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# NRG Energy, Inc. (NRG)

Q1 2026 Earnings Call

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*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

**Brad Bentley**

*Executive Vice President & President-NRG Consumer, NRG Energy, Inc.*

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## OTHER PARTICIPANTS

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*Analyst, Jefferies LLC*

**Michael P. Sullivan**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day and thank you for standing by. Welcome to the NRG Energy Incorporated First Quarter 2026 Earnings Call. At this time, all our participants are in listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would like to hand the conference over to your first speaker today, Brendan Mulhern, Head of Investor Relations. Please go ahead.

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**Brendan Mulhern**

*Vice President-Investor Relations, NRG Energy, Inc.*

Thank you. Good morning, and welcome to NRG Energy's first quarter 2026 earnings call. This morning's call is being broadcast live over the phone and via webcast. The webcast, presentation and earnings release can be found in the Investors section of our website at [www.nrg.com](http://www.nrg.com) under Presentations & Webcasts. Please note that today's discussion may contain forward-looking statements, which are based upon assumptions that we believe to be reasonable as of this date. Actual results may differ materially. We urge everyone to review the Safe Harbor in today's presentation, as well as the risk factors in our SEC filings. We undertake no obligation to update these statements as a result of future events, except as required by law.

In addition, we'll refer to both GAAP and non-GAAP financial measures. For information regarding our non-GAAP financial measures and reconciliations to the most-directly comparable GAAP measures, please refer to our earnings release and the non-GAAP Reconciliations and Supplemental Data file located in the Investors section of our website.

With that, I will now turn the call over to Robert Gaudette, NRG's President and Chief Executive Officer.

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## Robert J. Gaudette

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Good morning, and thank you for joining us. I'm joined today by Bruce Chung, our CFO and other members of the management team who are available for questions. Before we get into the quarter, I want to briefly acknowledge the CEO transition. I've been with NRG for over two decades and have worked across the company through multiple market cycles. That experience shapes how I think about and operate this business. I want to thank Larry Coben for his leadership over the past several years, and the impact he's had on this company. I also want to acknowledge our employees across the business. The work you do every day is what makes this company run and positions us to deliver for our customers and our shareholders.

As I step into this role, I view our responsibility clearly. We are stewards of your capital. Our job is to allocate it with discipline, operate efficiently and deliver consistent long-term returns. That's how I'll run this company. I've seen this business at its best and at its most challenging. Over time, outcomes come down to how well we operate and how we put your capital to work. We've positioned the business for where the market is going, and I see a clear opportunity to build on that and drive the next phase of performance. I have a high level of confidence in where we are, and I'm excited about the opportunity in front of us.

With that, let me turn to slide 4 and walk through our key three messages. First, we delivered strong operational performance and are reaffirming our 2026 financial guidance and capital allocation. The business is tracking to plan, our teams are executing and the results reflect the underlying conditions this quarter. Second, we're seeing a sustained shift in power demand outlooks across our markets with regulatory frameworks continuing to evolve in response. What matters is, not just that electricity load is growing. It's the pace, the location and the duration. Near-term conditions remain variable, and that is reflected in current market signals. And third, we're positioned to capture significant value from this environment.

We have built a platform for where the market is going with the flexibility to develop capacity alongside long-term demand as those opportunities evolve. Our base plan stands on its own. It does not require incremental contribution from large load or new development to hit our numbers, those remain upside. Our job is to execute, allocate capital effectively and convert the opportunity in front of us into results.

Turning to slide 5. First quarter results reflect a soft market environment. Texas was mild with heating degrees days down 30% year-over-year, and the market offered limited opportunity. Winter Storm Fern drove significant price spikes across PJM in late January, but we closed the LS Power transaction on January 30th, after most of the storm had passed. So, those assets were not part of our fleet during that period. Bruce will take you through the numbers.

What I want to be clear about, none of that changes our view of the business or the year. We are reaffirming guidance and the business is on track. Integration of the LS portfolio is underway and progressing well. The assets are performing as expected, and we are focused on fully incorporating them into our operating and commercial platform. Our first Texas Energy Fund project, T.H. Wharton is expected to come online in May on

time, on cost and on spec qualifying for the TEF completion bonus. Our remaining TEF projects continue to progress on schedule.

At 1.5 gigawatts, these three projects will power roughly 300,000 Texas homes at peak demand, arriving just as the state continues to add nearly 400,000 new residents a year. Very few companies have recent experience, developing new natural gas generation. We have, and we're good at it. These projects were developed at well below current new build costs, because we identified the opportunity and prepared the sites years before the TEF program existed.

When the moment came, we were ready. If we execute on what is in front of us, this capability will be one of the most important competitive advantages in our industry. This is what you should expect from NRG. We look around the corner, we prepare and when the opportunity is there, we bring it home on time and on budget.

Turning to slide 6 for an overview of our key markets. Demand expectations continue to increase. This quarter's earnings season reinforces the scale of investment being directed toward AI and infrastructure, and the implications for power demand are significant. In ERCOT, the numbers are straightforward. The system's all-time peak demand is more than 85 gigawatts. The preliminary long-term load forecasts of this month shows the pipeline of large load requests reaching over 367 gigawatts by 2033. That is more than four times today's record peak in under a decade.

