

**TARIFS ET CONDITIONS DES SERVICES DE
TRANSPORT D'HYDRO-QUÉBEC –
ARTICLE 3 ET ANNEXES 4 ET 5**

(VERSION ANGLAISE)

prior to the date established in article 44.2, unless terminated, will become subject to the five year/one year requirement on the first rollover date, provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of the date established in article 44.2.

3 Ancillary Services

The Transmission Provider is required to provide, and the Transmission Customer is required to purchase, the following Ancillary Services: (i) system control, and (ii) voltage control.

The Transmission Provider is required to offer the following Ancillary Services to the Transmission Customer serving a load in the Transmission Provider's Control Area: (i) frequency control, (ii) energy imbalance service - delivery, (iii) energy imbalance service - receipt, (iv) operating reserve - spinning reserve, and (v) operating reserve - non-spinning reserve. The Transmission Customer serving a load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or based on its own generation.

The Transmission Provider is required to provide to the extent it is physically feasible to do so from its resources or from resources available to it, energy imbalance service - receipt when Transmission Service is used to deliver energy from a generator synchronized to its Transmission system. The Transmission Customer using Transmission Service to deliver energy from a generator synchronized to the Transmission

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Provider's system is required to acquire energy imbalance service - receipt, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired or provided the Ancillary Services from a source located in the Transmission Provider's Control Area. The Transmission Customer shall state in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

In the event of unauthorized use of Ancillary Services by the Transmission Customer, the latter shall pay the Transmission Provider 150% of the applicable rates contained in Schedules 1 through 7.

The specific Ancillary Services, and rates, will be offered by the Transmission Provider under the conditions described in the attached Schedules, which are an integral part of the provisions herein. Sections 3.1 through 3.7 below list the seven Ancillary Services that apply to customers under Parts II and III

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herein; Sections 3.1 and 3.8 specify those that apply to the Native-Load Transmission Service under Part IV herein.

- 3.1 System Control Service:** The description and rates for this service are given in Schedule 1.
- 3.2 Voltage Control Service:** The description and rates for this service are given in Schedule 2.
- 3.3 Frequency Control Service:** The description and rates for this service are given in Schedule 3.
- 3.4 Energy Imbalance Service - Receipt:** The description and rates for this service are given in Schedule 4.
- 3.5 Energy Imbalance Service - Delivery:** The description and rates for this service are given in Schedule 5.
- 3.6 Operating Reserve - Spinning Reserve Service:** The description and rates for this service are given in Schedule 6.
- 3.7 Operating Reserve - Non-Spinning Reserve Service:** The description and rates for this service are given in Schedule 7.
- 3.8 Ancillary Services Associated with Supplying the Native Load:** The description for this service is given in Schedule 8.

4 Open Access Same-time Information System (OASIS)

Terms and conditions regarding OASIS are set forth in 18 CFR § 37 of the Commission's regulations (*Open Access Same-Time Information System and Standards of Conduct for Public Utilities*). OASIS shall comply with Régie decisions, orders and regulations. In the event available transfer capability as posted

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SCHEDULE 4**Energy Imbalance Service - Receipt**

Generator Imbalance Service is provided when the output of a generating unit synchronized to the Transmission Provider's system does not match the output that unit is scheduled to supply to (1) another Control Area or (2) a load in the Transmission Provider's Control Area in a given hour. The Transmission Provider is required to offer Generator Imbalance Service insofar as it is able to do so using its resources or those made available to it if the Transmission Service is used to deliver energy from a generating unit synchronized to its Transmission System. The Transmission Customer must either purchase this service from the Transmission Provider or make comparable alternative arrangements, which may include using non-generation resources able to ensure this service, in order to fulfill its obligation to provide Generator Imbalance Service. The Transmission Provider may impose a penalty on the Transmission Customer for generator imbalances under this Schedule or for energy imbalances under Schedule 5 if either occurs during the same hour, but not for both, except if imbalances have a combined aggravating rather than offsetting effect.

