



McCarthy Tétrault LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

George Vegh

Direct Line: 416 601-7709
Direct Fax: 416 868-0673
Email: gvegh@mccarthy.ca

December 20, 2019

VIA EMAIL, RESS AND COURIER

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

Attention: Christine E. Long
Registrar and Board Secretary

Dear Board Secretary:

Re: Resolute FP Canada Inc. ("Resolute"): Pre-filed evidence
Ontario Energy Board ("OEB"): File No.: EB-2019-0206

Please find enclosed pre-filed evidence submitted on behalf of the Applicant, Resolute FP Canada Inc.

All of which is respectfully submitted.

Sincerely,

A handwritten signature in blue ink, appearing to read 'George Vegh', written over a light blue circular stamp or watermark.

George Vegh

c. Parties in EB-2019-0206

IN THE MATTER OF the *Electricity Act*, 1998, s. 35;

AND IN THE MATTER OF an application by Resolute FP Canada Inc. for an order directing the Independent Electricity System Operator to amend the Market Rules relating to the qualifications for participating in Demand Response Auctions dated August 7, 2019.

**PRE-FILED EVIDENCE OF THE APPLICANT
RESOLUTE FP CANADA INC.**

McCarthy Tétrault LLP
Suite 5300, Toronto Dominion Bank
Tower
Toronto, ON M5K 1E6
Fax: (416) 868-0673

George Vegh LSO#: 32088J
Tel: (416) 601-7709
Email: gvegh@mccarthy.ca

Counsel for the Applicant

PART I. OVERVIEW

1. This evidence is in support of Resolute FP Canada Inc.’s (“**Resolute**”) application to the Ontario Energy Board (the “**Board**” or the “**OEB**”) for an order directing the Independent Electricity System Operator (“**IESO**”) to amend the Market Rules relating to the qualifications for participating in Demand Response Auctions (the “**DR Qualifications Rule**”).

PART II. FACTS AND RESOLUTE’S POSITION

A. BACKGROUND - RESOLUTE

2. Resolute is a forest products manufacturer with facilities in Canada and the U.S. including in Thunder Bay, Ontario. At its Thunder Bay facility, in addition to its manufacturing operations, Resolute owns and operates a cogeneration facility with a nameplate capacity of 62.4 megawatts. “Cogeneration” refers to the production of electricity using waste heat (*i.e.* steam) resulting from the manufacturing process to generate electricity.

3. To conduct its manufacturing operations, Resolute uses and purchases electricity from the IESO controlled electricity grid, and also relies on electricity produced by its cogeneration facility. Any capacity from its cogeneration facility, which is not used by Resolute for its own production, is available to be provided back into the grid.

B. DEMAND RESPONSE PROGRAMS

4. “Demand” in general terms is the consumption by end-users of electricity. “Demand response” programs are incentive programs instituted with the goal of reducing or shifting electricity usage during peak periods. For example, charging higher rates for electricity during peak times of use is a demand response program that incentivizes consumers to divert their non-critical consumption of electricity to off-peak hours, when there is less demand for electricity.

5. Similarly, the IESO (which term will include its predecessor, the Ontario Power Authority “**OPA**”, unless otherwise indicated) has implemented demand response programs aimed primarily at industrial and other large commercial consumers. Under this program, participants are paid a monthly availability fee in exchange for the commitment to reduce their facility load, i.e. the amount of energy used by the facility, by an agreed-to megawatt amount if called upon by the IESO to do so (the “**Demand Response Programs**”).

6. Under the Demand Response Programs, a monthly availability payment is paid to each participant in exchange solely for the commitment to reduce a facility load, whether or not the participant is in fact called upon to do so.

7. Given the financial incentives associated with the Demand Response Programs, there is significant market interest in participating in it. Previously participation in the program was determined through a procurement process which awarded contracts with set fixed availability payments. These programs were referred to as Demand Response 1 (“**DR1**”), Demand Response 2 (“**DR2**”), Demand Response 3 (“**DR3**”) (operated by the OPA), and a transitional program called Capacity Based Demand Response (“**CBDR**”) (operated by the IESO)..

