
Exemption Application

FOR IESO USE ONLY

Exemption ID #: _____

Date Received: _____

Submit this form by e-mail to: exemptions@ieso.ca

Subject: Exemption Application

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *market rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the appropriate confidentiality level upon receipt.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *market rules*.

PART 1 – EXEMPTION APPLICANT - GENERAL INFORMATION

Organization Name: Five Nations Energy Inc.

Market Participant/Metering Service Provider No. IESO Help Centre (IHC) Ticket No.
(if applicable): _____ (if applicable): _____

Date: September 4 2008

Address: 70-C Mountjoy St N Suite 421

City/Town: Timmins Province/State: On.

Postal/Zip Code: P4N 4V7 Country: Canada

Fax No.: 705 268-0071

Email Address: jsucee@fivenations.ca

Main Contact

Name: John Sucee

Telephone No.: 705 268-0056 Fax No.: 705 268-0071

E-mail Address: jsucee@fivenations.ca

Web Site (URL): www.fivenations.ca

PART 1 – EXEMPTION APPLICANT - GENERAL INFORMATION

Alternative Contact

Name: Larry Brooksbank

Telephone No.: 705 737-9170

Fax No.: 705 737-9283

E-mail Address: ljbrooksbank@sympatico.ca

PART 2 – INFORMATION ABOUT THE EXEMPTION APPLICATION

1. Is this *exemption application* being submitted for existing *facilities* or equipment prior to *market commencement date* pursuant to Section 1.5.1 of the *Exemption Application* and Assessment Procedure?

☐ Yes ☒ No

2. Please specify the duration for which you would like the *exemption* granted in days, months or years:

Lifetime of the 115 kV transformers at the Kashechewan FNEI Station

Please cite the *Market Rules* section number(s) to which this *Exemption Application* relates:

Please cite policy, standard or procedure to which this *Exemption Application* relates (including section number(s)):

Market Rules Baseline 14.0 Chapter 4

Under frequency load shedding

Appendix 4.4 Item 8 and Appendix 4.4

item 3, & Chapter 5, Section 10.4 and

Voltage reduction

Sect 10.3

PART 3 – REQUEST FOR AN INTERLOCUTORY INTERIM EXEMPTION

- ☒ The *exemption applicant* does not request an interim *exemption* pursuant to Section 1.6.2 of the *Exemption Application* and Assessment Procedure.

OR

- ☐ The *exemption applicant* requests an interim *exemption* pursuant to Section 1.6.2 of the *Exemption Application* and Assessment Procedure staying the *exemption applicant's* obligation to comply with the following *Market Rules* Section Number(s) pending the Panel's final decision.

_____	_____
_____	_____
_____	_____
_____	_____

The *IESO* recommends that the exemption applicant contact the *IESO's* Market Assessment and Compliance Division regarding the compliance and enforcement measures the *IESO* intends to take pending the hearing of the *exemption* as in some cases it may not be necessary for the *exemption applicant* to seek an interim *exemption*.

PART 4 – SUBMISSIONS IN SUPPORT OF EXEMPTION APPLICATION

Attach an *exemption applicant's* plan detailing:

- The manner and time within which the *exemption applicant* will become compliant;
- The manner in which the *exemption applicant* proposes to modify its equipment or *facilities* or otherwise conduct its operations during the period of time for which the *exemption* would be in effect; and
- The *exemption applicant's* estimate of any costs that may be imposed on the *IESO* or on other *Market Participants*, if the *exemption* were granted.

