



IMO Staff Recommendation to Panel on Exemption Application (General)

PART 1 – GENERAL INFORMATION

Market Participant Name: Ontario Power Generation Inc.

Location/Site: Kipling High Current Lab

Exemption Application ID: 01-1249

**Market Participant ID/ Metering Service
Provider:**

PART 1 – GENERAL INFORMATION

Description of Exemption Requested: Ontario Power Generation Inc. is requesting exemptions from:

- a) Chapter 6 section 4.1.1.1 – which requires metering installations to contain a meter
- b) Chapter 6 section 4.1.1.3 – which requires each metering installation to have instrument transformers and that, those transformers are accurate to the specified standard.

For the Kipling High Current Lab located at the OPG Kipling complex in Toronto.

Date Exemption Application Received: 27 Apr 2002

Date all relevant application information supplied by applicant: 7 Oct 2003

IMO Management Approvals Obtained (YES or NO): Complete with posting

Are there any outstanding disputes, compliance actions, or pending market rule amendments involving the subject matter of this exemption application? (YES or NO): No.

Are there any outstanding disputes, compliance actions, or pending market rule amendments involving the exemption applicant? (YES or NO): Yes. Compliance Action COM031562 DP105779. Status - CLOSED. Kipling Pump Test Complex, conditions imposed in the compliance action:

- * OPG agreed with the Hydro One MSP's estimates for historic electricity consumption. The MSP is in the process of forwarding the information to the IMO for billing purposes.
- * The use of "virtual meter" estimated values will continue until OPG decides on the future of the Pump Test facility.
- * By the end of 2003, the Pump Test facility will either be 1) connected to the M17 system, which negates the need for a new registered meter, or 2) OPG will have installed and registered a new conforming meter for the facility.

Section of the *Exemption Application and Assessment Procedure* under which the Exemption Application is made:

- *Section 1.4* "Application for Exemption General"

Market Rule(s) or related Market Manual(s) from which exemption is requested (copy of Market Rule(s) or Manual(s) attached): *Market Rules* Chapter 6 section 1.1.2 and Chapter 9 section 2.2

Third Party Submissions Received (YES or NO):

Supplemental Assessment Information Attached (YES or NO): NO

Related Historical Exemption Application(s) or Related Exemption Application(s) in Process (YES or NO): Yes i.e. 01-1221, 01-1222.

Role of applicant in the market as it relates to this exemption application: Metered Market Participant

Part 2 – Recommendation

Recommendation: To be Granted with Conditions

Criteria Used in Assessment of General Exemption Applications (Section 1.4.2 of *Exemption Application and Assessment Procedure*):

(If X appears in a box, the criterion is applicable to this exemption application and is evaluated in Part 3 – Details of Assessment; if X does not appear in a box, the criterion is not applicable to this exemption application.)

Whether the exemption that is the subject-matter of the exemption application would, if granted, materially:

- impact the ability of the IMO to direct the operations and maintain the reliability of the IMO-controlled grid;

- impact the ability of the IMO to ensure non-discriminatory access to the IMO-controlled grid;

- affect the ability of the IMO to operate the IMO-administered markets in an efficient, competitive, and reliable manner;

Comment: The nature of this exemption application would have an impact on the operation of the IMO-administered markets in an efficient manner. Accurate billing of energy consumption is paramount to the operation of an efficient market. See ‘Assessment’ section of this document for details.

- increase costs of market participants; or
Comment: See “Increase Costs to Market Participants” section in Part 3 of this document

- increase costs of the IMO;

Whether the exemption that is the subject-matter of the exemption application would, if granted, give the exemption applicant an undue preference in the IMO-administered markets;

Whether the cost or delay to the exemption applicant of complying with the obligation or standard to which the exemption application relates is reasonable, having regard to the nature of the obligation or standard, the nature of the exemption application and the anticipated impact of non-compliance by the exemption applicant in terms of the elements referred to above;

The adequacy of the exemption plan submitted by the exemption applicant;

Where the exemption applicant is the IMO, the identification of the benefit to market participants of compliance with the obligation or standard relative to the financial and other resources required to achieve compliance within such deadlines as may be applicable;

Where the exemption applicant is the IMO, the manner in which it proposes to operate in the IMO-administered markets or direct the operations and maintain the reliability of the IMO-controlled grid during the period in which the exemption would be in effect;

Whether the facility or equipment that is the subject-matter of the exemption application:

- was in service or was returned to service on the date on which the obligation or standard to which the exemption application relates came into force;

Comment: Metering installations that are the subject matter of these exemptions were in service at the time the obligation or standard to which the exemption application relates came into force.

- was ordered by the exemption applicant on or prior to the date on which the obligation or standard to which the exemption application relates came into force; or

- was in the process of construction on or prior to the date on which the obligation or standard to which the exemption application relates came into force; and

The capability of the owner of the facility to operate the facility consistent with the terms of the proposed exemption.

PART 3 – DETAILS OF ASSESSMENT

Background:

The High Current Lab (HCL) is presently the only point of supply from the IMO controlled grid to the OPGI-owned Kipling Complex. The Pump Test Complex (PTC) used to be supplied by the IMO-controlled grid, but is now supplied from the Toronto Hydro distribution system and is not considered any further in this application.

