



Decision of the Independent Panel Exemption Application #1356

PART 1 – PANEL MEMBERS

Panel members hearing the application: Steve Baker, Michael Bernstein, Patricia Koval, Joe Oliver

PART 2 – GENERAL INFORMATION

1. Exemption Application ID: #1356
2. Market Participant Name: Hydro One Inc. ("Hydro One" or, the "Applicant")
3. Location/Site: Manitouwadge TS
4. Role of Applicant in the market as it relates to this Exemption Application:
Transmitter
5. Date Exemption Application Heard: March 19, 2020
6. Did Applicant Agree to Terms and Conditions of the IESO Staff Recommendation:
Yes.
7. Market Rule(s) and related Market Manual(s) from which exemption is requested:
Chapter 4, Appendix 4.3, Category 1: Power Factor
8. Material Reviewed:
 - a) IESO Summary Memorandum
 - b) Hydro One exemption application
 - c) Hydro One additional submission
 - d) IESO Staff recommendation
 - e) Applicable market rules
9. Applicant's Position: Hydro One takes the position that making the alterations required to meet the *market rules* (i.e. installing a capacitor bank and associated breaker at Manitouwadge TS to provide reactive power compensation) would cost approximately \$1,000,000 and Hydro One has indicated that this is an unacceptable cost to Hornepayne Power Inc. and without the exemption the project to upgrade the *facility* will likely not proceed.

PART 3 – DECISION

Decision:

Exemption #1356 is issued to Hydro One subject to the terms of conditions set forth in the Reasons of the Panel below.

PART 4 – REASONS

Reasons of the Panel:

Compliance with the *market rules for transmitters* is mandatory. However, it is possible for the IESO to grant an *exemption* from the *market rules* on a discretionary and case-by-case basis if certain criteria are met.

In rendering the decision, the Panel considered the materials submitted by the IESO and the applicant as well as the applicable *market rule* requirements.

The Hydro One application, the IESO staff recommendation and the discussion with IESO staff during the Panel meeting satisfied the Panel that granting the *exemption* does not adversely impact the IESO’s ability to direct the operations and maintain the reliability of the *IESO-controlled grid*. The Panel enquired whether the *exemption* application raised issues of retroactivity or precedent and was provided assurances from IESO staff that there were no such issues.

Therefore, the exemption is granted for the lifetime of the allocated increased capacity of the generation facility.

PART 5 – TERMS AND CONDITIONS

<p>Effective Date of Exemption (or event causing exemption to become effective)</p>	<p>The date when and if the exemption is granted.</p>
<p>Date of Expiration of Exemption</p> <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>For the lifetime of the generator’s allocated 13 MW capacity</p>
<p>Market Rule(s) or related Market Manual(s) from which the Exemption is granted</p>	<p>Market Rules Chapter 4 – Appendix 4.3</p>

--	--

Restrictions on the manner of operation and/or additional obligations to be met during the term of the Exemption, if any	None.
Monitoring Information Required Information required to be provided by the Exemption Applicant for monitoring by the IESO	None.
Payment of Costs <ul style="list-style-type: none"> • Processing Costs (when introduced) • Incremental Exemption Costs • Settlement amounts to be withheld or repaid 	Not applicable.
Reconsideration/Removal <ul style="list-style-type: none"> • Date on which the Exemption will be reconsidered (if applicable) Circumstances under which the Exemption will be reconsidered (if applicable) other than unforeseen future change in circumstances	None.
Transferability <ul style="list-style-type: none"> • List the terms and conditions that need to be met to allow for a transfer of this exemption to be approved by IESO staff • Transferability in respect of a corporation, refers to a change of control of the corporation within the meaning of the Business Corporations Act (Ontario) 	None.
Other:	None.