

Exemption Application Form

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

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

Date Submitted to the IESO:	2025/06/18
Organization Name:	Hagersville Battery Storage Inc.
Address:	36 rue Lajeunesse
City/Town:	Kingsey Falls
Province:	Quebec
Postal/Zip Code:	J0A 1B0
Email Address:	marc.weatherill@boralex.com

Part 2 – Information About the Exemption Application

Please specify the duration for which you would like the exemption granted in days, months or years:	In line with Boralex's April 11th discussion with the IESO, we would like this exemption to be granted for as long as the IESO needs to conclude its analysis and studies of the disaggregation model (per Eduardo Buhain email sent April 3rd), plus the 24 months needed to implement our Exemption Plan, if necessary.
Please cite the <i>market rules</i> section number(s) or the <i>market manual</i> , policy, standard or procedure to which this <i>exemption application</i> relates:	Market Rules Chapter 6 (Wholesale Metering). Market Rules Chapter 9 (Settlements and Billing).

Part 3 – Type of Exemption Application Request

<input type="checkbox"/>	The <i>exemption applicant</i> requests an <i>exemption</i> pursuant to section 2.1 of Market Manual 2.2: Exemption Applications
OR	
<input checked="" type="checkbox"/>	The <i>exemption applicant</i> requests an interim <i>exemption</i> pursuant to section 2.2 of Market Manual 2.2: Exemption Applications staying the <i>exemption applicant's</i> obligation to comply with the following <i>market rules</i> listed in Part 2 of this form
<p>*The <i>IESO</i> recommends that the <i>exemption applicant</i> contact the <i>IESO's</i> Market Assessment and Compliance Division regarding the compliance and enforcement measures the <i>IESO</i> intends</p>	

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 – Supporting Documentation to be Attached by Exemption Applicant

The *exemption applicant* shall attach a 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.

Additionally, the criteria listed in section 3.2.4 of Market Manual 2.2: Exemption Applications should be considered and detailed in the *exemption applicant's* plan and as appropriate, supported by additional documentation.

1. *Exemption applicant's* plan (must be attached)

2. Click or tap here to enter text.

3. Click or tap here to enter text.

4. Click or tap here to enter text.

5. Click or tap here to enter text.

Part 5 – 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.

Christian Ducharme

Name

Title

Director, Hagersville Battery Storage Inc.

Part 6 – Confidentiality

- ☒ The *exemption applicant* agrees that information in this *exemption application* may be posted in its entirety on the *IESO* website

OR

- ☐ The *exemption applicant* claims confidentiality over parts of this *exemption application* in accordance with Section 1.3 of Market Manual 2.2: Exemption Applications. The parts of this *exemption application* over which confidentiality is claimed are highlighted. The balance of the information in this *exemption application* may be posted on the *IESO* website.



Applicant: Hagersville Battery Storage Inc. (“Hagersville BESS” or “the Project”)
Date: June 18, 2025
Subject: Exemption Application & Interim Exemption Request

Project Description

The Project is constructing a battery energy storage system (“BESS”) facility near the existing Hagersville Switching Station, owned by Hydro One, near the Town of Hagersville, Haldimand County, Ontario. The Hagersville BESS project capacity is 300 MW/1,200 MWh.

The Project has an expected Commercial Operation Date (“COD”) of October 1, 2025. The Project holds a contract with the IESO with a Milestone Date for Commercial Operation (“Milestone COD”) of May 31, 2026.

Summary of IESO Determination

The IESO Modeling group has determined that because there are four tie-breakers on its bus-bar, the Project must be modeled as having four resource pairs.

Because resources must be settled in the market as they are registered, the Project’s current metering arrangements (i.e. a single metering installation on the high-voltage side of the transformer) does not comply.

Based on this, the Project will need to change its metering design to comply with the IESO’s determination.