Not all of that materializes, but even if a fraction of what is in that pipeline arrives on those timelines, this market looks fundamentally different from the one we're operating in today. Senate Bill 6 and the large load batch process are bringing more structure to how new demand connects to the grid, and we support those reforms. I want to specifically thank the PUCT and ERCOT teams for including, Bring Your Own Generation Support, in the initial batch process. That's an important step in aligning new demand with new supply and supporting reliable system growth.

In PJM, the Reliability Backstop procurement is an important step to help bring new capacity forward, and we appreciate the coordination across PJM, state policymakers and the federal government in advancing these efforts. Within our existing fleet, we see up to 2 gigawatts of uprate and conversion opportunities. This represents an incremental 1 gigawatt above the previously disclosed CT to CCGT conversion opportunity, with the additional capacity coming from more traditional natural gas uprates. We will pursue those where structures and returns support it through the procurement process or bilaterally where appropriate. We'll move forward selectively. Each opportunity must compete for capital, meet our return thresholds and be supported by long-term commitments from high-quality customers.

Turning to slide 7. I want to be specific about what makes our position in this market different, because I do not think it's fully appreciated yet. We serve commercial and industrial customers at a scale very few companies in this industry can match. That's not something you acquire. It's built over decades through relationships, credit, operational track record and the ability to structure complex agreements across multiple markets. We have that foundation, and it's the reasons customers come to us when problems get hard. On flexible load, we acquired CPower, because it is the leading commercial and industrial demand response business in the country.

Our Texas residential Virtual Power Plant is targeting 1 gigawatt of capacity, and we can only operate at that scale, because we have the retail electricity business and Smart Home technology behind it. No one else has both of those running inside the generation and retail platform at our size. When load needs to move, we can move it. On generation, we operate a large, dispatchable natural gas fleet, primarily in ERCOT and PJM. These

assets run when the system needs them. They demonstrated that again this quarter, and they provide real earnings leverage as load growth materializes in our markets.

On development, our TEF projects are under construction. Our partnership with GEV and Kiewit gives us construction capability, equipment access and execution readiness that most companies in the space are still trying to establish. As the right opportunities emerge with the right structures, we are ready to move. In PJM, we have additional development opportunities across uprates and conversions that we will pursue through the procurement process or bilaterally where structures and returns support it. Taken together, this is the platform this market is asking for. We can solve complex load problems, we know how to develop and build, we have equipment and labor access, we can move load when the grid needs it, and we have the customer relationships and scale to back it all up. I am confident in where we are going.

Discussions on large-load agreements are active and progressing. These are complex, long-duration structures and we're moving forward in a disciplined way. We are seeing strong engagement in the right types of opportunities, and we feel good about how these discussions are developing. Based on what I'm seeing today, I have a high level of confidence in this company's position.

With that, I'll turn it over to Bruce.

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## Bruce Chung

*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

Thank you, Rob. Turning to slide 9 for a discussion on our first quarter financial results. Before I go into the results, I wanted to be sure to highlight three items. First, we remain on track to deliver within our 2026 guidance ranges. And as such, we are reaffirming those ranges today. Second, during Winter Storm Fern, our generation fleet demonstrated excellent operating and reliability performance, once again reflecting the benefits of our robust generation CapEx program over the past few years. And finally, as a reminder, the LS Power portfolio acquisition closed on January 30. As such, our first quarter 2026 results reflect approximately two months of earnings contribution from the recently acquired portfolio.

Now, on to our financials. NRG delivered adjusted EBITDA of \$1.08 billion, adjusted net income of \$308 million and adjusted EPS of \$1.49 for the first quarter of 2026. Year-over-year adjusted EBITDA was lower by \$46 million. This reflects the impacts of milder weather in Texas for most of the quarter, and increased supply costs in the east due to Winter Storm Fern, offsetting incremental earnings from our newly-acquired portfolio. It is also worth mentioning that favorable weather was a big factor in making 1Q 2025 a record first quarter for NRG, thereby making the year-over-year comp for 1Q 2026 more challenging. To finish on consolidated results, both adjusted EPS and adjusted net income were also lower on a year-over-year basis. The declines reflect higher interest expense and depreciation and amortization associated with the LS Power portfolio acquisition, as well as the partial period contribution of the acquired assets.

Turning to segment results, Texas experienced the impact of unfavorable weather on our home energy volumes, as well as lower average power prices and minimal market volatility, which weighed on both our retail consumer business and commercial optimization activities. Specifically, Houston on peak prices averaged \$29 per megawatt hour, down approximately 13% from last year. Notwithstanding the general lack of weather during the quarter, our fleet was well-prepared to handle any moments of extreme volatility due to weather, as evidenced by fleet performance during Winter Storm Fern. Increased investment in our generation assets has been an important focus for the company over the past few years, and it is great to see that investment paying off.

Our East segment results benefited from our recently acquired portfolio, reflecting the immediate contribution these assets are making to the combined platform. However, these gains were offset by higher regional power supply costs incurred during Winter Storm Fern. PJM West hub on-peak prices for the quarter averaged \$103 per megawatt hour, up approximately 72% from last year, a tailwind for our generation dispatch, but a headwind for our retail supply costs since we had not closed on the acquisition at the time of Winter Storm Fern. As a reminder, we closed the LS power acquisition late in the storm, so we did not have access to those assets for most of the events.

