



Market Rule Amendment Submission

Please complete the first four parts of this form and submit the completed form by email or fax to the following:

Email Address: Rule.Amendments@theIMO.com

Fax No.: (416) 506-2847 Attention: Market Rules Group

Subject: *Market Rule Amendment Submission*

All information submitted in this process will be used by the *IMO* 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 confidentiality classification of "public" upon receipt. You should be aware that the *IMO* will *publish* this *amendment submission* if the Technical Panel determines it warrants consideration and may invite public comment.

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

PART 1 – SUBMITTER’S INFORMATION

Please enter contact information in full

Name: Jim Kelbert	
(if applicable) <i>Market Participant / Metering Service Provider No.</i> ¹ :	Market Participant Class: IMO Staff
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PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Metering Service Providers
Title: Regulation of Default Metering Service Providers During the Transition Period
Nature of request (please indicate with X): <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Addition Clarification
Chapter: 6 Sections: Appendix:
Sub-sections proposed for amending/clarifying :

¹ This field is restricted to a maximum of 12 characters and does not allow any spaces or underscore.

PART 3 – DESCRIPTION OF THE ISSUE

Provide a brief description of the issue and reason for the proposed amendment. If possible, provide a qualitative and quantitative assessment of the impacts of the issue on you and the *IMO-administered markets*. Include the Chapter and Section number of the relevant market rules.

It is proposed that a provision be added to section 3.2 of Chapter 6 which is the section prescribing the Transitional Arrangements for metering service providers. The proposed change will permit the IMO to sanction “default metering service providers” for non-compliance with the market rules.

The reason for the proposed amendment is that there have been instances of non-compliance by default metering service providers and at present, the market rules do not provide the IMO with a fair or effective way of enforcing compliance.

Metering service providers are not market participants and are therefore not subject to the enforcement provisions of the market rules. Under the market rules, metered market participants are required to enter into agreements with metering service providers and are accountable for metering related matters including non-compliance by their metering service providers (see section 3.1 of Chapter 6). In particular, metered market participants are “liable to the imposition of financial penalties” if the metering service provider (that they are required to retain) fails to comply with the obligations placed on metering service providers under the market rules. This treatment is appropriate in cases where there is a competitive metering service provider market and metered market participants are free to select and contract with metering service providers of their choice. Under these conditions, metered market participants may protect themselves against non-compliance by their metering service providers by, among other things, negotiating appropriate indemnities and termination provisions in their metering service provider agreement. However, during the transitional period mandated by section 3.2 of Chapter 6, there is not a competitive metering service provider market. Under section 3.2, the owner of the metering installation is designated as the “default metering service provider” until the seal expiry date, and the metered market participant has no option but to contract with this default metering service provider. In such circumstances, it is the IMO’s view that in some cases it will be unfair and ineffectual to sanction a metered market participant for breaches by its metering service provider.

Under the market rules (section 5.3 of Chapter 6), the IMO does have the power to revoke the registration of a metering service provider for breaches of the rules. However, this solution is extreme and of little practical value as the vast majority of meters in the market are owned by one entity.

The IMO therefore proposes that it be provided with the power to sanction metering service providers directly for breaches of the rules in respect of metering installations for which they are the “default metering service provider”. The power to sanction a “default metering service provider” in respect of a particular metering installation is to expire once the seal expiry date passes and the metered market participant is free to contract with competitive metering service providers.

In addition to the proposed changes discussed above, changes are also being proposed to the performance standards governing metering service providers in Appendix 6.6. The present standards in some cases are considered too onerous, and in others are unclear and therefore difficult to measure and administer. Some such as those that are in sections 1.2.2 and 1.3.1.3 simply need to be changed. Section 1.2.2 of appendix 6.6 presently contains a performance standard on the percent of metering installations that are to be registered on first attempt. But the rule does not define what is meant by “first attempt” making the standard difficult to administer. Regardless, this standard is judged to be unimportant. The current thinking is to replace it by one that measures the percent of metering installations that are registered without errors. Section 1.3.1.3 contains an unrealistic and poorly defined performance standard that should be removed from the rules relating to “components” of

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metering installations. It should be removed because it relates more to the performance of metering manufacturers and has little to do with the performance of metering service providers.

PART 4 – PROPOSAL (BY SUBMITTER)

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

It is proposed to amend the transitional provisions of section 3.2 of Chapter 6 to empower the IMO to sanction default metering service providers.

It is also being proposed to change the performance standard criteria of Appendix 6.6 to make them simpler, clearer and more measurable, and in certain cases less onerous. This should make them more manageable to administer and, therefore, increase their effectiveness. In this regard, some performance standards need to be deleted, as some are no longer required, while others need to be made clearer or replaced.

PART 5 – FOR IMO USE ONLY

Technical Panel Decision on Rule Amendment Submission	
MR number: MR-00202	
Date submitted to Technical Panel: August 15, 2002	
Accepted by Technical Panel as: <input checked="" type="checkbox"/> General <input type="checkbox"/> Urgent <input type="checkbox"/> Minor (please indicate with X)	Date: August 20, 2002
Criteria for acceptance: Submission identifies a means to better enable the market to satisfy the market design principles. Specifically, the principle on enforceability states: “The market rules should include authorities and mechanisms that promote and enforce adherence to the rules.” The proposed amendments contemplated with this amendment submission would give the IMO the necessary “authorities and mechanisms” to regulate effectively the performance of default metering service providers.	
Priority: Medium	
Criteria for assigning priority: Even though the issues identified are pervasive (i.e. they apply to the majority of metering installations), a medium priority is assigned because their impact does not result in significant market inefficiencies or problems.	
Not accepted (please indicate with X):	
Clarification/interpretation required (please indicate with X):	

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***Technical Panel* minutes reference:** IMOTP 110-1

Technical Panel Comments: The Technical Panel accepted the submission as warranting further consideration, with one member from Hydro One Networks Inc. expressing a dissenting view (see accompanying correspondence dated August 16, 2002). The Technical Panel felt it necessary to emphasize two points. First, that the sanctioning power contemplated in the amendment submission would only apply to the transitional arrangements described in section 3.2 of Chapter 6. Second, that after the expiry of the transitional arrangements, the metered market participant will assume all responsibility for non-compliance by their chosen metering service provider. They also cautioned that since performance standards are judgmental and difficult to establish for the new market, the IMO should exercise caution in applying sanctions.