8. As of December 2, 2015 the IESO implemented a competitive auction process to determine who would participate in the Demand Response Programs (a “**Demand Response Auction**” or “**DRA**”). In simple terms, the auction requires organizations to competitively bid the price requested for the availability payment, together with the amount of capacity they have and wish to offer under the program, and the times at which they are willing to reduce their facility loads.

9. If a demand response auction participant is successful in the auction, the IESO will assign it a “capacity obligation”. That is, a confirmation of where, at what times, and how much load

capacity the demand response auction participant is committed to reducing if called upon via a “demand response activation”. Thereafter, the participant takes steps to become authorized as a demand response market participant (“**DRMP**”) and must register its resources, *i.e.* the facility whose load will be reduced, in response to a demand response activation.

10. The IESO Market Rules respecting the qualifications to participate in the DRA were unchanged in all material respects from the IESO Market Rules respecting qualifications to participate in the CBDR program. Both the CBDR and the DRA provide that, in order to qualify for demand response, an interested organization must:

- (a) Register with the IESO;
- (b) Complete certain required steps to become authorized as a “demand response auction participant”;
- (c) Qualify the capacity the organization wishes to bid in the auction, and submit an auction deposit; and
- (d) Offer capacity for the auction, after which the IESO conducts the auction.

C. RESOLUTE’S PARTICIPATION IN PRIOR DEMAND RESPONSE PROGRAMS

11. Historically, Resolute participated in the DR2, DR3 and CBDR programs.

12. As Resolute’s Thunder Bay facility relies on two sources of electricity, namely, electricity provided by the IESO controlled grid and electricity generated by its cogeneration facility, Resolute has two revenue-grade electricity meters relevant to its participation in the Demand Response Programs – one which measures the consumption from IESO-controlled grid (the “**IESO Grid Meter**”), and the other that measures the amount of consumption used by Resolute’s Thunder Bay news-mill manufacturing facility from its cogeneration facility, net of what is consumed by the rest of Resolute’s Thunder Bay manufacturing operations (the “**Mill Revenue Meter**”).

13. For the purpose of its participation in the DR2, DR3, and CBDR programs, Resolute registered its Thunder Bay news-mill manufacturing facility (the “**Mill**”) as a demand response program resource. The Mill was also registered in respect of Resolute’s participation in the 2016/2017 and 2017/2018 Demand Response Auctions.

14. Under the DR2, DR3, and CBDR programs, the load of the Mill was calculated by aggregating the meter data from both of the facility’s revenue-grade meters, *i.e.* the sum of the measurements from the IESO Grid Meter calculating the energy consumption by the Mill taken from the IESO grid and the measurements from the Mill Revenue Meter calculating the energy consumption used by the Mill from the cogeneration facility.

15. Two diagrams of Resolute’s electrical distribution operations at the Mill are attached as **Tab “1”**, one illustrating normal operation and the other illustrating operation after demand response activation.

16. The sum of the data measurements from both the IESO Grid Meter (*i.e.* line “A”) and Mill Revenue Meter (*i.e.* line “B”) identify the total load of the Mill and that facility’s available capacity for the Demand Response Programs. The total load for the Mill was determined, and continues to be, between 70 – 110 megawatts, depending on manufacturing operations.

17. The IESO accepted this measurement as accurately reflecting the total available capacity of the Mill and approved Resolute’s participation in DR2, DR3, and CBDR on this basis. Resolute bid and qualified between 50 - 51 megawatts of capacity for each of these Demand Response Programs.

18. The measurement of the total load (available capacity) of a resource is critical to participation in the Demand Response Programs. This metric essentially identifies the “baseline” against which compliance with a demand response activation is measured. In other words, if the IESO issues a demand response activation, it will measure the facility’s load during the period of time when the activation is operative, and compare it to the total baseline load of a resource in order to confirm that a DRMP has in fact reduced its load as directed and contracted for under the Demand Response Programs. If the measurements confirm that the DRMP has not reduced its load as required, the IESO may issue penalties and other sanctions against the DRMP.