Generator Imbalance Service is charged based on the following deviation bandwidths: (i) charge for $\pm 1.5\%$ deviation (minimum of 2 MW) from the scheduled transaction (Band 1),

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applicable on an hourly basis to any generator imbalance arising from one or more of the Transmission Customer's scheduled transactions, payable at the end of each month and equalling 100% of the incremental/decremental price, (ii) charge for the portion deviating from the scheduled transaction by over ±1.5% to ±7.5% (or over 2 to 10 MW) (Band 2), applicable on an hourly basis to any generator imbalance arising from one or more of the Transmission Customer's scheduled transactions, payable at the end of each month and equalling 110% of the incremental price or 90% of the decremental price, and (iii) charge for the portion deviating from the scheduled transaction by more than ±7.5% (or over 10 MW) (Band 3), applicable on an hourly basis to any generator imbalance arising from one or more of the Transmission Customer's scheduled transactions and equalling 125% of the incremental price or 75% of the decremental price, except that intermittent resources shall be exempt from Band 3 charges and shall pay Band 2 charges on all deviations exceeding Band 1. For the purposes of this Schedule, an "intermittent resource" is an electricity generating unit with non-dispatchable output, driven by a non-storable source of energy and which thus cannot respond either to variations in system load or to security-related transmission constraints.

Notwithstanding the foregoing, deviations from scheduled transactions arising from instructions issued by the Transmission Provider shall not be subject to the charges above; the resulting amounts instead being settled at the end of the month by a

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payment equal to 100% of the incremental/decremental Band 1 price. Such instructions may be related to correcting a drop in frequency, responding to a reserve sharing event or shifting generation to relieve congestion.

For the purposes of this Schedule, incremental/decremental prices are established as follows, converted into Canadian dollars at the Bank of Canada noon exchange rate :

(1) Band 1 incremental price: This price equals the highest hourly price for each hour on the following three (3) markets:

(1) New York: the NYISO Real-time price (Zone M) less US\$0.16/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy at the NYISO's Zone M ("NY Incremental Price"); (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) less US\$6.00/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy at Sandy Pond ("NE Incremental Price"); and (3) Ontario: the IESO hourly market price (HOEP) less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy in Ontario ("ONT Incremental Price").

(2) Band 1 decremental price: This price equals the lowest hourly price for each hour among the following three (3) markets:

(1) New York: the NYISO Real-time price (Zone M) plus US\$4.50/MWh

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("NY Decremental Price"); (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) plus US\$8.00/MWh ("NE Decremental Price"); and (3) the IESO hourly market price (HOEP) plus CA\$5.00/MWh during on-peak hours and CA\$4.00/MWh during off-peak hours (as defined by NERC) ("ONT Decremental Price").

(3) Incremental Band 2 and Band 3 price: This price equals the highest hourly price for each hour among (1) the NY Incremental price, (2) the NE Incremental Price, (3) the ONT Incremental Price and (4) CA\$100.00/MWh.

(4) Band 2 decremental price: This price equals the lowest hourly price for each hour among (1) the NY Decremental Price, (2) NE Decremental Price, (3) ONT Decremental Price and (4) CA\$25.00/MWh.

(5) Band 3 decremental price: This price is \$0.00/MWh.

In all instances, the incremental price applies to the sum paid by the customer when the amount of electricity the Transmission Provider receives falls short of the scheduled amount and the decremental price applies to the sum paid by the Transmission Provider when the amount of electricity received from the customer exceeds the scheduled amount. For the purpose of Schedule 4, all negative market price is deemed to be \$0.00/MWh.

Supprimé : Energy Imbalance Service - Receipt is provided when a difference occurs over a single hour between the scheduled amount of energy and actual amount received at the Point of Receipt by the Transmission Provider. The Transmission Provider must offer this service for all energy received from sources located in the Transmission Provider's Control Area. The Transmission Customer shall either purchase this service from the Transmission Provider or make comparable alternative arrangements for obtaining this service from facilities located within the Transmission Provider's Control Area. ¶

The Transmission Provider shall establish a deviation band of ± 1.5 percent ($\pm 1.5\%$) of the scheduled transaction, with a minimum of 2 MW, to be applied hourly to any energy imbalance that occurs as a result of one or more transactions scheduled by the Transmission Customer. Parties shall attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days. If an energy imbalance is not corrected within thirty (30) days, compensation will be set in accordance with the prices given below. Furthermore, the amount of energy that exceeds the deviation band shall also be subject to the rates below. ¶

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(1) Amount of energy received by the Transmission Provider exceeds the scheduled amount: ¶

