

Proposal for Resolution of Near-term VSS Issues



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)

	Gross Lagging	Net Lagging
MW Capacity	39851	39851
average pF	0.907	0.921
MVA _r 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
MVA capacity	16657	15174
Revenue Req.		
OATT RS 2	\$67,664,043	\$67,664,043
VSS Comp. Rate (ST RS 2)	\$4,062	\$4,459



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

NYISO Transmission District VSS Cost Allocation to Loads	Generation In-Service in 2006 (MW)	VSS Revenue Requirement in 2006	GWhr Energy Withdrawal forecast for 2006	OATT Rate Sch. 2 Revenue Requirement
<i>Total NYCA</i>	39,851	\$67,664,843	163908	\$0.413
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?**

