

## Regulations and Other Acts

Gouvernement du Québec

### O.C. 276-97, 5 March 1997

Hydro-Québec Act  
(R.S.Q., c. H-5)

#### Conditions and rates for open access transmission service

Hydro-Québec By-law number 659 respecting the conditions and rates for open access transmission service

WHEREAS under section 22.0.1 of the Hydro-Québec Act (R.S.Q., c. H-5), the rates and conditions upon which power is supplied are fixed by by-law of the Corporation, subject to the approval of the Government;

WHEREAS at its meeting of 14 February 1997, the board of directors of Hydro-Québec made Hydro-Québec By-law number 659 respecting the conditions and rates for open access transmission service, which revokes Hydro-Québec By-law number 652 respecting the conditions and rates for wholesale electric transmission service approved by Order in Council 1559-96 dated 11 December 1996;

WHEREAS under section 12 of the Regulations Act (R.S.Q., c. R-18.1), a proposed regulation may be approved without having been published, as provided for in section 8 of that Act, if the authority approving it is of the opinion that the urgency of the situation requires it;

WHEREAS under section 18 of that Act, a regulation may come into force within a period of time shorter than that prescribed in section 17 of that Act where the authority that has approved it is of the opinion that the urgency of the situation requires it;

WHEREAS under sections 13 and 18 of that Act, the reason justifying the absence of prior publication and such coming into force shall be published with the Regulation;

WHEREAS the Government is of the opinion that the urgency due to the following circumstances justifies the absence of prior publication and such coming into force in respect of the revocation of Hydro-Québec By-law number 652 respecting the conditions and rates for wholesale electric transmission service:

— Hydro-Québec will soon table with the Federal Energy Regulatory Commission a new application to obtain the status of electricity wholesaler together with Hydro-Québec By-law number 659 respecting the conditions and rates for open access transmission service, approved by the Government;

— Hydro-Québec will be able to profit from new sales opportunities in the United States as soon as it can take advantage of the conditions of the new American regulations;

— it is expedient for the Government to approve Hydro-Québec By-law number 659 respecting the conditions and rates for open access transmission service and to revoke Hydro-Québec By-law number 652 respecting the conditions and rates for wholesale electric transmission service, as soon as possible;

WHEREAS it is expedient to approve the Regulation;

IT IS ORDERED, therefore, upon the recommendation of the Minister of State for Natural Resources:

THAT Hydro-Québec By-law number 659 respecting the conditions and rates for open access transmission service, attached to this Order in Council, be approved.

MICHEL CARPENTIER,  
*Clerk of the Conseil exécutif*

### Hydro-Québec By-law number 659 respecting the conditions and rates for open access transmission service

Hydro-Québec Act  
(R.S.Q., c. H-5, s. 22.0.1)

**1.** Applicable conditions for transmission service provided by Hydro-Québec on its network are set forth in Schedule A entitled “Hydro-Québec Open Access Transmission Tariff”.

**2.** Firm and non-firm transmission service rates indicated in Schedule A are as follows:

(1) Firm service:

- (a) Yearly delivery: \$71.09/kW/year;
- (b) Monthly delivery: \$8.01/kW/month;
- (c) Weekly delivery: \$2.00/kW/week;
- (d) Daily delivery: \$0.40/kW/day;

## (2) Non-firm service:

- (a) Monthly delivery: \$8.01/kW/month;
- (b) Weekly delivery: \$2.00/kW/week;
- (c) Daily delivery: \$0.40/kW/day;
- (d) Hourly delivery: \$16.69/MW/hour.

**3.** Hydro-Québec By-law number 652 respecting the conditions and rates for wholesale electric transmission service, approved by Order in Council 1559-96 dated 11 December 1996, is revoked.

**4.** This By-law comes into force on 1 May 1997, except for section 3, which comes into force on 14 March 1997.

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## **I. COMMON SERVICE PROVISIONS**

### **1. Definitions**

**1.1. Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

**1.2. Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Régie.

**1.3. Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

**1.4. Commission:** The (United States) Federal Energy Regulatory Commission, pursuant to the Federal Power Act, 16 U.S.C.

**1.5. Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

**1.6. Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

**1.7. Curtailment:** A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

**1.8. Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

**1.9. Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

**1.10. Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Régie approval.

**1.11. Dollar:** the lawful currency of Canada.

**1.12. Eligible Customer:** *i* any electric utility (including the Transmission Provider and any power marketer), power marketing agency, or any person generat-

ing electric energy for sale for resale; electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by Section 212 *h* (2) of the Federal Power Act, 16 U.S.C.; and *ii* any retail customer taking unbundled Transmission Service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmission service by the Transmission Provider.

**1.13. Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

**1.14. Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

**1.15. Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

**1.16. Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

**1.17. Load Ratio Share:** Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III the Tariff and calculated on a rolling twelve month basis.

**1.18. Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

**1.19. Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

**1.20. Native Load Customers:** The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

**1.21. Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

**1.22. Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.

**1.23. Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

**1.24. Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

**1.25. Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

**1.26. Network Resource:** Any designated generating resource owned or purchased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

**1.27. Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

**1.28. Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

**1.29. Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations, 18 C.F.R. (1996).

**1.30. Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

**1.31. Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

**1.32. Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

**1.33. Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.

**1.34. Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement.

**1.35. Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement.

**1.36. Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

**1.37. Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

**1.38. Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

**1.39. Régie:** Régie de l'énergie (Energy Board) as determined in the Act respecting the Régie de l'énergie (1996, c. 61).

**1.40. Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

**1.41. Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**1.42. Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

**1.43. Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

**1.44. Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

**1.45. System Impact Study:** An assessment by the Transmission Provider of *i* the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and *ii* whether any additional costs may be incurred in order to provide transmission service.

**1.46. Third-Party Sale:** Any sale for resale in interstate, interprovincial or international commerce to a

Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

**1.47. Transmission Customer:** Any Eligible Customer (or its Designated Agent) that *i* executes a Service Agreement, or *ii* requests in writing that the Transmission Provider file with the Régie, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

**1.48. Transmission Provider:** Hydro-Québec (or its Designated Agent).

**1.49. Transmission Provider's Monthly Transmission System Peak:** The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

**1.50. Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

**1.51. Transmission System:** The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

## 2. Initial Allocation and Renewal Procedures

**2.1. Initial Allocation of Available Transmission Capability:** For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

**2.2. Reservation Priority For Existing Firm Service Customers:** Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase



capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Régie, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.

### 3. Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide, and the Transmission Customer is required to purchase, the following Ancillary Services *i* Scheduling, System Control and Dispatch, and *ii* Reactive Supply and Voltage Control from Generation Sources.

The Transmission Provider is required to offer to provide the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area *i* Regulation and Frequency Response, *ii* Energy Imbalance, *iii* Operating Reserve — Spinning, and *iv* Operating Reserve — Supplemental. The Transmission Customer serving 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 by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider.

3456 In the event of an unauthorized use of Ancillary Services by the Transmission Customer, the latter shall pay to the Transmission Provider 150 % of the applicable Schedule 1 through 6 charges.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. If the Transmission Provider offers an affiliate a rate discount, or attributes a discounted Ancillary Service rate to its own transactions, the Transmission Provider must offer at the same time the same discounted Ancillary Service rate to all Eligible Customers. Information regarding

any discounted Ancillary Service rates must be posted on the OASIS pursuant to Part 37 of the Commission's regulations. In addition, discounts to non-affiliates must be offered in a not unduly discriminatory manner. Sections 3.1 through 3.6 below list the six Ancillary Services.

