

## IESO Staff Recommendation on Exemption Application

All information submitted in this process will be used by the IESO solely in support of its obligations under the "Electricity Act, 1998", the "Ontario Energy Board Act, 1998", the market rules and associated policies, standards and procedures and its licence. All submitted information will be assigned the appropriate confidentiality level upon receipt in accordance with Market Manual 2.2.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *Market Rules*.

### Part 1 – General Information

<p><i>Exemption Application</i> ID: <u>1362</u></p> <p><i>Exemption Applicant</i> Name: <u>Hydro One Networks Inc. ("Hydro One")</u></p> <p>Date <i>Exemption Application</i> Received: <u>September 9, 2022</u></p> <p>Role of <i>Exemption Applicant</i> as it relates to the <i>Exemption Application</i>: <u>Transmitter</u></p> <p>Description of <i>Exemption Application</i>: <u>Hydro One is requesting an exemption from IESO metering standards to accommodate a temporary load transfer at the Trafalgar TS.</u></p> <p>Market Rule(s) or related Market Manual(s) from which the <i>exemption</i> is requested: <u>Chapter 6, Section 2.1.1.1</u></p> <p>Are there any outstanding disputes, compliance actions, or pending <i>market rule</i> amendments involving the <i>exemption applicant</i>?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Are there any outstanding disputes, compliance actions, or pending <i>market rule</i> amendments involving the subject matter of this <i>exemption application</i>?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Supplementary Information Attached:</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Related Historical <i>Exemption Application(s)</i> or Related <i>Exemption Application(s)</i> in Process:</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
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## Part 2 – Recommendation

### The IESO recommends that:

Hydro One's market rule exemption request to Chapter 6, Section 2.1.1.1 of the market rules should be granted. The reasons to support IESO's recommendation are detailed in this form below.

### **IESO Staff will check all boxes below that were evaluated as part of this staff recommendation. This list of criteria is found in Market Manual 2.2, Exemption Applications.**

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

- Impact the ability of the *IESO* to direct the operations and maintain the *reliability* of the *IESO-controlled grid*

*There is no impact on IESO's ability to direct the operations and maintain the reliability of the IESO-controlled grid.*

- Impact the ability of the *IESO* to ensure non-discriminatory access to the *IESO-controlled grid*
- Affect the ability of the *IESO* to operate the *IESO-administered markets* in an efficient, competitive and reliable manner
- Increase costs of *market participants*

There are no cost impacts to market participants.

- Increase costs of the *IESO*

There is no cost impact to the *IESO*.

- Whether the *exemption* that is the subject matter of the *exemption application* would, if granted, give the *exemption applicant* an undue preference in the *IESO-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*  
The proposed exemption plan follows best industry practice. Multiple solutions were considered by Hydro One before deciding to file an exemption application request.

Where the *exemption applicant* is the *IESO*:

- 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
- The manner in which it proposes to operate in the *IESO-administered markets* or direct the operations and maintain the *reliability* of the *IESO-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
- 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
- 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
- The capability of the owner of the *facility* to operate the *facility* consistent with the terms of the proposed *exemption*

Hydro One has informed IESO staff that they are able to meet the terms and conditions listed in Part 4 of this form.

### Part 3 – Details of Assessment

#### Summary:

In December 2019 IESO requested Hydro One to proceed with conductor upgrades of the Richview TS x Trafalgar TS 230 kV transmission lines to increase the transfer capability of the Flow East Towards Toronto (FETT).

To ensure safety and work clearances for the project, Hydro One needs to remove a section of an existing 27kV overhead line supplying a very small load (approx. 2kW) at the Enbridge pumping station. Therefore, for approximately 2 years during the project execution, the Enbridge load will need to be transferred from its normal supply (Glenorchy MTS M20, Milton Hydro) in the retail market to a new supply from the IESO-controlled grid (Trafalgar TS M6) in the wholesale market.

