

November 15, 2006

Mr. Mike Boland ,
Manager - Investment Integration & Stations Programs
Hydro One Networks Inc.
483 Bay Street - TCT145
Toronto, ON
M5G 2P5

Dear Mr. Boland

***Cherrywood TS - T14
Notification of Conditional Approval of Connection Proposal
CAA ID Number: 2006-EX272***

Thank you for the detailed information regarding the replacement of the three phase autotransformer T14 at Cherrywood TS with a new three phase transformer.

Since the ratings of the replacement unit are the same or higher than 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

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Manager - Transmission Assessments & Performance
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cc: IESO Records

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.

1.0 GENERAL DESCRIPTION

Cherrywood TS autotransformer T14 is scheduled to be replaced.

2.0 PROPOSED MODIFICATION

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

Original T14 data was taken from the Secure Web for HydroOne Operational Information for use in this assessment.

Cherrywood T14 (NA81T14)	Existing T14	Replacement T14
Configuration	three phase	three phase
Transformation (kV)	500 / 240 / 28	500 / 240 / 28
Winding Configuration	wye / wye / delta	wye / wye / delta
Thermal Rating	450 MVA ONAN 600 MVA OFAF 750 MVA OFAF	450 MVA ONAN 600 MVA OFAF 750 MVA OFAF
Continuous Thermal Rating (summer 30°C)	750 MVA	750 MVA
15 Minute Thermal Rating (summer 30°C)	1245 MVA	1275 MVA
10 Day Thermal Rating (summer 30°C)	840 MVA	956 MVA
Positive Sequence Impedance (H-X)	R = 0.18% X = 12.98% on 750 MVA base	R = 0.15% X = 13.17% on 750 MVA base
Impedance to Ground	0 Ω	0 Ω
Under-load tap-changer	Not available	HV ± 50 kV (20 steps)
Off-load tap-changer	HV Max. tap: +12.5 kV (525 kV); Min. tap: -12.5 kV (462.5 kV); No. of steps: 5	Not available
In service off-load tap position	500 kV	Not available
Manufacturer	CGE	Hyundai
Serial #	32955	53353TKF001

3.0 ASSESSMENT

The information provided by Hydro One shows that the technical characteristics of the replacement transformer are similar to those of the replacement transformer. The new unit has the same configuration, similar positive sequence impedances and improved thermal ratings.

The replacement T14 has a 20 step, ± 50 kV ULTC on the HV side and no off-load tap-changer. The replacement transformer's ULTC provides a greater range of voltage control than the old transformer's off-load tap-changer.

This replacement represents a like-for-like exchange and improvement 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 impedance of the replacement transformer is similar to the old transformer.
- § The thermal rating of the replacement transformer is better than the old transformer.
- § The ULTC on the replacement transformer provides a greater range of voltage control than the old transformer's off-load tap-changer

5.0 REQUIREMENTS

The new transformer will be required to be able to operate in the range between 490 to 550 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.

Hydro One is required to meet the transmitters' 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 transmitter shall provide the IESO on a continual basis with on-line monitored quantities as specified in Appendix 4.16. For this proposed project, the IESO will require the status and operating quantities associated with the new transformer.

6.0 NOTIFICATION OF CONDITIONAL APPROVAL

This expedited System Impact Assessment concludes that the installation of replacement transformer for the existing transformer T14 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.