

PART 1 – PANEL MEMBERS

Panel members hearing the Application: Bill Museler and Cynthia Chaplin.

PART 2 – GENERAL INFORMATION

1. Exemption Application ID: #1349
2. Market Participant Name: Gemini SRF Power Corporation (“**Gemini**” or, the “**Applicant**”).
3. Location/Site: Smooth Rock Falls Generating Station.
4. Role of Applicant in the market as it relates to this Exemption Application: *Generator*.
5. Date Exemption Application Heard: December 20, 2016.
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 1.4. “Application for Exemption – General”.

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) Gemini’s Exemption Application (and summary)
 - b) IESO Staff Recommendation
 - c) Applicable *market rules*
 - d) Exemption Application & Assessment Procedure
 - e) Exemption Panel Hearing Decision

9. Applicant’s Position:

Gemini takes the position that the additional cost of installing static excitation systems instead of the proposed AC rotating systems is approximately \$200,000 per unit, for a total additional cost of \$400,000. These extra costs would amount to a significant reduction in the project’s financial returns. Further, it is Gemini’s position that complying with the *market rules* will have a significant financial impact on the

project with little to no benefit to the *IESO-controlled grid*.

PART 3 – DECISION

Decision:

Exemption #1349 is granted to Gemini 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 Gemini'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 the need for an *exemption*.

Gemini'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:

- (a) 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 particular location of these *generation units*.
- (b) As *intermittent generators*, the Smooth Rock Falls *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/Removal.

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.
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	This <i>exemption</i> will expire at the end of life of the equipment. This is likely to be more than five years. The circumstances that will cause this <i>exemption</i> to immediately expire are described in the Reconsideration/Removal section.
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.
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> .
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.
Payment of Costs <ul style="list-style-type: none">• Processing Costs (when introduced)	n/a

<ul style="list-style-type: none"> • Incremental Exemption Costs • Settlement amounts to be withheld 	
<p>Reconsideration/Removal</p> <ul style="list-style-type: none"> • Date on which the Exemption will be reconsidered (<i>if applicable</i>) • Circumstances under which the Exemption will be reconsidered (<i>if applicable</i>) other than unforeseen future change in circumstances 	<p>Circumstances under which this <i>exemption</i> shall be reconsidered or removed:</p> <ul style="list-style-type: none"> • If unforeseen changes to the power system near the <i>connection point</i> are deemed by the <i>IESO</i> to result in the subject matter of this <i>exemption</i> having material adverse effects on <i>reliability</i>. • If the <i>applicant</i> seeks to change the subject <i>generation units'</i> designation from <i>intermittent generator</i>. • If there are adverse deviations from technical specifications outlined in the <i>applicant's</i> SIA submissions, and the <i>IESO</i> does not approve an associated remedial action plan.
<p>Transferability</p> <ul style="list-style-type: none"> • List the terms and conditions that need to be met to allow for a transfer of this <i>exemption</i> to be approved by <i>IESO</i> staff • <i>Transferability</i> in respect of a corporation, refers to a change of control of the corporation within the meaning of the <i>Business Corporations Act</i> (Ontario) 	None.
<p>Other:</p>	None.

PART 6 – SIGNATURE OF PANEL MEMBERS

December 22, 2016
 Bill Museler Date


 Cynthia Chaplin Date
 December 22, 2016

