



*Proposed Changes to Rate
Schedule 2 of the Market
Services Tariff*

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Management Committee
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Proposed Changes

- ◆ Ministerial Changes
- ◆ VSS Penalty Structure

Ministerial Changes to Rate Schedule 2 of the Market Services Tariff

- ◆ Tariff revisions circulated for the BIC and MC show already-approved ministerial changes in red, and those that are proposed for approval now in blue
 - *Ministerial changes and changes for the penalty structure changes will be merged at filing*
- ◆ Proposed clarifications on the use of terms
 - *Supplier*
 - *Generator*
 - *Resource*
 - *Non-Generator Voltage Support Resource*
- ◆ No substantive changes proposed

Clean up Change Proposed

- ◆ FERC approved revisions to Voltage Support Service to exclude external resources on December 14, 2010, which became effective January 1, 2011
 - *Docket No. ER11-1956-000*
- ◆ Change proposed for the 2.17 definition of Qualified Non-Generator Voltage Support Resource to conform to that Order

VSS Penalty Structure

- ◆ Out of all NYS Voltage Service providers, only a few are called upon frequently to provide Voltage Support
- ◆ Although not compensated additionally for responding, they are subject to penalties for failing to respond
- ◆ The penalty for failing to respond is significant
- ◆ *Thus, those generators that are most needed to respond to VSS requests are at greatest risk of losing their VSS compensation*

Changes to Performance Requirements

- ◆ Section 15.2.2.4.1 and 15.2.2.4.2
 - *Changes the requirement of “fails at the end of 10 minutes” to “fails within 10 minutes” to reach the requested Reactive Power target*
 - This eliminates the unrealistic requirement that the generators hit the target at exactly 10 minutes from the request rather than any time during the 10 minute response window
 - *Clarified that generators must hit the requested Reactive Power target unless prevented from doing to by transmission system conditions*

Prorate Failure to Perform Penalty

- ◆ The NYISO also proposes to ease the penalty by prorating the penalty when there is a failure to perform in Section 15.2.2.5 of Rate Schedule 2.
- ◆ The new VSS Failure to Perform Penalty (VFP) would be a fraction of the generator's monthly payment derived from the ratio of 'failures' to 'requests' in a month

VSS Failure to Perform Penalty (VFP)

$$VFP = (\text{VSS payment for the month}) * (F / R)$$

Where:

F = number of failures in a month

R = number of times the generator was called upon for Voltage Support in that month

- ◆ Non ICAP supplier's monthly payments are equal to 1/12th the annual VSS payment pro-rated by the number of hours the resource is operated in that month (section 15.2.2 of MST)

New Criteria for Expelling Non-Performing VSS Generators

- ◆ In addition, the NYISO proposes to ease the removal standard which currently requires the a Resource be removed from the VSS program after 3 separate failures in a thirty day period
- ◆ A resource would be removed from the VSS program if, in two consecutive months, it fails to comply with 50% or more of the NYISO's requests
- ◆ This will not impact system reliability

Schedule

- ◆ June 10, 2011 – Reviewed and Approved of Tariff and Manual Language by Operating Committee
- ◆ June 15, 2011 – Reviewed and Approved of Tariff and Manual Language by Business Issues Committee
- ◆ July 27, 2011 – Management Committee approval of Tariff changes



The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and provides comprehensive reliability planning for the state's bulk electricity system.

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