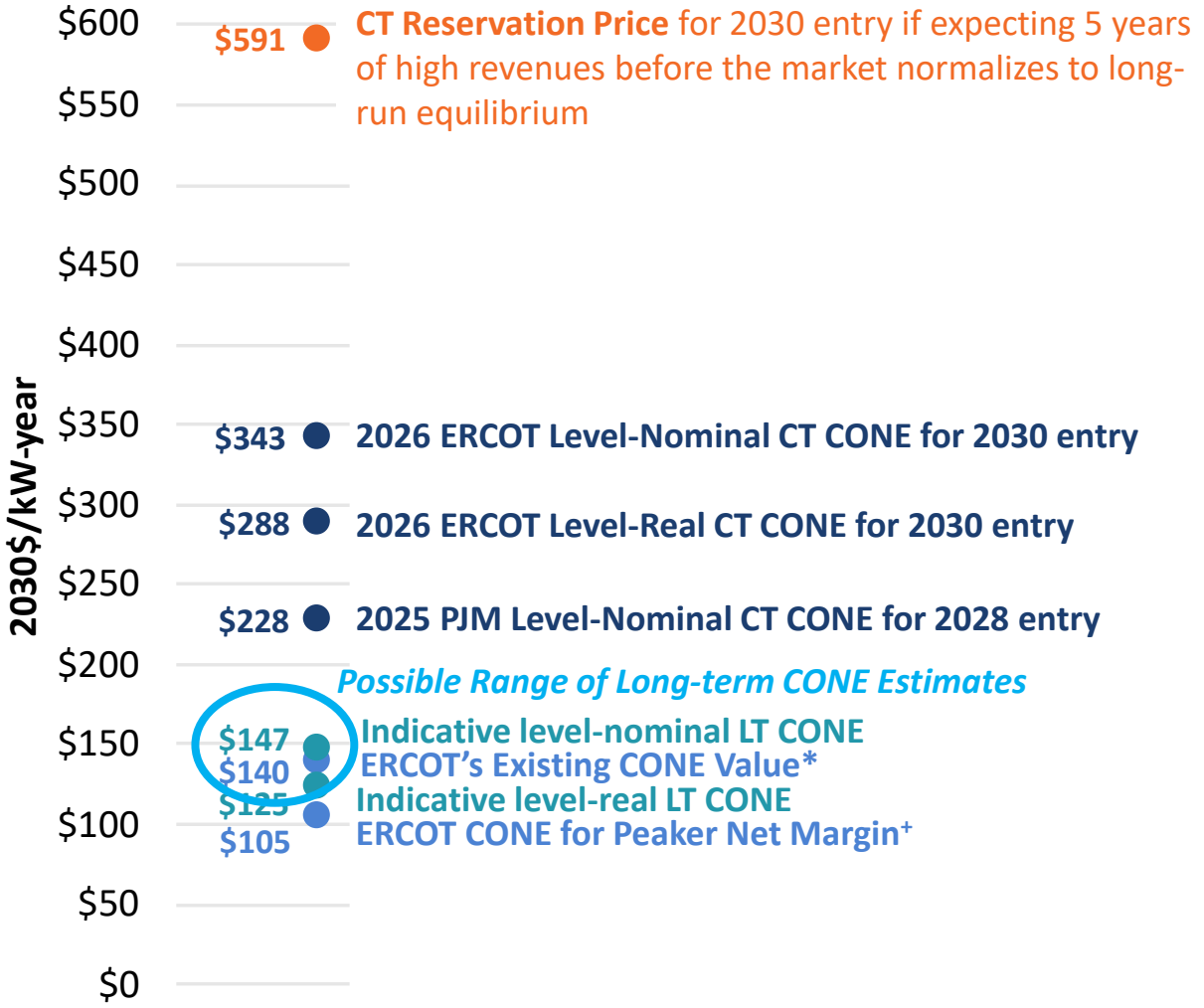
2026 cost estimates follow the trend of rising overnight costs and exceed recent estimates for CTs calculated in 2024 and 2025 (e.g., $1,843/kW now vs $1,293/kW in 2025 and $918/kW in 2024, see slide 17).

