

# **VSS Rate Schedule 2 Tariff Cleanup Changes**

**Business Issues Committee  
December 06, 2006**

*Carl F. Patka*

# Purpose of Tariff Amendment

---

- ◆ Outdated language in the NYISO's services tariff can lead to confusion.
- ◆ Language on Voltage Support Service left over from mandatory power purchase agreements between Non-Utility Generators (NUGs) or Qualifying Facilities (QFs) and Transmission Owners (TOs) under Federal and State Law.
- ◆ Removing the outdated language will clean up the Services Tariff and avoid confusion.

# Derivation of Tariff Provision

---

- ◆ Public Utility Regulatory Policy Act (PURPA) and New York Public Service Law required TOs to purchase electric output of NUGs.
- ◆ Tariff drafted at NYISO formation to prescribes treatment of Voltage Support Service (VSS) and resulting payments for VSS provided by NUGs that had power purchase agreements with the TOs.
- ◆ Addressed agreements that existed when NYISO Services Tariff was approved.

# Current Tariff Language

*\*See proposed tariff amendment for complete text*

---

- ◆ For NUGs operating under existing PPAs, the TO purchasing energy or capacity shall be contacted by the ISO when ISO requires VSS from that generator;
  - *Reflected the fact that, before competition, TOs nominated output of NUGs to the New York Power Pool, then NYISO, for real power and reactive power.*

# Current Tariff, Continued

---

- ◆ ISO pays TO for VSS provided by NUGs operating under PPAs;
  - *Unless TO agrees that VSS payments will go directly to NUGs;*
  - *Until PPA expires, and then payments go directly to NUGs.*
  - *Compensation paid to TOs for VSS reflected the fact that under PPAs entered into before NYISO markets, TOs paid NUGs for all of their electrical output.*

# Proposed Deletion from Tariff

---

- ◆ **These provisions no longer apply.**
  - *Generators supply VSS to the bulk transmission system, not a TO system.*
  - *For the most part, PPAs under PURPA and New York State Law have expired or have been restructured, and VSS payments go directly to the generator.*
  - *TOs that retain control over NUG operations, and related NYISO payments for NUG output, become Financially Responsible Parties for the NUG.*

# Recommendation:

---

*Delete surplus language to clean up tariff and avoid confusion.*

*Questions?*