

Summary of Capacity Sharing Agreement between Ontario and Quebec

The following table summarizes the capacity sharing agreement recently signed between the IESO and Hydro Quebec Energy Marketing (HQEM). The Minister of Energy issued a directive (<http://www.ieso.ca/Documents/Ministerial-Directives/MC-2015-904-Outgoing-IESO-Letter-of-Direction-1.pdf>) to the IESO to enter into this agreement.

Term	<ul style="list-style-type: none"> • Agreement in force from 01 December 2015 to 30 September 2025 • Quebec receives capacity considerations in the winter months (December - March) • Ontario receives capacity considerations in the summer months (June - September)
Quantity	<ul style="list-style-type: none"> • Ontario Obligation <ul style="list-style-type: none"> - 500 MW during first two winter periods - Ontario option in third and fourth year to reduce capacity to a lower value or to zero • Quebec Obligation <ul style="list-style-type: none"> - Ontario to determine and declare when to receive capacity in future summer periods - Ontario may elect to receive up to 500 MW in any one summer period • Overall HQEM obligation is to repay in kind the equivalent amount of capacity it received in the winter periods to Ontario in future summer periods
Pricing Structure	<ul style="list-style-type: none"> • Capacity shared "like for like" with no monetary exchange
Attributes	<ul style="list-style-type: none"> • HQEM will certify Capacity sourced from hydro-electric assets • Energy related to this agreement will flow on the Outaouais-Hawthorne DC intertie
Conditions	<ul style="list-style-type: none"> • Energy is scheduled through the IESO-administered markets as a last resort reliability product • Energy is "firm" with limited curtailment rights on a pro-rata basis with sender's domestic load

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Further detail on the energy scheduling and curtailment provisions will be reflected in updates to existing market manuals. Some key attributes that will be included in these updates are:

- The jurisdiction receiving the power must make a Reliability Declaration. In Ontario, a Reliability Declaration will occur when there is a shortfall in the market. With appropriate market bids (or offers), the firm energy will be delivered when:
 - The Reliability Declaration is received up to 4 hours prior to the dispatch hour; or
 - On a best effort basis if the Reliability Declaration is received less than 4 hours prior to the dispatch hour.
- All normal market actions must be taken or anticipated to be taken, before the Reliability Declaration and the associated call (bid or offer) for firm energy is made. For Ontario, this includes all appropriate actions from the Emergency Operating State Control Actions List.
- In the unlikely event that both jurisdictions are simultaneously deficient of energy, Ontario and Quebec will take pro-rata actions, including curtailment of domestic load up to the shared amount.