CONE is sometimes viewed mechanically as a levelized cost, but we think of it as the first-year marginal cost or reservation price for entry in a market, which depend on expectations for long-term revenue recovery. With today's scarcity conditions:

- The **$288/kW-year 2026 level-real CONE assumes that revenues are constant in real terms** (see slides 25 and 30).
- The **$343/kW-year 2026 Level-nominal CONE assumes that revenues are constant in nominal terms** (see slides 30 and 31).
- However, both of these metrics though likely understate revenues investors would require to enter now given scarcity conditions that are likely to normalize in the future. **A 2026 Reservation Price might be closer to $591/kW-year** assuming five years of scarcity prices followed by prices reverting to a LT equilibrium (see slides 30 and 31).

After current shortages resolve, costs will decrease, although the timing and level are highly uncertain. We provide indicative benchmarks of LT CONE based on pre-scarcity conditions at ~$147/kW-year, noting that the timing is uncertain. Actual long-term equilibrium CONE could conceivably be as much as +/- 25% of that, and fluctuations in any given year will cause actual prices to deviate from expectations (see slides 27 and 28).

2026 ERCOT CONE AND LONG-TERM EQUILIBRIUM BENCHMARKS



Sources: Brattle CONE analysis.
2025 PJM CT Cone see Newell, et al., Regarding Updates to PJM's CONE and Net Energy and Ancillary Service Offset Parameters for Delivery Years 2028/29 Through 2031/32, before the Federal Energy Regulatory Commission, Docket No. ER26-455, Attachment E.
* ERCOT Existing Value from the Commission's decision based on 2024 CONE Study Level-real CT sensitivity for 2026 entry see PUCT Open Meeting Minutes, July 25, 2024 Item 19 at 3.
+ ERCOT CONE for Peaker Net Margin is the 2012 ERCOT CT Level-Real CONE see Newell, et al., ERCOT Investment Incentives and Resource Adequacy, June 1, 2012 at 48. Existing CONE values shown unescalated at $105/kW-year and $140/kW-yr in nominal dollars per ERCOT practice.

Technical Appendix

Technical Parameters

The reference CT is a GE Vernova 7HA.03 frame-type turbine based on the results of the 2025 PJM CONE Study and subsequent analysis.

- S&L notes that current trends indicate a preference for the 7HA.03 rather than the 7HA.02 (its predecessor) due to a larger capacity combined with a lower heat rate, resulting in lower capital costs per kW.
- Performance upgrades have included wet compression and higher firing temperatures:
  - "Wet compression" refers to injecting atomized water into the compressor inlet air stream to increase gas turbine power and efficiency. GE has been promoting it as a way to increase maximum output capacity at a relatively low additional cost.
  - GE has also issued updated performance tables for the GE 7HA.03 which have enabled increased firing temperatures as another way to increase capacity at minimal cost. Higher firing temperatures increase NOx emissions but still within acceptable levels for environmental regulations when paired with current SCR technology.

