

Nova Scotia Power System Operator (NSPSO)

Market Procedure

MP-06

Temporary Waivers

Issue: 01

Effective Date: 2012 12 31

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MPF-06-02 Application for an amendment or extension

MPF-06-03 Notification of NSPSO-initiated change proposals

MPF-06-04 Application for transfer of a Temporary Waiver

1 Document Control and General Provisions

1.1 Issue and revision History

Issue	Date	Reason for Issue
01	2012 12 31	Original

1.2 Contact for queries and submissions

For queries concerning the application or interpretation of this Market Procedure and for submission of documents required under this procedure (unless noted otherwise) contact:

Name: Market Administrator
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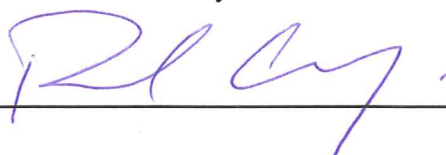
1.3 Incorporation of general provisions

The general provisions set out in part 3 of Market Procedure 01, General Market Procedure, are incorporated into this Market Procedure (unless superseded by explicit wording to the contrary in this Market Procedure).

1.4 Document approval

Paul Casey, Director Reliability & Control Centre Operations

Signature: _____



2 Overview of this procedure

2.1 Purpose of this Market Procedure

The purpose of this Market Procedure is to define the process, documents and forms to be used by Market Participants and others in applying for Temporary Waivers, and by the NSPSO in assessing and granting or rejecting Temporary Waiver applications. This Market Procedure also defines the processes by which Temporary Waivers may be amended, extended, withdrawn, transferred or canceled.

2.2 Market Rules – References

This Market Procedure is established in accordance with paragraph 2.5.5.1 of the Market Rules and Published by the NSPSO in accordance with paragraph 1.5.1.1 of the Market Rules.

The processes described in this Market Procedure comply with the requirements of section 2.5 of the Market Rules.

2.3 Scope and Application

Temporary Waivers are intended to avoid the application of particular obligations or requirements under the Market Rules, including under standards, codes and Market Procedures invoked by the Market Rules, in a manner that would be inconsistent with the object of the market. If for example a Market Participant is unable to comply with a Market Rule or a standard in respect of a particular Facility, then disconnection could be required. Such disconnection could reduce system adequacy and cause greater jeopardy to system reliability than that arising from continued operation in a non-compliant condition. In such a circumstance, the Temporary Waiver would allow continued operation pending correction of the deficiency.

Temporary Waivers are not permanent, but are intended to allow Market Participants and the NSPSO itself the flexibility of additional time within which to become compliant with the Market Rules and with standards, codes and Market Procedures invoked by the Market Rules in appropriate cases.

This Market Procedure describes the steps to be taken and the forms to be used by any person, referred to as a Waiver Applicant, in applying for a Temporary Waiver in respect of any obligation or requirement contained in the Market Rules or a standard, code or Market Procedure invoked by the Market Rules. As a general rule, a Waiver Applicant will be a Market Participant, but Waivers are also available to any Transmitter, applicant for Accreditation or Connection Applicant, as well as to the NSPSO itself. This Market Procedure also describes the processes and forms relating to applications by a person that has been

granted a Waiver (the “Waiver Holder”) to amend, extend the duration of, transfer or cancel the Waiver.

This Market Procedure describes the criteria and processes to be used by the NSPSO in assessing Waiver applications; in attaching conditions to Temporary Waivers; in assessing applications for the amendment, extension, transfer or cancellation of temporary Waivers; in allocating costs associated with Waiver applications and temporary Waivers; and in amending or withdrawing Temporary Waivers on its own initiative.

2.4 Responsibilities of Parties under this Market Procedure

It is the responsibility of a person (Waiver Applicant) that wishes to obtain a Temporary Waiver to complete and submit an application in the form required and to supply any additional information that may be required by the NSPSO in order to process that application. The Waiver Applicant bears the onus of satisfying the NSPSO that the grounds for granting a Waiver as described in this Market Procedure have been met. Similarly, it is the responsibility of a Waiver Holder that wishes to amend, extend the duration of, transfer or cancel a Temporary Waiver to complete and submit an application in the form required and to supply any additional information that may be required by the NSPSO in order to process that application. It is also the responsibility of a Waiver Holder to comply with all of the terms and conditions of its Temporary Waiver and to provide such information as the NSPSO may be required to monitor for compliance with any applicable Waiver conditions.