D. RESOLUTE’S REGISTRATION FOR THE 2016/2017 AUCTION

19. During the transition from CBDR to the Demand Response Auction program, Resolute worked extensively with the IESO in respect of the registration process. This collaboration included numerous discussions regarding Resolute’s metering configuration, and confirmation from the IESO that the two-meter configuration used for the prior Demand Response Programs would be accepted and the requisite documentation automatically transferred for use under the Demand Auction Program.

20. Accordingly, Resolute understood, including as a result of its dealings with the IESO during the registration process, that the total load of the Mill would be measured using the same aggregated meter data (from both the IESO Grid Meter and the Mill Revenue Meter) as was previously relied on to determine Resolute’s total available capacity for the prior Demand Response Programs.

21. Consistent with this understanding, on November 17, 2015 Cara Degelman, a Senior Analyst, Energy with Resolute, received a call from Jason Grbavac, Account Manager, Customer

and Stakeholder Relations (now Senior Officer, Stakeholder Engagement) again confirming that the IESO Grid Metering department reviewed the existing CBDR revenue metering set-up and that Resolute's two-meter configuration would continue to be used for the Demand Response Auction.¹

22. The next day, on November 18, 2015, the IESO gave a presentation in which it advised that the facility/resource registration information previously provided to the IESO under its prior Demand Response Programs, would be prepopulated in the new registry system for the Demand Response Auction.² This ultimately occurred. Again, this further confirmed that Resolute's total available capacity would be measured as previously, specifically by calculating the Mill load as an aggregate of the data measurements from the IESO Grid Meter and Mill Revenue Meter.

23. Resolute thus continued to rely on the qualification requirements of the Market Rules as written, and as interpreted by the IESO, to qualify for DR.

24. On March 1, 2016, the IESO issued to Resolute a Registration Approval Notification which confirmed that "Resolute FP Canada Inc. has completed the requirements to be authorized as a Demand Response Market Participant – DR Auction".³

25. Subsequently, on March 9, 2016, the IESO issued to Resolute a second Registration Approval Notification which confirmed that Resolute was authorized to register a resource for the purposes of participating in the Demand Response Auction. Resolute registered the Mill,

¹ E-mail dated November 17, 2015 from Cara Degelman to Tony Ruberto confirming her discussion with Jason Grbavac, Tab 2.

² Presentation entitled "Physical DR Resource Registration: Introduction to Market Trial Demonstration" dated November 18, 2015, Tab 3.

³ March 1, 2016 Registration Approval Notification (the "**First RAN**"), Tab 4.

calculating its total load on the same basis as it had for the prior Demand Response Programs. The registration was accepted by the IESO.⁴

26. Resolute understood that the IESO was correctly applying the Market Rules to continue to measure the Mill's total available load capacity by aggregating the meter data from its IESO Grid Meter and Mill Revenue Meter, like it had always done previously under the prior Demand Response Programs. Resolute based this understanding on the following: (a) the text of the Market Rules, (b) Resolute's dealings with the IESO in respect of the registration process, (c) the representations that the IESO made directly to Resolute, the Technical Panel, and the market, and (d) the IESO's approval of Resolute's registration as a demand auction participant in respect of the Mill.⁵

27. It was only months after the above configuration was confirmed that IESO took the position that it now purports to apply, that only those meters connected to the IESO controlled grid will be read for the purposes of Demand Response Auction settlements. This change in position was not supported by any change in the Market Rules.

28. The IESO's new approach purported to disqualify Resolute's approved configuration arose several months later as described below.

⁴ March 9, 2016 Registration Approval Notification (the "**Second RAN**"), Tab 5.

⁵ The IESO's record of materials relating to the market rule amendments are found in its Market Rule Amendment Archive under the heading "MR-00416 - Demand Response Auction, Various Chapters, Last Updated: October 22, 2015: <http://www.ieso.ca/en/Sector-Participants/Change-Management/Market-Rule-Amendment-Archive>

The IESO's Technical Panel held 6 meetings on the Demand Response Auction Market Rule amendments in 2015. The materials for these meetings are found in its Technical Panel 2015 Meetings Archive under the entries for January 20, 2015, February 24, 2015, June 2, 2015, July 7, 2015, August 11, 2015 and September 22, 2015: <http://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Technical-Panel/2015-Meetings-Archive>

E. RESOLUTE’S DEMAND RESPONSE TEST ACTIVATION

29. On April 12, 2017, the Resolute Thunder Bay facility underwent a demand response test activation, requiring it to reduce its load by 50 megawatts (the “**April 12 Test Activation**”). A “test activation” is a process provided for under the Market Rules where the IESO may issue an activation notice on a test basis, to confirm that a DRMP can in fact comply with its capacity obligation. The steps that the DRMP takes in response to a test activation are the same as those that would be taken for an actual activation. Attached at **Tab 6** are the documents received from the IESO with respect to issuing the April 12 Test Activation.

