

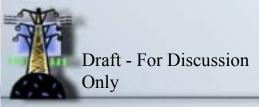
# Voltage Support Service Near-term Issues Update



NYISO Market Structures Working Group December 14, 2004

## NYISO Proposal to MC (9/30/04)

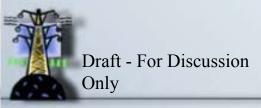
- Maintain current rate of \$3919/MVAr-yr pending review of compensation basis
  - Capability basis (MVAr)
  - Cost basis (\$\$\$)
- Establish a working group to review near-term issues and report to BIC by end of 1<sup>st</sup> Q 2005
- Tariff modifications to implement recommendations mid-year is possible





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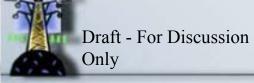
- Specific Near-term issues to be address:
  - Gross vs. Net reactive capability
  - Capability based on range of control (lag and lead)
  - Capability testing period
- Evaluate cost basis of compensation rate
  - Current rate was determined in 2000
  - Cost of providing VSS on a capability basis
  -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





### **Proposed Near-Term Refinements**

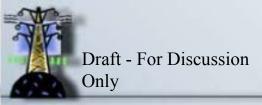
- Reactive capability range of control
  - Consider lagging and leading capability
- Gross vs. Net Reactive capability
  - Net capability is a better indication of the contribution to the system and consistent with ICAP and metering
  - Annual review of rate should consider any changes in the accounting 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 MVAr Capability
2001	242	12418
2002	254	13902
2003	275	14975
2004	276 / 306	15827

