

## **DECISION OF THE INDEPENDENT PANEL - Application No. 01-1135**

**Exemption Application:** Application No. 01-1135 made by Ontario Power Generation Inc. (OPGI) with respect to the Chats Falls generating station site.

**Panel Hearing the Application:** Carl Anderson and Carol Perry

**Date Application Heard:** February 7, 2002

**Market Rules from which Exemption is Requested:** Market Rule Chapter 5, Appendix 5.1, section 1.5.4.

The exemption is granted from Baseline 7.0, Chapter 5, Appendix 5.1, section 1.5.4.

**Decision:** The exemption is granted with conditions.

**Effective Date of the Exemption:** May 2, 2001, the date the exemption application was received.

**Conditions of the Exemption:** It is required that more than one unit at Chats Falls be made available for black start. In addition, the Chats Falls units are to be operated with a speed droop characteristic when called upon to black start an electrical island.

**Term of the Exemption:** The term of the exemption is for the lifetime of the equipment or such time as when less than 2 units are available to provide black start capability, whichever is sooner.

**Reconsideration of the Exemption:** The exemption is to be reconsidered if the IMO determines that an unforeseen change is required to the Ontario Power System Restoration Plan after market opening.

### **Reasons of the Panel**

Section 1.5.4 of Appendix 5.1 of Chapter 5 requires that a certified black start facility must be equipped with governors that are capable of operating in isochronous mode. The governors of the Chats Falls generating units do not have that capability.

In making our decision on the exemption application, we have considered the criteria set out in section 1.4. of the "Exemption Assessment and Application Procedure." We have used the criteria to assess the material put forward in the exemption application and IMO staff recommendation and are satisfied that the criteria have been adequately met.

Specifically, we are of the opinion that the granting of this exemption will not compromise the ability of the IMO to direct operations, maintain the reliability of the IMO-controlled grid, nor will it affect the ability of the IMO to operate in the IMO-administered markets in an efficient, competitive and reliable manner. The granting of the exemption will also not impact the ability of the IMO to provide non-discriminatory

access to the IMO-controlled grid, nor will it affect competition by giving an undue preference to the exemption applicant. Other black start providers with multi-unit stations for contract would be eligible to apply for a similar exemption.

On the issue of costs, we looked at the cost of compliance in comparison to the overall benefit of meeting the obligation set out in the market rule. We were also satisfied that the granting of this exemption would not place additional costs on the IMO or other market participants.

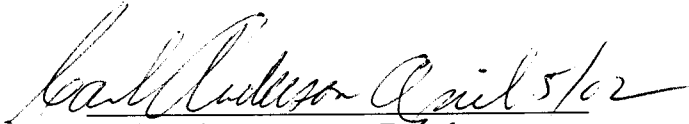
We have been advised that based on past experience the facilities have demonstrated their capability to sustain islanded load with adequate frequency and voltage regulation. IMO staff recommended the operation of at least two units at Chats Falls in parallel in order to provide adequate frequency control during black start. We have made that suggestion a term of the exemption. We have also made a term of the exemption the method by which the units are to operate during black start. Therefore granting this exemption would have minimal impact on IMO system restoration. It is on this basis that we are granting the exemption for the lifetime of the equipment, subject to the caveats listed above.

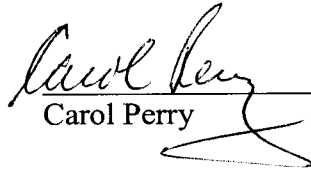
We took note of the fact that the exemption applicant had no comments on the IMO staff recommendation on the exemption application.

**Transfer:** Approval to transfer the exemption may occur once the following criteria have been met;

1. The transfer meets the applicable terms and conditions set forth in this exemption.
2. The transfer does not affect the ability of the proposed transferee to comply with all the terms and conditions of the exemption;
3. The proposed transferee is a market participant or undertakes in writing to the IMO to apply for authorization as a market participant;
4. The transfer of the exemption will not impact the timely implementation of the plan to become compliant with the exempted obligation (such plan may be the exemption plan, modified as required by the Panel as part of the terms and conditions of the exemption)
5. The transferee must also be designated as a restoration plan market participant and continue to meet the obligations of a restoration plan market participant.

We have added another criteria for transfer that we feel should be included in addition to the criteria recommended by IMO staff. We feel that it is crucial that any transferee be designated as a restoration plan market participant and be responsible for meeting the obligations of a restoration plan market participant.

  
Carl Anderson      Dated:

  
Carol Perry      Dated: April 5, 2002