

August 10th, 2017

**Marketing d'énergie HQ Inc. /
HQ Energy Marketing Inc.**
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Attention: Stakeholder engagement group
Independent Electricity System Operator

Subject: Comments of HQ Energy Marketing Inc. on the Enabling System Flexibility engagement

HQ Energy Marketing Inc. (“HQEM”) appreciates the opportunity to submit the following comments on the material presented at the August 1st Enabling System Flexibility meeting. The presentation made to stakeholders provides information that will undoubtedly prove useful to market participants in order to submit solution within the market needs.

The proposed interim solution provided by using operating reserve (“OR) for flexibility meets the goal of providing reliability and fast flexibility for the Independent Electricity System Operator (“IESO”), in order to balance the forecast inefficiencies from the variable generation and avoid price spikes for market participants.

As stated during the meeting, we would like to reiterate the fact that one of the interties, PQAT, which is already providing OR in the IESO market, up to a 100MW limit, has been upgraded and is now able to provide operating reserve up to 300MW. The reason why this limit hasn't been increased yet lies in the fact that the IESO would require an automatic dispatch of this operating reserve when called upon instead of a manual action made by their operators. Limited investments would be required to install this process and additional reserve which would be available through the actual market, in a transparent and in an economic way. This would partially help cover the forecast errors from variable generation and it would minimise the exposure to price spikes.

We encourage the IESO to increase the OR limit of the PQAT intertie since, as mention in a previous comment, this key asset would help meet energy and reliability needs, such as ramping, operating reserve and with a possibility to offer regulation, as market rule would need to be adjusted in order to qualify an intertie. HQEM already have the expertise by offering these ancillary services locally. An intertie such as the PQAT, which can satisfy the purpose of the engagement, should be taken into consideration.

Best regards,

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

Frédéric Bélanger
Manager, Regulatory Affairs, HQEM