It is the responsibility of Waiver Applicants, Waiver Holders, Market Participants and Transmitters to review and make comment in respect of applications and processes relating to Waivers where this Market Procedure allows for such review and comment.

It is the responsibility of the NSPSO:

- to process and render decisions on Waiver applications, having regard to the criteria and considerations set out in Appendix MP-06-A;
- to render decisions on conditions to be associated with Temporary Waivers;
- to process and render decisions on applications to amend, extend the duration of, transfer or cancel a Temporary Waiver, having regard to the criteria and considerations set out in Appendix MP-06-A where applicable;
- where required, to reconsider and amend Temporary Waivers;
- where required, to reconsider and withdraw Temporary Waivers; and
- to Publish applications and decisions relating to Temporary Waivers.

2.5 Other Related Market Procedures

MP-04, Registration of Facilities (transfer of Waivers associated with the transfer of Facilities).

3 Process description

3.1 Application for a Temporary Waiver

3.1.1 Timing

3.1.1.1 Temporary Waivers should be sought as soon as the Waiver Applicant becomes aware of circumstances that, on a continuing basis, prevent or are likely to prevent compliance with an obligation or requirement of the Market Rules or a standard, code or Market Procedure invoked by the Market Rules.

3.1.1.2 To the extent possible, Waiver applications should be submitted with sufficient lead time to allow for the NSPSO to complete its assessment and render a decision prior to the Waiver Applicant or its Facility being in a non-compliant condition.

3.1.2 Preparation

3.1.2.1 Prior to submitting a Waiver application, persons are encouraged to consult with the NSPSO as to the issues that may need to be addressed in the Waiver application, as well as the nature of the supporting information that the NSPSO is likely to require. Waiver applicants are reminded that the NSPSO may take into account information provided by the prospective Waiver applicant when processing and assessing any related Waiver application, but any such consultations are otherwise without prejudice to the processing and assessment of the Waiver application by the NSPSO.

3.1.2.2 Where a person plans to seek Temporary Waivers in respect of multiple obligations or requirements or multiple Facilities, that person should consult with the NSPSO to establish how best to package the associated Waiver applications so as to facilitate processing and assessment by the NSPSO and to minimize delays. As a general rule, each Waiver application should be limited to a single class of obligations or requirements (for example, all obligations relating to metering), but may relate to all of the Facilities for which the Temporary Waiver is sought. The Waiver Applicant should identify in each Waiver application any linkages to other Waiver applications submitted or proposed to be submitted by it.

3.1.3 Form and content

- 3.1.3.1 A person that wishes to apply for a Temporary Waiver shall complete a Waiver application in form MPF-06-01 electronically or by hand, and submit it to the person identified in section 1.2.
- 3.1.3.2 As a Temporary Waiver only relieves a Waiver Holder from compliance with the obligation(s) or requirement(s) specified in the Temporary Waiver, the Waiver applicant should ensure that all obligations and requirements for which a temporary Waiver is required are identified in the Waiver application.
- 3.1.3.3 Where a Waiver application indicates that the granting of the Temporary Waiver may have a negative reliability or cost impact on others, the Waiver Applicant should also include in its Waiver application its proposals for Waiver conditions that the NSPSO may adopt in order to mitigate or prevent such impact.

3.2 NSPSO assessment

3.2.1 Initial Assessment for completeness

- 3.2.1.1 Upon receipt of a Waiver application, the NSPSO will first carry out an initial review for apparent completeness. Where the NSPSO determines that the Waiver application is seriously deficient, it will reject the Waiver application and notify the applicant. Then the applicant must re-file a more complete Waiver application.
- 3.2.1.2 Where the NSPSO is satisfied with its initial review that a Waiver application is sufficiently complete, the NSPSO will formally acknowledge receipt of the Waiver application and assign an application number to it.
- 3.2.1.3 The NSPSO will then conduct a more thorough assessment of the Waiver application for completeness. Where information is missing, or the NSPSO otherwise requires additional information or clarification, the NSPSO will notify the Waiver Applicant and will specify a reasonable period within which such information or clarification should be provided.

3.2.2 NSPSO Initial Assessment, Publication and Draft Assessment Report

- 3.2.2.1 The NSPSO will then assess the Waiver application and all supporting information provided by the Waiver Applicant, having regard to the criteria and conditions set out in Appendix MP-06-A.
- 3.2.2.2 Where the NSPSO considers that there are grounds for rejecting a Waiver application, the NSPSO will notify the Waiver Applicant as soon as possible. The Waiver Applicant will be given an opportunity to respond to the NSPSO's concerns.

