

July 30, 2018

Marketing d'Énergie HQ Inc. /  
HQ Energy Marketing Inc.  
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Attention: Stakeholder engagement

**Subject: Comments of HQ Energy Marketing Inc. ("HQEM") on treatment of the Intertie Congestion pricing in the Single Schedule Market ("SSM") initiative.**

Please find below HQEM's feedback, following July 17<sup>th</sup> webinar.

First, HQ Energy Marketing Inc. ("HQEM") would like to commend the Independent Energy System Operator ("IESO") for allowing participants to comment on the market renewal initiative, as well as providing new options and ideas for further discussions.

A new proposal was presented to participants on July 17, 2018. Under this option, the intertie congestion pricing settlement would be equal to:

- The Real-Time intertie price if there is no congestion in Pre-dispatch
- Pre-dispatch intertie congestion charge plus Real-Time intertie price (option 1)<sup>1</sup>, if export congested
- Lower of the Real-Time intertie price or final Pre-dispatch price on the intertie (option 2)<sup>2</sup>, if import congested

The rationale stated behind this decision was to encourage the scheduling of economic exports and protect the load from inflated cost when the intertie is import congested.

HQEM would like to seek additional information on the proposed third option mechanism.

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<sup>1</sup> <http://www.ieso.ca/-/media/files/ieso/document-library/engage/ssm/ssm-20180718-presentation.pdf?la=en>  
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<sup>2</sup> <http://www.ieso.ca/-/media/files/ieso/document-library/engage/ssm/ssm-20180718-presentation.pdf?la=en>  
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- How will wheel-through transactions be settled? Will there be a specific treatment, or will both legs of a wheel-through transaction be treated differently, were congestion occur?
- How will virtual transactions be settled? Will they be settled using the same mechanism if there is congestion affecting imports and exports?
- On which basis does the IESO makes the following statement : [...] *With the implementation of SSM and the associated shift to constrained pricing, coupled with the reliance on the new PD optimization, there may no longer be predictable differences between PD and RT prices.*[...]?
- Can the IESO share or publish an example of how the load would be affected if the option 1 is chosen for import congested transactions? HQEM recalls having an example presented in this webinar, but it is not available through the SSM documentation.

The information required would allow HQEM will be able to provide better feedback on this issue.

Best regards,



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