30. The April 12 Test Activation was Resolute’s first activation since the program began on May 1, 2016.

31. The data collected internally by Resolute confirmed the success of the April 12 Test Activation. Specifically, the data showed that Resolute had reduced its load by approximately 64 megawatts, which was more than the required 50 megawatts. Two graphs prepared by Resolute depicting the actual metering data from the April 12 Test Activation are attached at **Tab 7**.

32. The red line on the graphs in Tab 6 shows the Mill’s baseline load (at the various times plotted on the x axis) which, during the relevant times of day, was approximately 74 megawatts on average. The blue line depicts the actual load of the Mill during the April 12 Test Activation, which was approximately 10 megawatts on average. Accordingly, Resolute reduced its Mill load by 64 megawatts in response to the April 12 Test Activation, significantly more than the amount required under its contractual obligations to the IESO.

33. Resolute therefore met its demand capacity obligation.

34. Despite this success, without any prior notice, on June 14, 2017, the IESO issued a preliminary settlement statement for the amounts owing to Resolute for the period ending May 31, 2017 which alleged that Resolute allegedly failed the April 12, Test Activation. This was the first notification received by Resolute that the IESO was taking this position.⁶

35. In the period following receipt of the May 31, 2017 preliminary settlement statement, Resolute tried to obtain information as to why the IESO did not view the April 12 Test Activation as successful. Some of these communications were documented by email.⁷

36. The only response provided to Resolute at that time was the IESO's reiteration that Resolute had allegedly failed the April 12 Activation Test. No substantive information was provided as to why the IESO took that position.

37. Ultimately, on July 27, 2017, the IESO advised Resolute that one of the two revenue-grade meters, namely, the Mill Revenue Meter, which is used to calculate the Mill load, was not being read by the IESO for the purpose of the Demand Response Auction settlement payment. This was the first time that Resolute became aware of the fact that the IESO was applying the Market Rule in a manner that did not read the Mill Revenue Meter.⁸

38. Subsequently, on August 24, 2017, Tony Ruberto, the Engineering, Energy and Technical Superintendent of Resolute, had a discussion with Jason Grbavac. Mr. Grbavac advised Resolute that the IESO could see and read the Mill Revenue Meter, and acknowledged that it is a revenue

⁶ May 31, 2017 Physical Settlement Statement, Tab 8.

⁷ Email exchanges between Resolute and the IESO regarding these efforts, Tab 9.

⁸ E-mail exchange between Tony Ruberto and Jason Grbavac, dated July 27, 2017, Tab 10.

grade meter as required by the Market Rules. However, he told Resolute that the IESO was reading the Grid Meter only, and not the Mill Revenue Meter.⁹

39. By reading only the IESO Grid Meter, the IESO was calculating the total baseline load of the Mill as approximately 30 megawatts, which is less than the capacity contracted for under the 2017 Demand Response Program. The IESO had confirmed that the Mill Revenue Meter was acceptable, and that the data from the Mill Revenue Meter was available to it. Accordingly, the issue was an administrative one, namely, that the IESO's records did not show that the Mill Revenue Meter was to be used in the calculation of total load for the Mill. At that time Resolute considered that the problem may have arisen as a result of the IESO transitioning to an on-line submission process contemporaneously with conducting its preparation and pre-registration activities for the 2016/2017 Demand Response Auction. Consistent with this understanding, the IESO initially advised that it would work with Resolute to re-register the Mill Revenue Meter and resolve this matter.¹⁰

40. To address this technical misunderstanding, on September 1, 2017, Resolute's lawyer, George Vegh, wrote to Jeanette Briggs, the IESO Director, Settlements, to provide clarification in regards to the Demand Response Auction capacity amount associated with the Mill, and to confirm Resolute's commitment to work diligently with the IESO to re-register the Mill Revenue Meter and link it to the DRA resource as requested by the IESO.¹¹

⁹ Email from Tony Ruberto to Cara Degelman dated August 24, 2017 reporting on the call with Mr. Grbavac, Tab 11.