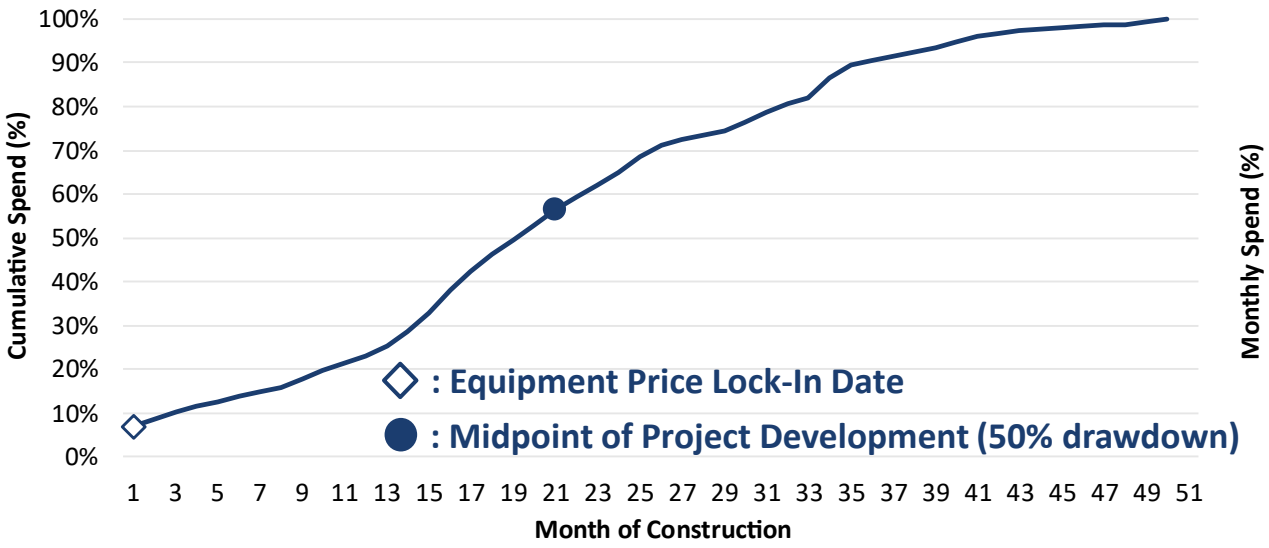
Reference CT Technical Specifications

Plant Characteristic	Specification
Turbine Model	GE 7HA.03
Configuration	1x0
Cooling System	N/A
Environmental Controls **CO Catalyst** **Selective Catalytic Reduction (SCR)**	 Yes Yes
Dual-Fuel Capability	No
Firm Gas Transportation Contract	Yes
Power Augmentation	Yes, wet compression
Blackstart Capability	None
On-Site Gas Compression	None

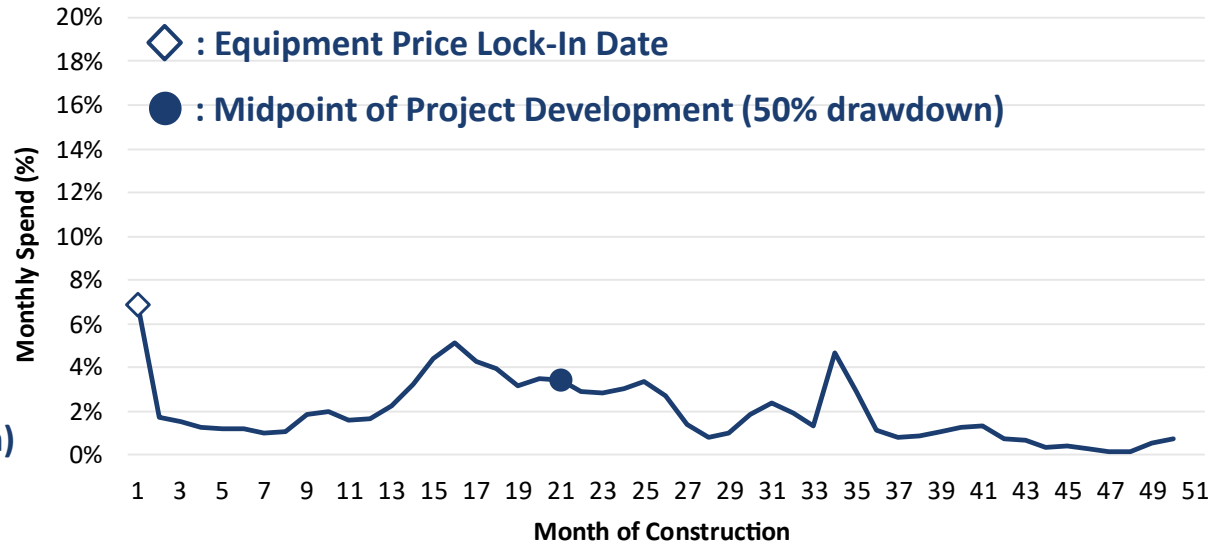
Sources and Notes: Technical specifications based on Newell, et al., 2025 CONE Report for PJM (April 9, 2025). Newell, et al., Regarding Updates to PJM's CONE and Net Energy and Ancillary Service Offset Parameters for Delivery Years 2028/29 Through 2031/32, before the Federal Energy Regulatory Commission, Docket No. ER26-455, Attachment E; and S&L expertise.

