Vistra Corp. (Vistra) appreciates ISO-NE's efforts to model potential market designs for the region's clean energy transition. Vistra is very supportive of these efforts. Vistra has four specific comments it would like to provide as ISO-NE contemplates how it will model the potential market designs.

**FCEM**
1. **Product Definition**. Vistra recognizes that the states and many stakeholders (at least given current information) prefer the FCEM design as the path forward for incorporating decarbonization efforts into the wholesale markets. To be clear, while Vistra continues to prefer carbon pricing as the best path forward for the region to achieve needed decarbonization in a manner that preserves the many benefits of competitive markets, Vistra is open to a well-designed FCEM as a potential alternative market design. ISO-NE has proposed to model the FCEM assuming that market participants would procure a single clean energy product. Vistra believes that an FCEM that is designed for the procurement of a single, resource-neutral, clean energy product is the right design for maximizing the competitive benefits that must be achieved. To date, however, it appears that many stakeholders anticipate an FCEM design that allows purchasers to buy multiple products to reflect the individual needs of specific states, municipals, or even private parties. It is critical that ISO-NE's modelling efforts appropriately account for proposed market design details that most closely align with the actual market design preferences of stakeholders. Presenting results for the most efficient version of the FCEM rather than the version of FCEM some stakeholders favor could distort the understanding of the relative merit of the FCEM. Thus, Vistra urges ISO-NE to model FCEM by assuming multiple products to account for individual state (or other purchasing party) preferences in terms of both product type and location. If ISO believes that an FCEM simultaneously solving for a variety of different products is not feasible, that should be made clear now, not later.
2. **Gradation for Lower Emitting Resources**. The proposed FCEM design assumes that only zero emitting resources are awarded clean energy certificates. Vistra believes that lower emitting resources, such as efficient natural-gas fired resources, will be critical in facilitating the clean energy transmission, and thus these lower emitting resources should be valued for their contribution to decarbonization efforts. Thus, Vistra requests that ISO-NE consider making such lower emitting resources eligible to be awarded clean energy certificates. ISO-NE could develop a gradation approach, such that lower emitting resources can be awarded partial clean energy certificates to appropriately account for their measurable contribution to decarbonization.
3. **Impacts of Negative Pricing**. Resources awarded clean energy certificates under FCEM could be incented to offer energy at negative prices, depending on the FCEM clearing price. ISO-NE should evaluate the expected prevalence of negative pricing over time, and consider whether FCEM credits will need to be increased over time to account for reduction in energy revenues resulting from increased negative prices.
4. **ELCC**. The proposed FCEM design does not assume ISO-NE's anticipated future reliance on ELCC for calculating each resource's contribution to achieving resource adequacy. Vistra believes that these modeling efforts should assume that the region will move to an ELCC approach and model these different designs relying on that approach. This is critical to ensure that the models accurately account for the capacity contributions for resources, and determine the costs and benefits of such designs for consumers.

While these comments focus on the FCEM design, Vistra believes these comments apply equally to ICCM, and thus requests that ISO-NE consider these comments as it develops its modeling approach for ICCM as well.

Please let me know if you have additional questions.

Regards,

Andy Weinstein

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