



Decision of the Independent Panel – Exemption Application 1363

Part 1 – Panel Members

Panel Members hearing the application: Robert Wong, Fiona Oliver-Glasford

Part 2 – General Information

1. Exemption Application ID: 1363
2. Market Participant Name: Hydro One Networks Inc. (“Hydro One” or the “Applicant”)
3. Location/Site: Windsor NextStar Transformer Station (“WNS TS”)
4. Role of Applicant in the market as it pertains to this Exemption Application: Connection Applicant, Transmitter
5. Date Exemption Application Heard: January 31, 2024
6. Did Exemption Applicant agree to Terms and Conditions of the IESO Staff Recommendation: Yes
7. Market Rule(s) or Related Market Manual(s) from which the exemption is requested: Section 7.1 and 7.2 of the Ontario Resource and Transmission Assessment Criteria (ORTAC) Market Manual
8. Material Reviewed: a) IESO Staff Presentation b) Hydro One Exemption Application c) Hydro One Additional Submission d) IESO Staff Recommendation

9. Applicant's Position: Hydro One stated that the Exemption Application is required to allow the establishment of load stations at the Windsor NextStar Transformer Station and for load to be incorporated during the system upgrades.

10. IESO Staff Recommendation:

IESO Staff recommends that the exemption from the load security criteria (section 7.1 in ORTAC) and the load restoration criteria (section 7.2 in ORTAC) which allows up to 150 MW of load awaiting grid supply to be connected to WNS TS before the required system upgrades referred to below come into service, be granted.

The recommendation subsists until system upgrades in the form of the two 230 kV transmission circuits from Chatham Switching Station (SS) to Lakeshore TS, and two 230 kV transmission circuits from Lambton TS to Chatham SS come into service. These new facilities are scheduled to be in-service by Q4, 2025 and Q4, 2028, respectively. Until this time, Hydro One has ensured that its affected customers understand they will be connected at a lower level of reliability than normally prescribed by ORTAC as a result of this exemption.

Part 3 – Decision

Decision:

Exemption 1363 is granted to Hydro One subject to the terms and conditions set forth below.

Part 4 – Reasons

Reasons of the Panel:

Compliance with the Market Rules for transmitters and wholesale consumers is mandatory. However, it is possible for the IESO to grant an exemption from the Market Manuals on a discretionary and case-by-case basis.

In rendering the decision, the Panel considered the materials submitted by the IESO and the Exemption Applicant as well as the applicable Market Manual requirements. In consideration of the Exemption Application, the Panel specifically considered the following points:

- the IESO's ability to direct operations and maintain the reliability of the IESO-controlled grid;
- the ability of the IESO to ensure non-discriminatory access to the IESO-controlled grid;
- the ability of the IESO to operate the IESO-administered markets in an efficient, competitive, and reliable manner;
- whether it would increase costs of the IESO or Market Participants;
- 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;

- the adequacy of the Exemption Plan submitted by the exemption applicant; and
- the capability of the owner of the facility to operate the facility consistent with the terms of the proposed exemption.

The rationale contained in the Exemption Application, Hydro One's Additional Submission and the IESO Staff Recommendation related to the preceding points satisfied the Panel for granting the exemption. The IESO has been advised by Hydro One that the affected customers have been informed of the potential for lower reliability and restoration timelines.

Part 5 – Terms and Conditions

<p>Effective Date of Exemption (or event causing exemption to become effective)</p>	<p>Upon approval by the Panel appointed by the Chair of the IESO Board of Directors.</p>
<p>Date of Expiration of Exemption</p> <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 exemption to immediately expire 	<p>December 31st, 2028</p> <p>System upgrades in the form of the two 230 kV transmission circuits from Chatham SS to Lakeshore SS, and the two 230 kV transmission circuits from Lambton TS to Chatham SS come in-service by Q4, 2025 and Q4, 2028, respectively.</p>
<p>Market Rule(s) or related Market Manual(s) from which the Exemption is granted</p>	<p>Sections 7.1 and 7.2 in ORTAC</p>
<p>Restrictions on the manner of operation and/or additional obligations to be met during the term of the Exemption, if any</p>	<ul style="list-style-type: none"> • Planned outages to transmission elements connected to Chatham SS, Lakeshore TS, Keith TS and Lauzon TS will be coordinated or avoided to mitigate the need for load curtailment and rejection at WNS TS. • Transmission elements connected to Chatham SS, Lakeshore TS, Keith TS and Lauzon TS will be restored within the timeframe requested by the IESO, to mitigate the need for load curtailment and rejection at WNS TS. • Thermal ratings higher than the existing ones will be used for L28C and L29C to mitigate the need for load curtailment and rejection at WNS TS. • Pre-contingency load curtailment during C42H, C43H, C64H, C65H, L28C, L29C, W44LC, W45LS, S47C, J5D or Brighton Beach CGS outages, and post-contingency load rejection for all WNS TS load must be allowed to maintain system reliability. • WNS TS load will not be allowed to submit bids to the energy markets.

<p>Monitoring Information Required</p> <p>Information required to be provided by the exemption applicant for monitoring by the IESO</p>	<p>Provide confidential project status update every six months to the IESO starting from the effective date of the exemption for the two 230 kV transmission circuits from Chatham SS to Lakeshore SS, and the two 230 kV transmission circuits from Lambton TS to Chatham SS projects.</p>
<p>Payment of Costs</p> <ul style="list-style-type: none"> • Processing costs (when introduced) • Incremental exemption costs • Settlement amounts to be withheld or repaid 	<p>N/A</p>
<p>Reconsideration/Removal</p> <ul style="list-style-type: none"> • Date on which the exemption will be reconsidered (if applicable) • Circumstances under which the exemption will be reconsidered (if applicable) other than unforeseen future change in circumstances 	<p>December 31st, 2028</p>
<p>Transferability</p> <ul style="list-style-type: none"> - List the terms and conditions that need to be met to allow for a transfer of this exemption to be approved by IESO staff - Transferability in respect of a corporation, refers to a change of control of the corporation within the meaning of the Business Corporations Act (Ontario) 	<p>This exemption is not transferable.</p>
<p>Other:</p>	<p>N/A</p>