

May 24, 2006

Mr. Mike Boland
Manager, Investment Integration & Station Programs
Station Sustainment, System Investment
Hydro One Networks Inc.
483 Bay Street, 15th Floor - North Tower
Toronto, ON
M5G 2P5

Dear Mr. Boland:

***Gage TS 24-B10 & 24-B11 Circuit Switcher Replacement
Notification of Approval of Connection Proposal
CAA ID Number: 2005-EX258***

Thank you for the detailed information regarding the replacement of two vacuum interrupter switchers at Gage TS. The two defective vacuum interrupter switchers will be replaced by the end of 2006.

From the information provided, our review concludes that the proposed changes will not result in a material impact on the reliability of the IESO-controlled grid, assuming that the ratings of the replacement units are the same or higher than the original switchers. The IESO is therefore pleased to grant conditional approval for the modification detailed in the attached assessment report. 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 will be granted upon successful completion of the IESO Facility Registration process. During Facility Registration you will be expected to demonstrate that you have fulfilled the requirements set out in the System Impact Assessment report and that the modifications are in line with 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.

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. No other changes that could adversely affect reliability of the IESO-controlled grid (e.g. protection functional performance, autoreclosure settings and settings, etc.) shall be made without approval from the IESO.

For further information, please contact the undersigned.

Yours truly

Michael Falvo

Manager - Transmission Assessments & Performance
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cc: IESO Records

Gage TS 24-B10 & 24-B11 Circuit Switcher Replacement (CAA ID Number: 2005-EX258)

Hydro One Networks 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

Hydro One Networks Inc.

Gage TS 24-B10 & 24-B11 Circuit Switcher Replacement CAA ID Number: 2005-EX258

1.0 GENERAL DESCRIPTION

Circuit switchers 24-B10 and 24-B11 are nearing end-of-life and are scheduled to be replaced with technically "equivalent or better" circuit switchers by October 2006.

2.0 PROPOSED MODIFICATION

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

Gage TS Circuit Switchers - 24-B10 & 24-B11	Existing Switchers	Replacement Switchers
Configuration	three phase	three phase
Nominal	115 kV	115 kV
Maximum Design	115 kV	127 kV
BIL	not available	550 kV
Continuous Current	2,000 A	2,000 A
Momentary Current	not available	26 kA peak
Rated Short Time Withstand Current	not available	10 kA for 3 seconds
Load Interrupting Current	2,000 A	2,000 A
Switching Duty	currently defective off pot operation only	Once everyday
Manufacturer	EPD	S&C

3.0 ASSESSMENT

The information provided for this assessment is not complete and we cannot compare the existing switcher to the new one. Hydro One must ensure the new circuit switchers are rated adequately to perform the intended duty at their location.

Hydro One must also ensure that the short circuit current seen by these switchers does not exceed 26 kA for the current system configurations. If short circuit levels are now higher Hydro One should install higher rated circuit switchers. If any future systems enhancements in the area result in short circuit current levels higher than the capability of the equipment, Hydro One is required to replace the equipment with higher rated circuit switchers.

The Market Rules (Chapter 4 section 7.4) require that each transmitter shall provide the IESO on a continual basis with on-line monitored status and quantities as specified in Appendix 4.16. Hydro One will be required to meet the IESO's on-line monitoring requirements and meet Transmission System Code requirements with respect to protection systems.

4.0 CONCLUSIONS AND REQUIREMENTS

It can be concluded that these replacements represent like-for-like exchanges or improvements of existing equipment. The new switchers will meet the market rules with respect to maximum continuous voltage and will have no material adverse effect on the IESO-controlled grid subject to the following requirements:

- § The IESO will continue to require the status associated with the circuit switchers;
- § Current short circuit levels do not exceed the 26 kA rating of the new circuit switcher; and
- § If short circuit levels now or in the future exceed this rating, Hydro One is required to replace the circuit switcher with higher rated circuit switchers.

5.0 NOTIFICATION OF APPROVAL

It is therefore recommended that a Notification of Approval of the Connection Proposal be issued.