3.2.2.3 Where, in reviewing a Waiver application, the NSPSO determines that the subject-matter of the Waiver application could more appropriately be addressed by an Amendment to the Market Rules or to a standard, code or Market Procedure, the NSPSO may advise the Wholesale Market Advisory Committee accordingly. In such circumstances, and subject to the consent of the Waiver Applicant, the NSPSO may defer its further assessment of the Waiver application pending consideration of the proposed amendment to the Market Rule or standard, code or Market Procedure.

3.2.2.4 The NSPSO shall prepare a draft assessment report in respect of the Waiver application. The draft assessment report shall contain a proposed decision and the reasons supporting the decision, and shall identify any conditions recommended to be attached to the Temporary Waiver where issuance of a Temporary Waiver is proposed. The draft assessment report shall be provided to the Waiver applicant and shall be Published by the NSPSO. Such Publication shall invite comments on the draft assessment report from Market Participants, Transmitters and other interested persons, who will be given a reasonable time within which to provide comments. If the NSPSO considers that any particular Market Participant or Transmitter would be directly affected by implementation of the proposals contained in the draft assessment report, the NSPSO shall give notice to that Market Participant or Transmitter of the Publication of the draft assessment report.

3.2.2.5 The Publication referred to in section 3.2.2.4 shall include the name of, and contact information for the member of the NSPSO to whom comments should be addressed, as well as the date by which comments must be filed. The NSPSO may refuse to consider any comments received after that date, in which case it will so notify the person submitting the late comments.

3.2.2.6 The contents of a draft assessment report prepared by the NSPSO are without prejudice to the final assessment report and decision of the NSPSO.

3.2.3 Consideration of Comments and NSPSO Final Assessment Report

3.2.3.1 The NSPSO will Publish all comments received in response to its draft assessment report, and will provide a copy of those comments to the Waiver Applicant. The Waiver Applicant will be given a reasonable opportunity to provide the NSPSO with a response to the comments.

3.2.3.2 Where the draft assessment report contains conditions that are proposed to be attached to a Waiver, the NSPSO must consult with the Waiver Applicant with respect to the recommended conditions.

3.2.3.3 On expiry of the comment period referred to in section 3.2.2.5, the NSPSO will review all comments received and will if necessary consult with the Waiver Applicant in respect of any issue arising from the third party comments.

3.2.3.4 The NSPSO's final assessment report shall include the Waiver Applicant's views on any key issues, including any conditions proposed to be attached to a Waiver, using where practical the Waiver Applicant's own words.

3.2.3.5 The NSPSO will prepare its final assessment report and decision. At a minimum, the final assessment report shall include a summary of the application, of comments received from third parties, and of the Waiver Applicant's response to those comments. In preparing the final assessment report, the NSPSO will have regard to such comments and response. The report will include the NSPSO's decision and the reasons for that decision. The final assessment report shall be provided to the Waiver applicant and shall be Published by the NSPSO. Where the NSPSO approves a Waiver application and grants a Temporary Waiver, the NSPSO:

- a) shall specify the effective date of the Temporary Waiver, which shall be the date on which the NSPSO approves the Waiver application or such later date as the Waiver Applicant may have requested;
- b) shall specify the date on which the Waiver shall cease to have effect, which date shall, in accordance with paragraph 2.5.1.4 of the Market Rules, be not more than 12 months after the effective date; and
- c) may attach conditions to the Temporary Waiver (see section 3.2.4).

3.2.4 Waiver Conditions

3.2.4.1 The NSPSO may impose such conditions as it considers appropriate in the circumstances. Typically, these conditions will be designed to mitigate or prevent negative impacts that could otherwise arise as a result of the granting of the Temporary Waiver. Conditions may include operational constraints, alternative operating procedures and information or reporting requirements. The Market Rules do not provide for settlement of any financial conditions arising out of costs.