Our West segment results benefited from higher retail power margins, driven by lower supply costs and favorable customer mix, and include the impact of the expiration of the Cottonwood lease, which ended in May 2025. Smart Home results reflect continued organic customer growth and expanded net service margins, supported by sustained customer demand for our connected home platform. The business ended the quarter with approximately 2.37 million customers, a year-over-year increase of 9%, well ahead of the 5% to 6% net customer growth embedded in our long-term growth plan.

Moving to slide 10 for a look at our 2026 capital allocation, which remains unchanged from what I outlined on our fourth quarter call and is fully consistent with our previously-disclosed priorities. As a reminder, the waterfall on the left begins with \$3.05 billion of capital available for allocation, reflecting the midpoint of our updated free cash flow before growth guidance range. As part of our ongoing commitment to a strong balance sheet, we expect to execute approximately \$1 billion towards debt repayments throughout the year.

On that front, I want to highlight an important balance sheet action completed subsequent to quarter end. On April 28, we closed on \$3.5 billion of new financing, retiring the \$1.5 billion lightning senior secured notes and reducing revolver borrowings, a key step in our post-acquisition deleveraging plan and consistent with our 3 times net leverage target. This financing paves the way for the future removal of the ring fencing we had in place when we closed on the acquisition and will result in more than \$10 million of annual net interest savings.

Turning to return of capital, we remain on track to return at least \$1.4 billion of capital to shareholders in the form of share repurchases and common dividends. Through April 30, 2026, the company completed \$817 million in share repurchases, inclusive of our negotiated repurchase of 1.83 million shares from LS Power. Finally, we are allocating the remaining capital to continued investments in our core portfolio with \$310 million directed towards growth investments.

In closing, NRG delivered solid first quarter results in a challenging weather environment, once again demonstrating the resilience of our integrated platform. Our guidance reaffirmation today reflects confidence in the full year outlook, underpinned by disciplined capital allocation, prudent liability management and the growing contribution from the LS Power portfolio. With LS Power integration well underway and tracking ahead of plan, we are well-positioned for the remainder of 2026. I look forward to updating you on our progress in the quarters ahead.

With that, I'll turn it back to you, Rob.

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## Robert J. Gaudette

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Thank you. Bruce. Let me close with our priorities on slide 12. We will run the fleet with a relentless focus on safety, reliability, and performance. That's the foundation this company is built on. We will continue to serve our customers with discipline, focusing on value, retention and the integration of our retail, Smart Home and flexible

demand capabilities to strengthen those relationships over time. We will be disciplined in how we allocate capital, maintain a strong balance sheet and continue to return capital to shareholders.

We are advancing our key growth initiatives and are on track to deliver at least 14% adjusted EPS and free cash flow per share growth over the next five years, before any contribution from large load or incremental development. As I step into this role, that's where my focus will be, running this business with discipline and consistency, driving efficiency, allocating your capital with accountability and converting the opportunities in front of us into results.

Operator, we're ready to open the line for questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. At this time, we will conduct a question-and-answer session. [Operator Instructions] Our first question comes from the line of Shar Pourreza from Wells Fargo. Your line is now open.

**Shahriar Pourreza**

*Analyst, Wells Fargo Securities LLC*

Hey, guys. Good morning.

Q

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Good morning, Shar.

A

**Bruce Chung**

*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

Good morning, Shar.

A

**Shahriar Pourreza**

*Analyst, Wells Fargo Securities LLC*

Good morning. Rob, big congrats on your first earnings call. I know it's going to be one of many. I know, obviously, the focus is on ERCOT, but in terms of PJM and the regulatory process there, do you guys see FERC, PJM co-location rules opening up opportunities to bring both new generation and upside and existing assets in that market? I mean, it looks like peers are having conversations with customers, so there is an opportunity with the asset base there as we're thinking about a tentative framework on things like new capacity versus existing capacity matching? Thanks.

Q

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Yeah. So, great question. I believe that the PJM process and look, I applaud all the efforts that's going on between the states, PJM, the White House to try to make things happen up there. I think it presents kind of three opportunities for NRG, if you think about it. We've obviously got up to about 2 gigs what we talked about today in uprates around existing assets that we picked up through the LS acquisition. We have the opportunity to take the GE turbines up there if the economics makes sense and a customer is willing to go there. And then the third piece and I think this is kind of the place where is new, is the potential to offer in kind of the load management side. So,

A

the VPP, the team is building down in ERCOT, that's something we can use up north. And through CPower, we've got a real capability around demand response. I think all of those pieces are opportunities for NRG. And I think they're also real reasons to think about how to solve the equation up in PJM.

Did that answer your question?

