

February 9, 2007

Mr. Walter Nuvoloni
Purchasing Manager
Lafarge North America
Bath Cement Plant
PO Box 160 (6501 Bath Road)
Bath, Ontario
K0H 1G0

Dear Mr. Nuvoloni,

***Lafarge Bath CTS Main Transformer T1 Replacement
Notification of Conditional Approval of Connection Proposal
CAA ID Number: 2007-EX319***

Thank you for the detailed information regarding the replacement of the three phase transformer T1 at Lafarge Bath CTS with a new three phase transformer.

Since the ratings of the replacement unit are the same as the original transformer, we have concluded that the proposed change will not result in a material adverse effect on the reliability of the IESO-controlled grid.

The IESO is therefore pleased to grant conditional approval for the modification detailed in the attached assessment report subject to your signed acknowledgment below. Any material changes to your proposal may require re-assessment by the IESO in accordance with Market Manual 2.10, and may nullify your conditional approval.

Final approval to connect the facility to the IESO-controlled grid will be granted upon successful completion of the IESO Facility Registration process including, without limitation, satisfactory completion of the requirements set out in the System Impact Assessment report. During this process you shall demonstrate the requirements have been fulfilled and the equipment installed has characteristics no worse than those in the proposal assessed by the IESO. Please contact market.entry@ieso.ca if you have not received a Facility Registration Summary package within the next 10 days.

For further information, please contact the undersigned.

Yours truly

Michael Falvo

Manager - Transmission Assessments & Performance

Telephone: (905) 855-6209

Fax: (905) 855-6372

E-mail: mike.falvo@ieso.ca

cc: IESO Records

Lafarge North America acknowledges receipt of the System Impact Assessment Report setting out the IESO requirements for final approval, and commits to fulfill these requirements, and all other applicable Market Rules, before receiving final approval to connect to the IESO-controlled grid.

Dated: _____

Per: _____

Name: _____

Title: _____

ASSESSMENT SUMMARY

Lafarge North America

1.0 GENERAL DESCRIPTION

Transformer T1 at Lafarge Bath CTS is approximately 35 years old and is scheduled to be replaced due to end-of-life. The transformer is connected to 230 kV circuits X1H or X2H. The arrangement is shown in figure 1 below.

The scheduled in-service date for the replacement transformer is February 9, 2007.

2.0 PROPOSED MODIFICATION

A comparison of the technical specifications between the existing and replacement transformer is given below.

Lafarge Bath CTS		
	Original T1	Replacement T1
Configuration	three phase	three phase
Transformation (kV)	230 / 13.8 kV	230 / 13.8 kV
Winding Configuration	Wye - Wye	Wye - Wye
Thermal Rating	30 MVA ONAN 40 MVA ONAF 44.8 MVA	30 MVA ONAN 40 MVA ONAF
Continuous Thermal Rating (summer 30°C)	xx MVA	40 MVA
15 Minute Thermal Rating (summer 30°C)	xx MVA	64 MVA
10 Day Thermal Rating (summer 30°C)	xx MVA	46 MVA
Positive Sequence Impedance (H-X)	R = xx% X = 9.4% on 30 MVA base	R = 0.297% X = 9.247% on 30 MVA base
Under-load tap-changer	Tap 1 - 260 kV 25 steps Tap 33 - 200 kV	Tap 1 - 260 kV 25 steps Tap 33 - 200 kV
Off-load tap-changer	N/A	N/A
In service off-load tap position	Not applicable	Not applicable
Manufacturer	CGE	GE Prolec
Serial #	287879	G1809-01

3.0 ASSESSMENT

The information provided by Lafarge shows that the technical characteristics of the replacement transformer are similar to those of the end-of-life transformer. The new unit has the same configuration, similar positive sequence impedances and similar ULTC arrangements.

This replacement represents a like-for-like exchange of existing equipment and will have no material adverse effect on the IESO-controlled grid.

4.0 CONCLUSIONS

It can be concluded that the replacement transformer will not result in a material adverse effect on the reliability of the IESO-controlled grid because:

- § The ratings of the replacement transformer are similar.
- § The impedance of the replacement transformer is similar to the old transformer.
- § The replacement transformer is equipped with a ULTC that has an identical range to the old transformer's ULTC.

5.0 REQUIREMENTS

The new transformer will be required to be able to operate continuously at a system voltage of 250 kV, as required by the Market Rules.

The proponent must notify the IESO as soon as it becomes aware of any changes to the assumptions made in the connection assessment. The IESO will determine whether these changes require a re-assessment.

Lafarge North America is required to meet the requirements with respect to protection systems for the new transformer and coordination with the existing protection systems, as outlined in the Transmission System Code.

The Market rules (Chapter 4 section 7.4) require that each connected wholesale customer shall provide the IESO on a continual basis with on-line monitored quantities as specified in Appendix 4.17. For this proposed project, the IESO will require the operating quantities associated with the new transformer.

6.0 NOTIFICATION OF CONDITIONAL APPROVAL

This expedited System Impact Assessment concludes that the installation of a replacement transformer for the existing transformer T1 is not expected to have a material adverse effect on the IESO-controlled grid. It is therefore recommended that a Notification of Conditional Approval of the Connection Proposal be issued, subject to the requirements detailed above.