

**DECISION OF THE INDEPENDENT PANEL - Exemption Application No. 01-1222**

**Exemption Application:** Application No. 01-1222 made by O.N. Tel Inc. (the “Applicant”).

**Panel Hearing the Application:** Carl Anderson and John Grant

**Date Application Heard:** December 16, 2003.

**Market Rules from which Exemption is Requested:** Market Rules, Baseline 10.0, subsection 2.1.1.1 of Chapter 6.

**Decision:** The Applicant is granted an exemption on the terms and conditions specified herein.

**Effective Date of the Exemption:** March 6, 2002, the date the exemption application was received.

**Conditions of the Exemption:** The exemption is granted on the following conditions:

- (a) The Applicant must undertake to inform the IMO of any changes to the sites' load.

**Term of the Exemption:** The exemption shall expire at the earliest of the following:

- (a) indefinitely; or
- (b) a substantial change to the load at this location.

**Reconsideration of the Exemption:** At this time there are no foreseen circumstances that would warrant reconsideration.

**Reasons of the Panel:** In rendering our decision, we have considered the Applicant’s Exemption Application, the IMO Staff Recommendation, the applicable sections of the Market Rules, and the Exemption Application and Assessment procedure.

The Applicant seeks an exemption from Chapter 6, subsection 2.1.1.1 of the Market Rules. Specifically, the Applicant is requesting an exemption from the requirement that a connection point have a compliant metering installation. Subsection 2.1.1.1 states that participation in the IMO-administered markets is limited to those with connection points containing an IMO-compliant metering installation. The Applicant is seeking a lifetime exemption for the lifetime of the two meter point IDs listed in Part 1 of the IMO Staff Recommendation.

**Applicant’s Position**

The Applicant argued that the load to be measured at the Facilities is very small (i.e. daily consumption is approximately 25kWh) and, accordingly, it is excessive and impractical

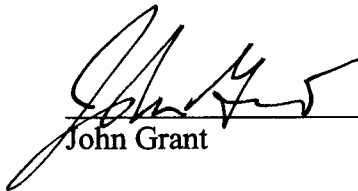
to require the installation of compliant metering installations at the applicable site. The Applicant also submits that the Facilities were in service on the date on which the Subsection came into force. In the alternative, the Applicant intends to continue using estimates to determine the Facilities' load.


IMO Staff Recommendation

IMO Staff recommends granting this exemption with the conditions described above. In reaching this conclusion, IMO Staff recognised that the cost of compliance (i.e. \$100,000) is excessive compared to minimal risk to the market associated with using load estimates instead of compliant metering, i.e. the amount of the inaccuracy of the estimate. Accordingly, the costs associated with the installation of a compliant metering installations do not warrant the potential for improved accuracy at these metering installations over the life of the Facilities.

Conclusion

We agree with the IMO Staff Recommendation and have decided to grant the exemption requested by the Applicant on the conditions and for the term described herein. Our decision to grant this exemption is largely based on the minimal risk to the IMO-administered markets associated with using load estimates instead of compliant metering, i.e. the amount of the inaccuracy of the estimate.

 31 January 2004  
John Grant Date

 Feb. 11/04  
Carl Anderson Date