



19 November, 2001

Mr. Carmine Marcello,
Manager, Transmission System Development
Investment Planning Division
Hydro One
483 Bay Street
Toronto, Ontario, M5G 2P5

Dear Mr. Marcello:

***Addition of Series Reactors at Allanburg TS:
Notification of Approval of Connection Proposal
CAA ID Number: 2001-EX011***

Thank you for participating in the IMO's Connection Assessment and Approval process.

You have provided detailed information on Hydro One Networks' plan of installing series reactors at Allanburg TS. Your application indicates that the purpose of this work is to alleviate the existing short circuit problem, which presently forces Allanburg TS to be operated split. The split operation results in a reduced level of reliability and operating flexibility. By installing 2 Ohms 115 kV series reactors between the terminals of all four 230/115 kV transformers and the 115 kV bus the short circuit levels at the station will be reduced below the interrupting capability of the breakers, and the Allanburg station could be operated "solid". This would result in an increase in the level of system transfer capability to the 115 kV system at Allanburg TS, as compared to the capability of the present configuration.

We have reviewed the documentation and the study results submitted with your application, and have concluded that the installation of series reactors does not impact the reliability of the IMO-controlled grid, nor the ability of the IMO to operate the IMO-controlled grid. Our review also determined that your study was complete, and that a formal Connection Assessment Study was not required.

Market Manual 2, Part 2.10 (Connection Assessment and Approval Procedures) Section 1.6 states that "where the fault interrupting capability of any existing facility would be exceeded as a result of [a] new or modified connection ... mitigating measures such as bus splitting or series reactors are not acceptable at network stations ... ". Since the proposed installation of series reactors at Allanburg is intended to address a pre-existing concern and is not related to a new or modified connection, this provision is not considered to be applicable in this case.

The IMO is therefore pleased to grant approval to complete the construction process for the addition of the proposed equipment installation. A copy of this Notification of Approval will also be provided to the Ontario Energy Board (OEB).

To commence the construction process, please follow the necessary procedures and obtain the required approvals, licences and permits as may be required by the OEB and other regulatory authorities.

Please note that the new facilities will also have to meet the requirements of the IMO's Facility Registration process before being placed in service.

For further information, please contact the undersigned.

Yours truly,

Bob Gibbons,
Manager - Long Term Forecasts & Assessments

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cc: IMO Records

All information submitted in this process will be used by the IMO 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 in accordance with its licence. All information submitted will be assigned the appropriate confidentiality level upon receipt.

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