3.3 Amendment and Extension of Temporary Waivers

3.3.1 Limit on extension

3.3.1.1 An application for the extension of a Temporary Waiver shall not be considered unless supported by evidence that the Waiver Holder has exercised reasonable diligence in the implementation of a remedy of the non-compliance. [MR 2.5.1.5 & 6]

3.3.1.2 No extension of a Temporary Waiver shall extend its duration beyond 24 months from its effective date. [MR 2.5.1.5]

3.3.2 Application by Waiver Holder

3.3.2.1 A Waiver Holder that wishes to obtain an amendment to or the extension of its Temporary Waiver must complete an application in form MPF-06-02 electronically or by hand and submit it to the person identified in section 1.2. The processes described in sections 3.2 apply to such applications, except that the Waiver Holder may be required to demonstrate compliance with existing Temporary Waivers before consideration by the NSPSO of the amendment or extension application.

3.3.2.2 An application for an extension to the duration of a Temporary Waiver should be made no later than two months before the expiry of the Temporary Waiver in order to allow sufficient time for assessment by the NSPSO of the application.

3.3.3 Changes initiated by the NSPSO

3.3.3.1 The NSPSO may, of its own initiative, reconsider and seek to amend a Temporary Waiver in the following cases:

- a) where a change in circumstances relative to the time at which a Temporary Waiver was granted has occurred and requires that the temporary Waiver be amended; or
- b) as a result of non-compliance by the Waiver Holder with the conditions of its Temporary Waiver or with any provision of the Market Rules that is related to the obligation or requirement that is the subject of the Temporary Waiver.

3.3.3.2 In such case, the NSPSO shall notify the Waiver Holder using form MPF-06-03. The Waiver Holder will be given an opportunity to respond to the NSPSO's amendment proposal. The NSPSO will Publish notice of the proposed amendment only after receipt of the Waiver Holder's response. Otherwise, the processes described in section 3.2.3.3 and following apply to such amendment proposals.

3.4 Transfer of Temporary Waivers

3.4.1.1 A Temporary Waiver cannot be transferred or assigned by the Waiver Holder except in conjunction with the transfer of the registration of the Facility to which it relates and with the approval of the NSPSO. The process by which the registration of a Facility may be transferred is described in Market Procedure MP-04.

3.4.1.2 Temporary Waivers are granted to particular Waiver Holders with respect to particular obligations or requirements and, where appropriate, in respect of particular Facilities. If the registration of a Facility is proposed to be transferred,

- the Waiver Holder and the intended transferee may wish to obtain the transfer of any applicable Temporary Waiver. In such a case, the Waiver Holder and the intended transferee must jointly apply for approval to transfer the Waiver by completing an application in form MPF-06-04 electronically or by hand, and submitting it to the contact person identified in section 1.2. The application to transfer the Temporary Waiver should be submitted at the same time as the application to transfer the registration of the Facility. The NSPSO will then consider the transfer of the Temporary Waiver in conjunction with its consideration of the transfer of Facility registration.
- 3.4.1.3 Although the transfer application is required to be made jointly, the Waiver Holder is the person with whom the NSPSO will communicate for purposes of the application. It is the Waiver Holder's responsibility to ensure that the intended transferee is notified of all relevant communications from the NSPSO and provides any information required by the NSPSO.
- 3.4.1.4 The NSPSO will Publish notice of an application to transfer a Temporary Waiver unless, and only for as long as, the NSPSO is satisfied that the fact of the underlying transfer of the Facility is confidential and is being treated as such by the Waiver Holder and the intended transferee.
- 3.4.1.5 Where the Temporary Waiver that is to be transferred is one to which conditions are attached, the intended transferee must undertake to accept such conditions unless they are changed by the NSPSO in association with the transfer.
- 3.4.1.6 The NSPSO shall assess an application for the transfer of a Temporary Waiver against the criteria and considerations set out for this purpose in Appendix MP-06-A.
- 3.4.1.7 The NSPSO may consult with Market Participants, Transmitters or other interested persons in respect of an application for the transfer of a Temporary Waiver if the NSPSO considers that such consultations may be required to determine whether and to what extent their interests may be adversely affected by the transfer. The NSPSO shall not engage in such consultations if it has not Published notice of the transfer application for the reason set out in paragraph 3.4.1.4.
- 3.4.1.8 Where the NSPSO conducts third party consultations, it will notify the Waiver Holder of any objections that may have been raised by a third party. The Waiver Holder will be given an opportunity to respond to any objections that the NSPSO considers are of a non-trivial nature.
- 3.4.1.9 Where the NSPSO proposes to reject an application for transfer, or proposes that new conditions be attached to a Temporary Waiver that is the subject of a transfer request, the NSPSO must consult with the Waiver Holder and the

intended transferee prior to finalizing the assessment report referred to in paragraph 3.4.1.10.