**Shahriar Pourreza**

*Analyst, Wells Fargo Securities LLC*

Q

Yeah. It totally, Rob. Appreciate that. And then in terms of the 5 gigawatt plan in Texas, do you still anticipate all the capacity to be utilized front of the meter, or is there a higher return option with BTM deals? As we've seen an increase in behind the meter announcements with higher implied levelized revenues in the \$150 range? Maybe any thoughts on how you're thinking about the \$90 to \$95 range that you had previously talked about? Thanks.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. So, the \$90 to \$95 was kind of the – where we had kind of put the top end for like a normal data center deal, depending on the structure and where we would go. The thing that we're going to capture, Shar, is what our returns require. So, the prices could go up depending on the environment. Our primary focus is front-of-the-meter generation, front-of-the-meter data center, because we believe that's the right thing for the market. But we'll look at everything. We'll look at behind-the-meter solutions. We'll look at all of it. The conversation that we have today are front-of-the-meter conversations and they're progressing as well as they have been over the last 12 months. We continue to push really hard to get that done. I think front-of-the-meter is the right solution, and we're getting to a place now where we're going to get something done quickly.

**Shahriar Pourreza**

*Analyst, Wells Fargo Securities LLC*

Q

Got it. Perfect. And just, I'll call again one more time, just big congrats to you on Phase 2. And just do me a favor, make sure you work Bruce little bit harder than Larry.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Thank you.

**Operator:** Thank you. Our next question comes from the line of Julien Dumoulin-Smith from Jefferies LLC. Your line is now open.

**Julien Dumoulin-Smith**

*Analyst, Jefferies LLC*

Q

Hey. Good morning, Rob. Thanks again for the time. Congratulations on the role and, Bruce, hang in there. I got to tell you watch out.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Thank you. Good morning.

**Julien Dumoulin-Smith**

*Analyst, Jefferies LLC*

Q

There we go, love it. Well, look, let me follow up quickly on here. I mean, obviously talked about mild weather here in the quarter, et cetera. But how do you think about offsets for 2026? And then, probably more importantly here, how do you think about what we've seen in the power curve moves thus far? I mean, Rob, you've been watching these markets for a long time. How do you view the move in the forwards here in ERCOT of late relative to any potential delays in Batch Zero or any other interpretations. Maybe just transposing what we've seen in softness year-to-date forward or what have you and...

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. So...

**Julien Dumoulin-Smith**

*Analyst, Jefferies LLC*

Q

...and also hedging views around that.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Right. So, I'll take that in parts. Let's talk about the markets first. The markets are, they showed up physically weaker in the quarter, that's a reflection of the supply/demand and just lack of the weather, right. There just wasn't any real weather in ERCOT. The traded markets tend to have a recency bias. So, when people aren't excited, they kind of lean out the back and you see the curves kind of trade down a little bit.

And then, what I would also tell you and we've talked about this in the past, as far as out the curve, the real transaction capability or the things that are going on that are setting that curve are the large C&I customers and what they're doing around the markets. You think about the macroeconomic environment that we're in today that puts question marks into our big customers and what they're thinking.

And so, as that cleans up, as the conflicts around the world help people have a little bit better view into what their business looks like, in five years, that helps them get back out into the market and provide some support in the market. And there's no natural buyer out there unless you're a large industrial trying to lock up your time. As far as – I don't remember the second question, Julien, I'm sorry, what was it?

**Julien Dumoulin-Smith**

*Analyst, Jefferies LLC*

Q

Well, I mean I was thinking about like just offsets on 2026 here. Just if you think about like softness of the year and see the reaffirm. Is there anything that we should be keeping in mind there?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Well. So, I think the way our markets work is, I'll talk about how we – what's left in in the year. You still got summer in front of you, Julien, right. We still got potential heat in Texas any time, and so we've got to manage through that. We've invested in it so that our plants are ready to capture it. And then we've got the retail businesses ready to serve our customers. As far as offsets go in the way that we think about it, I'll turn it to Bruce.

But obviously, he and I are going to work to ensure that we deliver what we've told you guys we're going to deliver.

**Bruce Chung**

*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

A

Yeah. Julien, look, I think it's really as simple as this is just the first quarter. As you know, our company and our business has always been sort of seasonally weighted towards the last three quarters anyway. So, I think that's why we feel comfortable being able to reaffirm the ranges that we put out there. And certainly, that's the case on an EBITDA basis. I'd say, we're even more confident on a free cash flow basis. We see certain working capital items sort of unwinding themselves over the remainder of the year that give us a lot of comfort that we're still going to be able to hit a free cash flow number that we've put out there.

**Julien Dumoulin-Smith**

*Analyst, Jefferies LLC*

Q

Nice. Rob, bigger picture question here, right. You've taken over – how do you think about the strategic direction of the company? I just want to ask bluntly here and give you the opportunity to respond. I mean, obviously the company is already moving towards building new gen on contract, adding duration to the overall contract portfolio. It seems like that's the direction you all are going, you are doubling down on that statement. It seems like today with yet more gen build, given the increase in the opportunity in PJM here. But look, I just want to, if you were to define the strategy in a way with your fingerprint here, how would you add or evolve what I've just described?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. So, Bruce, I, others were all part of that transition or transformation with Larry. So, it's not going to sound too different, Julien, but if there was something I was going to put my finger on the scale on, I would say, we are definitely putting more focus around contracted cash flows, looking for duration of cash flows with counterparties. That leads us to things like data center deals and new build generation. But it also leads us to thinking about the total addressable market differently, right. We have historically been kind of in the competitive markets only. I see an opportunity for us to find contracted cash flows by partnering with regulated entities that may not have the capital or the relationships or equipment or development capability that NRG has. We have a really solid platform and we should be able to take that to address other customers' needs from the Atlantic to the Pacific.