**3.1. Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.

**3.2. Reactive Supply and Voltage Control from Generation Sources Service:** The rates and/or methodology are described in Schedule 2.

**3.3. Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.

**3.4. Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.

**3.5. Operating Reserve — Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.

**3.6. Operating Reserve — Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.

### 4. Open Access Same-Time Information System (OASIS)

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct 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). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

### 5. Jurisdiction

**5.1. Applicable Law:** This Tariff shall be governed by and construed in accordance with the laws of the province of Québec.

**5.2. Modification of the Tariff:** The rates, terms and conditions of this Tariff are subject to decisions, orders, rules and regulations from the Régie as can be amended from time to time.

## 6. Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy in interstate, interprovincial or international commerce owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy in interstate, interprovincial or international commerce owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy in interstate, interprovincial or international commerce owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy in interstate, interprovincial or international commerce owned, controlled or operated by the Transmission Customer's corporate affiliates. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

The Transmission Customer must also demonstrate, upon submitting its Application, that owners or lessees of the transmission systems that will wheel the capacity and energy of Delivering Parties and Receiving Parties undertake to provide comparable transmission service to the Transmission Provider, on similar terms and conditions, over facilities used in their respective transmission systems. For the purpose of this paragraph, such demonstration is deemed to be met when the owners or lessees of the transmission systems have an open access transmission tariff approved by the Commission pursuant to Order 888 dated April 24, 1996 (hereafter "Order 888"), or when an affiliate of such owners or lessees have received authorization from the Commission to sell at market-based rates.

## 7. Billing and Payment

**7.1. Billing Procedure:** Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the

Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

**7.2. Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be at a rate two percentage points higher than the prime commercial rate per annum as then in effect and announced from time to time by the Bank of Montréal, at its principal office in Montréal, Québec. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

**7.3. Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Régie to terminate service but shall not terminate service until the Régie so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer *i* continues to make all payments not in dispute, and *ii* pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Régie policy.

## 8. Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below.

**8.1. Transmission Revenues:** Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

**8.2. Study Costs and Revenues:** Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that

are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

## 9. Regulatory Filings

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make application to the Régie for a change in rates, terms and conditions, charges, classification of service, Service Agreement, decision, order, rule or regulation under the Act Respecting the Régie de l'énergie and pursuant to the Régie's decisions, orders, rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Act respecting the Régie de l'énergie and pursuant to the Régie's decisions, orders, rules and regulations promulgated thereunder.

## 10. Force Majeure and Indemnification

**10.1. Force Majeure:** An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

**10.2. Indemnification:** The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under

this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

## 11. Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established under the law of Quebec, that protects the Transmission Provider against the risk of non-payment.

## 12. Dispute Resolution Procedures

**12.1. Internal Dispute Resolution Procedures:** Any dispute between a Transmission Customer and the Transmission Provider involving Transmission Service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Régie for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

**12.2. External Arbitration Procedures:** Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall

generally conduct the arbitration in accordance with the Code of Civil Procedure of Québec (R.S.Q., c. C-25), and any applicable Régie regulations, if any, or Regional Transmission Group rules. The arbitration proceeding shall be conducted in Montréal, Québec.

**12.3. Arbitration Decisions:** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Code of Civil Procedure of Québec. The final decision of the arbitrator must also be filed with the Régie .

**12.4. Costs:** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

(A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or

(B) one half the cost of the single arbitrator jointly chosen by the Parties.

**12.5. Rights Under The Act Respecting the Régie de l'Énergie:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Régie under relevant provisions of the Act respecting the Régie de l'énergie.

## II. POINT-TO-POINT TRANSMISSION SERVICE

### Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

## 13. Nature of Firm Point-To-Point Transmission Service

**13.1. Term:** The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

**13.2. Reservation Priority:** Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. After the deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

**13.3. Use of Firm Transmission Service by the Transmission Provider:** The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under *i* agreements executed on or after the effective date of the Tariff or *ii* agreements executed prior to the aforementioned date that the Régie requires to be unbundled, by the date specified by the Régie. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

**13.4. Service Agreements:** The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Firm Point-To-Point Transmission Service. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Régie in compliance with applicable Régie regulations.

**13.5. Transmission Customer Obligations for Facility Additions or Redispatch Costs:** In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint more economically by redispatching the Transmission Provider's resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer under the Tariff will be specified in the Service Agreement prior to initiating service.

**13.6. Curtailment of Firm Transmission Service:** In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, Curtailments will be proportionally allocated among the Transmission Provider's Native Load Customers, Network Customers, and Transmission Customers taking Firm Point-To-Point Transmission Service. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

**13.7. Classification of Firm Transmission Service:**

(a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.

(b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

(c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement along with a corresponding capacity reservation associated with each Point of Receipt. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement along with a corresponding capacity reservation associated with each Point of Delivery. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm Reserved Capacity at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay to the Transmission Provider 150 % of the applicable Schedule 7 charges, for the amount of capacity that exceeded the firm Reserved Capacity.

**13.8. Scheduling of Firm Point-To-Point Transmission Service:** Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour.

Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to thirty (30) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

#### **14. Nature of Non-Firm Point-To-Point Transmission Service**

**14.1. Term:** Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

**14.2. Reservation Priority:** Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

**14.3. Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider:** The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under *i* agreements executed on or after the effective date of the Tariff or *ii* agreements executed prior to the aforementioned date that the Régie requires to be unbundled, by the date specified by the Régie. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

**14.4. Service Agreements:** The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Régie in compliance with applicable Régie regulations.

**14.5. Classification of Non-Firm Point-To-Point Transmission Service:** Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. In the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay to the Transmission Provider, 150 % of the applicable Schedule 8 charges for the amount of capacity that exceeded the non-firm Reserved Capacity. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

**14.6. Scheduling of Non-Firm Point-To-Point Transmission Service:** Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW

per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to thirty (30) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**14.7. Curtailment or Interruption of Service:** The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-

Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

## 15. Service Availability

**15.1. General Conditions:** The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

**15.2. Determination of Available Transmission Capability:** A description of the Transmission Provider's specific methodology for assessing available transmission capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.

**15.3. Initiating Service in the Absence of an Executed Service Agreement:** If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Régie, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to *i* compensate the Transmission Provider at whatever rate the Régie ultimately determines to be just and reasonable, and *ii* comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

**15.4. Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:** If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, provided the Transmission Customer agrees to compensate

the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.

**15.5. Deferral of Service:** The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

**15.6. Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements on file with the Régie may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Régie.

**15.7. Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows: a rate of 7 % of the maximum hourly flow, as measured at the Point(s) of Receipt.

The Transmission Provider may replace this rate by specific rates, which may vary for different transmission paths and different time periods. The new rates are posted on OASIS..

## 16. Transmission Customer Responsibilities

**16.1. Conditions Required of Transmission Customers:** Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

(a) The Transmission Customer has pending a Completed Application for service;

(b) The Transmission Customer meets the creditworthiness criteria set forth in Section 11;

(c) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to

the Transmission Provider prior to the time service under Part II of the Tariff commences;

(d) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and

(e) The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

**16.2. Transmission Customer Responsibility for Third-Party Arrangements:** Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

## 17. Procedures for Arranging Firm Point-To-Point Transmission Service

**17.1. Application:** A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Hydro-Québec, 75 West René-Lévesque Bd., Montréal, Québec, H2Z 1A4, at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by *i* transmitting the required information to the Transmission Provider by telefax, or *ii* providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.