¹⁰ Representative examples of communications between Resolute and the IESO cooperating to address the Mill Revenue Meter registration issue: Email between Tony Ruberto and Jason Grbavac, dated August 18, 2017; Email dated August 24, 2017, from Adnan Jabbar, Technical Officer, Metering Installations IESO, Tab 12.

¹¹ Letter from George Vegh dated September 1, 2017, Tab 13.

41. On September 8, 2017, the IESO's general counsel, John Rattray, responded to Mr. Vegh by merely advising that any subsequent communications by Resolute's counsel to the IESO should be directed to the General Counsel's Office or "through the appropriate notice of dispute channels, as set out in the Market Rules."¹²

42. Accordingly, On September 27, 2017 and December 1, 2017 Resolute filed Notices of Dispute (the "**Notices of Dispute**") under the IESO Market Rules. These Notices of Dispute addressed the issue of Resolute's entitlement to activation payments under the Market Rules. They do not address the issues in this application, which is whether the Board should amend the Market Rules to reflect their original intentions as described above.

43. On November 23, 2017, the parties participated in a conference call to discuss the dispute. During the call, the IESO advised that it disagrees with how Resolute measures the total load and available capacity of the Mill, despite the fact that Resolute has used the same meters and measurements for each of the demand response auctions that Resolute participated in up to that date, as well as for the DR2, DR3, and CBDR programs, and despite the fact that one week earlier the IESO approved Resolute's capacity submission of 54 megawatts for the 2018/2019 Demand Response Auction. Instead, the IESO articulated the position, for the first time, that it is applying the Market Rules as only permitting participants to register resources whose load can be measured by metering connected to the IESO controlled grid.

44. The IESO did not point to any Market Rule amendments to justify this change in position.

¹² Letter from John Rattray dated September 8, 2017, Tab 14.

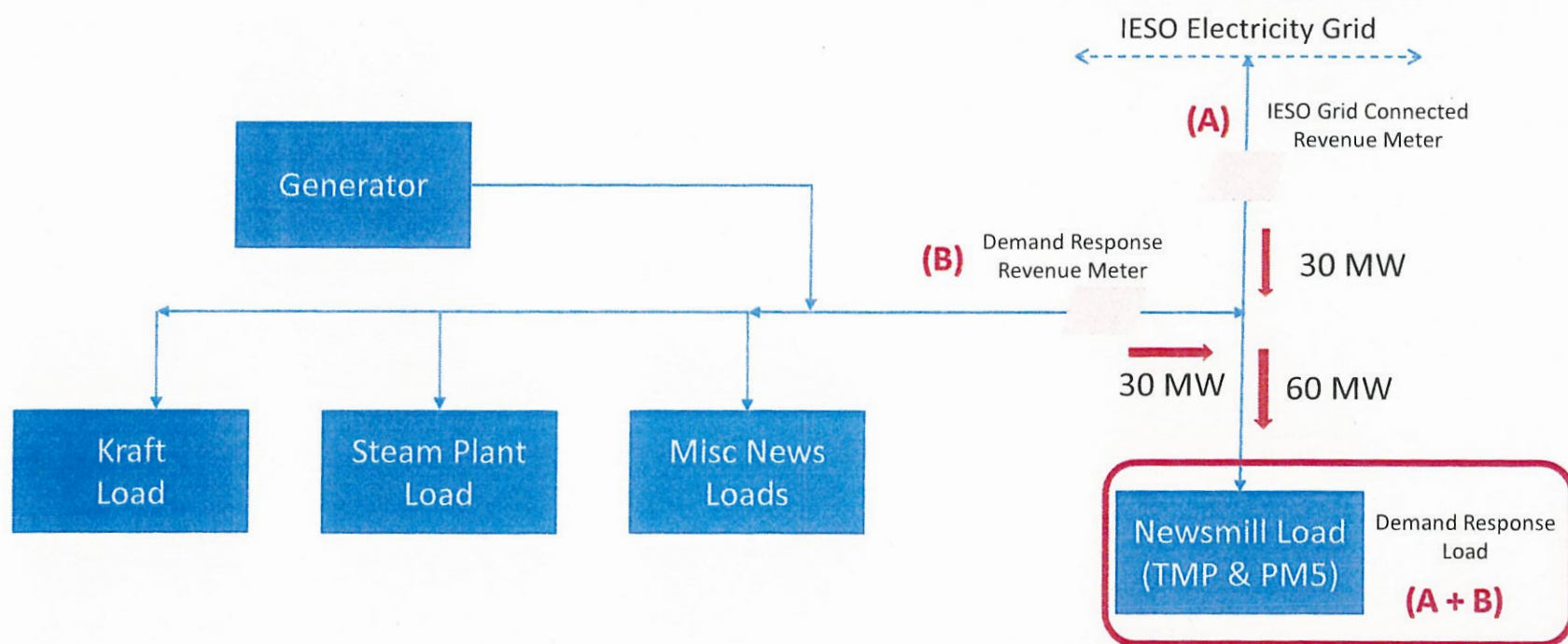
McCarthy Tétrault LLP
Suite 5300, Toronto Dominion Bank
Tower
Toronto, ON M5K 1E6
Fax: (416) 868-0673

