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February 24, 2016

Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Suite 2700
Toronto, ON M4P 1E4

**Attention: Ms Kirsten Walli
Board Secretary**

Dear Ms. Walli:

**Re: Independent Electricity System Operator
2016 Expenditure and Revenue Requirement Application
HQ Energy Marketing Inc. Letter of Intervention
EB-2015-0275**

We are counsel to HQ Energy Marketing Inc. ("HQEM") in the above captioned matter. HQEM is the Canadian power marketing subsidiary of Hydro-Québec outside the province of Québec. Hydro-Québec is one of North America's largest electric utilities – it is involved in transmission, distribution and generation of electricity from renewable energy sources, and in particular hydroelectricity. HQEM is a participant in the Ontario energy market, and sells into, buys from, and wheels energy through Ontario to other neighbouring control areas.

HQEM participated in Ontario Energy Board ("OEB" or the "Board") proceedings addressing the imposition of payments on power exports, including Hydro One Transmission Rates (EB-2012-0031) and OPA Fees (EB-2010-0279).

HQEM requests intervenor status in this proceeding. HQEM is not requesting cost eligibility at this time; however, HQEM is pursuing the possibility of working with other interested parties and therefore reserves the right to request cost eligibility (as part of a coalition or group) at a later time.

The Board's Notice of Application for this proceeding (the "Notice") notes that the IESO has applied for a written hearing and that the Board is considering this request. The Notice invites submissions as to why an oral hearing may be needed in this proceeding. HQEM submits that the following factors weigh against a written hearing in this case, at least in relation to the issue of the proposed single fee that will apply to domestic load and exports:

- The IESO's proposal to have a single fee that is applicable to exports is a case of first instance that has never been approved in a Board decision. The initial application of the IESO's fees to export customers was approved in a settlement agreement in RP-1999-0049. As the Board is aware, the Board's approval of a settlement agreement does not have precedential effect (see, for example, EB-2010-0142, Partial Decision and Order issued July 7, 2011 at p. 40 and EB-2007-0776, Decision and Order issued April 23, 2009 at p. 2);

- The imposition of a fee on exporters raises a number of contested issues, which is demonstrated by the fact that the Board has not approved an applicant's export fee proposal as filed (see, for example, EB-2012-0031 and EB-2010-0279); and
- The evidence entitled "Cost Allocation and Rate Design" filed in this application (Ex. B-1-1, Attachment 1) may raise issues of credibility, which are best addressed in an oral hearing.

Notice

We request that copies of all documents and correspondence pertaining to this proceeding be served on Hydro-Québec and its counsel as follows:

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We thank you for your attention to this matter and we trust that this letter will be sufficient for granting HQEM intervenor status in the upcoming proceeding. Should you have any questions or require any further information, please do not hesitate to contact me.

Sincerely,

Signed in the original

George Vegh

- c. Mr. Matthieu Plante, Hydro-Québec
- Ms. Hélène Cossette, Hydro-Québec
- Ms. Nancy Marconi, Senior Manager, Regulatory Affairs, IESO.
- Mr. Fred Cass, Counsel for IESO