|  |  |  |  |
| --- | --- | --- | --- |
| NPRR Number | [1297](https://www.ercot.com/mktrules/issues/NPRR1297) | NPRR Title | Limit the Price-Quantity Pair in CRR Auctions for Each Path |
|  |  |
| Date | September 5, 2025 |
|  |  |
| Submitter’s Information |
| Name | Monica Jha / Ned Bonskowski |
| E-mail Address | Monica.jha@vistracorp.com / ned.bonskowski@vistracorp.com  |
| Company | Vistra Operations Company LLC |
| Phone Number |  |
| Cell Number | 832-215-5713 / 214-288-2456  |
| Market Segment | Independent Generator |

|  |
| --- |
| Comments |

Vistra Operations Company LLC appreciates SC Energy Partners LLC’s effort to find a creative solution to increase efficiency in the optimization and reduce overall solution time. However, SC Energy Partners LLC’s proposed changes effectively defeat a key objective of Congestion Revenue Rights (CRRs) market: providing Market Participants an effective financial instrument to hedge against the unpredictable costs of transmission congestion.

CRRs are a cornerstone of ERCOT’s market design. By offering market-based protection against price volatility, CRRs foster a liquid and competitive energy market, ultimately benefiting electricity producers and consumers alike. Decoupling physical delivery and financial risk allows Market Participants, such as generators and Load Serving Entities (LSEs), to hedge against congestion costs without altering their physical energy transactions.

For generators, the CRR market allows them to financially protect themselves against locational price divergence.  It also helps generators participate more efficiently in both the Day-Ahead and Real-Time markets. The current CRR market structure supports multiple bids per unique combination of source, sink, Time Of Use (TOU), and period during CRR Auctions, which is critical to ensure that Market Participants can adequately hedge risk across the entire range of potential generation profiles.

SC Energy Partners LLC’s proposal to limit bids to two price-quantity (“PQ”) pairs per path would reduce this granularity, thereby impairing participants' ability to manage portfolio risk effectively. For example, PQ pairs for a Market Participant trying to hedge a 1,000 MW generator could be either:

|  |  |
| --- | --- |
| **Current**  | **Proposed NPRR1297** |
| **Bid Quantity** | **Bid Price** | **Bid Quantity** | **Bid Price** |
| 100 | 0.1 | 500 | 0.25 |
| 200 | 0.2 | 1000 | 0.75 |
| 300 | 0.3 |   |   |
| 400 | 0.4 |   |   |
| 500 | 0.5 |   |   |
| 600 | 0.6 |   |   |
| 700 | 0.7 |   |   |
| 800 | 0.8 |   |   |
| 900 | 0.9 |   |   |
| 1000 | 1 |   |   |

LSEs, such as Retail Electric Providers (REPs), use CRRs to protect themselves and their Customers from the unpredictable and often volatile costs that arise when the transmission grid becomes constrained, ultimately ensuring more stable and predictable retail energy costs.  By using CRRs to manage this risk, REPs can offer more stable and competitive fixed-rate plans to their Customers.  In addition, by providing a tool to hedge transmission costs, CRRs allow REPs to compete more effectively with one another. This fosters a more competitive market for retail electricity by mitigating a significant source of risk that could otherwise favor LSEs with greater proximity to major generation hubs.  The current CRR Market structure that supports multiple bids per unique combination of source, sink, TOU, and period during CRR Auctions provides appropriate granularity to REPs to efficiently hedge their entire portfolio across a range of load scenarios.

To summarize, CRRs, in its current form, help to provide predictable financial outcomes and manage cost uncertainties for both generators and REPs. Amid the many current uncertainties in the ERCOT market, it is imperative that any proposed change does not add to the challenge of navigating risk in the competitive energy market.

For the reasons stated above, Vistra recommends NPRR1297 be withdrawn from further consideration.

|  |
| --- |
| Revised Cover Page Language |

None

|  |
| --- |
| Revised Proposed Protocol Language |

None