**Julien Dumoulin-Smith**

*Analyst, Jefferies LLC*

Q

I don't put words in your mouth, but that sounds like more like a contracted gen build strategy like a NextEra than it does like a Vistra, not to point at others, but...?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Well, so, I'm not going to try to figure out what other people are doing. I'm really focused on what we're doing. But to say it succinctly, I think that we can create value for investors by putting their capital to work in generation or other programs, right, with long-term contracts.

**Julien Dumoulin-Smith**

*Analyst, Jefferies LLC*

Q

Yeah. I like it. Well, I'm curious to see where you go with it all. And best of luck to you and the team here.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Thank you, Julien.

A

**Bruce Chung**

*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

Thanks, Julien.

A

**Operator:** Thank you. Our next question comes from the line of Michael Sullivan from Wolfe Research. Your line is now open.

**Michael P. Sullivan**

*Analyst, Wolfe Research LLC*

Hey. Good morning. Congrats, Rob...

Q

**Bruce Chung**

*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

Good morning, Sulli.

A

**Michael P. Sullivan**

*Analyst, Wolfe Research LLC*

Hey, hey. Maybe if you could just give us a little more color on what you mean by on track for the year in terms of the data center deal. It seems like you've had a sense of price and economics for some time now. So, what are kind of the main areas you're progressing on? And to hit the 2029 COD, what we need to do in terms of equipment securement for this year?

Q

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Sure. So, I'll answer your question in reverse. To hit 2029, we've got to get something done in 2026. We haven't given anything more specific than that and I'm not going to start today. And as far as, like the things that we're working through, the economics are pretty straightforward, right. We know where we need to kind of hammer to get our returns and we know where our customers need to be for them to get their returns. So, that's not the issue.

A

The real conversations in the work that's still ongoing and it's probably on every project out there is around infrastructure. So, think interconnections for gen and load and then depending on the locations, sites, et cetera, what's that gas infrastructure look like too. And all things that we can manage through and I am confident that we will. It's just stuff that takes a little more time and it's not as simple as just, okay, what's the number? It's a conversation with multiple parties. It's a conversation with regulated entities and we are working through this. And I have confidence that we will get that done.

**Michael P. Sullivan**

*Analyst, Wolfe Research LLC*

Q

Okay. Great, thanks. And then, the pace of buybacks was pretty quick year-to-date. Anything to read into that. I know a chunk of it was the direct transaction with LS, but any chance you go above \$1 billion or, yeah, just anything to make of being a bit ahead of pace there on the buyback?

**Bruce Chung**

*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

A

Yeah. I mean, Sulli, I think the read into that is, we didn't like where our stock was trading during periods of the first quarter. And so, we tried to be as opportunistic as we could. As we sit here today, the average price that we bought back shares over the course of the quarter is well below what we had planned in our guidance. So, on a per share basis, we certainly expect to see some potential upside on that basis. Whether we would go above \$1 billion right now? Right now, the plan remains \$1 billion, but to the extent that we see opportunities for extra cash flow, you can probably assume that we'll be pretty laser focused on being able to deploy it in the form of share repurchases.

**Michael P. Sullivan**

*Analyst, Wolfe Research LLC*

Q

Okay. Great. Thank you very much.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Thanks, Sulli.

**Operator:** Thank you. Our next question comes from the line of Nick Amicucci from Evercore ISI. Nick, your line is open.

**Nicholas Amicucci**

*Analyst, Evercore ISI*

Q

Hey. Good morning, guys. And I know Larry would want me to congratulate Bruce as well, so congratulations.

**Bruce Chung**

*Executive Vice President & Chief Financial Officer, NRG Energy, Inc.*

A

Thank you, Nick.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Never getting on another call, Nick.

**Nicholas Amicucci**

*Analyst, Evercore ISI*

Q

I wanted to kind of dig in a little bit on the residential side of the house. And just kind of thinking through that as well as kind of the opportunity now with the CPower guys – the CPower folks in the door. Just kind of how you can leverage kind of both the residential as well as kind of Vivint segments and business lines within that kind of offering of the VPP opportunity?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Sure. It's a great question. And it's something that gives us a unique opportunity to both create value, but also help manage affordability for customers. The portfolio, by having what we're doing around VPP, by having the tech stack that we've got through the Smart Home business, and by adding CPower, which is more of a C&I play, but they do have an understanding of how to make things move. Those all set us up for success. So, I'm going to let Brad talk about like kind of where – what our kind of milestones are going to be and how we're addressing that, if that helps.

**Brad Bentley**

*Executive Vice President & President-NRG Consumer, NRG Energy, Inc.*

A

Yeah. On the residential side, we're really pleased with our performance. We have made some choices around kind of the quality of customers we want in and around Texas, and we've seen that pay off in terms of bad debt and kind of record churn on that front. However, there are some segments where I think we're underpenetrated, so I do anticipate returning that to growth.

