

ECONOMIC COMPETITIVENESS OF RESILIENT POWER

As the energy capital of the world, Houston is home to one of the most dynamic and competitive electricity markets in the nation. The Texas power grid is the largest producer and consumer of electricity in the U.S., and is a leader in colocation, demand response and resilient power supply. ERCOT covers most of the state, along with regional operators including MISO, SPP, WECC, and SERC. There are several structural advantages that contribute to the state's competitiveness in the power market and position the Houston region to deliver electricity needs for future economic growth, including large industrial assets.

RELIABILITY & RESILIENCE

PROGRAMS & INITIATIVES

RESULTS

Continuous improvements to enhance grid resilience and reliability for the future across ERCOT system

99.9% of ERCOT customers maintained their power during winter storm Enzo

Texas Energy Fund's low-interest loan and completion bonus program to encourage infrastructure investments

10 GW of new generation investment with Texas Energy Fund

Entergy's Texas Future Ready Resiliency Plan to strengthen the grid, reduce storm outages, and save customers' restoration costs

distribution feeder hardening; lateral hardening; transmission rebuild; lateral undergrounding; substation control house remediation; targeted vegetation management

CenterPoint Energy's Greater Houston Resiliency Initiative (GHRI) and Systemwide Resiliency Plan (SRP) to strengthen the electrical system for near-term weather events and prepare for and mitigate long-term grid impacts from broad range of extreme weather events

25,000 storm-resilient poles installed; 4,000 miles of power lines cleared of high-risk vegetation; 4,850 automated reliability devices installed; 400 miles of power lines undergrounded; 125 million minutes annual outage reduction projected; \$5 billion investment between 2026-2028

COMPETITIVE ADVANTAGES OF REGIONAL POWER MARKET

Market Structure

- Business-friendly regulatory environment
- Favorable policies
- Transparency & accountability
- Low taxes
- Robust market design (voluntary and compensated)
- Diversity of market participants
- Proven workforce

Strategic Geographic Location

- ERCOT and MISO have extensive power generation and transmission infrastructure with access to ports
- Existing energy infrastructure within ERCOT and MISO that rapidly connect and integrate diverse energy sources
- Houston is a global center for energy finance & trading
- Houston is a global center for oil & gas exploration

Speed to Build

- Texas has a history of cogeneration development and operations that paves the way for sensible and reliable collocated solutions
- ERCOT as an independent grid operator reduces congestion and improves efficiency of local power markets
- ERCOT current average permitting review process of 48 months is significantly faster than the up to 110 months in the 9 other ISOs across the US
- MISO and Entergy Texas play important roles to ensure timely new service and manage flow of power between and among local grids
- CenterPoint Energy's proactive planning and strategic development programs are managing system-wide capacity, long-lead supply chain items, and strategic capital inventory

Innovation

- Houston is home to a growing innovation ecosystem with 220+ cleantech & climatetech startups, 12+ colleges & universities, and 35+ incubators, accelerators and support programs
- Widespread use of advanced metering infrastructure (AMI) in Texas provides insights into energy use patterns and supports dynamic pricing models
- Texas is #3 in US for battery electric vehicle (BEV) ownership and #4 in US for public EV charging locations
- Extra high voltage lines are in the planning stage and will be built as demand continues to rise in Texas
- Texas has a favorable geology and business ecosystem to advance carbon capture and storage solutions
- Houston is a leader in developing and adopting smart grid technologies to enhance grid management and improve system responsiveness

DIVERSE ENERGY SOURCES & ARRAY OF OPTIONS



Natural gas dominance

45% of Texas electricity generation

15% of US natural gas fired power generation

Favorable geology and business ecosystem to advance carbon capture and storage solutions in Texas



Integration of renewables

WIND

24% of Texas electricity generation

#1 in the US for wind capacity

SOLAR

10% of Texas electricity generation

#2 in the US for solar capacity

Fast-growing



Emerging role of nuclear

8% of Texas electricity generation

Additional growth potential with advanced nuclear



Energy storage

5 GW of utility-scale battery storage installed in Texas

33% of US battery storage installation

Accessibility

345,000 industrial customers

Texas has largest industrial customer base in US

12.3 million residential customers

Texas has second-largest residential customer base in US (100% residential energy access)

524,000 customers in fast-growing regions of Southeast Texas

MISO delivers electricity to customers in Southeast Texas and connects them to 15 US states and one Canadian province

90% Texas electricity load

ERCOT supplies power to 90% of the state's electricity load

Affordability

6.6 cents/kWh

Average electricity price for industrial customers in Texas (vs 8.04 national average)

10.04 cents/kWh

Average electricity price for all customers in Texas (vs 12.68 national average)

17% below national average

Entergy Texas rates (consistently among the lowest in Texas for the last decade)

3.0%

Median energy burden in Houston:

7.1%

Across all households (vs 3.1 national average); Low-income households (vs 8.1 national average)