PART 4 – SUBMISSIONS IN SUPPORT OF EXEMPTION APPLICATION

The following submissions must be included, either below or as attachments:

- a) For *exemption applications* submitted prior to market opening for *facilities/equipment* in operation before or on April 17, 2000 and relating to the technical requirements of *Market Rules* contained in Appendix 2.2 (other than those for participant workstations or *dispatch workstations*), Chapter 4 (other than Sections 6.1.5 to 6.1.21), or the technical requirements set forth in Section 12 of Chapter 5:
- The *exemption applicant's* assessment as to whether or not the *exemption*, if granted would materially:
 - Impact the ability of the *IESO* to direct the operations and maintain the *reliability* of the *IESO-controlled grid*;
 - Affect the ability of the *IESO* to operate the *IESO-administered markets* in an efficient, competitive and reliable manner.
 - The *exemption applicant's* assessment of whether the cost or delay to the *exemption applicant* of complying with the obligation or standard to which the *exemption application* relates is reasonable, having regard to the nature of the obligation or standard, the nature of the *exemption application* and the anticipated impact of non-compliance by the *exemption applicant* in terms of the elements referred to above.
- b) Additionally, for all other *exemption applications*:
- The *exemption applicant's* assessment as to whether or not the *exemption*, if granted would materially:
 - Impact the ability of the *IESO* to ensure non-discriminatory access to the *IESO-controlled grid*;
 - Increase costs of *market participants*; or
 - Increase costs of the *IESO*;
 - An assessment of whether the *exemption* would, if granted, give the *exemption applicant* an undue preference in the *IESO-administered markets*;
 - Where the *exemption applicant* is the *IESO*, identification of the benefit to *Market Participants* of compliance with the obligation or standard to which the *exemption application* relates relative to the financial and other resources required to achieve compliance within such deadlines as may be applicable;
 - Where the *exemption applicant* is the *IESO*, the manner in which it proposes to operate the *IESO-administered markets* or direct the operations and maintain the *reliability* of the *IESO-controlled grid* during the period in which the *exemption* would be in effect;
 - Identification as to whether the *facility* or equipment that is the subject-matter of the *exemption application*:
 - Was in service or was returned to service on the date on which the obligation or standard to which the *exemption application* relates came into force;
 - Was ordered by the *exemption applicant* on or prior to the date on which the obligation or standard to which the *exemption application* relates came into force; or

PART 4 – SUBMISSIONS IN SUPPORT OF EXEMPTION APPLICATION

- Was in the process of construction on or prior to the date on which the obligation or standard to which the *exemption application* relates came into force, and;
 - An assessment of the capability of the owner of the *facility* to operate the *facility* consistent with the terms of the proposed *exemption*.
- c) Additionally, for *exemption applications* requesting an interlocutory *interim exemption* pursuant to Section 1.6.2 of the *Exemption Application* and Assessment Procedure:
- The *exemption applicant's* reasons for requesting an interim *exemption*, including the *exemption applicant's* assessment regarding:
 - The type and degree of harm the *exemption applicant* will suffer if the interim *exemption* is not granted; and
 - how the interim *exemption* would impact the public interest.

Five Nations Energy Inc Application Rationale:

FNEI seeks an exemption similar to that granted in April 2002 Application # 01-1155 and Application Exemption # 1326 (subsequently withdrawn Sept 15 2006 after review by IESO) regarding automatic under frequency load shedding and voltage reduction.

In 1998/99, Five Nations Energy Inc. initiated a project to provide a grid connection to 3 communities on the west coast of James Bay and allow them eliminate their reliance on more expensive and environmentally less efficient diesel powered generation. Five Nations Energy Inc. own and operate 190 km of HV line (nominal voltage 138 Kv) 2 x 138 Kv /8.32 kv stations and 1 x 138 kv / 4.16 kv station. Each station is 10 mva capability but with winter peak loads of < 3 mva each and summer peak loads of < 1 mva each , supplying the communities of Fort Albany, Kashechewan and Attawapiskat thru their respective local distribution companies. The line is connected at Moosonee to the provincial grid. Hydro One has ownership of the new Moosonee Switching Station and 80 km of the HV line. The total length of line is 270 km. The circuit ,M3K, has a 138 kv circuit breaker at the Moosonee Switching Station to isolate the circuit from the Moosonee circuits T7M and future T8M . A second 138 Kv breaker is north of Kashechewan TS supplying the Attawapiskat TS. This breaker isolates the M3K portion of the line from Kashechewan to Attawapiskat TS . As well, in the near future , FNEI anticipates that the Victor Mine modifications will be commissioned , creating a 2nd & parallel 132 Kv circuit (to be owned by FNEI) between Moosonee SS & Kashechewan.

