

# Voltage Support Service (VSS)

## FERC Order 904

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**Amanda Myott**

Senior Market Design Specialist

**ICAPWG/MIWG**

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# Agenda

- Background
- FERC Order 904 Summary
- Additional Information

# Background

# Background

- **Reactive power is a critical component of electricity production, as it supports system reliability by regulating voltage.**
- **NYISO's existing VSS program has successfully procured sufficient reactive power to manage bulk electric system voltages for over twenty years.**
- **FERC issued a Notice of Proposed Rulemaking related to VSS on March 21, 2024**
  - NYISO intervened and submitted comments supporting its current VSS program.
- **FERC issued Order 904 on October 17, 2024, and the Order was published in the federal register on November 26, 2024.**

# FERC Order 904 Summary

# FERC Order 904 Findings

- **The Order finds that allowing transmission providers to charge transmission customers for a generating facility's provision of reactive power within the standard power factor range is unjust and unreasonable.**
  - The Commission indicates that such payments lack sufficient economic basis or justification and yield no commensurate benefit for ratepayers, citing that real power and reactive power are inherently provided as joint products, per their interconnection agreements, with de minimis incremental cost to provide reactive power, if any.

# FERC Order 904 Requirements

- The Order requires transmission providers to make corresponding revisions to their OATTs and *pro forma* interconnection agreements to prohibit transmission providers from including in their transmission rates any charges associated with the provision of reactive power within the standard power factor range from generating facilities.
  - Provision of reactive power outside the standard power factor range remains a compensable ancillary service.
  - The order requires a compliance filing by March 26, 2025 with an effective date of June 24, 2025.

# Additional Information

# NYISO Steps Taken

- **The NYISO submitted a request for rehearing on November 18, 2024.**
  - The NYISO requested permission to retain its existing reactive power compensation rules permanently or, at a minimum, until an appropriate replacement rate has been accepted by the Commission and fully implemented by the NYISO.
  - On December 18, the Commission denied the rehearing request by operation of law but noted an intention to issue a future order.

# Next Steps

- **Compliance Filings are due to FERC on March 26.**
- **NYISO will make best efforts to return to an upcoming stakeholder meeting to further discuss its response to FERC Order 904.**

# Questions?

# Our Mission & Vision



## Mission

Ensure power system reliability  
and competitive markets for New  
York in a clean energy future



## Vision

Working together with stakeholders  
to build the cleanest, most reliable  
electric system in the nation