

Revisions to the VSS Program - Management Committee Proposals

NYISO Management Committee
November 9, 2005

Agenda # 07

Background

- The current VSS rate in Rate Schedule 2 was approved by the Management Committee on October 1, 2004
 - The motion extended the existing program through 12/31/05, and called for further analysis by the MSWG
 - MSWG began discussions in January 05 to develop a proposal for BIC and MC
 - A proposal based upon discussions at MSWG was sent to BIC in August, and was tabled
 - Proposals were discussed at MSWG again and considered at the September BIC, but was not approved

VSS Program Proposals

- General consensus from MSWG on:
 - 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 will be adjusted to reflect generation additions and retirements through 10/31/2005
 - Deleting outdated language from RS 2 requiring that VSS payments to NUGs operating under existing power-purchase agreements to be provided to the T.O. purchasing the NUG's energy or capacity.

VSS Program Proposals

- BIC was unable to approve the motion recommended from MSWG, as well as several alternatives:
 - All of the motions considered by BIC included the testing, reporting, metering and NUG language revisions issues noted in the previous slide

VSS Program Proposals

- Several other issues were raised by MPs in the discussions at MSWG which were considered by BIC:
 - An inflator for VSS supplier payments
 - Proposals varied on how far back the inflator should apply
 - Locational Allocation
 - Varying proposals included a revised allocation, or review and additional study of allocation methodologies
 - Non-Generator Dynamic VAR sources
 - Three of the four motions included a proposal to add a new provision to Rate Schedule 2 that creates comparable payment terms for merchant non-generator dynamic VAR sources (including LIPA's Cross Sound Cable) that are interconnected to the transmission system
- BIC was unable to reach agreement on proposals that included this set of issues