



# 2006 VSS Rate

**Market Structures Working Group**

**May 6, 2005**

*(for discussion only)*

Draft - For Discussion Only

# Effect of Additions & Retirements

<b>2001 Total cost for VSS</b>	<b>\$61.00 M</b>
<b>2006 Total cost for VSS after adjustment of 2001 total costs for capacity additions and retirements<sup>1</sup></b>	<b>\$66.51 M estimate<sup>2</sup></b>
<b>2006 VSS capacity (gross)</b>	<b>16,650 MVA<sup>3</sup></b>
<b>2006 VSS rate after adjustments for capacity additions and retirements</b>	<b>\$3,996 estimate<sup>4</sup></b>

<sup>1</sup> VSS costs vary by transmission district so the location of additions and retirements makes a difference in determination of total costs

<sup>2</sup> Capacity additions and/or retirements may change between now and the filing in October. The latest numbers will be used in the filing.

<sup>3</sup> Tests conducted during the summer of 2005 will determine actual VSS capacity.

<sup>4</sup> The VSS rate will be adjusted as refinements are made to total cost and total capacity. The rate will be finalized for the October filing.

# Effect of Change from Gross Lagging to Net Lagging

<b>2006 VSS rate after adjustments for capacity additions and retirements<sup>1</sup></b>	<b>\$3,996 estimate<sup>2</sup></b>
<b>2006 VSS capacity (gross)</b>	<b>15,175 MVA<sup>3</sup></b>
<b>2006 VSS rate after conversion from gross lagging to net lagging</b>	<b>\$4,383 estimate<sup>4</sup></b>

<sup>1</sup> VSS costs vary by transmission district so the location of additions and retirements makes a difference in determination of total costs

<sup>2</sup> Capacity additions and/or retirements may change between now and the filing in October. The latest numbers will be used in the filing.

<sup>3</sup> VSS net capacity may be adjusted between now and the filing in October. The latest numbers will be used for the October filing.

<sup>4</sup> The VSS rate will be adjusted as refinements are made to total cost and total capacity. The rate will be finalized for the October filing.

# Other Adjustments

- ✦ **NYISO will facilitate discussions and negotiations among market participants on other adjustments that may impact the 2006 VSS rate. These may include, but are not necessarily limited to:**
  - *Adjustments for inflation*
  - *Adjustments for depreciation*
  
- ✦ **The NYISO takes no position on other adjustments that may impact the 2006 VSS rate**
  - *Fall-back is “no other adjustments”*

# Testing

- **All VSS participants must conduct a lagging MVAR test during the SUMMER period.**
- **Requirement to test leading capability remains**
- **Participants must submit supporting data electronically using a NYISO form**
  - *5-minute readings for all quantities*
  - *MW and MVAR gross and net during test hour(s)*
- **Testing conducted during 2005 will be the basis for 2006 VSS payments to suppliers**
- **Update Ancillary Services Manual**
- **Update TB 91 and TB 103**

# Milestones

- ✦ **BIC and OC approval of changes to Ancillary Services Manual: June 2005**
  - *Testing requirements & procedures*
  
- ✦ **Tariff filing: October 1, 2005**
  - *VSS rate for 2006*
  - *Other VSS adjustments*