As per Chapter 6, Section 2.1.1.1 of the Market Rules, the IESO shall not permit a person to participate in the real-time markets or the procurement markets or to cause or permit electricity to be conveyed into, through or out of the IESO-controlled grid unless, among other requirements, it is satisfied that the connection point or embedded connection point

that will be used has an associated metering installation that complies with the requirements of Chapter 6, i.e., that the electricity conveyed to and from the IESO-controlled grid be measured by a wholesale revenue meter. Hydro One requested an exemption to this market rule to temporarily connect the Enbridge load to the IESO-controlled grid as a non-dispatchable load resource without having an associated wholesale revenue metering installation. During the market rule exemption period, the new non-dispatchable load resource will be settled in wholesale markets. Hydro One will act as the metered market participant for this new non-dispatchable load resource and will register with the IESO a new virtual meter associated with this resource for both energy and transmission markets. The virtual meter data quantities will be estimated by Hydro One based on Enbridge’s load historical meter data consumption of over a period of minimum of 2-years.

By granting this market rule exemption the IESO demonstrates its commitment to support Hydro One to successfully deliver this project by 2026. The IESO assessment considered the following items:

- very low risk to settle the market as this is a temporary market rule exemption to allow very small load, compared to a normal wholesale market load, to connect to IESO-controlled grid
- no impact on IESO’s ability to direct the operations and maintain the reliability of the IESO-controlled grid
- no impact to the existing IESO’s business processes and systems, mainly related to metering and settlements
- low overall implementation costs

#### Part 4 – Proposed Terms and Conditions

Category	Terms and Conditions
<b>Effective Date of Exemption</b> (or event causing the exemption to become effective)	Will be effective on the date the exemption is approved by the Exemption Review Panel (November 30, 2022).
<b>Date of Expiration of Exemption</b> <ul style="list-style-type: none"> <li>- If greater than 5 years, the Panel must be satisfied that the circumstances justify a later date</li> </ul>	Two years following approval of the exemption application (November 30, 2024).
<b>Market Rule(s) or related Market Manual(s) from which the Exemption is granted</b>	Chapter 6, Section 2.1.1.1
<b>Restrictions on the manner of operation and or additional</b>	1. Hydro One shall act as the metered market participant for the new non-dispatchable load resource and shall

Category	Terms and Conditions
<p><b>obligations to be met during the term of the exemption, if any.</b></p>	<p>register with the IESO a new virtual meter associated with the new resource for both energy and transmission markets. As a <i>metered market participant</i>, Hydro One shall ensure compliance with all applicable Market Rules, primarily Chapter 6 of Market Rules.</p> <ol style="list-style-type: none"> <li>2. Hydro One, as the metered market participant, shall engage a registered metering service provider to register and maintain the new virtual meter for the entire period of the exemption.</li> <li>3. Hydro One shall estimate the virtual meter data quantities based on Enbridge's load historical meter data consumption of over a period of minimum of 2 years. The virtual meter data estimate shall be sealed by a Professional Engineer of Ontario and reviewed and approved by the IESO as part of the virtual meter registration process.</li> </ol>
<p><b>Monitoring Information Required</b></p> <p>Information required to be provided by the exemption applicant for monitoring by the IESO</p>	<p>IESO will open a metering conformance monitoring task with an effective time period of 2 years starting on the date the exemption is approved by the Exemption Review Panel.</p>
<p><b>Payment of Costs</b></p> <ul style="list-style-type: none"> <li>- Processing costs (when introduced)</li> <li>- Incremental exemption costs</li> <li>- Settlement amounts to be repaid</li> </ul>	<p>N/A</p>
<p><b>Reconsideration/Removal</b></p> <ul style="list-style-type: none"> <li>- Date on which the exemption will be reconsidered (if applicable)</li> <li>- Circumstances under which the exemption will be reconsidered (if</li> </ul>	<p>The exemption may be removed before its expiration date if the Enbridge load is transferred back to its primary supply.</p>

<b>Category</b>	<b>Terms and Conditions</b>
applicable) other than unforeseen future change in circumstances	
<b>Transferability</b> <ul style="list-style-type: none"> <li>- List the terms and conditions that need to be met to allow for a transfer of this exemption to be approved by IESO staff</li> </ul>	This exemption is not transferable.
<b>Other:</b>	N/A