**17.2. Completed Application:** A Completed Application shall provide all of the information included in Régie decisions, orders, rules and regulations including but not limited to the following:

- i. The identity, address, telephone number and facsimile number of the entity requesting service;
- ii. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- iii. The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- iv. The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- v. A description of the supply characteristics of the capacity and energy to be delivered;
- vi. An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- vii. The Service Commencement Date and the term of the requested Transmission Service; and
- viii. The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**17.3. Deposit:** A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in

connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed at a rate two percentage points higher than the prime commercial rate per annum as then in effect and announced from time to time by the Bank of Montréal, at its principal office in Montréal, Québec, and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

**17.4. Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

**17.5. Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transmission capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application

either *i* if it will be able to provide service without performing a System Impact Study or *ii* if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1.

**17.6. Execution of Service Agreement:** Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

**17.7. Extensions for Commencement of Service:** The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

## **18. Procedures for Arranging Non-Firm Point-To-Point Transmission Service**

**18.1. Application:** Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by *i* transmitting the required information to the Transmission Provider by telefax, or *ii* providing the

information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

**18.2. Completed Application:** A Completed Application shall provide all of the information included in Régie decisions, orders, rules and regulations including but not limited to the following:

- i. The identity, address, telephone number and facsimile number of the entity requesting service;
- ii. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- iii. The Point(s) of Receipt and the Point(s) of Delivery;
- iv. The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- v. The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- vi. The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- vii. The electrical location of the ultimate load.

The Transmission Provider will treat this information in *vi* and *vii* as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**18.3. Reservation of Non-Firm Point-To-Point Transmission Service:** Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service

shall be submitted no earlier than 8:00 a.m. the day before service is to commence. Requests for service received later than 10:00 a.m. prior to the day service is scheduled to commence will be accommodated if practicable.

**18.4. Determination of Available Transmission Capability:** Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service *i* thirty (30) minutes for hourly service, *ii* thirty (30) minutes for daily service, *iii* four (4) hours for weekly service, and *iv* two (2) days for monthly service.

### **19. Additional Study Procedures For Firm Point-To-Point Transmission Service Requests**

**19.1. Notice of Need for System Impact Study:** After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

### **19.2. System Impact Study Agreement and Cost Reimbursement:**

i. The System Impact Study Agreement will clearly specify the maximum charge, based on the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer

will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

ii. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be prorated among the Eligible Customers.

iii. For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

**19.3. System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

**19.4. Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System

Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of *i* the cost of Direct Assignment Facilities to be charged to the Transmission Customer, *ii* the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and *iii* the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established under the law of Quebec. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

**19.5. Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

**19.6. Due Diligence in Completing New Facilities:** The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission Sys-

tem within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

**19.7. Partial Interim Service:** If the Transmission Provider determines that it will not have adequate transmission capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

**19.8. Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

**20. Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service**

**20.1. Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete

them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

**20.2. Alternatives to the Original Facility Additions:** When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Régie for resolution.

**20.3. Refund Obligation for Unfinished Facility Additions:** If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Section 17.3. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

## **21. Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities**

**21.1. Responsibility for Third-Party System Additions:** The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or

distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**21.2. Coordination of Third-Party System Additions:** In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Régie for resolution.

## **22. Changes in Service Specifications**

**22.1. Modifications On a Non-Firm Basis:** The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

(a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.

(b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not

exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.

(c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.

(d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

**22.2. Modification On a Firm Basis:** Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

### 23. Sale or Assignment of Transmission Service

**23.1. Procedures for Assignment or Transfer of Service:** Subject to Régie approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of *i* the original rate paid by the Reseller, *ii* the Transmission Provider's maximum rate on file at the time of the assignment, or *iii* the Reseller's opportunity cost. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reserva-

tion priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

**23.2. Limitations on Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement.

**23.3. Information on Assignment or Transfer of Service:** In accordance with Section 4, Resellers may use the Transmission Provider's OASIS to post transmission capacity available for resale.

### 24. Metering and Power Factor Correction at Receipt and Delivery Point(s)

**24.1. Transmission Customer Obligations:** Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer. Notwithstanding the foregoing, for security reasons, when any such equipment is to be installed or maintained or otherwise required access to the Transmission Provider's system, such installation, maintenance or access shall be made by the Transmission Provider only, at Transmission Customer's costs.

Furthermore, the Transmission Provider may offer to the Transmission Customer full metering and communications services, at the latter's cost, when metering and communications equipment are to be installed on the Transmission Provider's system.

**24.2. Transmission Provider Access to Metering Data:** The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

**24.3. Power Factor:** Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

## 25. Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

## 26. Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth by the Régie. However, the Transmission Provider must separately file any specific proposed stranded cost charge to the Régie.

## 27. Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Régie policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved more economically by redispatching the Transmission Provider's resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Régie policy.

# III. NETWORK INTEGRATION TRANSMISSION SERVICE

## Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a man-

ner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

## 28. Nature of Network Integration Transmission Service

**28.1. Scope of Service:** Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

**28.2. Transmission Provider Responsibilities:** The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transmission capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

**28.3. Network Integration Transmission Service:** The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.

**28.4. Secondary Service:** The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

**28.5. Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows: a rate of 5 % of the maximum hourly flow, as measured at the Point(s) of Receipt.

The Transmission provider may replace this rate by specific rates, which may vary for different transmission paths and different time periods. The new rates are posted on OASIS. .

**28.6. Restrictions on Use of Service:** The Network Customer shall not use Network Integration Transmission Service for *i* sales of capacity and energy to non-designated loads, or *ii* direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System.

## 29. Initiating Service

**29.1. Condition Precedent for Receiving Service:** Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that *i* the Eligible Customer completes an Application for service as provided under Part III of the Tariff, *ii* the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, *iii* the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Régie, and *iv* the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G.

**29.2. Application Procedures:** An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by *i* transmitting the required information to the Transmission Provider by telefax, or *ii* providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in Régie decisions, orders, rules and regulations, including but not limited to the following:

- i. The identity, address, telephone number and facsimile number of the party requesting service;
- ii. A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- iii. A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- iv. The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to *iii* above;



v. A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:

— Unit size and amount of capacity from that unit to be designated as Network Resource

— VAR capability (both leading and lagging) of all generators

— Operating restrictions

— Any periods of restricted operations throughout the year

— Maintenance schedules

— Minimum loading level of unit

— Normal operating level of unit

— Any must-run unit designations required for system reliability or contract reasons

— Approximate variable generating cost ( \$/MWH) for redispatch computations

— Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource

— Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;

vi. Description of Eligible Customer's transmission system:

— Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider

— Operating restrictions needed for reliability

— Operating guides employed by system operators

— Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources

— Location of Network Resources described in subsection v above

— 10 year projection of system expansions or upgrades

— Transmission System maps that include any proposed expansions or upgrades

— Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and

vii. Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**29.3. Technical Arrangements to be Completed Prior to Commencement of Service:** Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

**29.4. Network Customer Facilities:** The provision of Network Integration Transmission Service shall be

conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

**29.5. Filing of Service Agreement:** The Transmission Provider will file Service Agreements with the Régie in compliance with applicable Régie regulations.

### 30. Network Resources

**30.1. Designation of Network Resources:** Network Resources shall include all generation owned or purchased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

**30.2. Designation of New Network Resources:** The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 29.

**30.3. Termination of Network Resources:** The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to the Transmission Provider as soon as reasonably practicable.

**30.4. Operation of Network Resources:** The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load plus losses.

**30.5. Network Customer Redispatch Obligation:** As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the

Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

**30.6. Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:** The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

**30.7. Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

**30.8. Use of Interface Capacity by the Network Customer:** There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load Ratio Share.