Exemption Plan¹

Description of Facility Modification

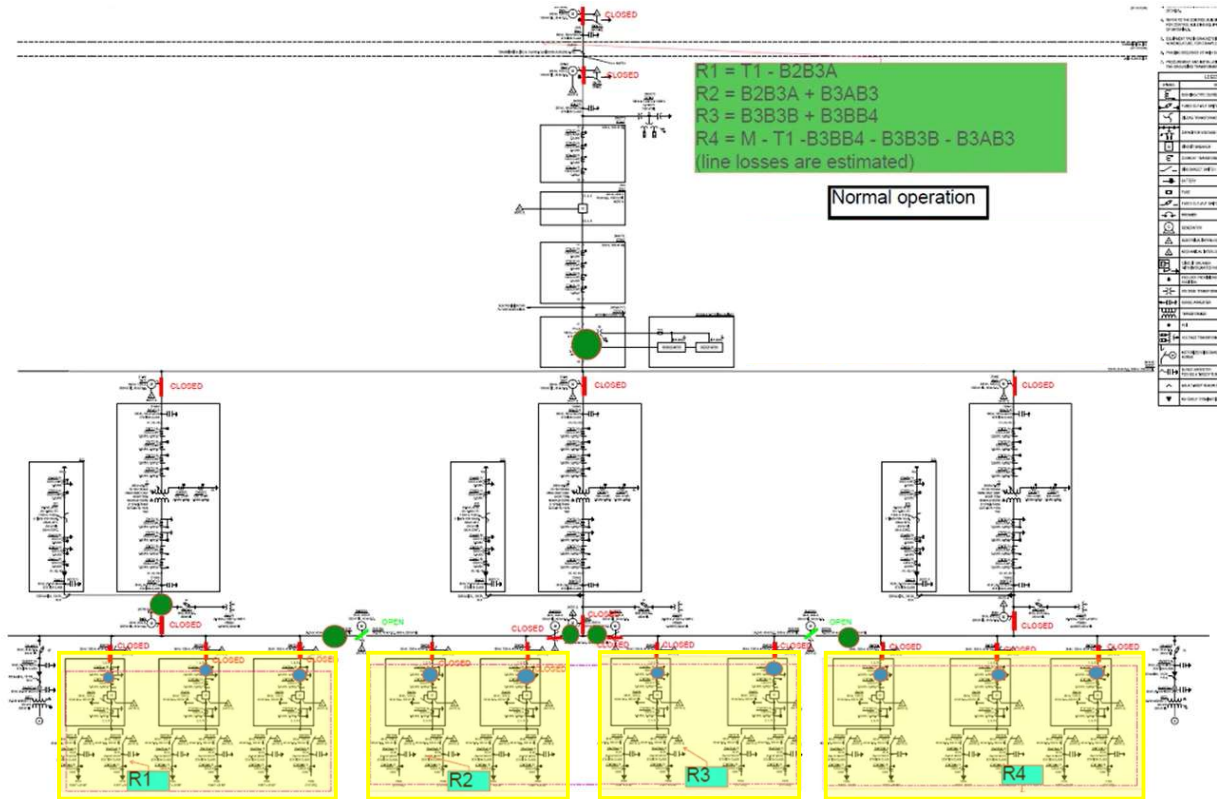
After consulting with the IESO’s Metering Registration and Integration team, the Project proposes to comply with the IESO’s determination by installing five additional Measurement Canada certified revenue meters at the low-voltage side of the project to allow measurement at the resource level.

Figure 1 is a copy of a design shared by the IESO. It shows the Project substation’s single-line diagram (SLD) under a “normal operation” scenario. Green circles represent revenue meters. The large green circle represents the Project’s original revenue meter at the high-voltage side. The five smaller green circles represent the additional meters that will be installed. The four resource pairs are indicated by the yellow boxes labeled “R1”, “R2”, etc.

This configuration will require the IESO to estimate line losses.

¹ Recognizing that the IESO is continuing to study this issue in the context of this Project and other BESS projects, if, at the conclusion of its study, the IESO determines that data disaggregation is not a viable solution, before this exemption plan is implemented, Boralex requests the opportunity to re-submit this plan.

