

# STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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Internet Address: <http://www.dps.state.ny.us>

## PUBLIC SERVICE COMMISSION

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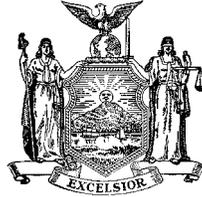
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*General Counsel*

JACLYN A. BRILLING

*Secretary*

March 13, 2006

Honorable Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Room 1-A209  
Washington, D.C. 20426

Re: Docket No. EL06-57-000 - New York Independent  
System Operator, Inc.

Dear Secretary Salas:

For filing, please find the Notice of Intervention and Comments of the New York State Public Service Commission in the above-entitled proceedings. Should you have any questions, please feel free to contact me at (518) 473-8178.

Very truly yours,

David G. Drexler  
Assistant Counsel

Attachment

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System            )    Docket No. EL06-57-000  
Operator, Inc.                            )

**NOTICE OF INTERVENTION AND COMMENTS  
OF THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NEW YORK**

**INTRODUCTION**

On March 3, 2006, the New York Independent System Operator, Inc. (NYISO) filed a request with the Federal Energy Regulatory Commission (FERC or Commission) to extend the current rate for compensating suppliers of Voltage Support Service (VSS).<sup>1</sup> Given that this rate, which is only intended as an interim measure, is set to expire on April 4, 2006, the NYISO requests extension of the rate, subject to refund, so that an independent consultant may conduct a study to ascertain a comprehensive and permanent VSS rate and rate methodology. The NYISO plans to submit the results of the study to FERC for consideration in determining a just and reasonable rate for VSS.

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<sup>1</sup> Voltage Support Service is an essential ancillary service for maintaining reliability of the bulk power system, and is commonly referred to as reactive power supply service.

The New York State Public Service Commission (NYPSC) hereby submits its Notice of Intervention and comments pursuant to the Notice of Filing issued on March 3, 2006, and Rule 214 of the Commission's Rules of Practice and Procedure. Copies of all correspondence and pleadings should be addressed to:

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#### **DISCUSSION**

The NYPSC supports the NYISO's request to extend the current rate for supplying VSS, which is a necessary ancillary service to ensure reliability, while a study is conducted to determine a detailed rate methodology for compensating VSS suppliers. In approving a previous request to extend this rate, the Commission indicated that, "without extending NYISO's currently-effective rate, NYISO would not have a rate for VSS in effect, and voltage supply service is a required ancillary service for which parties providing the service must be compensated."<sup>2</sup> For the same reasons, the Commission should approve the NYISO's proposal to further extend the current rate

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<sup>2</sup> New York Independent System Operator, Inc., Order Accepting and Suspending Tariff Sheets and Referring Proceeding to Dispute Resolution Service, 113 FERC ¶61,340 (issued December 30, 2005).

for VSS, and make the rate effective on a temporary basis, subject to refund.

We expect to work closely with the NYISO to develop an appropriate scope of work for the study that addresses the reliable and efficient use of New York's transmission system. At a minimum, the study should consider: 1) actual VSS system needs; 2) an approach to meeting VSS needs in an efficient and least-cost manner; 3) whether there should be a location-specific payment methodology; 4) the Volt-Ampere Reactive (VAR) needs of both the transmission system and loads as a basis for allocating costs; and, 5) whether a load power factor requirement would be appropriate.

Respectfully submitted,

Dawn Jablonski Ryman  
General Counsel

By: David G. Drexler  
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of the State of New York  
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Dated: March 13, 2006  
Albany, New York

CERTIFICATE OF SERVICE

I, Leann Ayer, do hereby certify that I will serve on March 13, 2006, the foregoing Notice of Intervention and Comments of the Public Service Commission of the State of New York upon each of the parties of record, indicated on the official service list compiled by the Secretary in this proceeding.

Date: March 13, 2006  
Albany, New York

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Leann Ayer