



January 8, 2002

Mr. Gord Haines,
Manager, Technical Compliance
Ontario Power Generation Inc.
700 University Ave
Toronto, Ontario, M5G 1X6

Dear Mr.Haines:

***Nanticoke GS Units 7 & 8 - Turbine Upgrade
Notification of Approval
CAA ID Number: 2002-EX017***

Thank you for the information that you submitted regarding the upgrading of turbines on units seven and eight at Nanticoke GS. Your application of August 21, 2001 indicates that, since the turbines were scheduled for overhaul, it was decided to upgrade and increase their output to maximize the gross plant output. Once the turbine upgrade work is completed, the Maximum Continuous Rating for units seven and eight will increase by 22.5 MW each, to 522.5 MW.

We reviewed your application and determined that:

- (A) Based on the *Market Rules* that were in effect at the time of your application, units seven and eight meet the reactive power capability requirements, and
- (B) The increase in the units' power output will not have a significant impact on the reliability of the *IMO controlled grid*,
- (C) If dictated by system reliability concerns, and when these units generate more than the original rated active power, the active power output must be reduced to the original unit rating in order to satisfy the reactive power requirements.

Based on the information provided and in accordance with Market Manual 2, Part 2.10, Section 1.3, we have determined that a formal Connection Assessment study is not required for this project.

The IMO is therefore pleased to grant approval to complete the upgrading of units seven and eight turbines at Nanticoke GS, subject to the operating condition described in (C). A copy of this Notification of Approval will also be provided to the Ontario Energy Board (OEB).

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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