

# Addressing the Near-term VSS Issues

*NYISO Market Structures Working Group  
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# Comparison of VSS Ancillary Service

Item	NYISO (Current)	ISO-NE (Current)	PJM (Current)	NYISO (Proposed)
Defined Service	Tariff Rate Schedule 2	Tariff Rate Schedule 2	part of capacity service	Tariff Rate Schedule 2
Participation	voluntary	voluntary	required of ICAP providers	voluntary
Applicable equipment	synchronous machines	synchronous generators	synchronous generators	synchronous machines
Payment Basis	Annual/paid monthly	Annual/paid monthly		Annual/paid monthly
Compensation Basis	Capacity based Gross lagging capability	Capacity based Net lagging capability		Capacity based Net metered available Range of Control (sum of lag and lead capability) TBD
Compensation Amount	\$3919/MVAr-yr	\$1050/MVAr-yr		
Testing Requirement	annual testing required, documentation must be submitted by participant; lagging test performed at > 90% DMNC during district peak season test report reviewed and verified by real-time data	testing required at least every 5 years, documentation must be submitted by participant; lagging test performed at <i>rated</i> capability during summer capability period reported capability subject to audit in real-time		all units test during Summer capability period; test lagging capability during on-peak condition; test leading capability during off-peak condition  test report verified by real-time data; subject to audit in real-time
Resource or Revenue Requirement	annual revenue requirement derived from forecast VSS compensation payments	annual revenue requirement cap based on load forecast (forecast MWhr withdrawal)		<i>longer term should develop means to determine resource need through Comprehensive Planning Process</i>

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# Address Near-term VSS Issues

- Maintain current rate of \$3919/MVAr-yr pending review of compensation basis
  - *Capability basis (MVAr)*
  - *Cost basis (\$\$\$)*
- MSWG to review near-term issues and recommend to BIC by end of 1<sup>st</sup> Q 2005
- Tariff and Ancillary Services manual revisions to implement recommendations mid-year is possible

# Separating the Issues

- Separate the Near-term issues into MVAr, \$\$\$ and test requirements
  - *Determination of MVAr compensation basis:*
  - *Clarify capability testing requirement*
  - *Determination of compensation rate*

# MVAr Compensation Basis

- **Gross vs. Net reactive capability**
- **Capability based on range of control**
- **Clarify testing requirements**

# NYISO Staff Recommendation

## MVAr capability basis

- 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*

# Clarify Testing Requirements

- All testing performed during Summer period
- Participants must submit supporting data electronically using NYISO form
- Frequency of testing consistent with NERC requirements
  - *Change from annual to every 5 years?*
  - *May require additional test points in future*

# Basis of Compensation Rate

- Current rate was determined in 2001
- Update 2001 analysis
  - ▣ *Allowance for O&M, capital, other factors*
  - ▣ *Include similar costs associated with new facilities*
- Cost of providing VSS on a capability basis

# Suggested Rate Refinements

- **Update Rate Schedule 2**
  - *Include new capacity added by Zone/District*
  - *Revised load and power factor assumptions used in the 2001 analysis*
  - *Evaluate alternate means by determining \$ value of compensation to loads*
- **Suggest method for Annual review of rate in consideration of changes in the accounting method or service considerations**

# VSS Resources

	<b>Units/Suppliers</b>	<b>Gross MVAr Capability</b>
<b>2001</b>	<b>242</b>	<b>12418</b>
<b>2002</b>	<b>254</b>	<b>13902</b>
<b>2003</b>	<b>275</b>	<b>14975</b>
<b>2004</b>	<b>280 / 307</b>	<b>15842</b>

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