

**DECISION OF THE INDEPENDENT PANEL - Exemption Application No. 01-1249**

**Exemption Application:** Application No. 01-1249 made by Ontario Power Generation 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, subsections 4.1.1.1 and 4.1.1.3 of Chapter 6.

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

**Effective Date of the Exemption:** April 27, 2002, the date the exemption application was received.

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

- (a) The exemption will expire if: (a) the energy usage at the High Current Lab (HCL) facility changes materially; and/or (b) the actual annual energy consumption at the HCL facility materially exceeds the estimated annual energy consumption.
- (b) The Applicant shall maintain an electronic log - subject to audit by the IMO - to confirm that the actual annual energy consumption does not exceed the estimated annual energy consumption.

**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, subsections 2.1.1.1 and 2.1.1.3, which require that a metering installation contain conforming meters and instrument transformers that meet or exceed the 0.3% ANSI accuracy class, respectively. The Applicant is seeking an exemption for the lifetime of the HCL facility located at the

Applicant's Kipling Complex site. This metering point is the last remaining point of supply from the IMO-controlled grid to the Kipling facility.

### Applicant's Position

The Applicant seeks an exemption from the above Market Rules on the following basis:

- The HCL facility has no wholesale revenue metering installation at the point of supply from the IMO-controlled grid.
- The HCL metering point was in service on the date on which the above Market Rules came into force.
- The nature of the HCL facility load is of a very short and intermittent duration. Currently, the hardware is not available to measure the energy of such loads (i.e. short duration low load) accurately and economically.
- The load to be measured at the HCL facility is small (i.e. annual energy consumption of approximately 20,000 kWh) and, accordingly, it is excessive and impractical to require the installation of compliant metering installations at the applicable site.
- The Applicant claims that the cost of installing a compliant metering installation would be approximately \$120,000.

In the alternative, the Applicant intends to continue using estimates to determine the load at the HCL metering point. In addition, the Applicant has indicated that it is currently modifying its data acquisition to automatically maintain an electronic log of usage at the HCL metering point. The log could then be audited to ensure that the estimated load is not exceeded.

### IMO Staff Recommendation

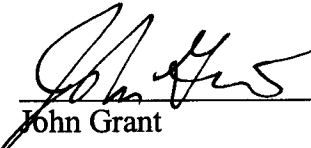
IMO Staff recommends granting this exemption with the conditions described above. The IMO Staff's rationale for granting the exemption includes:


- The risk to the IMO-administered market associated with using load estimates instead of compliant metering is a very small amount, i.e. the amount of the inaccuracy of the estimate.
- It is not reasonable to install a compliant metering installation at a facility with such a low level of consumption.
- The cost of compliance (i.e. \$120,000) is excessive compared to minimal risk to the market associated with non-compliance.
- No additional costs to the Ontario market are foreseen. Additional costs to the IMO to process the flat rate energy and connection charges may be likely. However, such costs are expected to be minimal.

- The Applicant is willing to minimise the risk to the Ontario market by maintaining an electronic log - subject to IMO audit - to confirm that energy consumption does not exceed the load estimate.
- 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 HCL facility.

### 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, compared to the costs of compliant metering.

  
John Grant                      31 January 2004  
Date

  
Carl Anderson                      Feb. 11 / 04  
Date