

April 30, 2015

**Submitted Electronically**

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street N.E.  
Washington, D.C. 20426

Re: Response to Deficiency Letter in Docket No. ER15-1042

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) submits this response to the Federal Energy Regulatory Commission’s (the “Commission’s”) deficiency letter issued in this proceeding on April 10, 2015 (“Deficiency Letter”). The Deficiency Letter directs the NYISO to provide:

- 1) An explanation of the methodology, calculation and underlying assumptions used to determine the proposed \$2,592 per MVAR VSS compensation rate.
- 2) Supporting documentation demonstrating that the proposed amendments maintain the approximate total dollar value of the current VSS program in the near term.

The proposed amendments to Rate Schedule 2 of the Market Administration and Control Area Services Tariff would compensate Voltage Support Service (“VSS”)<sup>1</sup> Suppliers \$2,592 per MVAR based on their demonstrated lagging and leading voltage support capability.<sup>2</sup> As Mr. Garrison explains in his affidavit,<sup>3</sup> the NYISO arrived at the \$2,592/MVAR rate by dividing the total VSS program compensation paid to qualified VSS Suppliers in 2012 by the total lagging and leading reactive power capability of all qualified VSS Suppliers in 2012. The approach utilized by Mr. Garrison to develop the proposed VSS compensation rate was specifically designed to maintain the approximate total dollar value of the VSS program in the near term. The attached affidavit provides complete responses to the Commission’s requests.

As required by the Deficiency Letter at fn 2, the NYISO respectfully submits an unmarked version of tariff amendments filed in its February 13, 2015 Voltage Support

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<sup>1</sup> Capitalized terms that are not otherwise defined herein shall have the meaning specified in the Market Administration and Control Area Services Tariff.

<sup>2</sup> MVAR is the unit of measure for Reactive Power capability.

<sup>3</sup> Attachment I to this filing letter.

Service Filing in Docket No. ER15-1042-000.<sup>4</sup> The NYISO requests that the tariff revisions proposed in its February 13, 2015 filing be permitted to become effective on January 1, 2016. The NYISO also respectfully requests that the Commission issue an order in this docket within 60 days of the date that this response is submitted.

The NYISO renews its request for a waiver of Commission regulations to allow the NYISO to make the filing more than 120 days prior to the date on which the proposed revisions are to become operational.<sup>5</sup> No Market Participant will be prejudiced by NYISO's request because the proposed implementation timetable was developed in consultation with Market Participants. Market Participants have known, for some time, that the NYISO will be prepared to implement the revised compensation structure for the entire 2016 calendar year. The NYISO seeks acceptance of these tariff revisions now to give VSS Suppliers time to test and prepare for the revised compensation structure in 2016.<sup>6</sup> Since VSS compensation is an annual payment, the NYISO also seeks to have one compensation structure in place for each complete calendar year. Therefore, the NYISO intends for the existing VSS compensation structure to continue through the end of 2015.

The NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com).

Respectfully submitted,

/s/ James H. Sweeney

James H. Sweeney, Attorney

New York Independent System Operator, Inc.

cc: Michael Bardee  
Gregory Berson  
Anna Cochrane  
Michael Lee  
Morris Margolis  
David Morenoff  
Daniel Nowak  
Kathleen Schnorf  
Jamie Simler  
Kevin Siqveland

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<sup>4</sup> Attachment II to this filing letter.

<sup>5</sup> See 18 CFR §35.3(a)(1).

<sup>6</sup> Lagging reactive power capability must be tested or demonstrated between May 1 and October 31 of the year prior to the compensation year. Leading reactive power capability must be tested or demonstrated between January 1 and October 31 of the year prior to the compensation year.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 30<sup>th</sup> day of April, 2015.

*/s/ Joy A. Zimmerlin*

Joy A. Zimmerlin  
New York Independent System Operator, Inc.  
10 Krey Blvd.  
Rensselaer, NY 12144  
(518) 356-6207