- 3.4.1.10 Following its assessment and, where applicable, any third party, Waiver Holder and intended transferee consultations, the NSPSO will prepare an assessment report. The assessment report must contain the NSPSO's decision and the reasons therefore, and shall identify any new conditions recommended to be attached to the Temporary Waiver where transfer is approved. The assessment report must also contain a summary of the results of any third party, Waiver Holder and intended transferee consultations.

3.5 Compliance with Waivers and related obligations

- 3.5.1.1 A Waiver Holder is required to comply with all of the conditions of its Temporary Waiver at all times, regardless of whether the Waiver Holder is in compliance with the waived obligation or requirement at the relevant time. Failure to comply with a condition of a temporary Waiver is a breach of the Market Rules and may be sanctioned as such by the NSPSO.

- 3.5.1.2 Non-compliance with the conditions of a Temporary Waiver or with any provision of the Market Rules that is related to the obligation or requirement that is the subject of the temporary Waiver may, in addition to any other sanctions provided for in the Market Rules, be considered as grounds for the withdrawal, amendment or non-extension of the Temporary Waiver. The withdrawal, amendment or non-extension of a temporary Waiver in these circumstances is without prejudice to the NSPSO's right to impose other applicable sanctions.

- 3.5.1.3 A Waiver Holder must provide to the NSPSO such information as the NSPSO may from time to time request for the purpose of monitoring the Waiver Holder's compliance with the conditions of its Temporary Waiver.

3.6 Withdrawal and Cancellation of Temporary Waivers

- 3.6.1.1 The NSPSO may, of its own initiative, reconsider and seek to withdraw a Waiver in the following cases:

- a) where a change in circumstances relative to the time at which a Temporary Waiver was granted has occurred and requires that the Waiver be withdrawn;
- b) as a result of the persistent non-compliance by the Waiver Holder with the conditions of its Temporary Waiver or with any provision of the Market Rules that is related to the obligation or requirement that is the subject of the temporary Waiver; or

- c) as a result of non-compliance by the Waiver Holder with the conditions of its Temporary Waiver or with any provision of the Market Rules that is related to the obligation or requirement that is the subject of the Temporary Waiver, where such non-compliance has an adverse impact on the NSPSO, other Market Participants, Transmitters, the Reliability of the Bulk Electricity Supply System or the market.

3.6.1.2 In such case, the NSPSO shall notify the Waiver Holder using form MPF-06-03. The Waiver Holder will be given an opportunity to respond to the NSPSO's proposal. The NSPSO will Publish notice of the proposed withdrawal only after receipt of the Waiver Holder's response.

3.6.1.3 The NSPSO may consult with the Waiver Holder, Market Participants, Transmitters or other interested persons in respect of the withdrawal of the Temporary Waiver if the NSPSO considers that such consultations may be required to determine whether and to what extent their interests may be adversely affected by the withdrawal. Following its assessment and, where applicable, any third party and Waiver Holder consultations, the NSPSO will prepare an assessment report. The assessment report will contain the NSPSO's decision and the reasons therefore. The assessment report will also contain a summary of the results of any third party and Waiver Holder consultations held.

3.6.1.4 Where the NSPSO proposes an amendment to a Waiver as an alternative to withdrawal in circumstances where the proposed withdrawal is not triggered by non-compliance by the Waiver Holder, the NSPSO must consult with the Waiver Holder with respect to any new conditions proposed to be attached to the Temporary Waiver prior to finalizing its assessment report and decision.

3.6.1.5 Where the NSPSO withdraws a Temporary Waiver, the NSPSO shall so notify the Waiver Applicant and provide reasons for the decision. Where the withdrawal was not triggered by non-compliance by the Waiver Holder, the NSPSO will, where feasible, endeavour to provide the Waiver Holder with a reasonable period of time within which to become compliant with the obligation or requirement that is the subject of the Temporary Waiver.

3.6.1.6 Where the NSPSO amends the Temporary Waiver as an alternative to withdrawal, the NSPSO shall so notify the Waiver Holder and provide reasons for the decision.

3.6.1.7 A Waiver Holder may at any time request that the NSPSO cancel a temporary Waiver when it is no longer required or desired by the Waiver Holder. In such a case, the Waiver Holder must submit a letter to the contact person identified in section 1.2. The letter must state the date on which the Waiver Holder wishes the cancellation of the Temporary Waiver is to become effective. The NSPSO will notify the Waiver Holder of the effective date of cancellation, which shall be the date requested by the Waiver Holder or such later date as the NSPSO may

determine in order to address any issues that may arise in connection with the cancellation.