Figure 1: Hagersville BESS SLD with Additional Meters



Estimated Costs to IESO or Other Market Participants

Boralex is not aware of any additional direct costs of this proposed interim exemption plan to the IESO or other market participants, however due to the timeframe to implement this modification (see next section) the project and the benefits it provides to the IESO and the IESO-operated power system will be delayed which may impose indirect costs.

Timeframe to Implement

It will take 24 months to implement this facility modification. This is based on the time needed to design this modification (including time needed to identify installation points on the existing equipment, and cabling to the control building), lead times to procure additional equipment (in particular the additional metering equipment, and possibly a second, separate control building if there is not enough space in the original building), installation (including decreased site capacity and/or shutdown during meter installation), and commissioning.

Criteria for Consideration

There are several criteria to consider while evaluating this application.

Impact on Applicant of Complying with Market Rule

Impacts to the Project of implementing this facility modification to comply with the IESO's determination will be both direct and indirect. Based on a preliminary concept, the direct financial impact is summarized in Table 1.

Table 1 : Estimated Direct Financial Costs

Cost Description	Quantity	Unit Cost	Total Cost
Meters	4	\$100,000	\$400,000
Engineering			\$75,000
Contingency (10%)			\$47,500
Total Cost			\$522,500

Indirect costs of complying will be significant. Assuming the facility modification is completed (and COD is achieved) in June 2027, the Project will lose the opportunity to earn approximately \$140 million in the same timeframe based on its expected October 1, 2025 COD. The majority of this would be unrecoverable due to lost Early COD Payment Multiplier revenues, as well as a shortened contract term due to not meeting the May 31, 2026 Milestone COD date.

Impact on IESO and Other Market Participants of Complying with Market Rule

Complying with the market rule will delay when the Project is able to begin operating, in turn delaying when the IESO and other market participants will be able benefit from the services it will provide to Ontario's electric power system.

Impact of Exemption on Ability of IESO to Maintain Reliability

Boralex is not aware of any impacts on the IESO's ability to direct the operations and maintain the reliability of the IESO-controlled grid if this interim exemption is granted.

Impact of Exemption on Ability of IESO to Ensure Non-Discriminatory Access

Boralex is not aware of any impacts on the IESO's ability to ensure non-discriminatory access to the IESO-controlled grid if this interim exemption is granted.

Impact of Exemption on Ability of IESO to Operate in an Efficient, Competitive, and Reliable Manner

Boralex is not aware of any impacts on the IESO's ability to operate the IESO-administered markets in an efficient, competitive, and reliable manner if this interim exemption is granted.

Impact of Exemption on Costs to IESO or Market Participants

Boralex is not aware of increase in costs to the IESO or other market participants if this interim exemption is granted.

Impact of Exemption on Providing Undue Preference to Applicant in IESO-Administered Markets

Boralex is not aware of any ways that it would be provided any undue preference in the IESO-administered markets if this interim exemption is granted.

Adequacy of Exemption Plan

This proposed exemption plan will provide more accurate data for the IESO and so will mitigate the consequences of non-compliance, however this improvement in accuracy will be small and should be considered in contrast with the significantly greater negative impacts of delaying the Project operation and the benefits it will provide to the IESO and the IESO-managed power system.

Capability to Ensure Facility Operates Consistent with Proposed Exemption Plan

Boralex has over 30 years' experience operating utility-scale energy projects, with over 1,000 MW of installed generating capacity in Canada, including four generation projects in the IESO-controlled grid. Boralex's projects are centrally controlled by its state-of-the-art control room located at its headquarters in Kingsey Falls, Quebec, set to comply with NERC CIP high impact rating in Q3 2025. The proposed exemption plan is well within Boralex's abilities to implement and operate as proposed.

Facility Status on Market Rule Effective Date

The IESO's interpretation of the market rules requiring multiple resource pairs for the Project was first communicated in a meeting held September 2024, less than one month before the IESO issued its final System Impact Assessment (SIA), and one month after the Project had completed its 90% design. In that meeting, Boralex advised that it was too late to make this change without delaying the Project COD. In a meeting in January 2025, the IESO advised that the Project could continue to use a single meter on the high-voltage side as an interim solution. In another meeting in March 2025, the IESO communicated that it had determined that the Project would need to be registered as four resources pairs, meaning its metering did not meet market rules and requirements. At this time, the Project was in construction and past when it would be possible to order, receive, and install additional revenue meters while still meeting the Project's COD.