George Vegh LSO#: 32088J
Tel: (416) 601-7709
Email: gvegh@mccarthy.ca

TAB 1

SIMPLIFIED OVERVIEW OF RESOLUTE ELECTRICAL DISTRIBUTION

Normal Operation



Demand Response (DR) Baseline load: 60 MW

TAB 2



DR Auction - Metering
Cara Degelman to: Tony Ruberto
Cc: Alain Bourdages

11/17/2015 03:02 PM

Jason gave me a quick call to let us know metering is okay with using the existing CBDR metering setup for the new DR Auction. Scheduling the resource in real time will be addressed in training being offered in Jan/Feb. An official email to follow.

Cara

Cara Degelman | Senior Analyst - Energy
Resolute Forest Products | T: (514) 394-2194 | C: (514) 604-3687
111 Duke Street, Montreal, QC H3C 2M1
Cara.Degelman@ResoluteFP.com

CONFIDENTIALITY NOTICE: This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited. If you are not the intended recipient, please notify me immediately by return e-mail, and delete this message from your system.

TAB 3

Physical DR Resource Registration

Introduction to Market Trial Demonstration

November 18, 2015

Agenda

- Background
- Overview of physical DR Resource registration
- Online IESO
- Market Trials
- Demonstration
- What you need to know for Go-live

Background

- As part of the Online Registration Project, the IESO developed a new application to register facilities and resources through the Online system.
- The Online system will be used for registration of physical demand response (DR) resources.
- You will no longer submit paper forms to the IESO. All requests will be submitted via Online IESO.
- All information submitted through Online IESO will be saved to the IESO's master database once approved by the IESO.
- Market Registration staff will continue to work with participants during the registration process.

Overview of DR Resource Registration

- The first step after you cleared the DR auction is to apply for Demand Response Market Participant (DRMP) authorization ASAP.
- Prior to registration, you must inquire whether a connection assessment is required if the resources provide DR capacity greater than 10 MW .
- If you have a physical DR capacity obligation, you would need to start the DR physical resource registration, using the Online system.
- You must finish the registration of all of the DR resources **one month before the beginning of the commitment period**.
- A physical DR capacity obligation can only be delivered with physical resources: Dispatchable Loads or/and Non-Dispatchable Loads (you can add any number of physical resources to a physical obligation).

Overview of DR Resource Registration

- For a Dispatchable Load (DL) resource: you need to designate it as a DR resource and specify the commitment period and the resource's DR capacity.
- For an Hourly Demand Response resource, you need to create an associated Hourly DR (HDR) resource **(if you are the load owner)** or you need to ask the facility owner to create one for you.
- This HDR resource is necessary to support the bidding and dispatch process. You need to specify the commitment period and the resource's DR capacity.
- You need to specify the MMP and the RMP for each HDR resource.
- When meeting a physical DR capacity obligation with more than one DR resource, all of the DR resources (in that zone) must have the same MMP.