Frame CT Capital Drawdown Schedule

Frame CT Capital Drawdown Schedule (Cumulative)



Frame CT Capital Drawdown Schedule (Monthly)



Sources and Notes: S&L provided a representative capital drawdown schedule for CT projects, reflecting the percentage of the total nominal capital costs that are expended in each month of the project development period (right), also shown as a cumulative sum (left). Major equipment including the turbines, GSU, the SCR system, and other major EPC equipment are typically purchased early in the project timeline. These are procured though a separate contract which has an associated payment schedule until the equipment delivery and represents a nominal cost that is locked-in at the time of the contract execution. Informed by S&L's recent experience, we model equipment prices as being nominal and locked-in at the beginning of the project development period. The turbine OEM and EPC contractor require a combination of lump-sum milestone payments and calendar payments, so the variation in the monthly drawdown schedule (right) is largely driven by when lump-sum milestone-based payments occur.

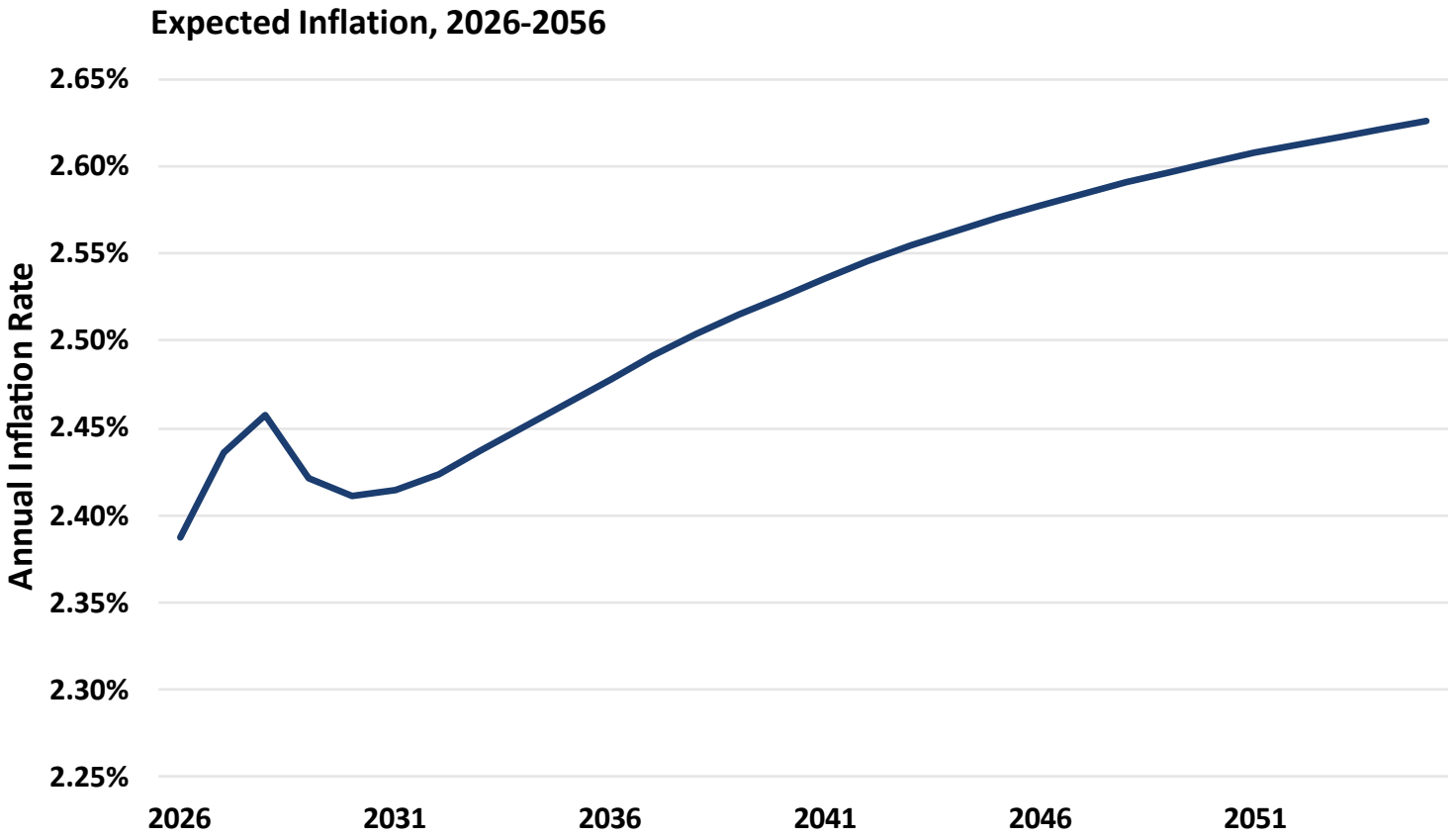
2026 ERCOT Overnight Capital Costs

Capacity (MW)	444
$Year	7/1/2026
Location	Harris,TX
Cost Estimate Vintage	7/1/2026
Unit	2026$/kW
Owner-Furnished Equipment (OFE)	**$855**
Gas Turbines	$662
SCR	$166
GSU	$26
Sales Tax	$0
Engineering, Procurement, and Construction Costs (EPC)	**$821**
Other Equipment	$43
Total Labor	$338
Construction Labor	$134
Other Labor	$204
Materials	$71
Sales Tax	$0
EPC Contractor Fee	$163
EPC Contingency	$206
Non-EPC Costs	**$168**
Project Development	$87
Mobilization and Start-Up	$13
Non-Fuel Inventories	$12
Net Start-Up Fuel Costs	-$14
Electrical Interconnection	$0
Gas Interconnection	$8
Land	$2
Owner's Contingency	$20
Financing Fees	$40
Overnight Capital Costs	**$1,843**

2026 ERCOT Fixed O&M Costs

Capacity (MW)	444
$Year	7/1/2026
Location	Harris,TX
Cost Estimate Vintage	7/1/2026
