Please find responses from Vistra regarding ERCOT’s market design framework below.

**Do you find the framework helpful?  If so, please describe.  If not, why not?**

Both yes and no.

“Yes” because it is objectively helpful to have a common understanding of the different values that market design parameters can support and be evaluated through, and ERCOT’s proposed framework does a good job of identifying many relevant features and attributes.

“No” because of unresolved internal tensions and timing. As ERCOT notes, the electricity market design must achieve a dual mandate of operating the grid both reliably and affordably – but those two objectives have an inherent tension that is often at the core of stakeholder disagreements, and the framework does not address the fact that consumers value reliability first and affordability second. This fact was recently demonstrated by Austin Energy’s consumer survey undertaken as part of their [Resource, Generation and Climate Protection Plan to 2035](https://urldefense.com/v3/__https:/publicinput.com/Customer/File/Full/219d794d-5de8-4021-9874-2f05939737c0__;!!DR3VkBMYqM1H!b8fh7JtqZLZdgM3YsRt_dreLgXeUK22G5rjinewty7137VGnxiGJr-lj6nZmOdhhdZjozdsB8k7ObDvoVjZ1v3eKz0ltLJBA$), where Austin Energy customers ranked Reliability “showed that, across the board, reliability was the community’s top priority” (pp. 28-31):

A screenshot of a customer survey

Description automatically generated

This is not the first survey to find that result, as it has been a consistent theme across multiple surveys over time. It is also corroborated by ERCOT’s own work this past year with Brattle and PlanBeyond to survey Texans in order to create an empirically-rooted Value of Lost Load (VOLL) estimate – which ultimately was set at $35,000/MWh, but [ERCOT’s own report](https://urldefense.com/v3/__https:/interchange.puc.texas.gov/search/documents/?controlNumber=55837&itemNumber=12__;!!DR3VkBMYqM1H!b8fh7JtqZLZdgM3YsRt_dreLgXeUK22G5rjinewty7137VGnxiGJr-lj6nZmOdhhdZjozdsB8k7ObDvoVjZ1v3eKz6Shb9Ly$) found ranging to as high as $666,907/MWh and would increase on average to $61,394/MWh if transmission-voltage customers that are not actually subjected to load shed in practice were excluded (and arguably could go higher after considering the political economy cost associated with load shed events). But these findings are inherently in tension with both the current market design and the incongruent advocacy by some stakeholders against market design proposals that could support the reliability standard. Beyond the simple reliability/affordability dual mandate, there are other attributes that could be in tension. For instance, an over-emphasis on flexibility could be in tension with dependability and availability; similarly, as the review of the RTC back casts has highlighted, “efficiency” can be at odds with “resiliency” and “availability.” So while the framework addresses many relevant individual components it is silent on how to value them relative to one another. Notably the framework excludes the reliability standard, which should be at the core of the framework.

Regarding timing, there is a risk that introducing the new framework at this time implies a “reset” of market design discussion to square one. Significant time and effort have been spent in developing those policies, so restarting some or all of the market design discussion could undermine the work already done and inject additional policy uncertainty. Furthermore, experience has shown that socializing new concepts amongst stakeholders can take multiple years. However, the junction of a shifting resource mix to intermittent and duration limited resources (which is accelerated by the current energy-only market design) and load growth presents additional urgency to not let the perfect be the enemy of the good in market design, but to use the tools that are currently at our disposal rather than forge all new tools.

**Would you recommend any additions or subtractions to the list of attributes?  If so, please provide a detailed description of the attribute(s) and definition(s).**

The first goal of the framework should be to achieve the Commission’s recently-adopted reliability standard.  This should be an explicit attribute, and not implied by other attributes (e.g., “availability” has been discussed as potentially including reliability standard support, but it is not immediately clear).

**Would you recommend any changes to the description of the existing attributes?  If so, please provide a detailed description of the change in the attribute definition(s).**

Each attribute should clearly reflect the problem or need ERCOT is trying to solve.  To that end, the description of each of the attributes will need to be further fleshed out.  Each description should also identify its functional value(s) – for instance, operational contingencies, resource adequacy, resiliency, other (or all/some combination of the above).

**Do you have any recommendations on specific metrics or measurement approaches?**

Comparative market equilibrium assessments of market and reliability outcomes, combined with qualitative assessments of what ERCOT would expect the longer-term market dynamics to be. This will need to be balanced with analytical resource constraints, but will be helpful to provide a common framework from which stakeholders and policymakers can interpret indicative marginal values of various market design proposals.

**Please list any unanswered questions that you may have.**

How is a market design framework assessment initiated? Is there a threshold that ERCOT will utilize? Or will it come at the request of TAC? Other?