**30.9. Network Customer Owned Transmission Facilities:** The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the planning and operations of the Transmission Provider to serve all of its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Provider. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

### 31. Designation of Network Load

**31.1. Network Load:** The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

**31.2. New Network Loads Connected With the Transmission Provider:** The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Régie policies.

**31.3. Network Load Not Physically Interconnected with the Transmission Provider:** This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

**31.4. New Interconnection Points:** To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

**31.5. Changes in Service Requests:** Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new

Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

**31.6. Annual Load and Resource Information Updates:** The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

### 32. Additional Study Procedures For Network Integration Transmission Service Requests

**32.1. Notice of Need for System Impact Study:** After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

#### 32.2. System Impact Study Agreement and Cost Reimbursement:

i. The System Impact Study Agreement will clearly specify the maximum charge, based on the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge

shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

ii. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.

iii. For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

**32.3. System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispach options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

**32.4. Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of *i* the cost of Direct Assignment Facilities to be charged to the Eligible Customer, *ii* the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and *iii* the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established under the law of Quebec. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

### 33. Load Shedding and Curtailments

**33.1. Procedures:** Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

**33.2. Transmission Constraints:** During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

**33.3. Cost Responsibility for Relieving Transmission Constraints:** Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

**33.4. Curtailments of Scheduled Deliveries:** If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

**33.5. Allocation of Curtailments:** The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

**33.6. Load Shedding:** To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall

shed load in accordance with previously established procedures under the Network Operating Agreement.

**33.7. System Reliability:** Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to *i* limit the extent or damage of the adverse condition(s) or disturbance(s), *ii* prevent damage to generating or transmission facilities, or *iii* expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

#### **34. Rates and Charges**

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Régie policy, along with the following:

**34.1. Monthly Demand Charge:** The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Transmission Provider's Annual Transmission Revenue Requirement specified in Attachment H.

**34.2. Determination of Network Customer's Monthly Network Load:** The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) coincident with the Transmission Provider's Monthly Transmission System Peak.

**34.3. Determination of Transmission Provider's Monthly Transmission System Load:** The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

**34.4. Redispatch Charge:** The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

**34.5. Stranded Cost Recovery:** The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth by the Régie. However, the Transmission Provider must separately file any proposal to recover stranded costs to the Régie.

## 35. Operating Arrangements

**35.1. Operation under The Network Operating Agreement:** The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

**35.2. Network Operating Agreement:** The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to *i* operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), *ii* transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), *iii* use software programs required for data links and constraint dispatching, *iv* exchange data on forecasted loads and resources neces-

sary for long-term planning, and *v* address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either *i* operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the Northeast Power Coordinating Council (NPCC), *ii* satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or *iii* satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and the NPCC requirements. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

**35.3. Network Operating Committee:** A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

## SCHEDULE 1

### SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider. The Transmission Customer must purchase this service from the Transmission Provider. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below.

At present, the Transmission Provider does not have a separate charge for this service.

## SCHEDULE 2

### REACTIVE SUPPLY AND VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities (in the Control

Area where the Transmission Provider's transmission facilities are located) are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided directly by the Transmission Provider. The Transmission Customer must purchase this service from the Transmission Provider. The charges for such service will be based on the rates set forth below.

At present, the Transmission Provider does not have a separate charge for this service.

### **SCHEDULE 3**

#### **REGULATION AND FREQUENCY RESPONSE SERVICE**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider. The Transmission Provider must offer this service when 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 alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below.

At present, the Transmission Provider does not have a separate charges for this service.

### **SCHEDULE 4**

#### **ENERGY IMBALANCE SERVICE**

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when 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 alternative comparable arrangements to satisfy its Energy Imbalance Service obligation.

The Transmission Provider shall establish a deviation band of +/- 1.5 percent (with a minimum of 1 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should 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, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. The charges for Energy Imbalance Service are set forth below.

(1) Energy supplied by the Transmission Provider to compensate a shortfall in delivery:

150 % of the hourly energy price determined in accordance with section 214 of Hydro-Québec Bylaw Number 642 Establishing Electricity Rates and their Conditions of Application (S.R.Q. H-5, r. 11.4) approved by Order in Council number 461-96 of April 17, 1996 and amended by Hydro-Québec Bylaw number 644 approved by Order in Council number 608-96 of May 22, 1996 ("Bylaw").

(2) Energy supplied to the Transmission Provider in an excess of delivery:

50 % of the hourly energy price determined in accordance with section 214 of the said Bylaw.

### **SCHEDULE 5**

#### **OPERATING RESERVE — SPINNING RESERVE SERVICE**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum

output. The Transmission Provider must offer this service when 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 alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below.

0,32 \$/MWh for each MWh delivered at Point(s) of Receipt.

## **SCHEDULE 6**

### **OPERATING RESERVE — SUPPLEMENTAL RESERVE SERVICE**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. The Transmission Provider must offer this service when 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 alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below.

0,16 \$/MWh for each MWh delivered at Point(s) of Receipt.

## **SCHEDULE 7**

### **LONG-TERM FIRM AND SHORT-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below:

1) Yearly delivery: one-twelfth of the demand charge of

\$ 71,09/KW of Reserved Capacity per year.

2) Monthly delivery: \$ 8,01/KW of Reserved Capacity per month.

3) Weekly delivery: \$ 2,00/KW of Reserved Capacity per week.

4) Daily delivery: \$ 0,40/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) Discounts: If the Transmission Provider offers an affiliate a rate discount or attributes a discounted transmission rate to its own transactions, the Transmission Provider must offer at the same time the same discounted Firm Point-To-Point Transmission Service rate to all Eligible Customers on the same path and on all unconstrained transmission paths. Information regarding any firm transmission discounts must be posted on the OASIS pursuant to Part 37 of the Commission's regulations. In addition, discounts to non-affiliates must be offered in a not unduly discriminatory manner.

## **SCHEDULE 8**

### **NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

1) Monthly delivery: \$ 8,01/KW of Reserved Capacity per month.

2) Weekly delivery: \$ 2,00/KW of Reserved Capacity per week.

3) Daily delivery: \$ 0,40/KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

4) Hourly delivery: The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$ 16,69/MWH. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.



5) Discounts: If the Transmission Provider offers an affiliate a rate discount or attributes a discounted transmission rate to its own transactions, the Transmission Provider must offer at the same time the same discounted Non-Firm Point-To-Point Transmission Service rate to all Eligible Customers on the same path and on all unconstrained transmission paths. Information regarding any non-firm transmission discounts must be posted on the OASIS pursuant to Part 37 of the Commission's regulations. In addition, discounts to non-affiliates must be offered in a not unduly discriminatory manner.

**ATTACHMENT A**

**FORM OF SERVICE AGREEMENT FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE**

1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between Hydro-Québec (the Transmission Provider), and \_\_\_\_\_ ("Transmission Customer").

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in the amount of \$\_\_\_\_\_, in accordance with the provisions of Section 17.3 of the Tariff.