Overview of DR Resource Registration

DR capacity

- As a part of the resource registration process, you must submit the DR capacity for each resource.
- The DR capacity per resource cannot exceed the physical DR obligation for the selected zone.
- The DR capacity per resource will be further used by the IESO (for purposes such as the DR test activations).
- It is important to record it right at the time of the DR resource registration (before the beginning of the commitment period).
- Otherwise, while in commitment period, the DR capacity cannot be increased, it can only be decreased.

Online IESO – DR Resource Registration

- The “Actions” page is where you initiate a request.



- **Action - Manage Resources**
 - To register the DL resource as a DR resource
 - To create the HDR resource for providing DR from an NDL
 - To assign the HDR's MMP and RMP relationships for the first time
- **Action - Manage Demand Response Commitments**
 - To manage the commitment information per resource

Online IESO - Equipment Registration Specialist

- A new contact role will be responsible for initiating and completing resource registration requests: “Equipment Registration Specialist”.
- This contact role will be available to all authorized DRMP organizations.
- The contact role is assigned through Online IESO at the time of authorization or added by the Applicant Representative through “Update Contacts” in Online IESO.
- Information about the contact role will be provided on the About Online IESO webpage at: <http://www.ieso.ca/Pages/Participate/Online-IESO.aspx>.
- Instructions to add a contact role can be found at: http://www.ieso.ca/Documents/training/Online-IESO/Step-by-step_Adding_Contact_Role.pdf.

Market Trials - Setup and Expectations

Setup

- Each participant in the market trials will receive their login information.
- Each participant has been assigned the “Equipment Registration Specialist” contact role by the IESO and will be able to initiate “Manage Resources” and “Manage Demand Response Commitments” requests.

Testing and Feedback

- Participants are expected to complete three test scenarios
- Any defects or enhancements should be recorded and sent to stakeholder.engagement@ieso.ca

Market Trials - Setup and Expectations

- Market Trials will run from November 18 to November 20.
- Support or questions during Market Trials can be directed to stakeholder.engagement@ieso.ca
- Feedback would be appreciated throughout the market trials and until December 1, 2015.

Market Trials - Test Scenarios

Scenario 1

- A physical DR capacity obligation delivered with one physical resource that is a DL (the name will have “TEST1_DL” suffix). This is possible only if you are the owner of the DL.

Scenario 2

- A physical DR capacity obligation delivered with one physical resource that is an NDL (the name will have “TEST2_NDL” suffix). You are also the owner of the NDL resource.

Scenario 3

- A physical DR capacity obligation delivered with an physical resource that is NDL (the name will have “TEST3_NDL” suffix). You are **not** the owner of this NDL resource.

Demonstration

DEMO

What You Need to Know for Go-live

- Facility/resource registration in Online IESO is scheduled to go live on December 2, 2015.
- You must become authorized as DRMP before starting the resource registration (after clearing the DR auction).
- Facility/resource registration information previously provided to the IESO will be prepopulated in the new registry system and will have to be verified before commencing a new registration request.
- Only an “Equipment Registration Specialist” will be able to initiate and complete resource registration requests in Online IESO.

What You Need to Know for Go-live

- Before commencing a new registration request, you should contact Market Registration and have assigned at least one “Equipment Registration Specialist” for your organization in Online IESO.
- Instructions to add a contact role can be found at:
http://www.ieso.ca/Documents/training/Online-IESO/Step-by-step_Adding_Contact_Role.pdf.
- Questions about the completion of resource registration should be directed to Market Registration at: market.registration@ieso.ca

Thank you

Questions???

TAB 4



Connecting Today.
Powering Tomorrow.

