

**Measurement  
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**Mesures  
Canada***La mesure juste pour tous*

Edifice des Normes  
Parc Tunney  
Ottawa (Ontario)  
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October 14, 2003

Mr. Dave Barrie  
Senior Vice President - Asset Manager  
Hydro One Inc.  
483 Bay Street  
South Tower, 10<sup>th</sup> Floor  
Toronto, Ontario  
M5G 2P5

Dear Mr. Barrie:

Re: Temporary Dispensation for Meters and Recorders with Seals Expiring in 2003

Thank you for your letter of September 18, 2003 requesting that Hydro One be granted a one-year temporary dispensation on the verification of 383 devices (meters and recorders) which have seals due to expire this year.

It is acknowledged that your request originates as a result of the Market Rules (Ontario) which, we understand, specify that an owner of a Wholesale Revenue Metering Installation (WRMI) in service on or before April, 2000 and registered with Ontario's Independent Electricity Market Operator (IMO) is to become a Metering Service Provider (MSP) or arrange for meter service provision. We are also of the understanding that these transitional arrangements terminate on the expiry of the earliest seal date of any meter (or recorder) installed as part of a WRMI, at which time the Metered Market Participant (MMP) is to assume full responsibility and make alternative arrangements for revenue metering in compliance with the Market Rules.

In your letter, you have advised that the Ontario Market Rules appear to result in conflicting regulatory requirements between the Independent Electricity Market Operator and Measurement Canada. Hydro One Networks Inc (Hydro One) owns a majority of the WRMI's in Ontario and it is understood that this year over 400 meter points have a meter or recorder with a seal expiring. This occurrence will result in the termination of the transitional arrangement and the MMP will now be required to install metering that is compliant with the Market Rules.

Although, typically, compliance with Measurement Canada requirements would allow Hydro One to replace the overdue meters with verified meters of the same type, it is our understanding that the Market Rules will not recognize these meters and will require that further upgrading be made to the WRMI for it to be considered as compliant.

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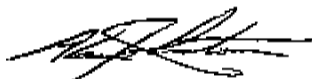
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In light of the above and with due consideration to our understanding that the electricity market participants (wholesale electricity sellers and purchasers) fully support the continued use of the existing WRMI in 2004 for settlement purposes, temporary permission for the continued usage of the subject meters (383 devices listed on the table submitted to Measurement Canada) is hereby granted contingent on satisfaction of the following conditions and limitations:

1. The temporary dispensation will expire on December 31, 2004 unless otherwise withdrawn for cause by Measurement Canada.
2. A contract document (formal agreement) must be authorized by each party to a transaction involving the sale of electricity.
  - 2.1 The contract must identify each metering site which will contain a meter(s) that will be subject to this dispensation.
  - 2.2 The contract must include the following statements or statements which convey the same intent:
    - a) In the case of a disagreement between parties named in the contract where the accuracy of a meter is suspected, the parties will try to resolve their disagreement before requesting a dispute investigation by Measurement Canada.
    - b) All parties named in the contract understand that the exemption from certain Measurement Canada requirements may limit Measurement Canada's ability to successfully conclude a dispute investigation.
    - c) The granting of this verification dispensation by Measurement Canada is not based on metrological performance data and should not be viewed by the contracted parties as an indication of the current or future accuracy of the metering installation to which it applies.
    - d) The contract may be terminated at any time upon the request of any of the signatory parties.
3. Meters which comply with all the requirements of this temporary dispensation may remain in service without further verification, until dispensation expiry.
  - 3.1 This temporary dispensation shall cease to apply to any meter which is the subject of a contract specified in section 2.0, immediately upon the termination of that contract. The owner of a meter which is the subject of such a contract, shall inform Measurement Canada.

Should you require any additional information concerning the temporary dispensation provided for in this letter, please contact Mr. Gilles Vinet, Vice-President, Program Development Directorate (613) 941-8919 or by email at [vinet.gilles@ic.gc.ca](mailto:vinet.gilles@ic.gc.ca)

Yours sincerely,



Alan E. Johnston  
President

cc Mr. Paul Rivers, Electricity Specialist, Ontario Region, Measurement Canada  
Mr. Luc VanOverberghe, Deregulation Specialist, Measurement Canada