

## PART 1 – PANEL MEMBERS

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

## PART 2 – GENERAL INFORMATION

1. Exemption Application ID: #1351
2. Market Participant Name: Namewaminikan Hydro Inc. (“**Namewaminikan Hydro**” or, the “**Applicant**”.)
3. Location/Site: Long Rapids Generating Station and Twin 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) Namewaminikan Hydro’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:

Namewaminikan Hydro takes the position that making the required alterations to the proposed *generation units* would require significant cost to Namewaminikan Hydro 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 \$250,000 per unit for a total additional cost of \$1,000,00, plus a delay of six (6) months for design revisions/implementation which would result in a further loss of revenue. Namewaminikan Hydro has indicated that these extras and losses would amount to a significant reduction on project returns and would not be recoverable.

### PART 3 – DECISION

#### Decision:

Exemption #1351 is granted to Namewaminikan Hydro 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 Namewaminikan Hydro'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*.

Namewaminikan Hydro'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 subject *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.

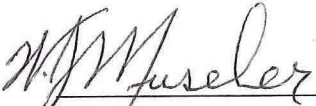
**PART 5 – TERMS AND CONDITIONS**

<b>Effective Date of Exemption</b> (or event causing exemption to become effective)	The date when and if the <i>exemption</i> is granted.
<b>Date of Expiration of Exemption</b> <ul style="list-style-type: none"><li>• If greater than 5 years, the Panel must be satisfied that the circumstances justify a later date</li><li>• Circumstances which will cause the exemption to immediately expire</li></ul>	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.
<b>Market Rule(s) or related Market Manual(s) from which the Exemption is granted</b>	Chapter 4, Appendix 4.2, Categories 7: Excitation System and 8: Power System Stabilizers.
<b>Restrictions on the manner of operation and/or additional obligations to be met during the term of the Exemption, if any</b>	The resource type of the subject <i>generation units</i> shall not be changed to dispatchable during the term of this <i>exemption</i> .
<b>Monitoring Information Required</b> 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.
<b>Payment of Costs</b> <ul style="list-style-type: none"><li>• Processing Costs (when introduced)</li></ul>	n/a



<ul style="list-style-type: none"> <li>• Incremental Exemption Costs</li> <li>• Settlement amounts to be withheld</li> </ul>	
<p><b>Reconsideration/Removal</b></p> <ul style="list-style-type: none"> <li>• Date on which the Exemption will be reconsidered (<i>if applicable</i>)</li> <li>• Circumstances under which the Exemption will be reconsidered (<i>if applicable</i>) other than unforeseen future change in circumstances</li> </ul>	<p>Circumstances under which this <i>exemption</i> shall be reconsidered or removed:</p> <ul style="list-style-type: none"> <li>• 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>.</li> <li>• If the <i>applicant</i> seeks to change the subject <i>generation units'</i> designation from <i>intermittent generator</i>.</li> <li>• If there are adverse deviations from technical specifications outlined in the <i>applicant's SIA</i> submissions, and the <i>IESO</i> does not approve an associated remedial action plan.</li> </ul>
<p><b>Transferability</b></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• <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 (Ontario)</i></li> </ul>	<p>None.</p>
<p><b>Other:</b></p>	<p>None.</p>

**PART 6 – SIGNATURE OF PANEL MEMBERS**

 December 22, 2016  
 Bill Museler Date

December 22, 2016  
 Cynthia Chaplin Date