3.7 Temporary Waivers to the NSPSO

3.7.1 Application and Assessment

3.7.1.1 In order to ensure the appropriate opportunity for Market Participant review and comment, the NSPSO shall use the same process of application for any Temporary Waiver as would any other applicant.

3.7.1.2 Publication and comment provisions are the same as for any other application.

3.7.1.3 Assessment and the report, including the decision and the reasons for that decision, are to be the same as for any other application.

3.7.1.4 The NSPSO shall seek means to provide a degree of independence in the persons undertaking the review of its own application from the persons making the application.

3.8 Amendments to Market Rules or standards, codes and Market Procedures

3.8.1.1 The Market Rules and standards, codes and Market Procedures may be amended from time to time by the NSPSO. Such an amendment may result in a temporary Waiver no longer being sufficient, or in the Waiver Holder no longer being in compliance with the Market Rules, standards, codes or Market Procedures even with the Temporary Waiver. Unless the amendment expressly provides to the contrary, a Temporary Waiver is not deemed or considered to be amended to keep pace with an amendment to the Market Rules, standards, codes or Market Procedures. As a result, the Waiver Holder must either become compliant with the amended obligation or requirement or seek an appropriate amendment to its Temporary Waiver.

3.8.1.2 Where the NSPSO determines, as a result of its activities under this Market Procedure, that the underlying issue could appropriately be addressed by an amendment to the Market Rules or a standard, code or Market Procedure, the NSPSO may initiate the process to amend the Market Rule or standard, code or Market Procedure Amendment in accordance with the Market Rules.

3.8.1.3 Where a Waiver Holder determines that the subject matter of a temporary waiver could appropriately be addressed by an amendment to the Market Rules or a standard, code or Market Procedure, the Waiver Holder may initiate the process to amend the Market Rule or standard, code or Market Procedure Amendment in accordance with the Market Rules. The diligent pursuit of such an amendment

shall be grounds for the extension of a Temporary Waiver, but not beyond the limit of 24 months from the effective date.

3.9 Dispute Resolution

3.9.1.1 Section 2.5.3 of the Market Rules sets out certain provisions for the resolution of disputes arising from the assessment and granting or rejection of Temporary Waivers.

3.10 Publication

3.10.1.1 This section describes the information and materials that the NSPSO will Publish in respect of the processes to which this Market Procedure applies. Where any such information and materials contain Confidential Information that the NSPSO has agreed will not be disclosed, the Confidential Information will be removed prior to Publication.

3.10.1.2 The NSPSO shall Publish and update as required a list of each Waiver application the receipt of which has been formally acknowledged by the NSPSO under paragraph 3.2.1.2. This list will include, for each Waiver Application, the date of formal acknowledgment of receipt, the identity of the Waiver Applicant, the Facilities at issue, the subject matter of the Waiver application (including applicable Market Rule, standard, code or Market Procedure section numbers), and the status of the Waiver application.

3.10.1.3 The NSPSO shall also Publish:

- a) each assessment report prepared by the NSPSO, to which it will attach the Waiver application or the Waiver amendment or extension application and all information provided in support of the application;
- b) all comments received from third parties in response to a draft assessment report;
- c) any proposal by the NSPSO to amend or withdraw a temporary Waiver;
- d) subject to section 3.4.1.4, notice of an application to transfer a Temporary Waiver, to which it will attach the transfer application and all information provided in support of the application;
- e) notice of the cancellation of a Temporary Waiver; and
- f) each decision made by the NSPSO under this Market Procedure, including final assessment reports.

APPENDIX A

MP 06-A – Criteria for assessment of Temporary Waiver applications

A.1 Introduction and Market Rule requirements

The criteria set out below are intended to provide guidance to the NSPSO in its assessment of applications for temporary waivers. The criteria supplement the requirement in paragraph 2.5.1.1 of the Market Rules that a temporary waiver may be granted “*if the NSPSO considers that the particular application of the Market Rule is inconsistent with the object of the market.*”

Paragraph 1.1.2.1 of the Market Rules states that “*the design object of the wholesale electricity market is the promotion of economical supply through competitive opportunity amongst eligible participants within the context of a safe reliable Nova Scotia electricity system.*” The analysis of this statement leads to the criteria set out in sections A.3 to A.5 below.