The facilities , as designed and installed are not capable of providing under frequency load shedding and voltage reductions of 3% and 5%. The existing transformer is off load tap changers and there are shunt reactors at Moosonee SS ; Fort Albany TS , Kashechewan TS and Attawapiskat TS .

In 2002 , FNEI was granted an exemption (application # 01-1155) for the facilities placed in service in 2001 and 2003. FNEI now plans to energize a 2nd transformer to be placed in the Kashechewan station. This will be a new transformer , but must match the design characteristics of the existing Kashechewan transformer installed in 2000. The new spare transformer at Kashechewan TS will be connected and be on potential to provide added security of supply. In an emergency or planned interruption affecting one of the 2 Kashechewan transformers in the future , the ability to briefly operate in parallel the new and existing transformer will not affect the power supply to the community.

Five Nations Energy Inc. seeks an exemption regarding the requirements of providing under

PART 4 – SUBMISSIONS IN SUPPORT OF EXEMPTION APPLICATION

frequency load shedding facilities and voltage reduction facilities as:

- there would be no impact by our facilities on the IESO controlled grid
- the remoteness of these facilities and the need to operate equipment off load would not allow for the effective application of manually providing voltage reduction
- the operation of the needed shunt reactors is not compatible with voltage reduction facilities
- the community total load is quite low in the summer (1Mw) and slightly greater in winter, approx 2.2 Mw) both of which would be negligible in its contribution to the system loads across Ontario
- the cost of establishing UFLS and automatic voltage reduction capability would mean replacement of existing transformer and protections in Kashechewan , estimated to cost > \$1,500,000 due to the remoteness of the stations.

Compliance with the Sections 7.1.2 & 7.1.3 of the FNEI IESO Operating Agreement would significantly impact the costs of the project and negatively affect the operating benefit for energizing the spare transformer. For similar reasons , exemption 01-1155 was granted for the FNEI Fort Albany and Attawapiskat stations and re-affirmed in September 2006 when FNEI applied to energize a spare transformer each at Fort Albany & Attawapiskat .

There is no impact on the IESO if the exemptions were approved.

In seeking this exemption, Five Nations Energy Inc. understands that such exemptions are at the discretion of the Independent Directors of the IESO Board of Directors, and they may refuse to grant one or both exemptions ; or only on such terms and conditions that may not be acceptable to Five Nations Energy Inc.(FNEI)

If the exemption is granted, FNEI will comply with any terms and conditions imposed thereon by the Independent Directors.

PART 5 – SUPPORTING DOCUMENTATION TO BE ATTACHED BY EXEMPTION APPLICANT

Please list below all supporting documents attached to this *exemption application*.

1. *Exemption Applicant's Plan* (must be attached)

PART 5 – SUPPORTING DOCUMENTATION TO BE ATTACHED BY EXEMPTION APPLICANT

2. Exemption Approval
3. IMO 01 -1155 Exemption Approval letter April 11 2002
4. IESO E mail Sept 14 2006 Exemption 01-1155 applies to Application 1326
- 5.

PART 6 – CERTIFICATION

The *exemption applicant* hereby declares that the information contained in and submitted in support of this document is, to the best of the *exemption applicant's* knowledge, complete and accurate.

John Sucee _____

Name

Operations Manager _____

Title

PART 7 – CONFIDENTIALITY

- ☒ The *exemption applicant* agrees that information on this application may be posted in its entirety on the IESO Web site in accordance with the provisions of the *Exemption Application* and Assessment Procedure

OR

- ☐ The *exemption applicant* claims confidentiality over parts of the *Exemption Application* in accordance with Section 1.6.4 of the *Exemption Application* and Assessment Procedure. Parts of this *Exemption Application* over which confidentiality is claimed are highlighted. The balance of the information on this *exemption application* may be posted on the *IESO* Web site.

John Sucee _____

Name

Operations Manager _____

Title