

accordance with the ISO procedures and prevailing industry standards. The ISO may direct Suppliers to operate their Resources within these demonstrated reactive capability limits. Suppliers of Voltage Support Service will test their Resources and provide these services in accordance with ISO Procedures.

Voltage Support Service includes the ability to produce or absorb Reactive Power within the Resource's tested reactive capability, and the ability to maintain a specific voltage level under both steady-state and post-contingency operating conditions subject to the limitations of the Resource's stated reactive capability.

2.0 Payments

Each month, Suppliers whose Resource(s) meet the requirements to supply Installed Capacity, as described in Article 5 of the ISO Services Tariff, and are under contract to supply Installed Capacity shall receive one-twelfth (1/12th) the annual payment for Voltage Support Service. To the extent Suppliers of Installed Capacity are electrically located outside the NYCA, payments for Voltage Support Service will be subject to criteria established by the ISO.

Each month, Suppliers whose Generators are not under contract to supply Installed Capacity and Suppliers with synchronous condensers shall receive one-twelfth (1/12th) the annual payment, pro-rated by the number of hours that Generator or synchronous condenser operated in

that month, as recorded by the ISO.

~~For Non-Utility Generators that are operating under existing power purchase agreements, the entity that is purchasing Energy and/or Capacity under such agreement or providing Transmission Service under that agreement shall be contacted by the ISO when the ISO requires Voltage Support Service from the contracted Resource. Each month, the ISO shall pay holders of the contracts for such Resources, which are operating under existing power purchase agreements, an amount as described below in Section (c), except that the ISO shall pay this amount to the Non-Utility Generator if the purchaser under the existing power purchase agreements agrees to stipulate that the Non-Utility Generator should receive such payments. At such time during 2003~~4~~ as the existing power purchase agreements are terminated or expire, the Non-Utility Generators may then receive payments directly in accordance with this rate schedule.~~

(a) Annual Payment for Voltage Support Service

For 2004, the annual payment to each Generator and synchronous condenser qualified and eligible to provide Voltage Support Service shall equal the product of \$3919/MVAr and the tested MVAr capacity of the Generator or synchronous condenser.