

Voltage Support Service Near-term Issues Update



*NYISO Market Structures Working Group
December 14, 2004*

NYISO Proposal to MC (9/30/04)

- **Maintain current rate of \$3919/MVAr-yr pending review of compensation basis**
 - *Capability basis (MVAr)*
 - *Cost basis (\$\$\$)*
- **Establish a working group to review near-term issues and report to BIC by end of 1st Q 2005**
- **Tariff modifications to implement recommendations mid-year is possible**



Draft - For Discussion
Only

NYISO Proposal to MC (9/30/04)

- **Specific Near-term issues to be address:**
 - *Gross vs. Net reactive capability*
 - *Capability based on range of control (lag and lead)*
 - *Capability testing period*
- **Evaluate cost basis of compensation rate**
 - *Current rate was determined in 2000*
 - *Cost of providing VSS on a capability basis*
 - *Impact on revenue requirement*



Proposed Near-Term Refinements

- **Reactive capability range of control**
 - *Consider lagging and leading capability*
- **Gross vs. Net Reactive capability**
 - *Net capability is a better indication of the contribution to the system and consistent with ICAP and metering*
 - *Annual review of rate should consider any changes in the accounting method or service considerations*



Longer-term Issues

- **Develop a schedule to address longer-term VSS issues identified by NYISO Staff**
 - *Compensation for non-generator resources*
 - *Compensation for FACTS-type devices*
 - *Interconnection Requirements*
 - *Two-tier voltage support service*
 - *Six-year Test Requirement*
- **Recommend priorities/responsibilities**



VSS Resources

	Units/Suppliers	Gross MVA Capability
2001	242	12418
2002	254	13902
2003	275	14975
2004	276 / 306	15827

