ERCOT ENERGY MARKET OUTLOOK

Important webinar highlights at a glance

May 5, 2026

Pricing trends

Forward Pricing ERCOT North Hub

- **ERCOT forward prices have trended down** despite large loads, reliability concerns, and tightening reserve margins
- **Mild weather and low seasonal demand** helped lower forward prices in the near-term
- **Summer peak pricing** remains structurally supported with scarcity premiums built in for extreme heat and large loads

Buying consideration: more value is being seen right now in ’26 and ’27 strips, with pricing further out the curve showing less value when compared to historical ranges for those periods, likely due to the uncertainty of large loads/growing demand.

Factors to watch in 2026

Transmission and demand costs: rising transmission cost of service (out of your control) makes mitigating your demand peaks by using less during 4CP events (within your control) critical—this year and beyond.

Large load interconnections pose a high degree of uncertainty and additional TBD policy could change the numbers on what materializes and who pays for it.

Geopolitical events: conflict in Iran has caused supply disruptions and damage to overseas energy infrastructure, connecting U.S. energy prices more closely to the global market and increase domestic demand for natural gas.

Deeper dive into geopolitical events and their impact on U.S. energy markets
Check out our detailed overview of the Iran conflict and its impact to oil, gas, and LNG.

Trending topic: RTC+B

What is it?	RTC is the process of dispatching energy and ancillary services (AS) interchangeably in the real-time market. Battery resources are modeled as a single device with state-of-charge constraints, rather than as separate load and generation assets. Security-Constrained Economic Dispatch (SCED) automatically selects the least-cost mix of resources to serve load and meet AS requirements.
What are the intended benefits?	The program offers operational improvements, including better congestion management, timely AS procurement, and improved AS management by using a broader set of resources and real-time capability information. *ERCOT estimates RTC+B could reduce system energy costs by approximately $2.5–$6.4 billion annually*.
Is it working?	Since its launch in December 2025 through March 2026, performance have been stable. Winter stress events (up to 85 GW peak) with scarcity was largely absorbed in AS markets, rather than causing broad energy price blowouts. Real-time congestion and basis have become more localized, with batteries and AS playing a larger role in managing constraints and increase node-specific ad short-duration
Buying strategy implications	Fixed energy plans manage averages, but procurement strategies should reassess index exposure, congestion revenue rights (CRR) coverage, and nodal risk heading into high-load periods. If you are in an area with congestion risk (esp. western region), you may wish to consider how you’re managing congestion costs.

Q&A

How does the Iranian conflict impact current power contract prices?
If oil prices stay high and encourage additional drilling, the associated gas from additional drilling would increase natural gas supply domestically and could bring down prices. There is increased LNG demand/send out from the Texas coast; however, those facilities are already running at maximum capacity and will continue to grow capacity. Growth is expected up to around 32 Bcf/day in 2030 from current levels around 19 Bcf/day. *Access more details on the global conflict on domestic energy/prices.*

What is the market outlook for summer and fall?
Forecasts show a **move toward El Niño** by late spring or early summer, then continued warming throughout the summer, with the potential for a strong/super El Niño by late summer or early fall. There haven’t been a lot of El Niño summers but recent years for comparison: 2023 and 2015; 2015 was the last moderate to strong El Niño. *Which means?* These conditions typically favor a warm West and South, but a more seasonable Midwest to East. Core analog years include 2023, 2015, 2002, and 1997. A warmer 2018 analog, which was a late blooming El Niño, could be included due to the drought similarities to current conditions

From an ERCOT perspective, we’re likely to see a backloaded summer for ERCOT once again: a warm and seasonable June, and a hot and dry August. So, if analog years like 2023 and 2018 are any indication of what’s to come this year, then we may be in for some volatility. For instance, price volatility from August 2023 (when it was very hot) is what’s keeping the 3-year average of real-time prices high.

Get a full weather update by watching our April 28 U.S. Summer Energy Market Outlook or downloading our summary sheet.

Why are Texas electric futures still inexpensive given the current geopolitical environment?

Energy “insulated”
ERCOT is insulated from some geopolitical dynamics due the abundant local gas supply and the ability to supply our own market demand.

Large loads uncertain
Reality is getting in the way of faster load growth: there’s a large load queue backlog, infrastructure delays, difficultly getting gas turbines, labor shortages, chip shortages, and regulatory changes impacting the ability of expected large loads to materialize.

Key takeaway
There appears to be a lot of upside pricing risk from the uncertainty of large loads that is not currently being realized in wholesale futures. ERCOT is insulated in part from the conflict in Iran, unlike other U.S. regions, like New England, that are more closely tied to global energy fundamentals and prices.

©2026 Direct Energy Business, LLC dba NRG Business. All rights reserved. State licensing.
NRG and the plus signs are registered service marks of NRG Energy, Inc. Products and services vary depending on region or market.

NRG Energy, Inc. (along with our affiliates, “NRG” or “we”) makes no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this document, and we shall not have any liability to any person or entity resulting from use of this information in any way. This information is provided for informational purposes only, and it is not (and it may not be construed as) an offer to enter into any transaction. In addition, this information is not (and it should not be viewed as) recommending or advising on a particular result, strategy, or trading decision in any market.