

August 28, 2018

**Marketing d'Énergie HQ Inc. /
HQ Energy Marketing Inc.**
75 René-Lévesque Ouest, 18e étage
Montréal, Québec
H2Z 1A4

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 17th webinar and answers to HQEM’s questions, received August 15th.

As mentioned in previous comments, 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)¹, if export congested
- Lower of the Real-Time intertie price or final Pre-dispatch price on the intertie (option 2)², 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 comment on the new proposal made to stakeholders. Looking at the overview of imports per jurisdiction³, it is shown that 87% of all Ontario imports are coming from Québec. Hydro-Québec (HQ), being the largest electric utility in the province, is providing a large share of these imports, through HQEM. The treatment of imports in the new proposal is aiming directly at a few

¹ <http://www.ieso.ca/-/media/files/ieso/document-library/engage/ssm/ssm-20180718-presentation.pdf?la=en>
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² <http://www.ieso.ca/-/media/files/ieso/document-library/engage/ssm/ssm-20180718-presentation.pdf?la=en>
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³ <http://www.ieso.ca/en/power-data/supply-overview/imports-and-exports>

stakeholders, HQEM being the largest of them. HQEM would like to point out that in a neutral market, all stakeholders should have the same treatment, without discrimination. HQEM understands that the percentage of hours which are import congested is low in recent years, but this reality can change in the upcoming years. Imports in the market should be treated on the same basis as exports. It is also important to mention that imports coming in Ontario have a purpose to help cover the energy needs and reliability of the system.

HQEM is looking forward to maintain the dialogue regarding this topic of the single schedule market engagement.

Best regards,

A handwritten signature in blue ink, appearing to read 'Frédéric Bélanger', with a long horizontal flourish extending to the right.

Frédéric Bélanger
Manager, Regulatory Affairs, HQEM