

**FIRST REQUEST FOR INFORMATION FROM THE RÉGIE DE L'ÉNERGIE ("THE RÉGIE")
REGARDING APPLICATION R-3558-2005**

- 1. Reference:** Exhibit HQD-1, Document 1, page 9

Preamble:

"The proposed short-term procedure deals with electricity supply contracts of one year and less in an effort to reflect the realities of this type of market where the duration of standard-product transactions does not exceed one year. A description of these products was presented as supporting evidence for docket R-3550-2004 (HQD-3, Document 2, Appendix 2B); it is reproduced in Appendix 2 of this application."

Question:

- 1.1** Please specify whether the short-term procedure as submitted by the Distributor could be used to enter into short-term electricity supply contracts of one year and less through non-standard products. Describe said non-standard products. If any revisions must be made to the procedure, indicate which ones.

Answer:

The Distributor is proposing to apply the procedure presented as part of this file to enter into electricity supply contracts of one year and less through standard products as described in the cited reference as well as through non-standard products. For instance, as was the case in the past, the Distributor may purchase by call for tenders a "7x24" type product which differs from the standard product usually traded by adding flexibility in scheduling.

The Distributor expects that the proposed procedure would be adequate in the event that it would launch a call for tenders to purchase a non-standard product. However, in such a case, if it deems it necessary, the Distributor may, as provided for in the procedure, hold a pre-bid conference to present the products being sought to potential bidders.

2. Reference: Exhibit HQD-1, Document 1, page 12

Preamble:

“In the case of a short-term call for tenders, given the limited number of potential suppliers, identifying the bidders retained could affect their capacity to set up the supplies required to honor their obligations related to the call for tenders.”

Question:

2.1 Please explain what would be the disadvantage of disclosing the names of the bidders retained, the bid prices and the quantities submitted after a 90-day period. If you find such a time period too short, please indicate another and provide a justification for it.

Answer:

In Exhibit HQD-2, Document 1 page 8, the Distributor is proposing to make public most of the information requested in the question as soon as the notice of acceptance has been sent to the bidders retained. As for the names of the chosen bidders, these may be disclosed after 90 days, as suggested in the question.

3. Reference: Exhibit HQD-2, Document 1, page 5

Preamble:

“To ensure that the call for tenders reaches as wide an audience as possible, several methods may be used, at the Distributor’s discretion:

- *Press release for wide publication, more particularly in trade publications in the North American energy sector;*
- *Notice on Distributor’s Web site. This site is accessible to everyone;*
- *Targeted distribution of a summary document to potential suppliers. To this end, a list of potential suppliers is updated regularly by the Distributor based on publicly available information and expressions of interest from suppliers and previous bidders.”*

Request:

- 3.1** Please indicate why the Distributor does not intend to disseminate the calls for tenders in major Québec daily newspapers and on energy-related Web sites.

Answer:

The experience acquired by the Distributor with short-term calls for tenders it has conducted in the past has led it to conclude that the proposed means of dissemination are sufficient to ensure the participation of any potential bidders. The short-term market is a specialized market where most of the players are from outside Québec. Québec dailies would thus not be an appropriate means of dissemination in this case. Moreover, the Distributor has not used specialized Web sites in the past for either its long- or short-term calls for tenders.

However, it should be pointed out that the list presented in the procedure does not force the Distributor to use all of these means of dissemination when a call for tenders is launched, just as it does not prevent it from using other methods of distribution that it would consider appropriate.

4. Reference: Exhibit HQD-2, Document 1, page 5

Preamble:

“The Distributor keeps a confidential register of participants at the pre-bid conference.”

Question:

4.1 Please explain why the register of participants at the pre-bid conference would have to be confidential.

Answer:

The number of potential bidders for a short-term call for tenders is usually smaller than in the case of a long-term call for tenders. The Distributor believes that the fact, for a potential bidder, of not knowing the identify and number of its competitors would promote more competition. In the case of a short-term call for tenders, the anonymity of those attending the conference is preserved by the fact that the pre-bid conferences are usually held using electronic means such as teleconferencing and videoconferencing.