Unit	2026$/kW
First Year Fixed O&M ($/kW-yr)	
LTSA Fixed Payments	$1.1
Labor	$3.4
Maintenance and Minor Repairs	$1.0
Administrative and General	$0.7
Asset Management	$1.2
Property Taxes	$20.0
Insurance	$11.1
Firm Gas Contract	$13.1
Interest on Working Capital	$0.6
Total First Year Fixed O&M ($/kW-yr)	**$52.0**

Inflation Curve



Sources and Notes: Annual year-on-year inflation rate curve derived from 30-year forward-looking expected cumulative compound average annual inflation rates from Federal Reserve Bank of Cleveland, Inflation Expectations, July 7, 2026.

Net Start-Up Fuel Costs

Startup Production and Fuel Consumption During Testing
(Nominal$ for 2030 Online Year)

Natural Gas			Energy Production			Net
Natural Gas Used	**Natural Gas Price**	**Natural Gas Cost**	**Energy Produced**	**Energy Price**	**Energy Sales Credit**	**Net Cost**
MMBtu	$/MMBtu	$millions	MWh	$/MWh	$millions	$millions
[A]	[B]	[C]	[D]	[E]	[F]	[G]
See notes	See notes	[A] x [B]	See notes	See notes	[D] x [E]	[C] - [F]
1,986,781	$3.2	$6.3	213,265	$61.5	$13.1	**-$6.8**

Sources and Notes:
[A] & [D]: Energy production and fuel consumption estimated by S&L
[B] & [E]: Energy and fuel prices from SNL MI Forward and Amerex Forwards as of July 24, 2026.
[H]: Deflation from Online Date to Cost Estimate Date, see Table B5.

Firm Gas Contract

Firm Gas Transportation Service Costs

Pipeline			Representative Firm Gas Capacity Cost 2026$ per Dth/d per month
Natural Gas Pipeline Company of America	[1]	See notes	$2.97
Tennessee Gas	[2]	See notes	$4.32
Gulf South	[3]	See notes	$10.28
Trunkline	[4]	See notes	$3.70
Transco	[5]	See notes	$3.07
Average Cost of Firm Gas Capacity	[6]	AVG([1]:[5])	$4.87

Sources and Notes:
[1]: Natural Gas Pipeline Company of America: South Texas Zone Receipt and Delivery.
[2]: Tennessee Gas: Zone 0 Receipt and Delivery.
[3]: Gulf South: Area 9 Receipt and Delivery (Rates are System Wide).
[4]: Trunkline: Field Zone Receipt and Delivery.
[5]: Transco: Zone 2 Receipt and Delivery.