4.0 Service under this agreement shall commence on the later of (1) \_\_\_\_\_, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Régie. Service under this agreement shall terminate on \_\_\_\_\_.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 Applicable taxes shall be added to all charges set forth in the Tariff.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

**Specifications For Firm Point-To-Point Transmission Service**

1.0 Term of Transaction: \_\_\_\_\_

Start Date: \_\_\_\_\_

Termination Date: \_\_\_\_\_

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

\_\_\_\_\_

3.0 Point(s) of Receipt: \_\_\_\_\_

Delivering Party: \_\_\_\_\_

4.0 Point(s) of Delivery: \_\_\_\_\_

Receiving Party: \_\_\_\_\_

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): \_\_\_\_\_

6.0 Designation of party(ies) subject to reciprocal service obligation: \_\_\_\_\_

7.0 Name(s) of any Intervening Systems providing transmission service: \_\_\_\_\_  
\_\_\_\_\_

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: \_\_\_\_\_  
\_\_\_\_\_

8.2 System Impact and/or Facilities Study Charge(s): \_\_\_\_\_  
\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_  
\_\_\_\_\_

8.4 Ancillary Services Charges: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8.5 Redispatch Charges: \_\_\_\_\_  
\_\_\_\_\_

8.6 Network Upgrade Charges: \_\_\_\_\_  
\_\_\_\_\_

**ATTACHMENT B**

**FORM OF SERVICE AGREEMENT FOR  
NON-FIRM POINT-TO-POINT TRANSMISSION  
SERVICE**

1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between Hydro-Québec (the Transmission Provider), and \_\_\_\_\_ (Transmission Customer).

2.0 The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.

3.0 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.

4.0 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 Applicable taxes shall be added to all charges set forth in the Tariff.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
           Name                      Title                      Date

## ATTACHMENT C

### METHODOLOGY TO ASSESS AVAILABLE TRANSMISSION CAPABILITY

1. Available Transmission Capability (ATC) is the amount of unused Total Transfer Capability (TTC) after consideration of system reliability margin and requirements to:

(a) meet obligations of existing Transmission Service for the delivery of Transmission Provider's generation resources to its Native Load Customers;

(b) meet obligations of existing contracts under which Transmission Service is provided;

(c) meet obligations of existing firm and pending valid Applications for Transmission Service.

2. The following guidelines and principles are applied to assess ATC:

(a) Good Utility Practice;

(b) Northeast Power Coordinating Council (NPCC) criteria and guidelines;

(c) Transmission Provider's applicable criteria and rules.

3. To estimate TTC, the Transmission Provider uses off-line computer simulations of its Transmission System under a specific set of assumed operating conditions. Outages of generation and transmission equipment must appear in a simulated system configuration. The Total Transfer Capability (TTC), based on contingency analysis, is the transfer capability remaining after the most critical contingency while maintaining thermal, voltage and stability performance of the system consistent with Transmission Provider rules and practices and NPCC guidelines. In the case of radial interconnections (loads or generating units) or High Voltage Direct Current (HVDC) interconnections, no contingency is considered in the TTC calculation due to the particular arrangement of these facilities. The Transmission Customer will be advised of this situation by the Transmission Provider. However, planned or actual outages must appear in the calculation.

When estimating ATC, appropriate adjustments are made for firm reservations.

Estimated transmission capability takes account only of constraints relating to transmission equipment. Thus, at interconnections where generating units are isolated on the neighboring system, posted capability (TTC and ATC) may be higher than transferable local generating capability on the neighboring system. Analysis of the costs, limits and constraints of resource redispatch is required for every Application for reservation of Transmission Service over such interconnections. Such interconnections are posted on OASIS.

When it has been determined that sufficient transmission capability may not exist to accommodate an Application for Transmission Service, the Eligible Customer may request a System Impact Study.

## ATTACHMENT D

### METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY

1. The System Impact Study is conducted in the following manner:

(1) System Impact will be estimated based on reliability requirements to:

(a) meet obligations under Service Agreements entered into prior to the effective date of the Tariff;

(b) meet obligations of existing firm and pending valid Applications in accordance with this Tariff;

(c) meet planned emergency generation import requirements;

(d) account for power flows reasonably expected to occur on the Transmission System to supply Native Load Customers;

(e) maintain thermal, voltage and stability performance of the system in accordance with the guidelines and principles;

(f) consider the ability of the system to withstand, under transfer conditions, severe but credible disturbances without experiencing cascading outages, voltage collapse or widespread blackouts, in accordance with the guidelines and principles.

(2) The Transmission System will be tested in accordance with the following guidelines and principles:

(a) explore the adequacy of the Transmission System to accommodate an Application for Transmission Service;

(b) determine whether any additional costs must be incurred in order to provide Transmission Service;

(c) discover any other potential problems.

(3) If the requested use cannot be accommodated without impairing system reliability, the System Impact Study analyzes the impact of the proposed Application for Transmission Service on thermal capability, transient and voltage stability of the Transmission System. Where operating guides can be used to increase the available transmission capability, such guides are to be used and if the operating procedure is to be exercised in another Control Area, the applicant for Transmission Service must contact the other Control Area to determine the general availability of the operating procedure.

(4) If the System Impact Study indicates that Network Upgrades or Direct Assignment Facilities are needed to supply the applicant's Application for service, the procedures will be the same as those used by the Transmission Provider for its own system expansion. The least cost transmission expansion plan including, but not limited to, present value cost, losses, environmental aspects, reliability, will be developed for consideration by the Transmission Provider. Based on the study results, the Transmission Customer can decide whether to proceed, modify or cancel its request.

(5) Immediately upon receipt of a Facilities Study agreement, the Transmission Provider performs a more precise engineering estimate of the costs of the Network Upgrades and Direct Assignment Facilities.

2. Guidelines and principles followed by the Transmission Provider — The Transmission Provider is a member of NPCC. When performing a System Impact Study, the Transmission Provider applies the following rules, as amended and/or adopted from time to time:

(a) Good Utility Practice;

(b) NPCC criteria and guidelines; and

(c) Hydro-Québec's criteria and rules.

3. Transmission System model representation — The Transmission Provider estimates Total Transfer Capability (TTC) using Transmission System models based on a library of loadflow cases prepared by the Transmission Provider for studies of the Transmission Provider Control Area. The models may include representations

of other NPCC and neighboring systems. This library of loadflow cases is maintained and updated as appropriate by the Transmission Provider and NPCC. The Transmission Provider uses system models that it deems appropriate for study of the Application for Transmission Service. Additional system models and operating conditions, including assumptions specific to a particular analysis, may be developed for conditions not available in the library of loadflow cases. The system models may be modified, if necessary, to include additional system information on load, transfers and configuration, as it becomes available.

4. System conditions — The loading on all Transmission System elements must be within normal ratings for pre-contingency conditions and within emergency conditions for post-contingency conditions. Transmission System voltage must be within the applicable normal and emergency limits for pre- and post-contingency conditions respectively.

5. Short circuit — Transmission System short-circuit currents must be within the applicable equipment design ratings.

6. Loss evaluation — The impact of losses on the Transmission Provider's Transmission System is taken into account in the System Impact Study to ensure Good Utility Practice in the evaluation of the costs to meet the Application for Transmission Service.

7. System protection — Protection requirements are evaluated by the Transmission Provider to determine the impact on existing system protection.

## ATTACHMENT E

### INDEX OF POINT-TO-POINT TRANSMISSION SERVICE CUSTOMERS

Customer	Date of Service Agreement
_____	_____

## ATTACHMENT F

### SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between Hydro-Québec (the Transmission Provider), and \_\_\_\_\_ ("Transmission Customer").

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Ap-

plication for Network Integration Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in the amount of \$ \_\_\_\_\_, in accordance with the provisions of Section 29.2 of the Tariff.

4.0 Service under this agreement shall commence on the later of (1) \_\_\_\_\_, or (2) the date on which construction of all Interconnection Equipment, any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) the date on which a Network Operating Agreement is executed and all requirements of said Agreement have been completed or (4) such other date as it is permitted to become effective by the Régie. Service under this agreement shall terminate on \_\_\_\_\_.

