

PART 1 – PANEL MEMBERS

Panel members hearing the Application: Cynthia Chaplin and Chris Henderson.

PART 2 – GENERAL INFORMATION

1. Exemption Application ID: #1352.
2. Market Participant Name: Yellow Falls Power Limited Partnership (“**Yellow Falls LP**” or, the “**Applicant**”)
3. Location/Site: Yellow Falls Generating Station.
4. Role of Applicant in the market as it relates to this Exemption Application: *Generator*.
5. Date Exemption Application Heard: February 25, 2019.
6. Did Applicant Agree to Terms and Conditions of the IESO Staff Recommendation: Yes.
7. Section of the *Exemption Application and Assessment Procedure* under which the Exemption Application is made: section 1.5.1.

Market Rule(s) or related Market Manual(s) from which exemption is requested: Chapter 4, Appendix 4.2, Categories 7: Excitation System, and 8: Power System Stabilizers.

8. Material Reviewed & Exemption Process:
 - a) Yellow Falls LP’s Exemption Application (and summary)
 - b) *IESO* Staff Recommendation
 - c) Applicable *market rules*
 - d) Exemption Application & Assessment Procedure
9. Applicant’s Position:

The Applicant takes the position that making the required alterations to the proposed generation equipment would require significant cost to Yellow Falls LP with limited benefit to the *IESO-controlled grid* according the *IESO* System Impact Assessment finding. The additional cost of installing static excitation systems instead of the proposed AC rotating systems is approximately

\$244,000 per unit for a total additional cost of \$488,000, plus a delay of six (6) to seven (7) months for design revisions/implementation which would result in a further loss of revenue. The additional cost and delay would amount to a significant reduction on project returns and would not be recoverable by the Applicant.

PART 3 – DECISION

Decision:

Exemption #1352 is issued to Yellow Falls LP subject to the terms and conditions set forth in the Reasons of the Panel below.

PART 4 – REASONS

Reasons of the Panel:

Compliance with the *market rules* for *generation facilities* is mandatory. However, when extenuating circumstances are present, it is possible for an *exemption* from the *market rules* to be granted. Exemption Orders are exceptional and are granted by an Exemption Panel on a discretionary and case-by-case basis.

In rendering our decision, we considered Yellow Falls LP's Exemption Application, the IESO Staff Recommendation, the Exemption Application and Assessment Procedure, the applicable *market rules* and the responses of IESO Staff to the issues and questions raised by us at the hearing of the Exemption Application concerning historical compliance, the prior knowledge of the *market rules* requirements by the Applicant, consistency with previous exemption decisions and the need for an *exemption* in this instance.

Yellow Falls LP's Exemption Application and the IESO Staff Recommendation satisfied us that granting the *exemption* would not increase costs to *market participants* or the IESO nor will the *exemption* affect the ability of the IESO to ensure non-discriminatory access to the IESO-controlled grid, direct the IESO-controlled grid in a reliable manner or operate the IESO-administered markets in an efficient, competitive and reliable manner.

Factors considered in granting this *exemption* are as follows:

- No material adverse *reliability* consequences due to the proposed excitation system were found in IESO assessments for the anticipated range of system conditions. This is in part due to the relatively small size and the particular location of these *generating units*.
- As *intermittent generators*, the *generating units* are not dispatchable and are therefore not eligible for *congestion management settlement credits* which would otherwise increase the

cost to the *IESO* and other *market participants*.

Therefore, the *exemption* is hereby granted for the lifetime of the *generation facility* without conditions other than as set forth in the *IESO* Staff Recommendation regarding Restrictions and Reconsideration.

It is imperative that the Applicant understands that this *exemption* may immediately expire upon the occurrence of any one or more of the items listed in the Reconsideration/Removal section in the *IESO* Staff Recommendation (also listed below), including if unforeseen changes to the power system near the *connection point* are deemed by the *IESO* to result in the subject matter of this *exemption* having material adverse effects on *reliability*. A reconsideration or removal of this exemption may require the Applicant to seek another exemption and/or update its *facility*, at its own cost, to come into compliance with the *market rules* that are the subject of this *exemption*. The Panel also wishes to emphasize the importance of Applicants to pre-emptively review and understand the relevant *market rules* requirements to the extent possible prior to developing their respective *facilities*.

Exemption Period

Under the circumstances, we are satisfied that an *exemption* for the life of the *facility* is justified as recommended by *IESO* Staff.

PART 5 – TERMS AND CONDITIONS

Effective Date of Exemption (or event causing exemption to become effective)	The date when and if the <i>exemption</i> is granted.
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Date of Expiration of Exemption <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>This exemption will expire at the end of the life of the equipment. This is likely to be longer than 5 years.</p> <p>The circumstances that will cause the exemption to immediately expire are described in the Reconsideration/Removal section, below.</p>
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Market Rule(s) or related Market Manual(s) from which the Exemption is granted	Chapter 4, Appendix 4.2, Categories 7: Excitation System, and 8: Power System Stabilizers
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Restrictions on the manner of operation and/or additional obligations to be met during the term of the Exemption, if any	The resource type of the subject <i>generation units</i> shall not be changed to dispatchable during the term of this <i>exemption</i> .
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Monitoring Information Required Information required to be provided by the Exemption Applicant for monitoring by the <i>IESO</i>	Monitoring requirements specified by the <i>IESO</i> during Market Entry process will be sufficient. The usual scope of performance validation testing and reporting during commissioning for units directly connected to the <i>IESO-controlled grid</i> will be sufficient.
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Payment of Costs <ul style="list-style-type: none">• Processing Costs (when	Not applicable.
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