On the home automation side, we are seeing – we finished 2025 with record growth and we've continued that momentum. So, really pleased not only on the acquisition side, but record retention numbers for Vivint, all the while driving growth in margin and keeping acquisition costs in check. So, we see a lot of opportunity there. And then, we also spend a lot of time how we bring these two products together to create even more affordability for customers in a bundled type service. So, a lot of positive momentum on the residential side.

**Nicholas Amicucci**

*Analyst, Evercore ISI*

Q

Great. Thanks. And then, if I can just kind of follow up too on Julien's question before. When we think about, obviously, you guys mentioned kind of there was no weather really in ERCOT from a pricing perspective, but just any kind of color you could provide just on the impact of kind of RTC+B initiatives and just kind of the normalization, I guess, we could say of the ancillary costs that could be impacting that?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. So, I've been following that since they first started talking about it. It kind of showed up the way we expected it. Honestly, Nick, like the ERCOT market boils down to a couple facts, right. You saw a big solar build a few – several years ago. Then you saw battery build over the last couple of years, both of those if kind of slowed down or will slow down in the next year or so. And then, we haven't had any weather to really stick a marker out there for anybody to get excited about where those markers are, right. The goal was set or the peak was set a couple years ago. You get one hot summer with a couple of handful of days where people remember that the price can go to \$5,000 and these curves change radically. That's what we're building for, that's what we're supported on, and that's how we manage our portfolio. This market is going to look very different. Like I said in scripted remarks, once you start adding generation – or sorry, load, that starts to kind of eat up any marginal megawatts that were out there.

**Nicholas Amicucci**

*Analyst, Evercore ISI*

Q

Great. Thanks, guys.

**Operator:** Thank you. Our next question comes from the line of Carly Davenport from Goldman Sachs. Your line is now open.

**Carly Davenport**

*Analyst, Goldman Sachs & Co. LLC*

Q

Hey, good morning. Thanks so much for taking my question. Maybe just to start on the LS assets, just kind of maybe could you talk a little bit about as you're integrating those assets, kind of what the key learnings have been so far? Any opportunities for synergies that you see today that perhaps weren't contemplated in your original plans?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

So, when we acquire or after we've gotten under the hood on the assets after we closed in the middle of Fern, look, we – the assets kind of came in where we expected them to, right. Our assessment during due diligence for the acquisition was pretty spot on, so no big surprises there. Where we have seen some opportunities, if you remember when we announced the acquisition, we saw 1 gigawatt of potential uprates as we continue to look at these assets. Depending on the market structure, Carly, right, you've got to get the rules right and we've got to get an opportunity in front of us, but we could take that up to 2 gigs, so that's a plus and that's exciting.

And as far as synergies go, recall the acquisition was heavy on generation facility personnel, so guys who make the plants go, not a lot of synergy there. But what we're going to work through over time is how we work that into the portfolio and that will create better opportunities for us to think about hedging, better opportunities for how we serve customers and serve in those markets. So, I see an opportunity there. We just haven't put our finger on that yet.

**Carly Davenport**

*Analyst, Goldman Sachs & Co. LLC*

Q

Got it. Okay, great. We'll stay tuned there. And then, maybe just on the TEF development, seems like you're really close here on T.H. Wharton. Maybe can you just provide some detail on what is left there to get the asset online and then just maybe a status update on the process on Cedar Bayou and Greens Bayou, just as you progress towards those 2028 in-service dates?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. We're very happy with TEF projects. We're extremely excited about where they are. And I'm going to let Matt give you an update on T.H. Wharton and then the other two that come in 2028.

**Matthew Pistner**

*Senior Vice President & President-NRG Wholesale, NRG Energy, Inc.*

A

Good morning, Carly. On T.H. Wharton, the kind of remaining steps between where we are and COD is just syncing units to the grid getting ERCOT to give us the blessing that they show up the way we expect, so that's all on track and on schedule. And then, when you pivot over to Cedar Bayou and Greens Bayou, right, each of those projects are kind of in a end of – 2028 COD. So, there are various stages of construction, but they're all moving along, right, where we're expecting to be at this point in time to hit that 2028 COD as well.

**Carly Davenport**

*Analyst, Goldman Sachs & Co. LLC*

Great. Thank you for the color.

Q

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Thanks, Carly.

A

**Operator:** Thank you. Our next question comes from the line of Moses Sutton from BNP Paribas. Your line is now open.

**Moses Sutton**

*Analyst, BNP Paribas Securities Corp.*

Hi, Rob and team. Thanks for taking my question. So, we continue to see the ERCOT load pipeline rising. Slide 6, you show supply/demand, we see is kind of believable too, if not conservative. How should we size up the upside to your uneconomic gen in Texas, in terawatt hours per year? Could we see 10-15 terawatt hours upside? As ERCOT thermal fleet gets called upon more and more thinking into the out years, trying to frame this tailwind? And is it fair to assume that that incremental gen would go wholesale and not be integrated into the retail business, so anything to give us on that down the road tailwind?