5. The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Service in accordance with the provisions of Part III of the Tariff and this Service Agreement.

6. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 Applicable taxes shall be added to all charges set forth in the Tariff.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

Specifications For Network Integration Transmission Service

1.0 Terms of Transaction:

\_\_\_\_\_

Start Date:

\_\_\_\_\_

Termination Date:

\_\_\_\_\_

2.0 General description of capacity and energy to be transmitted by the Transmission Provider including the electric Control Area in which the transaction originates.

\_\_\_\_\_

3.0 Detailed description and forecast of Network Load at each delivery point:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4.0 Detailed description of each Network Resource, including any operating restrictions:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5.0 Detailed description of the Transmission Customer's anticipated use of Transmission Provider's interfaces:

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6.0 Description of any transmission system owned or controlled by the Transmission Customer:

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7.0 Name(s) of any Intervening Transmission Providers:

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8.0 The Network Integration Service Customer agrees to take the following ancillary services from the Transmission Provider.

		Source
1. Scheduling, System Control and Dispatch	Yes	H.Q._
2. Reactive Supply and Voltage Control	Yes	H.Q._
3. Regulation and Frequency Response	___*	___
4. Energy Imbalance	___*	___
5. Spinning Reserve	___*	___
6. Supplemental Reserve	___*	___

\* If "No", indicate source of this service.

9.0 Description of required Direct Assignment Facilities:

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10.0 In addition to the charge for Transmission Service and charges for Ancillary Services as set forth in the Tariff, the customer will be subject to the following charges:

10.1 System Impact and/or Facilities Study Charge(s):

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10.2 Direct Assignment Facilities Charges:

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10.3 Redispatch Charges:

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10.4 Network Upgrade Charges:

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## ATTACHMENT G

### NETWORK OPERATING AGREEMENT

This Network Operating Agreement is part of the Transmission Provider's Open Access Transmission Tariff and is subject to and in accordance with all provisions of said Tariff. All definitions and terms and conditions of the Tariff are incorporated herein by reference.

## 1.0 General Terms and Conditions

The Transmission Provider agrees to provide transmission service to the Transmission Customer subject to the Transmission Customer operating its facilities in accordance with applicable Transmission Provider, or its affiliates, NERC and NPCC criteria, rules, standards, procedures or guidelines as they may be changed from time to time. In addition, service to the Transmission Customer is provided subject to the terms and conditions contained herein.

### 1.1 Character of Service

All Network Transmission service shall be in the form of three phase sixty (60) hertz alternating current at a delivery voltage agreed to by both parties.

### 1.2 Maintenance Scheduling

The Transmission Provider, as appropriate, shall consult the Transmission Customer regarding the timing of any scheduled maintenance of the Transmission System that would affect service to the Transmission Customer.

### 1.3 Information Requirements

The Transmission Customer shall be responsible for providing all information required by NPCC, NERC and the Transmission Provider necessary for planning, operations, maintenance and regulatory filings. This information may include, but not be limited to:

Load related data:

- Ten (10) year forecast of Network Load at each delivery point:

- hourly for the first week, daily updated for the three days before operation;

- weekly for the first year;

- monthly for the following nine (9) years.

- Power Factor.
- Amount of Interruptible Load under contract, including interruption terms, and actual level of this load.
- Load Shedding capability by delivery point.
- Capability to shift load between delivery points.
- Disturbance reports.

- Results of periodic metering and protection equipment tests and calibration.

- Planned changes to interconnection equipment or protection system.

- Voltage Reduction capability.

Network Resources and interconnected generation:

- Resource operating characteristics, including ramp rate limits, minimum run times, under and over frequency relaying, etc.

- Generation schedule if two or more generating sites are used.

- Ten year forecast of resource additions, retirements and capability changes.

- Generator reactive capability.

- Results of periodic metering and protection equipment tests and calibration.

- Planned changes to generation parameters or protection system.

Failure of the Transmission Customer to respond promptly and completely to the Transmission Provider's reasonable request for information shall result in a fine of 100 \$ per day payable to the Transmission Provider. Continued failure to respond shall constitute default.

In addition to the types of information shown above, the Transmission Customer shall supply accurate and reliable operating information to the Transmission Provider. Such information might include, but not be limited to, metered values for kWh, kW, KVAR, voltage, current, frequency, breaker status data and all other data necessary for reliable operation. The Transmission Provider can require such information to be provided electronically using a method such as Supervisory Control And Data Acquisition (SCADA), Remote Terminal Units (RTU), remote access metering or be capable of interfacing directly with the Transmission Provider's dispatch computer system. All equipment used for such purposes must be approved by the Transmission Provider.

The Transmission Customer shall advise the Transmission Provider if its Network Resource is capable of participation in system restoration and/or if it has black start capability.

## 1.4 Operating Requirements

The Transmission Customer shall not conduct any switching or other activity likely to affect the Transmission Provider's system without first contacting and receiving permission from the Transmission Provider.

The Transmission Customer shall balance the load at its Network Loads such that the difference in the individual phase currents are acceptable to the Transmission Provider.

The Transmission Customer's equipment must comply with all environmental requirements to the extent they impact the operation of the Transmission Provider system.

The Transmission Customer shall operate all of its equipment and facilities connected to the Transmission Provider's system, either directly or indirectly, in a safe, reliable and efficient manner. Such operations shall also conform to Good Utility Practice and all requirements and guidelines of the Transmission Provider, NERC, and NPCC.

The Transmission Customer shall be responsible for operating and maintaining security of its electric system in a manner that avoids adverse impact to the Transmission Provider system or the integrated regional system and complies with all applicable NPCC and Transmission Provider operating criteria, rules, procedures, guidelines and interconnection standards as may be amended or adopted from time to time. These actions include, but are not limited to:

- Voltage Reduction Load Shedding
- Underfrequency Load Shedding
- Block Load Shedding
- Transferring Load
- Implementing Voluntary Load Reductions Including Interruptible Customers
- Starting Stand-by Generation
- Permitting the Transmission Provider Controlled Service Restoration Following Supply Delivery Contingencies on the Transmission Provider Facilities.

The Transmission Provider reserves the right to specify turbine and/or generator control (e.g., droop) settings as determined by the System Impact Study, Facilities Study

or any subsequent studies. The Transmission Customer agrees to comply with such specifications at the Transmission Customer's expense.

Unless directed otherwise, the Transmission Customer will operate its existing interconnected generation facilities with automatic voltage regulators. The voltage regulator will control voltage at the Network Resource consistent with the range of voltage required by the Transmission Provider or NPCC.

## 1.5 Discontinuance of Service

If at any point in time, it is the Transmission Provider's judgment that the Transmission Customer is operating its equipment in a manner that would adversely impact the quality of service, reliability or safe operation of the Transmission Provider's system, the Transmission Provider may discontinue transmission service until the condition has been corrected.

If it is the Transmission Provider's judgment that an emergency exists or that significant adverse impact is imminent, service to the Transmission Customer may be discontinued without notice. Otherwise, the Transmission Provider shall provide the Transmission Customer with reasonable notice of a request to reduce generation or any intent to discontinue service. When practical, the Transmission Provider will also allow suitable time for the Transmission Customer to correct the problem.

## 1.6 Emergency Operations

The Transmission Customer shall be subject to all applicable emergency operation standards and practices required of the Transmission Provider.

The Transmission Provider reserves the right to require customers to provide actions required under the Transmission Provider Operating Procedures. These actions might include, but are not limited to, running generation at maximum or minimum capability, voltage reduction, load shedding, transferring load between points of delivery, public appeals for load reduction, implementation of interruptible load programs and starting stand-by and idle generation.

