

CANADA

RÉGIE DE L'ÉNERGIE

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: R-3848-2013

HYDRO-QUÉBEC, a public corporation legally constituted under the *Hydro-Québec Act* (R.S.Q., c. H-5), with its head office at 75 René-Lévesque Blvd. West, in the City and District of Montreal, Province of Quebec, H2Z 1A4;

Applicant

REQUEST TO APPROVE THE CHARACTERISTICS OF THE WIND ENERGY INTEGRATION SERVICE AND THE ASSESSMENT GRID IN VIEW OF THE ACQUISITION OF A WIND ENERGY INTEGRATION SERVICE

[Section 72 of the *Act Respecting the Régie de l'énergie* (R.S.Q., c. R-6.01)]

HYDRO-QUÉBEC RESPECTFULLY SUBMITS THE FOLLOWING IN SUPPORT OF ITS APPLICATION:

1. Hydro-Québec is a corporation where some of its activities, in particular those related to the distribution of electricity, are subject to the jurisdiction of the Régie de l'énergie (the Régie), as stipulated under the *Act Respecting the Régie de l'énergie* (the Act).
2. To meet the electricity requirements of Quebec markets, Hydro-Québec Distribution (the Distributor) must prepare and submit for approval to the Régie, in accordance with the form, content and frequency set by Régie de l'énergie's regulations, a supply plan describing the characteristics of the contracts that it intends to enter into (sect. 72 of the Act).

3. In 2003, 2005 and 2008, the government successively adopted four regulations aimed at acquiring blocks of wind energy¹ (the Regulations) that led to the launching of three separate calls for tenders and to the signing of thirty-four (34) electricity supply contracts approved by the Régie² for an installed capacity of 3,139 MW for 2015.
4. The wind power integration services are specifically required by the Regulations that stipulate that the blocks of energy must include a “*guarantee of hydroelectric power installed in Quebec in the form of a balancing agreement*” or a “*balancing service and supplementary capacity in the form of a wind energy integration agreement.*”
5. However, this regulatory requirement stems from the need for real time balancing of supply and demand on the transmission system. In fact, real-time fluctuations of wind power generation must be offset by other in-service resources to ensure a continuous balance between generation and the load and thus make sure that network frequency is maintained, all in accordance with the Distributor’s obligation to supply, either directly or otherwise, the ancillary services to continuously ensure the security and reliability of the transmission system³.
6. The wind power generation currently injected into Hydro-Québec’s system is in fact covered by an integration agreement between the Distributor and Hydro-Québec in its generation activities (2005 agreement), which was approved by the Régie (Decision D-2006-27).
7. The characteristics of the target product to succeed the 2005 agreement are described in greater detail in section 2 of Exhibit HQD-1, Document 1. These characteristics comply with the requirements of the Regulations and are in line with the characteristics of the 2005 agreement.
8. Under Decision D-2011-193, the Distributor shall conduct a call for tenders based on the Call for Tenders and Contract Award Procedure approved by the Régie.
9. Given the type of product involved, only a price-based monetary criterion shall be used in Stage 2, as evidenced in the selection process described in Section 5 of Exhibit HQD-1, Document 1.
10. The present application is not covered by section 25 of the Act and as a result, does not require a public hearing. The Distributor is therefore asking the Régie to render a decision on the basis of the file.

¹ Regulation respecting wind energy and biomass energy (D.325-2003); Regulation respecting the second block of wind energy (D.926-2005); Regulation respecting a 250-MW block of wind energy from Aboriginal projects (D.1043-2008) and Regulation respecting a 250-MW block of wind energy from community projects (D.1045-2008).

² See Decisions D-2005-129 and D-2008-132.

³ Open Access Transmission Tariff, Schedule 8, revised on June 14, 2012.

WHEREFORE, MAY IT PLEASE THE RÉGIE TO:

GRANT this application;

APPROVE the characteristics of the wind energy integration service required by the Distributor;

APPROVE the use of a single, monetary-based selection criterion in stage 2 of the selection process.

Montreal, June 20, 2013

(s) Hydro-Québec Legal Department

Hydro-Québec Legal Department
(Éric Fraser)