Q

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Yeah. So, it's a great question and it's something that we think about every day. If I was going to advise you as to how to think about it and how to kind of put your finger on that pulse. First, you were spot on, right, that the incremental generation wouldn't be attributed to retail load, right. It should be open. And the reason why I say that is because we're obviously managing a position with the market curves where we are today, right. So, we're going to cover that up, which means that the generation, if it comes – if prices moved to the right place, that generation will become economic and that's additional megawatts.

A

So, the way I would think about how you frame it up for your clients or whomever is, think about with that supply/demand list. We gave you a pretty decent graph on slide 14 that lets you take a look at what these price curves look like and then what those impacts to the generation are, right. So, I think we've kind of given you the numbers, but the thing you need to think through is, what do you believe price impacts look like and what does that actually do from an overall impact to ERCOT pricing. I know it's not an answer...

**Moses Sutton**

*Analyst, BNP Paribas Securities Corp.*

Yeah.

Q

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

...you want, but I'm trying to point you to where you can get.

A

**Moses Sutton**

*Analyst, BNP Paribas Securities Corp.*

Q

No, no. It's very helpful. And I guess it's a little bit tied to this and you kind of mentioned it in one of the prior answers, like specifically on the industry battery build in Texas. The returns have been abysmal now. The pipeline kind of remains there, which is strange. So, how do you think of the battery impact on the curves in particular? I know you mentioned it a bit, but do you still see multi gigawatt build still coming, even if they don't have returns? Or are these tolling agreements, like, what is still coming on the battery side in Texas that might be impacting the curves? And how do you see that cadence of the decline, because you kind of mentioned that in your solar and battery comment earlier.

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**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. So, my commentary around battery build and how I think it's going to decline is based exactly on the fact you just pointed out, right. The economics just aren't working for them. And so, what batteries do to ERCOT is it kind of pushes the pressure point out a couple hours when you get tight, right. Right now, you have peak demand that's around, call it, 4 o'clock or 5 o'clock in the afternoon, but you have peak price around 7 o'clock or 8 o'clock in the evening in the summer. What batteries would do is push that out to, call it, 9 o'clock or 10 o'clock, but they still have to draw, so it provides support for the markets in some parts of the day and then it would kind of discharge during the peaks.

If we get even 1 percentage of what this data center load looks like, coming into the grid between now and 2033, like I've alluded to before, this market is off to the races. You eat through all of that battery push and all of a sudden you've got the tight market that we all know ERCOT has been and can be that we saw in 2022 and 2023.

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**Moses Sutton**

*Analyst, BNP Paribas Securities Corp.*

Q

Super helpful. I'll pass it on. Thanks.

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**Operator:** Thank you. Our next question comes from the line of James West from Melius Research. Your line is now open, James.

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**James West**

*Analyst, Melius Research LLC*

Q

Thanks. Good morning, guys and Rob. Congrats again on your first conference call as CEO.

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**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Thank you. Good morning.

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**James West**

*Analyst, Melius Research LLC*

Q

And also, I still find it humorous sitting there in Texas, complaining about mild temperatures in the first quarter for the first quarter results. We know it's going to get bad.

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**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yes.

**James West**

*Analyst, Melius Research LLC*

Q

We'll talk again in July and see how you feel about it. But, look, I wanted to touch on kind of the large load data center opportunities both in ERCOT and PJM, lot of regulatory kind of movements trying to kind of I think clear the market to speed things up to help the process. But there's also, it's a free market and you can contract without going through the auction process and certainly, can contract without needing the help of regulators particularly in ERCOT. But where are the conversations and the development process now? Are the hyperscalers, are they waiting for some type of regulatory clarity before they contract, are things stalled because of that, are we waiting a couple of a month or so in PJM and maybe more there in ERCOT? And then just kind of get some clarity or some color, I guess, on kind of when we should expect to see this enormous demand, because these things are being built, so they need power, when we should see some type of movement here on contracting?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. So, let's take it in pieces. ERCOT, I would say that the regulatory structure and where PUCT is on putting out rules SB6 is pretty well-developed, like that's definitely moving. I think that the counterparties both on the data center side, but also on the generation side. We know the rules, or we have a pretty good idea of what they're going to look like. And so, I wouldn't say that is the long pole in the tent on stuff in Texas. I think it's, like I said, infrastructure, interconnections and working with our partners from a regulated entity perspective. And I know that everybody is working hard to deliver data centers to Texas. Every party involved...

**James West**

*Analyst, Melius Research LLC*

Q

Yeah.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

...wants these done. So, let's talk about PJM. So, in PJM you've got the new long-term auction, which they're working through at the behest of the White House. And it's a good solution and it's a good answer to help get things kind of moving and over the line. What I would tell you is that in conversations with counterparties there, so our potential customers, they're open to bilaterals too, right. And we're in a unique position – well, we, with a couple others are in a unique position to offer bilateral solutions that don't need that PJM auction. The auction to me is more of a backstop for conversations that we could have, right. The auction priced right with the right rules, that's a great way to put 2 gigawatts of uprates into our fleet. But I can also have a conversation with a hyperscaler and put 1 gigawatt of that in at the same time, right, or in lieu of.

