





NYISO Business Issues Committee August 24, 2005 Agenda Item 8

#### Consensus on Near-term Issues

- MSWG August 15 meeting:
  - Capacity basis for compensation will be NET demonstrated lagging MVAr
    - All Testing to be conducted during Summer capability period (regardless of Transmission District location)
    - All test reports to be filed electronically using NYISO supplied reporting form
    - To the extent that Net MVAr metering is not available, NYISO will calculate Net MVAr from metered Gross MVAr and MW output using standard power flow calculation
  - OATT Rate Schedule 2 Revenue Requirement to be adjusted reflecting generation additions and retirements as of October 31, 2005 (using same method presented in Dec. 2001 filing)

#### Calculation of Rates

- Following slides detail calculation of approximate rates for
  - OATT Rate Sch. 2 Revenue Requirement
  - Service Tariff Rate Sch. 2 Compensation Rate
- Tables show comparison of proposed Net-Lag to current and Gross-Lag
- Tables 2 and 3 Rates indicated are approximate and may change based on final confirmation of capacity adjustments and capability tests





#### **Determination of VSS Rates**

- OATT Rate Sch. 2
  - Revenue Requirement
    - Adjust capacity basis for generation additions and retirements
  - Forecast Energy Withdrawal
    - 2006 Forecast of energy withdrawal by loads
    - Forecast of energy withdrawal - exports
    - Rate is \$/MWHr
  - Current method includes both loads and exports
    - Socialized across NYCA

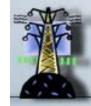
- Svc. Tariff Rate Sch. 2
  - Existing Rate \$3919 (from 2001)
  - Determine available \$\$\$
    - Use calculated OATT RS 2 revenue requirement
    - Calculate new compensation rate
    - Rate is \$/MVAr-yr





# VSS Compensation Rate Calculation (Revised Revenue Requirement)

- Reference calculation based on existing \$3919 compensation rate from 2001 filing (Table 1)
  - All Tables use the system average power factor based on most recent test year data reported (2004)
- Calculate new VSS Compensation Rate
  - Using the Proposed Revenue Requirement
    - Adjustment based on changes to installed capacity for generation additions and retirements
    - Assume no inflation
    - For comparison Tables 1 & 2 include both Gross-Lag and Net-Lag calculations





### Table 1 – Existing Rate (2001 filing)

	<b>Gross Lagging</b>	Net Lagging
MW Capacity	39851	39851
average pF	0.907	0.921
MVAr capacity	16657	15174
VSS Comp. Rate		
(ST RS 2)	\$3,919	\$4,302
Revenue Req.		
OATT RS 2	\$65,278,783	\$65,278,783





## Table 2 – Proposed Rev. Req. No Inflation

	Gross Lagging	Net Lagging
MW Capacity	39851	39851
average pF	0.907	0.921
MVAr capacity	16657	15174
Revenue Req.		
OATTRS2	\$67,664,043	\$67,664,043
VSS Comp. Rate		
(STRS 2)	\$4,062	<i>\$4,459</i>





# Table 3 -- OATT Rate Schedule 2 Calculation (Revised Revenue Requirement)

			GWHr Energy	OATT Rate
NYISO Transmission	Generation In-	VSS Revenue	Withdrawal	Sch. 2
District VSS Cost	Service in	Requirement	forecast for	Revenue
Allocation to Loads	2006 (MW)	in 2006	2006	Requirement
Total NYCA	39,851	\$67,664,843	163908	\$0.413
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Total NYCA+exports	39,851	67,664,843	172535	\$0.392





# Issues continuing under discussion

Proposal to restructure the OATT RS 2 revenue requirement on a locational basis

Should inflation be considered and rate?



