

DECISION OF THE INDEPENDENT PANEL - Application No. 01-1155

Exemption Application: Application No. 01-1155 made by Five Nations Energy Inc. (Five Nations).

Panel Hearing the Application: James Baillie, Carl Anderson, Glenna Carr, John Grant, Peter Jones, Robert McGavin, and Carol Perry.

Date Application Heard: November 30, 2001

Market Rules from which Exemption is Requested: Market Rules Baseline 6.5, Chapter 4, Appendix 4.4 Item 8; and Appendix 4.4 Item 3, and Section 10.4 as they relate to automatic under-frequency load-shedding requirements only; and Chapter 5, Section 10.3 as it relates to voltage reduction only.

The exemption is granted from the Market Rules Baseline 6.6, Chapters and Sections as listed above.

Decision: The exemption is granted with conditions.

Effective Date of the Exemption: June 19, 2001, the date the exemption application was received.

Conditions of the Exemption: As a condition of the exemption, the exemption applicant;

- a) shall provide the IMO with the total load met by existing Five Nations' facilities when requested; and
- b) shall notify the IMO when the Five Nations' facilities undergo expansion or a new facility is connected.

Term of the Exemption: The term of the exemption is for the lifetime of the 115 kV transformers at these Five Nations stations.

Reconsideration of the Exemption: While we are prepared to grant the exemption, the exemption shall be reconsidered under the following circumstances;

1. The addition of any new transformer facilities to Five Nations existing or new connections;

2. The addition of any means to regulate distribution voltages under load at the Fort Albany, Kashechewan or Attawapiskat transformer stations; and
3. For the portion of this exemption concerning under-frequency load-shedding facilities, if the total expected and/or peak loading of all three transformer stations exceeds 15 MW.

Reasons of the Panel

This exemption applicant seeks relief from voltage reduction capability and automatic under-frequency load-shedding capability requirements contained in Chapter 4, Appendix 4.4 Item 8, Appendix 4.4 Item 3, Section 10.4 and Chapter 5, Section 10.3. The exemption applicant has requested an exemption for the lifetime of the equipment. We are prepared to grant this exemption subject to conditions. We are satisfied that the conditions of the exemption will be of assistance to the IMO.

Five Nations is restricted from achieving voltage reduction because of their current design and installation. We have been advised that the size of Five Nations demand is quite small. Overall impact on voltage reduction would be minimal based on historical data.

We recognize the importance of under-frequency load-shedding to address frequency decline and hold system frequency above the point at which generating stations would be removed. While we recognize that the installation of an under-frequency load-shedding facility would make a positive contribution, it would only result in a negligible improvement in performance during a disturbance in the under-frequency load-shedding area in which Five Nations is located.


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." Based on our review of the criteria, the material provided in the exemption application and the IMO staff recommendation, we are of the opinion that there will be no material impact on the ability of the IMO to direct the operations and maintain the reliability of the IMO-controlled grid. We have also considered the cost and delay to the exemption applicant of complying with the requirements and are satisfied that the exemption is warranted when the cost and potential impact of non-compliance are considered.

Transfer:

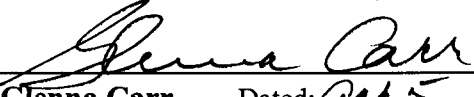
Approval to transfer the exemption may occur once all the following criteria have been met;


1. The transfer meets the applicable terms set forth in this exemption;

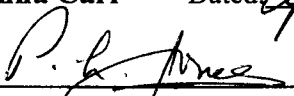
2. The transfer would not affect the ability of the proposed transferee to comply with all the terms and conditions of the exemption;
3. The proposed transferee is a market participant or undertakes in writing to the IMO to apply for authorization as a market participant.



James Bailie Dated: Apr. 5, 2002

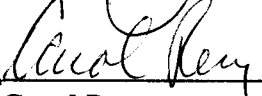

Carl Anderson Dated: Apr 5, 2002


Glenna Carr Dated: Apr 5, 2002


John Grant Dated: April 5, 2002


Peter Jones Dated: April 5, 2002


Robert McGavin Dated: April 5, 2002


Carol Perry Dated: April 5, 2002