

April 3, 2007

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:

***2007 Switch Replacement List
Notification of Approval of Connection Proposal
CAA ID Number: 2006-EX285***

Thank you for the data that you provided for the disconnect switches that are to be installed in place of existing units at various locations. These existing disconnect switches are considered to be at the end of their useful life. The replacement work is scheduled for completion during 2007.

Since the ratings of the replacement units are the same or higher than the original disconnect switches, we have concluded that this work will have no material adverse impact on the IESO-controlled grid. The data for the replacement disconnect switches are attached.

The IESO is therefore pleased to grant **conditional approval** for the replacement of the 500 kV, 230 kV and 115 kV disconnect switches listed in the attached assessment report, subject to the requirements identified in section 4 of the attached report.

Final approval to connect the facility to the IESO-controlled grid will be granted upon successful completion of the IESO Market Entry process including, without limitation, satisfactory completion of the requirements set out in the System Impact Assessment report. During this process you will be expected to demonstrate that you have fulfilled the requirements and 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.

For further information, please contact the undersigned.

Yours truly

Michael Falvo
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

1.0 GENERAL DESCRIPTION

During 2007 Hydro One proposes to replace nine disconnect switches rated at 50 kV and above that have reached the end of their useful life. Updates to this timetable will be supplied to the IESO through the established outage management process. Section 2.0 contains a table showing the location and identifiers of the disconnect switches that are being replaced, as well as the ratings of the new units.

2.0 PROPOSED MODIFICATION

The details for the replacement disconnect switches are as follows:

Location	Identifier	Voltage Rating (kV)		Current Rating (A)		Short Time Rating (kA)
		New Equipment (maximum rating)	Existing Equipment	New Equipment	Existing Equipment	New Equipment
Chalk River	19D6-84	145	138	1200	600	44 ^C
Chalk River	D6-G2	145	unknown ^B	1200	unknown ^B	unknown ^B
Chalk River	19D6-40	145	138	1200	600	44 ^C
Chalk River	D6-G1	145	unknown ^B	1200	unknown ^B	unknown ^B
Lennox	PX3-X3	550	500	4000	4000	63 ^C
Lennox	PX3-P ^A	550	500	4000	4000	63 ^C
Cherrywood	DL31-31 ^A	362	230	3000	3000	63 ^C
NRC	Q16T1-A	145	138	1200	600	44 ^C
NRC	Q16T1-AG	145	115	1200	unknown ^B	unknown ^B

Notes:

- A. Equipment will be refurbished.
- B. Rating is missing in the application or in the Hydro One Secure Web for HydroOne operational information.
- C. The short time rating does not meet the fault level requirements in Appendix 2 of the TSC.

3.0 ASSESSMENT

The disconnect switches do not meet the TSC's requirements for short time rating. In addition, the short time rating for three of the disconnect switches was not provided by Hydro One.

The TSC indicates that the transmission system has to be designed to sustain short circuit currents of 50 kA for the 115 kV system, 63 kA for the 230 kV system and 80 kA (usually limited to 63 kA) for the 500 kV system. The disconnect switches noted above are underrated if the neighbouring transmission systems experience maximum fault levels. Currently the fault levels in these areas are low and the new equipment is adequately rated. Hydro One must ensure that the short circuit current seen by these disconnect switches does not exceed the short time rating of the new equipment. If any future system enhancements in the area result in short circuit levels higher than the capability of the new disconnect switches, Hydro One is required to replace the new equipment with higher rated equipment.

The Market rules (Chapter 4 section 7.4) require that each transmitter connected to the IESO-controlled grid 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 associated with the new disconnect switches as per those requirements.

Except as noted above, the assessment indicates that the ratings of the disconnect switches are either higher or at least the same as the existing disconnect switches. The replacement equipment will operate and remain in their original configuration and location. Hence, these replacements represent like-for-like exchanges and will have no material adverse impact on the IESO-controlled grid.

4.0 CONCLUSIONS AND REQUIREMENTS

It can be concluded that this replacement represents like-for-like exchanges or improvements of existing equipment. The new disconnect switches 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 disconnect switches as specified in Appendix 4.16;
- If short circuit levels now or in the future exceed the ratings of the disconnect switches, Hydro One is required to replace the new equipment with higher rated equipment.

5.0 NOTIFICATION OF APPROVAL

This expedited System Impact Assessment concludes that the replacement or refurbishment of the disconnect switches is not expected to have a material adverse effect on the IESO-controlled grid, provided that the requirements listed in section 4 are met. It is therefore recommended that a Notification of Approval of the Connection Proposal be issued, subject to the requirements detailed above.