## 2.0 Metering

The Transmission Provider will provide Network Integration service to each Point of Delivery specified in the Transmission Customer's Service Agreement. Each Point of Delivery shall have a unique identifier, meter location and meter number.



## 2.1 Equipment

All metering equipment and installations used to measure energy and capacity delivered to the Transmission Customer must be approved by the Transmission Provider. The Transmission Provider may require the installation of telemetering equipment for the purposes of billing, power factor measurements and to allow the Transmission Provider to operate its system reliably and efficiently. All such equipment will be installed and maintained at the Transmission Customer's expense.

All meters shall be capable of measuring the instantaneous kW within each hour, net flow in kWh and reactive power flow.

## 2.2 Seals

All meters shall be sealed, and the seals shall not be broken without prior approval by the Transmission Provider.

## 2.3 Access

The Transmission Customer shall provide access, including telecommunications access, for a representative of the Transmission Provider, to the meters at reasonable times for the purposes of reading, inspecting and testing. The Transmission Provider shall use its best efforts not to interfere with normal business operations.

## 2.4 Calibration and Maintenance

Unless otherwise mutually agreed, the meters shall not be tested or recalibrated or any of the connections, including those of the transformers, disturbed or changed except in the presence of duly authorized representatives of the Transmission Provider and the Transmission Customer or under Emergency Conditions or unless either party, after reasonable notice fails or refuses to have its representatives present.

## 2.5 Testing

The Transmission Provider will make tests of the metering equipment using Transmission Provider's standards of accuracy and procedures. The Transmission Provider shall notify the Transmission Customer prior to conducting any metering tests, and the Customer may observe the test. If the meter is found to be inaccurate or otherwise defective, it shall be repaired, adjusted, or replaced at the Transmission Customer's expense.

## 3.0 Interconnection Equipment

The Transmission Customer's Interconnection Equipment shall meet all standards of Good Utility Practice.

## 3.1 Cost

The Transmission Customer will install, maintain and repair all Interconnection Equipment at its expense.

The Transmission Provider will not bear any costs of the interconnection with the Transmission Customer, including any changes as required by this Agreement. The cost of Direct Assignment Facilities will be paid in accordance with the Tariff and the Service Agreement. In the event that the Transmission Provider would incur any expense in connection with the Direct Assignment Facilities, prior to the Transmission Provider incurring any such expense, the Transmission Customer shall be responsible for forwarding to the Transmission Provider funds sufficient to cover that expense, as estimated by the Transmission Provider. The Transmission Provider will provide the customer with the actual expenses associated with the funding of Direct Assignment Facilities within sixty (60) days of completion of construction. Adjustments will be made within thirty (30) days thereafter.

## 3.2 Inspection

The Transmission Provider may inspect the Transmission Customer's Interconnection Equipment to determine if all standards of Good Utility Practice are met. The Transmission Provider shall not be required to deliver to, or receive electricity from, the Transmission Customer until those requirements are met.

The Transmission Provider shall have the right, at the Transmission Customer's expense, to monitor the factory acceptance test, the field acceptance test, and the installation of any metering, data acquisition, transmission, protective or other equipment or software connected to the Transmission Provider system.

## 3.3 New Resources

The Transmission Customer shall not connect any generators after the execution of this agreement without first informing the Transmission Provider in writing one-hundred-eighty (180) days in advance of any such connection. Any Third Party Generating Facilities connected after the date of the execution of this Agreement shall comply with the Transmission Provider's then-existing Technical Requirements for Non-Utility Generation as it applies to generation connected directly to the Transmission Provider system. The Transmission Customer shall be responsible to ensure compliance with these requirements.

In the event that the Transmission Customer or any Third Party Generating Facilities incorporate a synchro-

nous generator after the date of the execution of the Agreement, the Transmission Customer shall furnish, install and maintain equipment necessary to establish and maintain synchronism with the Transmission Provider's system.

### 3.4 Protection Equipment

In order to protect the Transmission Provider's system from damage, to minimize the likelihood of injury to operating personnel and third parties, and to allow the Transmission Provider to maintain service to its non-generating customers in the event the Transmission Customer's system encounters operating difficulties, the Transmission Customer shall at its expense, provide, install, and maintain the following equipment insofar as required by Good Utility Practice and, after consultation with the Transmission Provider:

A. A three-phase, load-break, lockable main disconnect switch that allows isolation of the Transmission Customer's facilities from the Transmission Provider's system.

B. An automatic circuit breaker which can be tripped by the protective relay system under all system conditions. The circuit breaker must also be suitable for use in synchronizing generation of the Transmission Customer system to the Transmission Provider's system.

C. Underfrequency and overfrequency protective relays to be used in conjunction with the required automatic circuit breaker.

D. Undervoltage and overvoltage protective relays to be used in conjunction with the required automatic circuit breaker.

E. Overcurrent protective relays to be used in conjunction with the required automatic circuit breaker.

F. Potential and current transformers to be used for the above relaying, sized and connected as approved by the Transmission Provider.

G. Such other equipment as may be reasonably required by Good Utility Practice, as recommended by the Transmission Provider.

H. The Transmission Customer shall provide to the Transmission Provider complete documentation of the Transmission Customer's Interconnection Equipment, including, but not limited to, power one-line diagrams, relaying diagrams, plans, sectional and elevation views, grading plans, conduit plans, foundation plans, fence and grounding plans and detailed steel erection dia-

grams. In addition, the Transmission Customer agrees to provide to the Transmission Provider complete documentation of any changes to the Transmission Customer's Interconnection Equipment.

I. The protective relay system required to detect faults on the Transmission Provider's system and the breaker required to disconnect the Transmission Customer's generation to protect the general public and the Transmission Provider's personnel must be approved by the Transmission Provider. The Transmission Provider shall provide relay settings and recommendations for design, equipment selection, and routine maintenance. The Transmission Customer shall purchase, install, and maintain the protective relay system, and maintain and make available to the Transmission Provider all maintenance and test records. The Transmission Provider shall perform functional test(s), at reasonable intervals, of the protective relay system to determine whether the system functions in a manner acceptable to the Transmission Provider and shall notify the Transmission Customer in writing of the test results. The Transmission Customer shall bear the cost of this testing and any other assistance that may be requested of the Transmission Provider before and after the system is made operational.

J. The Transmission Customer shall, at its own expense, repair and maintain its protective relay system and any other equipment owned or operated by the Transmission Customer.

### 3.5 Maintenance and Modifications To The Interconnection

A. The Transmission Customer shall repair and maintain during the term hereof all of the Transmission Customer's Interconnection Equipment on the Transmission Customer's side of the visible disconnect that isolates the Transmission Customer's Facilities from the Transmission Provider's system, in accordance with established practices and standards for the operation and maintenance of power system equipment.

B. The Transmission Customer shall maintain its own generation in accordance with Good Utility Practice. The Transmission Customer shall ensure that all Third Party Generation Facilities connected to the Transmission Customer system is maintained in accordance with the Transmission Provider's Technical Interconnection Requirements for Non-Utility Generation.

