



CANADIAN NIAGARA POWER INC.

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FACSIMILE COVER LETTER

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To: Sheri Young – Secretary of the National Energy Board	From: Jie Han, Vice President, Operations
Fax: 403-292-5503	Copy: Kevin Kilfoil, Manager – Technical Services
Pages: 4 (Including Cover Page)	Date : 7 February, 2017 @ 02:21 PM

Comments/Notes:

Ms. Young,

Please accept the attached executed letter from Canadian Niagara Power ("CNPI") and arrange for filing on the NEB web portal on behalf of CNPI as per NEB's requirements.

Regards,

Jie Han
 VP, Operations

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CANADIAN NIAGARA POWER INC.

A FORTIS ONTARIO
Company

February 6, 2017

Ms. Sheri Young
Secretary of the Board
National Energy Board
444 Seventh Avenue SW
Calgary, AB T2P 0X8

Re: 2016 Compliance with AO-112-EP-137

Dear Ms. Young:

Please accept this letter in response to the National Energy Board (NEB) Order AO-002-EP-137 ("the Order") and subsequent communications made between the NEB and Canadian Niagara Power Inc. (CNPI). This letter is intended to provide the necessary information to fulfill the filing requirements of the Order for the period of January 1, 2016 to December 31, 2016.

As outlined in previous communications between CNPI and the NEB, the International Power Line (IPL) Line 46 (referred to as 'Line 7' in the Order), owned by CNPI, and normally operated at a nominal voltage of 115 kV, can only be used as an asynchronous backup to the normal supply from the Hydro One Networks, which forms the majority of the IESO-managed Ontario transmission network. In the event that CNPI wishes to use Line 46 to supply its load obligations, it must first ensure that this load is isolated from the IESO transmission network.

Line 46 has been used in an infrequent manner. The line cannot be used for imports and exports to and from Canada in any manner other than to provide backup capacity to CNPI's embedded distribution load.

It should be noted that Line 46 was 'out-of-service' prior to December 31, 2015 to allow for reconstruction of the Niagara River crossing (Ontario to New York) portion. This reconstruction was fully re-commissioned on December 31 2015. Since that time, CNPI has continued to maintain compliance with the provisions outlined hereafter.

As previously discussed with and accepted by the NEB, the majority of NERC and/or IESO compliance and reporting standards are not applicable to this IPL, due to its limited capability.

However, certain standards do apply to the operation of Line 46, as described hereafter.

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LINE AND LINE PROTECTION TESTING, INSPECTION AND MAINTENANCE

As part of its Transmission Asset Management Program, CNPI performs regular testing, maintenance and inspections of all of its transmission line and line protection assets, including those associated with Line 46. More specifically, this program is compliant with the most recent version (Issue 12, September 9, 2015) of the IESO Market Rules, Chapter 4 (Grid Connection Requirements) and related appendices.

RIGHT-OF-WAY MANAGEMENT

CNPI performs its transmission Right-of-Way (ROW) management through a documented Transmission Vegetation Management Program (TVMP) that is compliant with the most recent version of IESO/NERC Standard FAC-003-3.

LOAD SHEDDING PLANS

CNPI maintains an active load-shedding plan compliant with the most recent versions of *IESO/NERC EOP-001, EOP-003, PRC-001, PRC-006, and PRC-011*. Prior to the creation of the IESO, under-frequency load shedding schemes were established with Niagara Mohawk Power Corporation (now US National Grid) and Ontario Hydro (now Hydro One Networks Inc.) to ensure timely automatic shedding of CNPI's distribution load in the event of an under-frequency disturbance on CNPI's transmission supply. This plan is monitored and maintained on an ongoing basis. The last such review was performed in January of 2016.

EMERGENCY PREPAREDNESS (LOSS OF SUPPLY)

CNPI maintains a regularly updated Emergency Preparedness Plan in accordance with the most recent versions of *IESO/NERC IRO-004, IRO-005, EOP-004 and TOP-002*. This plan includes the use of Line 46 when the typical 115 kV supply from Hydro One is expected to be unavailable for an extended duration. This plan is submitted to the IESO, and updated as required, most recently on January 25, 2016.

TELECOMMUNICATIONS

CNPI maintains a regularly updated Telecommunications Plan that is compliant with the most recent versions of *IESO/NERC COM-001, COM-002, and IRO-002*. This plan includes the ongoing availability of alternate communications systems (e.g. emergency satellite phones) in the event of a loss-of-service to standard landline and cellular telecommunication networks. Documentation for this plan is embedded in CNPI's Emergency Preparedness Plan (see above).

FACILITY RATINGS

CNPI complies with all aspects of the current versions the IESO Market Rules, including the provisions of Chapter 4 (Grid Connection Requirements) and related appendices, which provide a process to determine facility ratings. More specifically, CNPI is compliant with the most recent version (Issue 12, September 9, 2015) of the IESO Market Rules, Chapter 4 (Grid Connection Requirements) and related appendices.

OPERATIONS (CONTROL AUTHORITY)

The IESO is the Control Authority and Transmission Operator responsible for operation of CNPI's 115kV transmission system, as a result of an Operating Agreement originally established in 2002. Therefore, responsibility for the compliance with the requirements of IESO/NERC PER-001, PER-003, PER-004, PER-005, and TOP-003-1 have been assumed by the IESO.

As agreed-upon by the NEB in 2014, CNPI believes that the foregoing reliability standards are the only applicable standards that apply to the operation of this IPL.

Yours truly,

A handwritten signature in black ink, appearing to be 'Jie Han', written over a horizontal line.

Jie Han
Vice President, Operations