



**Vistra Corp.’s Comments on Illinois Power Agency’s  
Draft 2025 Electricity Procurement Plan  
September 16, 2024**

**I. Introduction**

Vistra Corp. (“Vistra”) submits the following comments on the Illinois Power Agency’s draft 2025 Electricity Procurement Plan to procure capacity and energy to serve eligible retail customers of Ameren Illinois Company, Commonwealth Edison Company, and MidAmerican Energy Company (“Draft 2025 Plan”). The Draft 2025 Plan was made available for public and stakeholder comment on August 15, 2024. Vistra appreciates the opportunity to submit its comments on the Draft 2025 Plan.

Vistra’s comments herein are limited to comments on the questions, proposals and discussion in Section 5.2.2.6 captioned “Request for Stakeholder Feedback: Capacity Hedging for Ameren Illinois Eligible Retail Customers: Considerations for the 2025 Electricity Procurement Plan,” which is found on pages 59-62 of the Draft 2025 Plan. Vistra provides its comments from its perspective as the owner and operator (through subsidiaries) of generating facilities in the Midcontinent Independent System Operator (“MISO”) region of Illinois (MISO Zone 4) and as an active participant in wholesale electric energy and capacity markets in MISO Zone 4 as well as in the PJM Interconnection, LLC (“PJM”) region of Illinois and in other regions of the United States.

**II. Vistra Contact Information**

Questions and comments concerning Vistra’s comments may be directed to:

Jeffrey Ferry  
Sr. Director Government Affairs, Vistra Corp.  
217-519-4762  
[Jeffrey.ferry@vistracorp.com](mailto:Jeffrey.ferry@vistracorp.com)

**III. Vistra Comments**

Section 5.2.2.6 of the Draft 2025 Plan identifies and discusses several potential strategies for addressing the relatively low level of bidder participation in the IPA’s previous procurement events for capacity for Ameren Illinois in MISO Zone 4 (see, e.g., the third bullet point on page 60 of the Draft 2025 Plan, referring to “the lack of cleared ZRC’s [Zonal Resource Credits] in recent capacity procurements”). As an initial matter, Vistra supports efforts to increase the level of bidder participation in capacity procurement events (i.e., increased numbers of bidder participants and submitted bids to provide capacity). Increased bidder participation and bids will lead to a more competitive capacity procurement process, greater market liquidity, and would likely lead to more favorable procurement outcomes.

Vistra provides the following comments on the strategies discussed and/or proposed in Section 5.2.2.6.

1. Vistra supports including, as part of the capacity procurement events for Ameren Illinois, an option for market participants to bid in annual, planning year capacity offers, as well as the seasonal capacity offers the IPA has provided for in recent capacity procurements for Ameren Illinois. To be clear, Vistra is not proposing that seasonal capacity offers be replaced by planning year capacity offers, but rather to add full planning year capacity offers as an additional option for bidders. Based on its experience, Vistra believes some potential participants view seasonal capacity procurements as unattractive because they may not be able to manage their risk selling the non-seasonal capacity the bidder is left holding over-the-counter (i.e., in bilateral transactions rather than in structured procurements).

Generally, in the capacity markets, capacity tends to be bought and sold on an annual basis (planning year or delivery year) and many bidders may be used to and more comfortable with bidding and selling capacity on a 12-month basis. Vistra submits that providing the option for capacity suppliers to bid in offers on an annual, planning year basis is a significant change the IPA can implement to increase the number of participants in the capacity procurement events for Ameren Illinois.

2. Vistra also supports adding to the capacity procurement process for Ameren Illinois the option to bid in financial capacity products, as proposed by Ameren Illinois and discussed in Section 5.2.2.6. Based on its extensive experience in capacity markets, Vistra believes this option may increase participation in the capacity procurement processes for Ameren Illinois. There are many capacity market participants, such as major financial institutions and funds, which frequently engage in financial swap transactions of the type described in Section 5.2.2.6, but have little or no interest in participating in physical capacity transactions. These types of entities are familiar with and active in structuring and executing financial capacity “fixed for float swaps” such as described in Section 5.2.2.6. Providing a vehicle for such entities to participate in the capacity procurement process through financial capacity transactions will increase the level of participation and thereby provide the benefits as described above that will enhance the quality of the IPA’s capacity acquisition for Ameren Illinois.

Vistra agrees with the IPA’s statutory analysis and conclusion (at pages 60-61 of the Draft 2025 Plan) that providing for bidding and procurement of financial capacity products is not prohibited by Section 16-111.5(b)(3) of the Public Utilities Act (220 ILCS 5/16-111.5(b)(3)), but rather that such products can be “standard wholesale products,” the term used in the statute. Vistra agrees with the IPA’s analysis that the statutory language stating the IPA’s procurement plan must include “the proposed mix and selection of standard wholesale products for which contracts will be executed during the next year . . . *including but not limited to*” several specifically listed types of energy and capacity products, does not limit the IPA to the specific products listed in the statute, but rather provides a basis for the IPA to include other types of products it determines to be “standard wholesale products,” including financial capacity transactions. Further, the orders of the Commerce Commission in ICC Dockets 13-0546 and 14-0588, cited in Section 5.2.2.6, support this statutory construction conclusion. More generally, the General Assembly created the IPA and gave it authority to structure and manage capacity and energy procurements on behalf of eligible

retail customers of Ameren Illinois (and Commonwealth Edison and MidAmerican Energy) to achieve the best results, and determining that financial capacity transactions of the types described in Section 5.2.2.6 are “standard wholesale products” is the type of determination the General Assembly has authorized this expert agency to make. Finally, Vistra states, as an active wholesale electric energy and capacity market participant, that the types of financial capacity transactions described in Section 5.2.2.6 represent “standard wholesale products” that are frequently and actively engaged in by wholesale electricity market participants.

3. Vistra does not believe there is a need to hold an additional capacity procurement event in January or February (initially, 2025) for Ameren Illinois to procure financial capacity products. This position is based, in part, on the fact that the IPA will already be conducting two electricity procurement events for Ameren Illinois (one of those typically in September of the preceding year) and the offer window for the MISO Planning Resource Auction is typically scheduled for mid-to-late March (March 26-31 in 2025). Simply put, Vistra submits that the resulting schedule of successive procurement events and auctions will lead to “auction exhaustion” for some participants. Additionally, some bidders may be more comfortable participating in a single procurement event in which they can bid in both physical capacity products and financial capacity products. Therefore, Vistra recommends that the procurement of financial capacity products be included in the IPA’s regularly-scheduled Spring and Fall procurement events for capacity and energy for Ameren Illinois. This will result in the initial event for procurement of financial capacity products taking place as part of the IPA’s Spring 2025 energy and capacity procurement.