



IESO Staff Recommendation to Panel on Exemption Application (General)

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 – GENERAL INFORMATION

Market Participant Name: Namewaminikan Hydro Inc.

Location/Site: Namewaminikan Hydroelectric Project

Exemption Application ID: 1335

Market Participant ID:

Description of Exemption Requested: Reactive Power Capability

Date Exemption Application Received: February 17, 2009

Date all relevant application information supplied by exemption applicant: February 17, 2009

Management Approvals Obtained: Yes No

Are there any outstanding disputes, compliance actions, or pending *market rule* amendments involving the subject matter of this *exemption application*? Yes No

Are there any outstanding disputes, compliance actions, or pending *market rule* amendments involving the *exemption applicant*? Yes No

Section of the Exemption Application and Assessment Procedure under which the exemption application is made:

- Section 1.4.1 "Application for Exemption – General"

Market Rule(s) or related Market Manual(s) from which exemption is requested (copy of Market Rule(s) or Market Manual(s) attached): Chapter 4, Appendix 4.2, Reference 1

Third Party Submissions Received: Yes No

Supplemental Assessment Information Attached: Yes No

PART 1 – GENERAL INFORMATION

Related Historical *Exemption Application(s)* or Related *Exemption Application(s)* in Process:

Yes No

Note: If YES, list History of *Exemption Applications*:

Role of *exemption applicant* in the market as it relates to this *exemption application*: Generator

PART 2 – RECOMMENDATION

Recommendation: Grant the exemption without conditions.

Criteria Used in Assessment of General Exemption Applications (Section 1.4.2 of Exemption Application and Assessment Procedure):

(If X appears in a box, the criterion is applicable to this *exemption application* and is evaluated in Part 3 - Details of Assessment; if X does not appear in a box, the criterion is not applicable to this *exemption application*.)

Whether the *exemption* that is the subject-matter of the *exemption application* would, if granted, materially: **[All criteria in the section below are considered to have no material impact and, as such are not selected]**

- impact the ability of the *IESO* to direct the operations and maintain the *reliability* of the *IESO-controlled grid*;
- impact the ability of the *IESO* to ensure non-discriminatory access to the *IESO-controlled grid*;
- affect the ability of the *IESO* to operate the *IESO-administered markets* in an efficient, competitive, and reliable manner;
- increase costs of *market participants*; or
- increase costs of the *IESO*;

Whether the *exemption* that is the subject-matter of the *exemption application* would, if granted, give the *exemption applicant* an undue preference in the *IESO-administered markets*;

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;

PART 2 – RECOMMENDATION

The adequacy of the <i>exemption</i> plan submitted by the <i>exemption applicant</i> ;	<input type="checkbox"/>
Where the <i>exemption applicant</i> is the <i>IESO</i> , the identification of the benefit to <i>market participants</i> of compliance with the obligation or standard relative to the financial and other resources required to achieve compliance within such deadlines as may be applicable;	<input type="checkbox"/>
Where the <i>exemption applicant</i> is the <i>IESO</i> , the manner in which it proposes to operate in the <i>IESO-administered markets</i> or direct the operations and maintain the <i>reliability</i> of the <i>IESO-controlled grid</i> during the period in which the <i>exemption</i> would be in effect;	<input type="checkbox"/>
Whether the <i>facility</i> or equipment that is the subject-matter of the <i>exemption application</i> :	
• was in service or was returned to service on the date on which the obligation or standard to which the <i>exemption</i> application relates came into force;	<input type="checkbox"/>
• was ordered by the <i>exemption applicant</i> on or prior to the date on which the obligation or standard to which the <i>exemption application</i> relates came into force; or	<input type="checkbox"/>
• was in the process of construction on or prior to the date on which the obligation or standard to which the <i>exemption application</i> relates came into force; and	<input type="checkbox"/>
The capability of the owner of the <i>facility</i> to operate the <i>facility</i> consistent with the terms of the proposed <i>exemption</i> .	<input type="checkbox"/>

PART 3 – DETAILS OF ASSESSMENT

<p>SUMMARY:</p> <p>1. Exemption Request:</p> <p>Namewaminikan Hydro Inc. is requesting an exemption from the requirement of having reactive power capability, as specified in Market Rule, Chapter 4, Appendix 4.2, Reference 1, for their</p>
--

PART 3 – DETAILS OF ASSESSMENT

Namewaminikan Hydroelectric Project. The request is for the exemption to be for the lifetime of the facility.