Firm Gas Contract Cost

Average Cost of Firm Gas Capacity	2026$/Dth/d/m	[1]		$4.87
Max Summer Capacity	MW	[2]		444
Heat Rate	Btu/kWh, HHV	[3]		9,316
Firm Gas Reservation	Dth/d	[4]	See notes	99,339
Total Firm Gas Capacity Reservation	Dth/d/y	[5]	[4] × 12 mo/yr	1,192,069
Cost of Firm Gas Reservation	**2026$/yr**	**[6]**	**[1] × [5]**	**$5,802,727**

Sources and Notes:
[4]: [2] × [3] × 24 h/d x 10^-6.

Electric and Gas Interconnection Costs

Electric Interconnection Costs: Per PUCT amended 16 Texas Administrative Code (TAC) §25.195, interconnections above 138 kV will have an interconnection allowance cap of $20 million (in 2024$, adjusted annually with CPI). Based on current CT interconnection costs provided by ERCOT, the representative plant would fall below the $20 million threshold, therefore we model no electric interconnection costs.

Gas Interconnection Costs: estimated based on public EIA data.

Electric Interconnection Costs Calculation (Nominal$ for July 2026)

Plant Size	Observations	Capacity Weighted Average Total Interconnection Cost
	count	2026$ millions
< 500 MW	7	$10.5
500 - 1,000 MW	3	$24.1
All Plants		**$18.4**

Sources and Notes: Electric interconnection costs based on confidential data provided by ERCOT.

Gas Interconnection Costs Calculation (Nominal$ for July 2026)

Diameter [A] in	Observations [B] count	Median Pipeline Cost [C] 2026$ millions/mi	Pipeline Length [D] mi	Gas Interconnection Costs **[E] 2026$ millions [C] x [D]**
12"-16"	3	$7.0	0.5	**$3.5**

Sources and Notes:
[A]: Based on S&L expertise.
[B]: Laterals built in the Southeast and South-Central regions since 2016. EIA, Natural Gas Pipeline Projects, July 2026.
[C]: Median cost per mile of laterals from source in [B]. Escalated using BLS PPI for new industrial building construction, July 2026.
[D]: Based on S&L expertise.

Land Costs

Cost of Land Purchased

Observations	Land Price	CT Plot Size	CT Land Cost
[A]	[B]	[C]	[D]
count	2026$/acre	acres	2026$
			[B] x [C]
4	$99,333	10	**$993,329**

Sources and Notes:
[A]: Land listings from LoopNet's Commercial Real Estate Listings and LandSearch. Accessed May 2026.
[B]: Nominal acre-weighted average land price of all collected listings. Escalated using BLS PPI for new industrial building construction, July 2026.
[C]: Based on S&L expertise.

2026 ERCOT ATWACC and Financial Inputs

The costs of debt and equity used to develop the ATWACC from the 2025 PJM CONE Study remain reflective of current capital market conditions.

The 9.71% ATWACC reflects a 55/45 debt-equity ratio, a cost of debt of 5.8%, a combined federal and state income tax rate of 21.4%, and a cost of equity of 16.0%.

In line with the 2025 PJM CONE Affidavit, we also assume a 7-year straight line tax depreciation schedule to reflect the net present value of tax benefits of 100% bonus depreciation, while acknowledging that a representative IPP's tax appetite is not large enough to fully monetize those benefits in the first year of entry.

2026 ERCOT CONE Financial Parameters

Debt Fraction	[1]	55.00%
Debt Rate	[2]	5.80%
Equity Rate	[3]	16.00%
Federal Tax Rate	[4]	21.00%
State Tax Rate	[5]	0.50%
Total Income Tax Rate	[6]	21.40%
ATWACC Nominal	[7]	9.71%

Sources and notes:
[1] to [4]: 2025 PJM CONE Study, p. 27.
[5]: ERCOT CONE for 2026, p. 43.
[6]: [4] + ((1 - [4]) x [5]).
[7]: ([3] x (1 - [1])) + ([2] x [1] x (1 - [6])).