Other Considerations

Boralex is committed to maintaining a strong, collaborative relationship with the IESO, supporting its priorities and objectives as it continues to manage the Ontario power system for now and the future. Understanding that maintaining system reliability is a primary need for the IESO, we believe that the proposed interim solution (described below) will satisfy this need while still enabling the IESO to benefit from the Project as soon as possible.

Request for Interim Exemption

Boralex requests that the IESO grant an interim exemption to stay the immediate application of the above exemption plan.

Basis for Interim Exemption

Boralex requests this interim exemption for three reasons.

1. Advanced state of project when notified by IESO

The IESO confirmed that the project must be modeled with four resources pairs in March 2025, five months after the IESO issued its final SIA and when construction was already well underway.

2. Significant consequences due to implementation time

As already described, Boralex estimates it will take 24 months to modify the Project to comply with the IESO's determination. This represents a significant delay to the Project's expected October 1, 2025 COD that would similarly delay the benefits the Project will provide to the IESO-managed power system and the market participants of that system, at odds with Section 2.3 (a) of the Project's contract with the IESO ("the Contract") that states "...time is of the essence to the Buyer with respect to attaining Commercial Operation of the Facility."

This delay would also result in a significant direct and indirect financial cost to Boralex due to lost additional revenues from the Early COD Payment Multiplier as described in Section 2.3 (b) of the Contract, as well as a shortened Contract term.

A delay of this length would also extend past the Milestone Date for Commercial Operation (May 31, 2026), possibly resulting in additional penalties being assessed by the IESO to the Project.

3. Ongoing IESO study of applicability of meter disaggregation to storage resources

Meter disaggregation was established before storage resources were a consideration. Before implementing the proposed facility modification described above, as part of the IESO's continuing efforts to integrate different types of resources, there is value in allowing time for the IESO to complete its ongoing study to determine whether disaggregation as applied to storage projects (not just generators) should be allowable and appropriate.

Description of Interim Solution

The Project can provide the required data from existing feeder protective relays (model SEL-751), enabling it to disaggregate the summary value provided by the single high-voltage revenue meter and allocate this proportionately across the four resource pairs.

Boralex will confirm the details of the IESO's data needs, then configure the Project's existing equipment to transmit this data to the IESO.

Estimated Costs to IESO or Other Market Participants

Boralex is not aware of any additional cost of this proposed interim exemption plan to the IESO or other market participants given that it relies on the Project's current equipment and data that align with existing IESO processes.

Time to Implement

With the IESO's collaboration, this interim plan can be implemented within 4 weeks' time assuming no hardware modifications are required, without affecting the Project's current timeline.

Factors for Consideration

When deciding on whether to approve this interim exemption request, there are several factors to be considered.

Public Interest

As shown by the IESO's decision to include the Early COD Payment Multiplier in its contract for the Project, approving this interim exemption will enable the Project to meet its expected (early) COD, allowing the IESO and the public that it serves to benefit from the Project operating as early as possible.

Preliminary Assessment of Decision-Making Criteria

Please refer to the above "Criteria for Consideration" section.

Type and Degree of Harm Suffered by Applicant if Interim Exemption Not Granted

As previously described, if the interim exemption is not granted, the Project COD will be delayed by 24 months, in which case the Project will suffer significant direct (\$0.5 million) and indirect (\$140 million) financial costs.

Balance of Convenience

The balance of convenience is in favour of granting this interim exemption request. As already stated, Boralex believes that the proposed interim solution will satisfy the IESO's needs while enabling it to benefit from the Project as soon as possible, while also allowing the Project to avoid the significant (and outsized) direct and indirect financial costs immediate compliance with the IESO determination will impose. Boralex nonetheless remains open to additional feedback and guidance from the IESO on how to improve the proposed interim solution.

<END>