

**DECISION OF THE INDEPENDENT PANEL - Application No. 01-1146**

**Exemption Application:** Application No. 01-1146 made by Iroquois Falls Power Corp. ("Iroquois Falls").

**Panel Hearing the Application:** Robert McGavin and Peter Jones

**Date Application Heard:** February 6, 2002

**Market Rules from which Exemption is Requested:** Baseline 6.6, Market Rule. Chapter 4, Appendix 4.15.

In reviewing Iroquois Falls' exemption application, IMO Staff determined that an exemption from Chapter 4, Appendix 4.19 was also required.

The exemption is granted from Baseline 7.0, Chapter 4, Appendices 4.15 and 4.19.

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

**Effective Date of the Exemption:** October 25, 2001, the date the relevant application information was supplied by the exemption applicant.

**Conditions of the Exemption:** Unit kilovolts (kV) will be provided by the market participant by telephone as required by the IMO.

**Term of the Exemption:** The term of the exemption is for the lifetime of the equipment or such time as Iroquois Falls is included in a Voltage Support Contract which requires kV quantity for participation and/or until such time as this quantity may be required for derivation or monitoring of reliability limits or Megavar dispatching, whichever is sooner.

**Reconsideration of the Exemption:** The exemption is to be reconsidered if kV quantities are used for deriving or monitoring reliability limits.

**Reasons of the Panel**

Iroquois Falls is classified as a major generation facility and therefore is required to provide unit voltage at high performance as set out in Appendices 4.15 and 4.19 of Chapter 4 of the Market Rules. The IMO requires that such voltage monitoring information be provided from market participants accurately and regularly in real-time in order to dispatch generation resources for voltage control, where this quantity is required to derive or monitor reliability limits as well as to monitor compliance of ancillary service Voltage Support Contracts. Currently the Voltage Support Contract does not require the use of kV quantities. It is acknowledged that this data is not available at this time. In the interim, MX readings are being provided and can be used to settle and monitor compliance with the Voltage Support Contract. We have determined that the

provision of kV quantities is not at this time required. However it may become a requirement as market requirements become more fully defined. We are therefore granting an exemption to Iroquois Falls from the outlined reporting requirement until such time as it may be required to provide such information for deriving or monitoring of the liability limits. Megavar dispatching for voltage control of the Iroquois Falls facility will be by telephone as required by the IMO.

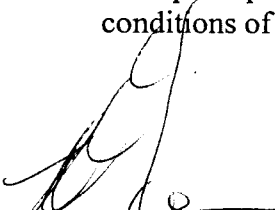
In making our decision on the exemption application we have considered the criteria set out in Section 1.5 of the "Exemption Assessment and Application Procedure." We have used the criteria to assess the material put forward in the exemption application and IMO Staff Recommendation and are satisfied that the criteria have been adequately met. Specifically we are of the opinion that granting this exemption will cause minimal impact to the operation of the IMO-controlled grid and IMO-administered market and we believe that reliability, efficiency and competitiveness will not be affected.

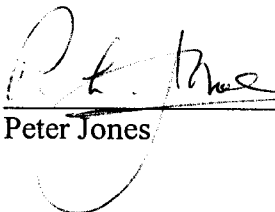
On the issue of cost we determined that the cost and delay to Iroquois Falls of complying with the exempted requirements is not warranted having regard to the nature of the obligation and minimal impact of the non-compliance.

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; and
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).

  
Robert McGavin      Date      April 30, 2002

  
Peter Jones      Date      May 3, 2002