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The Transmission Provider pays the Transmission Customer 3.75¢/kWh. ¶

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(2) Amount of energy ... [2]

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SCHEDULE 5

Energy Imbalance Service - Delivery:

Energy Imbalance Service - Delivery is provided when a difference occurs between the scheduled delivery and the actual delivery of energy to a load located within the Transmission Provider's Control Area over a single hour. The Transmission Provider shall offer this service if the Transmission Service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make comparable alternative arrangements, which may include using non-generation resources able to ensure this service, in order to fulfill its obligation to provide Energy Imbalance Service. The Transmission Provider may impose a penalty on the Transmission Customer for energy imbalances under this Schedule or for generator imbalances under Schedule 4 if either occurs during the same hour, but not for both, except if the imbalances have a combined aggravating rather than offsetting effect.

Energy Imbalance Service is charged based on the following deviation bandwidths: (i) charge for a ±1.5% deviation (minimum 2 MW) from the scheduled transaction (Band 1), applicable on an hourly basis to any energy imbalance arising from one or more of the Transmission Customer's scheduled transactions, payable at the end of each month and equalling 100% of the

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incremental/decremental price, (ii) charge for the portion deviating from the scheduled transaction by over ±1.5% to ±7.5% (or over 2 to 10 MW) (Band 2), applicable on an hourly basis to any energy imbalance arising from one or more of the Transmission Customer's scheduled transactions, payable at the end of each month and equalling 110% of the incremental price or 90% of the decremental price, and (iii) charge for the portion deviating from the scheduled transaction by more than ±7.5% (or over 10 MW) (Band 3), applicable on an hourly basis to any energy imbalance arising from one or more of the Transmission Customer's scheduled transactions and equalling 125% of the incremental price or 75% of the decremental price.

For the purposes of this Schedule, incremental/decremental prices are established as follows, converted into Canadian dollars at the Bank of Canada noon exchange rate :

(1) Band 1 incremental price: This price equals the highest hourly price for each hour on the following three (3) markets:

(1) New York: the NYISO Real-time price (Zone M) less US\$0.16/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy at the NYISO's Zone M ("NY Incremental Price"); (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) less US\$6.00/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including

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applicable rates for ancillary services necessary to sell energy at Sandy Pond ("NE Incremental Price"); and (3) Ontario: the IESO hourly market price (HOEP) less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy in Ontario ("ONT Incremental Price").

(2) Band 1 decremental price: This price equals the lowest hourly price for each hour among the following three (3) markets:

(1) New York: the NYISO Real-time price (Zone M) plus US\$4.50/MWh ("NY Decremental Price"); (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) plus US\$8.00/MWh ("NE Decremental Price"); and (3) the IESO hourly market price (HOEP) plus CA\$5.00/MWh during on-peak hours and CA\$4.00/MWh during off-peak hours (as defined by NERC) ("ONT Decremental Price").

(3) Incremental Band 2 and Band 3 price: This price equals the highest hourly price for each hour among (1) the NY Incremental price, (2) the NE Incremental Price, (3) the ONT Incremental Price and (4) CA\$100.00/MWh.

(4) Band 2 decremental price: This price equals the lowest hourly price for each hour among (1) the NY Decremental Price, (2) NE Decremental Price, (3) ONT Decremental Price and (4) CA\$25.00/MWh.

(5) Band 3 decremental price: This price is \$0.00/MWh.

For the purpose of Schedule 5, all negative market price is deemed to be \$0.00/MWh.

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The Transmission Provider shall establish a deviation band of ± 1.5 percent ($\pm 1.5\%$) of the scheduled transaction, with a minimum of 2 MW, to be applied hourly to any energy imbalance that occurs as a result of one or more transactions scheduled by the Transmission Customer. Parties shall attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days. If an energy imbalance is not corrected within thirty (30) days, compensation will be set in accordance with the prices given below. Furthermore, the amount of energy that exceeds the deviation band shall also be subject to the rates below. ¶

(1) Amount of energy delivered by the Transmission Provider exceeds the scheduled amount: ¶

The Transmission Customer pays the Transmission Provider 11.25¢/kWh. ¶

(2) Amount of energy delivered falls short of the scheduled amount: ¶

The Transmission Provider pays the Transmission Customer 3.75¢/kWh

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