2. Market Rule Requirements:

Chapter 4, Appendix 4.2, Reference 1, requires that a generator ensure that its synchronous generation unit has the capability to supply reactive power at its terminal within the range of 90% lagging and 95% leading power factor based on rated active power at rated voltage.

3. Background

Namewaminikan Hydro Inc. is proposing to develop two run-of-the river hydroelectric generating facilities, namely Long Rapids GS (Lower Namewaminikan river site) and Twin Falls GS (Upper Namewaminikan river site) in the town of Beardmore area in Northwest Ontario. The installed generating capacity at the Lower site will be 6.2 MVA. The Upper site will have the installed capacity of 5 MVA totalling the nameplate capacity of both sites to be 11.2 MVA (10MW). The power output of both facilities will be transferred via 34.5 kV system and injected into the existing Alexander SS 115 kV radial circuit A4L in the proximity of the existing Beardmore Distribution Station #2.

This development project is classified under the Ontario Power Authority's (OPA) Northern Hydroelectric Initiative. The earliest expected in service day for the proposed facilities is the end of 2009.

The System Impact Assessment (SIA) examined the impact of connecting the Namewaminikan River Plants (NRP) on the reliability of the IESO grid.

ASSESSMENT:

Long Rapids GS and Twin Falls GS, also known as the Namewaminikan river plants (NRP) are capable of providing a reactive power range of (2.6 MVar, -3.3 MVar) at the point of connection to the IESO-controlled grid as compared to the required range of (3.5 MVar, -3.3 MVar). The System Impact Assessment determined that, because the NRP is a dynamic reactive power source, it would improve voltage performance of the local area that the NRP would connect to. The shortfall of 0.9 MVar of reactive power would not materially impact the reliable operation of the IESO-controlled grid. Thus it is concluded that allowing the NRP to connect would not materially impact the ability of the IESO to direct the operations and maintain the reliability of the IESO-controlled grid.

Despite its inability to provide all of the required 3.5 MVar of reactive power, it would improve the voltage performance of the local area it would be connected to. This exemption would not, if granted increase costs of market participants or increase costs of the IESO.

Furthermore, the granting of this exemption would not impact the ability of the IESO to ensure non-discriminatory access to the IESO-controlled grid.

PART 3 – DETAILS OF ASSESSMENT

RECOMMENDATION:

It is recommended that the exemption for reactive power capability be granted for the lifetime of the Namewaminikan river plants.

PART 4 – TERMS AND CONDITIONS

Effective Date of Exemption (or event causing <i>exemption</i> to become effective)	February 17, 2009
Date of Expiration of Exemption <ul style="list-style-type: none"> • If greater than 5 years, the Panel must be satisfied that the circumstances justify a later date. • Circumstances which will cause the <i>exemption</i> to immediately expire. 	Date of expiration is at the end of the life of the equipment None
Market Rule(s) or related Market Manual(s) from which the <i>Exemption</i> is granted.	Chapter 4, Appendix 4.2, Reference 1
Restrictions on the manner of operation and/or additional obligations to be met during the term of the Exemption, if any.	Namewaminikan Hydro Inc. is required to meet the requirements listed in the System Impact Assessment (SIA)
Monitoring Information Required Information required to be provided by the <i>exemption applicant</i> for	None

PART 4 – TERMS AND CONDITIONS

monitoring by the <i>IESO</i> .	
Payment of Costs <ul style="list-style-type: none"> • Processing Costs (when introduced) • Incremental <i>Exemption</i> Costs • <i>Settlement amounts</i> to be withheld or repaid. 	None
Reconsideration/Removal <ul style="list-style-type: none"> • Date on which the <i>exemption</i> will be reconsidered (if applicable). • Circumstances under which the <i>exemption</i> will be reconsidered (if applicable) other than unforeseen future change in circumstances. 	All assessments and the IESO recommendation for this exemption were based on the technical specifications outlined in Namewaminikan Hydro Inc.'s application. Deviation from those specifications will result in the reconsideration of this exemption.
Transferability <ul style="list-style-type: none"> • List the terms and conditions that need to be met to allow for a transfer of this <i>exemption</i> to be approved by <i>IESO</i> staff. 	<p>Approval to transfer this exemption may occur once the following criteria have been met:</p> <ol style="list-style-type: none"> 1. the transfer meets applicable terms and conditions set forth in the exemption itself and whether the transfer would affect the ability of the proposed transferee to comply with all of the terms and conditions of the exemption; and 2. the proposed transferee is a market participant or undertakes in writing to the IESO to apply for authorization as a market participant.
Other:	None