Low level loads 10 to 20 MVA represent over 91% of the annual tests. Medium level loads 20-50 MVA represent approximately 5.5% of the tests. High level loads of 50-75 MVA are less than 3.5% of the tests. This brings the annual energy consumption of this very small load to about \$860 per year.

The HCL does not have a wholesale revenue metering installation.

OPGI claims the cost of installing a compliant metering installation would be upwards of \$120,000.

No additional costs to the market place are foreseen. Minimal additional costs to process flat rate energy & connection charges would be born by the IMO. OPGI is willing to minimize the risks to the marketplace by maintaining a log, auditable by the IMO, to confirm the energy consumption does not exceed the estimate above.

Market Rule Requirement:

The relevant *Market Rules* are:

- Chapter 6 section 4.1.1.1 requires that each metering installation contain meters that are described on the list of conforming meters established by the IMO.
- Chapter 6 section 4.1.1.3 requires instrument transformers that meet or exceed 0.2 ANSI accuracy class.

Assessment:

OPG is requesting relief from the Market Rules requiring a compliant metering installation. There are two options worthy of consideration:

1. Install conforming meters plus instrument transformers, or
2. Proceed without a meter and settle on a monthly fixed charge.

Based on the information provided by OPGI relating to the operation of the HCL, the estimated annual energy consumption is 20,000 kWh. This figure includes a safety factor of two to allow for some variation in usage. The IMO considers this a reasonable estimate.

OPGI is willing to pay the energy costs based on a fixed monthly charge.

The risk to the market is in the inaccuracy of the estimate – a very small amount.

In comparison, the cost of a typical new 13.8 kV metering installation is at least \$60,000 and if the location has constraints it may be considerably more than this value (could be as high as the OPGI estimate). In any case, it is not reasonable to install a compliant metering installation for such small consumption.

To settle the market requires accurate and complete metering. Exemptions to the requirement for

PART 3 – DETAILS OF ASSESSMENT

metering should only be made in extreme cases – this is one of those cases.

The exemption would only apply to Delivery Point 108528 Meter Point ID 20M-UML 16.08

Cost of Compliance:

OPG estimates that it would cost approximately \$120,000 plus to install a compliant metering installation.

Cost Recovery for OPG:

Cost would have to be recovered through normal operations.

Increased Costs to Market Participants:

The increased cost to market participants is in the inaccuracy of the estimate. This may be in favour of the market or against the market. But in either case it is a small amount.

Rationale for expiry date of Exemption

The exemption would remain in place until the load changes.

Recommendation:

It is recommended that the exemption for using an estimate rather than compliant metering be granted, with the following conditions:

- The exemption would expire if the energy usage materially changes.
- OPGI shall maintain a log, auditable by the IMO, to confirm the energy consumption does not materially exceed the 20,000 kWh estimated annual consumption.
- Should the energy consumption materially exceed the estimated annual consumption this exemption would expire.

PART 4 – TERMS AND CONDITIONS

<p>Effective Date of Exemption (or event causing exemption to become effective)</p>	<p>The date the application was received</p>
<p>Date of Expiration of Exemption</p> <ul style="list-style-type: none"> • If greater than 5 years, the Panel must be satisfied that the circumstances justify a later date • Circumstances which will cause the exemption to immediately expire 	<p>This exemption will expire at the earliest date of the following dates or events:</p> <ul style="list-style-type: none"> - Substantial change in the load.
<p>Market Rule (s) or related Market Manual(s) from which the Exemption is granted</p>	<ul style="list-style-type: none"> - Chapter 6 section 4.1.1.1 - Chapter 6 section 4.1.1.2.
<p>Restrictions on the manner of operation and/or additional obligations to be met during the term of the Exemption, if any</p>	<ul style="list-style-type: none"> - None
<p>Monitoring Information Required Information required to be provided by the Exemption Applicant for monitoring by the IMO</p>	<ul style="list-style-type: none"> - On site log, auditable by the IMO, to confirm the energy consumption does not materially exceed the estimate provided.
<p>Payment of Costs</p> <ul style="list-style-type: none"> • Processing Costs (when introduced) • Incremental Exemption Costs • Settlement amounts to be withheld or repaid 	

PART 4 – TERMS AND CONDITIONS

<p>Reconsideration/ Removal</p> <ul style="list-style-type: none"> • Date on which the Exemption will be reconsidered (<i>if applicable</i>) • Circumstances under which the Exemption will be reconsidered (<i>if applicable</i>) other than unforeseen future change in circumstances 	<p>No foreseen circumstances of reconsideration.</p>
<p>Transferability</p> <ul style="list-style-type: none"> • List the terms and conditions that need to be met to allow for a transfer of this exemption to be approved by IMO staff 	<p>Approval to transfer this exemption may occur once the following criteria have been met:</p> <ol style="list-style-type: none"> 1. the transfer meets applicable terms and conditions set forth in the <i>exemption</i> itself and whether the transfer would affect the ability of the proposed transferee to comply with all of the terms and conditions of the <i>exemption</i>; and 2. the proposed transferee is a <i>market participant</i> or undertakes in writing to the <i>IMO</i> to apply for authorization as a <i>market participant</i>.
<p>Other: Applicable Metering Installations:</p>	<p>No other similar high voltage labs in the market.</p>