A.2 Scope limitations

An application will be rejected if it is in conflict with any recent amendment of the Market Rules or of any standard, code or Market Procedure invoked thereby, unless the impact of such recent amendment on the applicant was not, and could not reasonably have been, foreseen in the making of that amendment [MR 2.5.4.2].

The NSPSO does not have power to grant a Temporary Waiver in respect of any provision of any tariff approved by the Board or any order of the Board [MR 2.5.4.3].

An application should be rejected if its subject matter is the same or similar to an expired Temporary Waiver in respect of the same Facility. The 24 months total extended duration of a Temporary Waiver is expected to be sufficient for the Waiver Holder, using reasonable diligence, to achieve necessary compliance. If as a result of consideration of an original Waiver Application it is considered that compliance is not necessary, then the Market Rule, standard, code or Market Procedure should have been amended accordingly within that time, so that there would be no need for a repeat Temporary Waiver.

A.3 A safe reliable Nova Scotia electricity system

The NSPSO does not have the power to waive or to over-ride the statutory responsibilities and obligations of any party for safety.

A Temporary Waiver should not jeopardize the reliability of the Bulk Electricity Supply System or any Zone thereof. It is however the responsibility of the NSPSO to make judgments as to the materiality of any threat to reliability arising out of any particular non-compliance. If a Temporary Waiver is not granted in respect of a Facility or element that is temporarily non-compliant with a Market Rule, or a standard, code or Market Procedure invoked thereby, then the capability of the Facility or element may be reduced. This could cause a more material threat to reliability than the operation of the non-compliant Facility or

element, particularly if relevant conditions are imposed on such continued operation.

A.3 Economical supply

It is well recognized in utility practice that equipment may from time to time fail or become non-compliant, and that it may be uneconomic to provide for immediate replacement or repair of all items. Unreasonably rigorous imposition of standards would mandate excessive investment in spare inventory and repair programs, which would directly add to the cost of supply. The use of Temporary Waivers provides the process by which the NSPSO can manage such aspects of reliability without undue imposition of costs.

If a Temporary Waiver is not granted in respect of a Facility or element that is temporarily non-compliant with a Market Rule, or a standard, code or Market Procedure invoked thereby, then the capability of the Facility or element to supply or transmit electricity may be reduced. This could cause an increase in the total cost of supplying the demands of Nova Scotia electricity consumers.

In assessing an application for a temporary Waiver, it is the responsibility of the NSPSO to make a judgment of the materiality of any threat to reliability arising out of any particular non-compliance, relative to the impact on the total cost of electricity supply.

A.4 Competitive opportunity amongst eligible participants

It is important that all individual participants are subject to non-discriminatory, reasonable and consistent application of Market Rules, standards, codes and Market Procedure requirements.

Unreasonably rigorous imposition of standards would present a particularly high risk to Market Participants without diversity of investments. The use of Temporary Waivers provides the process by which the NSPSO can manage aspects of reliability without imposition of undue commercial risks which might otherwise be a barrier to competition.

In assessing an application for a temporary Waiver, it is the responsibility of the NSPSO to make a judgment of the materiality of any threat to reliability arising out of any particular non-compliance, relative to the imposition of risk or cost that would be a barrier to competition.

A.5 Compliance with Conditions

The NSPSO shall not grant a Waiver unless it is satisfied that the Waiver Applicant can be and will comply with all conditions of its Waiver, including conditions that impose obligations or requirements that replace the obligation or requirement that is being waived.

The NSPSO shall not grant a Transfer of a Waiver unless it is satisfied that the intended transferee can and will comply with all existing or proposed new conditions of the Waiver.

Process Flow Diagrams

The following Process Flow diagrams are included to provide an overview of the process and to mark key information interchange milestones. They are considered to be an aid to understanding and are subservient to the text found in this document

- PF-1 Application for a Temporary Waiver
- PF-2 Amendment and Extension of Temporary Waiver
- PF-3 Transfer of Temporary Waiver
- PF-4 Withdrawal and Cancellation of Temporary Waiver

Forms

- MPF-06-01 Application for a Temporary Waiver
- MPF-06-02 Application for an amendment or extension
- MPF-06-03 Notification of NSPSO-initiated change proposals
- MPF-06-04 Application for transfer of a Temporary Waiver