**James West**

*Analyst, Melius Research LLC*

Q

Right.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

So, we kind of have two levers. Most of the conversation there directly with the customer is, hey, I don't want to do a bilateral with you and then have to pay the RBA thing. And I think that stuff all gets worked out over time here. I believe that PJM is trying to do the right thing. I know they're trying to solve for reliability and affordability. We

support the work they're doing and we're obviously in the middle of all of those conversations because PJM is a big part of our lives now.

**James West**

*Analyst, Melius Research LLC*

Q

Okay. Okay. Very helpful. And then a quick follow up for me, because so much of this power generation is going to come from natural gas, you guys are more uniquely positioned than others given your generation is natural gas. There is a lot of – I don't know, maybe call chaos. There's a lot of midstream activity going on. The gas producers are trying to get gas from where it is being produced to where it needs to be for power generation. How do you feel you guys are aligned with that process, so you have the security of supply because that's one thing I think maybe is getting missed in the whole conversation is, okay, you can put a turbine here and build some co-location or attached to the grid, but can you get the actual hydrocarbon?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. So, you raise a very important point. We do have a great gas platform, right and we've been serving C&I customers for decades. We've also been serving power plants that are ours and some that aren't ours through the gas side. So, because of that, we've got really good relationships both with the midstream guys, but also the upstream guys. And so, if we want to procure long-term gas, we know the right folks to call and we'll do that if our customer wants that. But I feel really good about the platform that we have and its ability to actually create value in addition for our customers, but also for our company.

**James West**

*Analyst, Melius Research LLC*

Q

Okay. Got it. Thanks, Rob.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yeah. Thank you.

**Operator:** Thank you. Our last question comes from the line of Andrew Weisel from Scotiabank. Your line is now open.

**Andrew Weisel**

*Analyst, Scotiabank*

Q

Thank you. Good morning, everyone.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Good morning.

**Andrew Weisel**

*Analyst, Scotiabank*

Q

Couple of follow up on PJM, a couple of interrelated questions, actually. So, first of all, impressive to see the pick up on the uprate potential from 1 gig to 2 gig. Am I hearing you, right, most of the incremental sounds like it's coming from the LS Power assets as opposed to the legacy I think?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Yes.

**Andrew Weisel**

*Analyst, Scotiabank*

Q

Would you only pursue those – great. Would you only pursue those if they're backed by a long-term contract, whether bilateral or from the auction or could any of those make economic sense even without a hyperscaler contract? And then also, given the uncertainty around the network upgrade costs, how comfortable would you be in bidding greenfield to build into PJM? Or would that only be existing assets or uprates and all of the new build would be in ERCOT?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

So, we could build new build in PJM, but you bring up one of the risk adjustments that we'd obviously have to make. The second point I would make is, we're not going to put capital to work without contracts or long-term revenue. We've got a fleet in PJM. We're in a good place from a position perspective, but I'm not going to go, put money after stuff on a merchant basis. So, we can find a bilateral deal or go through the PJM auction process to help backstop that new build, but we're not going to do it without it.

And then the last piece I would say is that, when you compare and contrast ERCOT from a get things done perspective, we're trying to move these turbines and this capital to get to work as soon as possible. And like I laid out earlier, ERCOT's a little bit further ahead on the regulatory process, which lends us leaning that direction. We can take those turbines anywhere. And for the right economics with the right counterparty, that's exactly what we'll do.

**Andrew Weisel**

*Analyst, Scotiabank*

Q

Thank you. Very clear. Then second, more of a philosophical question. But over the years, we're seeing more and more extreme winter storm and similar weather events. At the same time, you as a company are clearly trying to de-risk and increase the predictability and stability of earnings and cash flows. You talked a little bit about this earlier, but do you think there are any additional actions you can take specifically to protect you from these weather events, whether that's hedging or insurance or something more big like M&A or other corporate actions?

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

So, we made a big step towards de-risking the portfolio for the winter by closing on the acquisition of LS, right. So, what that gave us is steel on the ground in the eastern markets where we have exposures. And there is, I can financially hedge my exposures around retail businesses, but there is no better hedge than flexible, dispatchable natural gas assets and that's exactly what we did. Bruce and I and the team think about our risk, our hedging every day. We're thinking about how we position the portfolio, because managing through those storms in the winter or managing through a heat event in the summer is what you guys pay us to do. So, that's what we're working on.

**Andrew Weisel**

*Analyst, Scotiabank*

Q

Great point. I was thinking more on micro. That's more macro, but very, very true. And the timing of that deal closing was pretty coincidental, but point taken. Thank you very much.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

A

Thank you.

**Operator:** Thank you all. This concludes our Q&A session. I would like to turn it back to Robert Gaudette for closing.

**Robert J. Gaudette**

*President, Chief Executive Officer & Director, NRG Energy, Inc.*

Thank you, everyone for joining us this morning and for your continued interest in NRG. I'm excited about the opportunity ahead and honored to step into this role at such an important time for the company and the industry. We've built a strong platform. We're operating from a position of strength, and I'm confident in our ability to execute and create significant long-term value for our shareholders. Thank you again for your time today.

**Operator:** Ladies and gentlemen, thank you for joining us and participating in today's conference call. This concludes our program. You may now disconnect.

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