C. The Transmission Customer shall arrange with the Transmission Provider an initial functional testing and intertie inspection, to be completed prior to the Effective Date of this Agreement. In addition, the Transmission Customer shall arrange with the Transmission

Provider for an annual, visual inspection of all interconnection facilities and associated maintenance records. Every two years, the Transmission Customer shall arrange a relay calibration test and operational test of the Transmission Customer's Interconnection Equipment. The relay calibration test must be performed by a qualified contractor approved by the Transmission Provider and acceptable to the Transmission Customer or by the Transmission Provider itself. After the relay calibration tests are completed, the Transmission Provider may perform a relay system functional test. The Transmission Customer shall bear the cost of any relay testing and any other assistance that may be requested by the Transmission Provider before and after the system is made operational.

*D.* Before April 1 of each year, the Transmission Provider shall provide the Transmission Customer with recommended dates for scheduling maintenance of the Transmission Customer's generating facilities and Third Party Generating Facilities greater than 20MW and the Transmission Customer transmission facilities operating at 44kV or greater. The Transmission Customer shall provide to the Transmission Provider on or before May 1 of each year a list of periods, in order of preference and in accordance with the Transmission Provider's recommended dates, during which the Transmission Customer prefers to schedule maintenance during the subsequent calendar year. If the Transmission Provider does not provide the Transmission Customer with recommended dates before April 1 of any year, the Transmission Customer shall nonetheless provide the Transmission Provider on or before May 1 of that year, a list of periods, in order of preference, in which the Transmission Customer prefers to schedule maintenance during the subsequent calendar year, and the Transmission Provider will attempt to accommodate the Transmission Customer's proposed schedule of maintenance periods if the Transmission Provider can do so without adverse operational or economic effect on the Transmission Provider or its customers. By June 1 of each year, the Transmission Customer and the Transmission Provider will agree on maintenance periods for the Interconnection Equipment.

*E.* If the Transmission Provider in its reasonable judgment determines that the Transmission Customer's Interconnection Equipment is, in any substantial respect, being maintained otherwise than in accordance with Good Utility Practice, the Transmission Provider may so notify the Transmission Customer in writing. Within thirty (30) days of the date of notification, the Transmission Customer shall conform its maintenance practices to the requirements of Good Utility Practice and of this Agreement. In the event that the Transmission Customer fails to bring its maintenance practices into conform-

ance with the requirements of Good Utility Practice within that thirty (30) day period, the Transmission Provider may de-energize the Interconnection between the Transmission Customer and the Transmission Provider until the Transmission Customer has conformed its maintenance practices as provided herein.

*F.* The Transmission Customer shall give the Transmission Provider adequate written notice of any modification or replacement of the Transmission Customer's Interconnection Equipment. All additions, modifications or replacements must meet the requirements of this Agreement and all standards of Good Utility Practice. If the Transmission Customer makes changes without notice to the Transmission Provider, and if the Transmission Provider has reasonable cause to believe that the changes may create dangerous conditions, the Transmission Provider may de-energize the interconnection between the Transmission Customer and the Transmission Provider.

*G.* The Transmission Customer, at its expense, shall change the Transmission Customer's Interconnection Equipment as may be reasonably required by the Transmission Provider or as may otherwise be required to conform to Good Utility Practice to meet changing requirements of the Transmission Provider's system.

*H.* In the event that de-energization of the interconnection is required by the provisions of this Agreement, the Transmission Provider will only de-energize the interconnection at the affected Point or Points of Delivery.

#### **4.0 Power Factor**

To prevent degradation of voltage to the Transmission Provider's customers, to prevent unnecessary system losses, and to maintain the Transmission Provider voltage levels and area reactive support, the Transmission Customer shall maintain at 97 % or higher power factor. Should the Transmission Provider be required to maintain a higher level than 97 %, the Transmission Customer shall be required to do so as well. Failure by the Transmission Customer to maintain acceptable Power Factor may result in additional Direct Assigned Facilities charges associated with installing any equipment needed to maintain the designated power factor or additional charges to compensate for reactive power delivery.

#### **5.0 Voltage Control**

The Transmission Customer's automatic voltage control equipment shall ensure that no more than a 3 % instantaneous variation in voltage shall occur at the

interconnection during connection or disconnection of a synchronous generator, an induction generator, or any motor, load, capacitor or other equipment.

## 6.0 Harmonics

The Transmission Customer must operate and maintain its system in a manner that avoids the generation of harmonic frequencies exceeding the limits established in the standards used by the Transmission Provider.

## 7.0 Default

The Transmission Customer's failure to meet the terms and conditions of the Agreement shall be deemed to be a default resulting in the Transmission Provider seeking, consistent with Regie decisions, orders, rules and regulations, immediate termination of service.

## ATTACHMENT H

### ANNUAL TRANSMISSION REVENUE REQUIREMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1. The Annual Transmission Revenue Requirement for purposes of the Network Integration Transmission Service shall be 2 260 000 000 \$.

2. The amount in (1) shall be effective until amended by the Transmission Provider or modified by the Régie.

## ATTACHMENT I

### INDEX OF NETWORK INTEGRATION TRANSMISSION SERVICE CUSTOMERS

Customer	Date of Service Agreement
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1266

Gouvernement du Québec

## O.C. 283-97, 5 March 1997

An Act respecting income security  
(R.S.Q., c. S-3.1.1)

### Income security — Amendments

Regulation to amend the Regulation respecting income security

WHEREAS in accordance with section 91 of the Act respecting income security (R.S.Q., c. S-3.1.1), the Government, by Order in Council 922-89 dated 14 June 1989, made the Regulation respecting income security;

WHEREAS it is expedient to further amend that Regulation;

WHEREAS in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the text of the Regulation attached to this Order in Council was published in Part 2 of the *Gazette officielle du Québec* of 8 January 1997, with a notice that it could be made by the Government at the expiry of 45 days following that publication;

WHEREAS those 45 days have expired;

WHEREAS it is expedient to make the Regulation, with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of State for Employment and Solidarity and Minister of Income Security:

THAT the Regulation to amend the Regulation respecting income security, attached to this Order in Council, be made.

MICHEL CARPENTIER,  
*Clerk of the Conseil exécutif*

## Regulation to amend the Regulation respecting income security

An Act respecting income security  
(R.S.Q., c. S-3.1.1, s. 91, 1<sup>st</sup> par., subpars. 4, 5, 8, 16.01, 22.1, 23 to 24.1 and 25, and 2<sup>nd</sup> par.; 1995, c. 69, s. 20, pars. 4, 7 and 9; 1996, c. 78, s. 6, pars. 1 to 4)

1. The Regulation respecting income security, made by Order in Council 922-89 dated 14 June 1989 and amended by the Regulations made by Orders in Council 1917-89 dated 13 December 1989, 1051-90 dated 18 July 1990, 1733-90 and 1734-90 dated 12 December 1990, 1793-90 dated 19 December 1990, 567-91 dated 24 April 1991, 1721-91 dated 11 December 1991, 285-92 dated 26 February 1992, 379-92 and 380-92 dated 18 March 1992, 868-92 dated 10 June 1992, 1155-92 dated 5 August 1992, 1798-92 and 1799-92 dated 9 December 1992, 123-93 dated 3 February 1993, 825-93 dated 9 June 1993, 1287-93 dated 8 September 1993, 1780-93 dated 8 December 1993, 159-94 dated 19 January 1994, 249-94 dated 9 February 1994, 827-94 dated 8 June 1994, 1160-94 dated 20 July 1994, 260-95 dated 1 March 1995, 1354-95 dated 11 October 1995, 202-96 dated 14 February 1996, 266-96 dated 28 February 1996, 761-96 dated 19 June 1996, 926-96 dated 17 July 1996, 1290-96 dated 9 October 1996, 1480-96 dated 27 November 1996 and 1566-96 dated 11 December 1996, is further amended, in section 13: