



Power to Ontario.  
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## Exemption Application

### FOR IESO USE ONLY

Exemption ID #: \_\_\_\_\_

Date Received: \_\_\_\_\_

Submit this form by e-mail to: [exemptions@ieso.ca](mailto:exemptions@ieso.ca)

Subject: Exemption Application

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *market rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the appropriate confidentiality level upon receipt.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *market rules*.

### PART I – EXEMPTION APPLICANT - GENERAL INFORMATION

Organization Name: <u>Countryside London Cogeneration Corp.</u>	
Market Participant/Metering Service Provider No. (if applicable): _____	IESO Help Centre (IHC) Ticket No. (if applicable): _____
Date: <u>May 5, 2008</u>	
Address: <u>495 Richmond Street, Suite 920</u>	
City/Town: <u>London</u>	Province/State: <u>ON</u>
Postal/Zip Code: <u>N6A 5A9</u>	Country: <u>Canada</u>
Fax No.: <u>(519) 861-0178</u>	
Email Address: _____	
<b>Main Contact</b>	
Name: <u>Christine E. Long</u>	
Telephone No.: <u>(416) 367-6683</u>	Fax No.: <u>(416) 361-2770</u>
E-mail Address: <u>elong@blccanada.com</u>	
Web Site (URL): _____	

PART 1 -- EXEMPTION APPLICANT - GENERAL INFORMATION

Alternative Contact

Name: Derek Macartney

Telephone No.: (519) 434-9194, ext. 225 Fax No.: (519) 861-0178

E-mail Address: dmacartney@londondistrictenergy.ca

PART 2 -- INFORMATION ABOUT THE EXEMPTION APPLICATION

1. Is this *exemption application* being submitted for existing *facilities* or equipment prior to *market commencement date* pursuant to Section 1.5.1 of the *Exemption Application and Assessment Procedure*?

Yes  No

2. Please specify the duration for which you would like the *exemption* granted in days, months or years:

Indefinitely

Please cite the <i>Market Rules</i> section number(s) to which this <i>Exemption Application</i> relates:	Please cite policy, standard or procedure to which this <i>Exemption Application</i> relates (including section number(s)):
<u>Chapter 4, section 3.1.3</u>	<u>Chapter 4, appendix 4.2</u>
_____	_____
_____	_____
_____	_____

PART 3 - REQUEST FOR AN INTERLOCUTORY INTERIM EXEMPTION

The *exemption applicant* does not request an interim *exemption* pursuant to Section 1.6.2 of the *Exemption Application* and Assessment Procedure.

OR

The *exemption applicant* requests an interim *exemption* pursuant to Section 1.6.2 of the *Exemption Application* and Assessment Procedure staying the *exemption applicant's* obligation to comply with the following *Market Rules* Section Number(s) pending the Panel's final decision.


The *IESO* recommends that the *exemption applicant* contact the *IESO's* Market Assessment and Compliance Division regarding the compliance and enforcement measures the *IESO* intends to take pending the hearing of the *exemption* as in some cases it may not be necessary for the *exemption applicant* to seek an interim *exemption*.

PART 4 – SUBMISSIONS IN SUPPORT OF EXEMPTION APPLICATION

Attach an *exemption applicant's* plan detailing:

- The manner and time within which the *exemption applicant* will become compliant;
- The manner in which the *exemption applicant* proposes to modify its equipment or *facilities* or otherwise conduct its operations during the period of time for which the *exemption* would be in effect; and
- The *exemption applicant's* estimate of any costs that may be imposed on the *IESO* or on other *Market Participants*, if the *exemption* were granted.

#### PART 4 – SUBMISSIONS IN SUPPORT OF EXEMPTION APPLICATION

The following submissions must be included, either below or as attachments:

- a) For *exemption applications* submitted prior to market opening for *facilities/equipment* in operation before or on April 17, 2000 and relating to the technical requirements of *Market Rules* contained in Appendix 2.2 (other than those for participant workstations or *dispatch workstations*), Chapter 4 (other than Sections 6.1.5 to 6.1.21), or the technical requirements set forth in Section 1.2 of Chapter 5:
- The *exemption applicant's* assessment as to whether or not the *exemption*, if granted would materially:
    - Impact the ability of the *IESO* to direct the operations and maintain the *reliability* of the *IESO-controlled grid*;
    - Affect the ability of the *IESO* to operate the *IESO-administered markets* in an efficient, competitive and reliable manner.
  - The *exemption applicant's* assessment of whether the cost or delay to the *exemption applicant* of complying with the obligation or standard to which the *exemption application* relates is reasonable, having regard to the nature of the obligation or standard, the nature of the *exemption application* and the anticipated impact of non-compliance by the *exemption applicant* in terms of the elements referred to above.
- b) Additionally, for all other *exemption applications*:
- The *exemption applicant's* assessment as to whether or not the *exemption*, if granted would materially:
    - Impact the ability of the *IESO* to ensure non-discriminatory access to the *IESO-controlled grid*;
    - Increase costs of *market participants*; or
    - Increase costs of the *IESO*;
  - An assessment of whether the *exemption* would, if granted, give the *exemption applicant* an undue preference in the *IESO-administered markets*;
  - Where the *exemption applicant* is the *IESO*, identification of the benefit to *Market Participants* of compliance with the obligation or standard to which the *exemption application* relates relative to the financial and other resources required to achieve compliance within such deadlines as may be applicable;
  - Where the *exemption applicant* is the *IESO*, the manner in which it proposes to operate the *IESO-administered markets* or direct the operations and maintain the *reliability* of the *IESO-controlled grid* during the period in which the *exemption* would be in effect;
  - Identification as to whether the *facility* or equipment that is the subject-matter of the *exemption application*:
    - Was in service or was returned to service on the date on which the obligation or standard to which the *exemption application* relates came into force;
    - Was ordered by the *exemption applicant* on or prior to the date on which the obligation or standard to which the *exemption application* relates came into force; or

PART 4 – SUBMISSIONS IN SUPPORT OF EXEMPTION APPLICATION


- Was in the process of construction on or prior to the date on which the obligation or standard to which the *exemption application* relates came into force, and;
  - An assessment of the capability of the owner of the *facility* to operate the *facility* consistent with the terms of the proposed *exemption*.
- c) Additionally, for *exemption applications* requesting an interlocutory *interim exemption* pursuant to Section 1.6.2 of the *Exemption Application and Assessment Procedure*:
- The *exemption applicant's* reasons for requesting an *interim exemption*, including the *exemption applicant's* assessment regarding:
    - The type and degree of harm the *exemption applicant* will suffer if the *interim exemption* is not granted; and
    - how the *interim exemption* would impact the public interest.

PART 5 – SUPPORTING DOCUMENTATION TO BE ATTACHED BY EXEMPTION APPLICANT

- Please list below all supporting documents attached to this *exemption application*.
1. *Exemption Applicant's* Plan (must be attached)
  2. (please see explanation as to why Exemption Plan not attached)
  3. The System Impact Assessment Application (previously filed)
  - 4.
  - 5.

PART 6 – CERTIFICATION

The *exemption applicant* hereby declares that the information contained in and submitted in support of this document is, to the best of the *exemption applicant's* knowledge, complete and accurate.

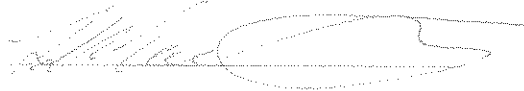
	Vice President of Countryside London Cogeneration Corp.
Name	_____
DEREK MACALTNIEY	Title

PART 7 CONFIDENTIALITY

The *exemption applicant* agrees that information on this application may be posted in its entirety on the IESO Web site in accordance with the provisions of the *Exemption Application* and Assessment Procedure.

OR

The *exemption applicant* claims confidentiality over parts of the *Exemption Application* in accordance with Section 1.6.4 of the *Exemption Application* and Assessment Procedure. Parts of this *Exemption Application* over which confidentiality is claimed are highlighted. The balance of the information on this *exemption application* may be posted on the *IESO* Web site.



Name

DEBRA MACARTNEY

Vice President of Countryside London  
Cogeneration Corp.

Title

## Part 1 Rider

### Exemption Applicant

As an embedded generator, Countryside London Cogeneration Corp. (“CLCC”) has the option of becoming a market participant under the IESO Market Rules (the “Market Rules”). At this point in time, CLCC does not anticipate becoming a market participant given its limited participation in the IESO-administered markets. However on October 16, 2006 CLCC entered into a contract with the Ontario Power Authority (the “OPA”) for Combined Heat and Power. The terms of this contract with the OPA require that CLCC adhere to the Market Rules. As a result of the contract provision requiring adherence to the Market Rules, CLCC seeks the exemptions from the Market Rules as outlined in this application.

## **Part 4 Rider – Submissions in Support of Exemption Application**

### **Description of the Project**

The CLCC Cogeneration facility (the “Generation Facility”) is an embedded generation project which will connect to London Hydro’s distribution system. The gas unit GT1 will generate power of 15.7 MW at 13.8 kV and its generator step up transformer GSU-1 will interconnect with London Hydro’s M53 feeder at 27.6kV at Bathurst and Colborne Street. The three 4.16 kV induction generators will interconnect with the GT1 13.8kV terminal bus submission through a single dedicated 4.16/13.8kV GSU-2 transformer.

The Generation Facility consists of one natural gas fuelled synchronous generator and three small induction generators. The generating capabilities of the generating units are as follows:

GT1	synchronous generator	15.7 MW
STG1	induction generator	1.43 MW
STG2	induction generator	0.57 MW
STG3	induction generator	1.3 MW

In 2006, CLCC entered into a Combined Heat and Power Contract with the Ontario Power Authority. It is pursuant to the terms of that contract that CLCC will operate.

### **Relevant Market Rules**

In reviewing the requirements for the Generation Facility under the IESO Market Rules, CLCC has determined that it will require certain exemptions as set out below.

Market Rule Chapter 4, Section 3.1.3 requires that generation facilities of a prescribed size have certain reactive power capabilities. The Market Rules state as follows;

Each embedded generator whose embedded generation facility includes a generation unit rated at 10 MVA or higher or whose embedded generation facility is comprised of generation units whose net output is greater than 50 MVA shall ensure that its equipment meets all applicable performance standards in Appendix 4.2. Appendix 4.2 contains certain requirements with respect to reactive power capabilities. CLCC seeks exemption from References 1 and 5 of the Reactive Power Capabilities Item Listing.

Specifically Reference 1 of Appendix 4.2 requires the following;

1. A synchronous generation unit shall have the capability to supply at its terminal reactive power within the range of 90% lagging (overexcited) to 95% leading (underexcited) power factor based on rated active power at rated voltage. Rated active power shall be



the lesser of registered maximum continuous real power and 90% of the unit nameplate MVA.

With respect to Reference 1, the synchronous generation unit does not have the capability of meeting the leading requirement based on the rated active power at the rated voltage.

With respect to Reference 5, CLCC also requires an exemption from the current requirement as set out in the Market Rules.

5. An induction *generation facility* that is injecting electricity at a nominal voltage equal to or less than 50 kV, shall have, as a minimum, the capability to reduce its reactive power flow to zero, as measured at the *facility's connection point*.

The *IESO* may impose additional reactive power capability requirements, up to the capabilities required of a synchronous *generation unit* of the same apparent power, if the *IESO* identifies during the *connection assessment* for the *facility* that the additional capability is required to maintain *reliable* operation of the *IESO-controlled grid*.

### **Rationale for the Exemption**

The Generation Facility will be embedded within the London Hydro distribution system. As a result of the Generation Facility being an embedded facility, coupled with the small amount of energy the Generation Facility will inject into the IESO-controlled grid, CLCC takes the position that modifications to existing generation equipment to meet prescribed reactive power requirements should be waived. To make the required alterations to the existing generation equipment would require significant cost to CLCC with limited benefit to the IESO-controlled grid given the margin by which the Generation Facility falls short of the requirements and the fact that the Generation Facility will not inject substantial output into the IESO-controlled grid.

CLCC is asking the IESO to consider a permanent exemption (i.e. for the lifetime of the generation equipment) for the Generation Facility and therefore does not plan to modify the Generation Facility in order to alter the amount of reactive power available.

As described above, CLCC is building the generation facility pursuant to a CHP contract with the OPA. Therefore CLCC has participated in a competitive process. The issue of non-discriminatory access is not a factor in this exemption application.

CLCC does not expect that the granting of the exemption would impose any costs on other market participants or the IESO as CLCC does not expect that any specific technical work-arounds would have to be undertaken by other market participants as a result of the exemption being granted. In fact the Market Rules contemplate that reactive power deficiencies can be addressed across the system. For example, Market Rule Chapter 4, section 3.2.3 provides that a generator may substitute the provision of reactive power by obtaining reactive power from other generating units or market participants. In such a case, the IESO is able to determine whether these other generating units or market participants are sufficiently close in electrical proximity to the non-compliant generating unit to provide the comparable or equivalent reactive power. Given that a work-around is specifically contemplated within the Market Rules, CLCC takes the position that granting an exemption would not amount to undue preference for CLCC.

CLCC has submitted a System Impact Assessment to the IESO, a Customer Impact Assessment to Hydro One and an application for connection to London Hydro. The IESO is currently undertaking studies based on the reports from Hydro One and London Hydro in order to assess the impact of the embedded Generation Facility. As a result of these reports and by conducting its own studies, the IESO will be able to determine the effect of the Generation Facility on the IESO controlled grid and will be able to confirm that the Generation Facility as it is proposed to operate, will not pose any reliability risk to the IESO-controlled grid.