

DECISION OF THE INDEPENDENT PANEL - Exemption Application No. 01-1187

Exemption Application: Application No. 01-1187 made by Great Lakes Power Limited (“GLP”).

Panel Hearing the Application: Jim Baillie and Peter Jones

Date Application Heard: October 9, 2002.

Market Rules from which Exemption is Requested: Baseline 6.5, Chapter 6, section 4.1.1.4, Appendix 6.2, section 1.7.1.2 and Wholesale Revenue and Metering Standard – Hardware (the “Hardware Standard”), section 6.1.2.6.

Decision: GLP is granted an exemption from section 4.1.1.4 of Chapter 6 and section 6.1.2.6 of the Hardware Standard on the terms and conditions specified herein. An exemption is not required and is not granted from the proof of accuracy requirement prescribed by section 1.7.1.2 of Appendix 6.2 because this requirement was eliminated by a recent Market Rule amendment.

Effective Date of the Exemption: November 19, 2001, the date the exemption application was received.

Conditions of the Exemption: None.

Term of the Exemption: Until the earliest expiry date of any seal of any meter forming part of the metering installation.

Transfer: Approval to transfer the exemption may be given if:

- The transfer meets the applicable terms and conditions set forth in the exemption and the transfer would not materially and adversely affect the ability of the proposed transferee to comply with all the terms and conditions of the exemption;
- The proposed transferee is a market participant or undertakes in writing to apply for authorization as a market participant; and
- The transfer of the exemption will not materially and adversely impact the timely implementation of the plan to become compliant with the exempted obligation

Reasons of the Panel

In rendering our decision, we have considered GLP's Exemption Application, the IMO Staff Recommendation, GLP's Comments on the IMO Staff Recommendation, the applicable sections of the Market Rules and the Hardware Standard and the Exemption Application and Assessment procedure.


GLP seeks an exemption from certain provisions of the Market Rules and the Wholesale Revenue Metering Standard – Hardware (the “Hardware Standard”) governing proof of accuracy requirements for instrument transformers. In particular, GLP seeks an exemption from: (i) Chapter 6, section 4.1.1.4, (ii) Chapter 6, Appendix 6.2, section 1.7.1.2, and (iii) the Hardware Standard, section 6.12.6. These sections provide that instrument transformers shall meet or exceed the 0.3% accuracy class of ANSI Standard C57.13 and this shall be evidenced by factory test cards complete with serial numbers. The delivery points in respect of which GLP requests exemptions are: 106186, 106176, 106193, 106194, 106180, 106192, 106170, 106171 and 106172.

GLP's instrument transformers meet the 0.3% accuracy requirement but not the proof of accuracy requirement because GLP is unable to supply factory test cards. GLP says it plans to install compliant instrument transformers at each location within six years of market opening and therefore asks for an exemption for the applicable instrument transformers for up to six years. GLP says that the subject instrument transformers are Measurement Canada approved for revenue billing and an exemption would therefore not have an adverse affect on the IMO-administered market or market participants.

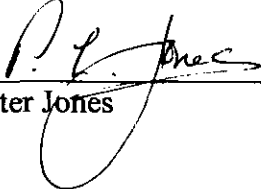
IMO Staff says that based on the information supplied by GLP, the subject transformers are Measurement Canada approved and meet the IMO's prescribed 0.3% ANSI accuracy standard. IMO Staff states that the only deficiency is that the transformers do not meet the proof of accuracy requirement that obligate GLP to supply factory test cards. IMO Staff says that the cost of upgrading the subject metering installations to meet the prescribed proof of accuracy requirements would be between \$255,000 to \$340,000. IMO Staff recommends that an exemption be granted for each metering installation until the earliest expiry date of any seal of any meter forming part of the metering installation. The only conditions that IMO Staff recommends be imposed are the usual conditions governing transferability of the exemption (see above).

We have decided to grant GLP an exemption from the proof of accuracy requirements prescribed by section 4.1.1.4 of Chapter 6 and section 6.12.6 of the Hardware Standard for each metering installation until the earliest expiry date of any seal of any meter forming part of the metering installation. An exemption is not granted from Appendix 6.2, section 1.7.1.2, because a recent Market Rule Amendment (MR205) eliminated the proof of accuracy requirement prescribed by Appendix 6.2, section 1.7.1.2. In granting these exemptions we have considered the criteria set out in the Exemption Application and Assessment Procedure and we are satisfied that granting the exemption will not have

a material adverse impact on the ability of the IMO to direct the operations and maintain the reliability of the IMO-controlled grid, and in the circumstances, we find it would not be reasonable to require GLP to incur the costs of becoming compliant.



Jim Baillie Dec 11/02
Date



Peter Jones December 11, 2002
Date