REGISTRATION APPROVAL NOTIFICATION

IESO File: 2189

This Registration Approval Notification (RAN) is issued by the *IESO* acting pursuant to its authority as system operator to make, administer and enforce the *IESO market rules*. This RAN does not in any way constitute an endorsement, agreement, consent or acknowledgement of any kind for the purposes of obtaining or administering a contract with the *IESO* for the procurement of electricity supply, *generation, demand response*, conservation and demand management or *ancillary services*.

| | |
|---------------------|--|
| Decision: | Allow Market Participant (MP) to be authorized as Demand Response Market Participant - Auction |
| Issue Date: | 2016-03-01 |
| Start Date: | 2016-03-02 |
| Expiry Date: | N/A |
| RAN Version: | 1 |

| | |
|---|---|
| Reviewed By Name: | C. Agavriloai |
| RAN Approver Name: | D. Dmytrow |
| MP ID: | 102073 |
| MP Name: | RESOLUTE FP CANADA INC. |
| MP Short Name: | ABICON |
| Registration Request Id: | 2189 |
| CAA ID: | Not Applicable |
| Facility Name and ID#: | |
| Resource Name and ID#: | |
| Description: | RESOLUTE FP CANADA INC has completed the requirements to be authorized as a Demand Response Market Participant – DR Auction |
| Maximum Injection and/or Withdrawal Allowed: | N/A |
| Connection Point(s): | Not Applicable |
| Scheduled RAN Energization Date: | Not Applicable |
| Scheduled RAN Decommission Date: | Not Applicable |
| Multiple Stages: | N/A |
| SCO Reference(s): | Not Applicable |

REGISTRATION APPROVAL NOTIFICATION

| | |
|---|--|
| Restrictions / Requirements / Conditions / Comments: | The next step for RESOLUTE FP CANADA INC is to register their hourly demand response resource in order to fulfill the demand response (DR) capacity obligations for the DR commitment periods. |
|---|--|

N/A – Not Applicable

TAB 5



Connecting Today.
Powering Tomorrow.

REGISTRATION APPROVAL NOTIFICATION

IESO File: 2194

This Registration Approval Notification (RAN) is issued by the *IESO* acting pursuant to its authority as system operator to make, administer and enforce the *IESO market rules*. This RAN does not in any way constitute an endorsement, agreement, consent or acknowledgement of any kind for the purposes of obtaining or administering a contract with the *IESO* for the procurement of electricity supply, *generation, demand response*, conservation and demand management or *ancillary services*.

| | |
|---|--|
| Decision: | Allow Market Participant (MP) to register resource(s) to deliver Demand Response Auction Capacity Obligations |
| Issue Date: | 2016-03-09 |
| Start Date: | 2016-03-09 |
| Expiry Date: | N/A |
| RAN Version: | 1 |
| Reviewed By Name: | C. Agavriolai |
| RAN Approver Name: | D. Dmytrow |
| MP ID: | 102073 |
| MP Name: | RESOLUTE FP CANADA INC. |
| MP Short Name: | ABICON |
| Registration Request Id: | 2194 |
| CAA ID: | Not Applicable |
| Facility Name and ID#: | BOWATER THUNDER BAY CTS, 105525 |
| Resource Name and ID#: | TBAYBOWATER-LT.AT2_LF_DRA, 151754 |
| Description: | RESOLUTE FP CANADA INC has completed the resource registration requirements in preparation to fulfill the DR Auction capacity obligations. |
| Maximum Injection and/or Withdrawal Allowed: | N/A |
| Connection Point(s): | TBAYBOWATER-115.Q4B TBAYBOWATER-115.Q5B TBAYKRAFT-115.T1 |
| Scheduled RAN Energization Date: | Not Applicable |
| Scheduled RAN | Not Applicable |

REGISTRATION APPROVAL NOTIFICATION

| | |
|---|---|
| Decommission Date: | |
| Multiple Stages: | N/A |
| SCO Reference(s): | Not Applicable |
| Restrictions / Requirements / Conditions / Comments: | <p>The next step for participant is to specify the Demand Response (DR) Commitment periods and DR capacity for the DR resource, in order to fulfill the DR capacity obligations.</p> <p>This can be initiated by 'Manage Demand Response Commitments' Action in the On-line IESO.</p> |

N/A – Not Applicable

TAB 6



Demand Response Standby Report

For ABICON

Created at Apr 11, 2017 15:30:18

For Dispatch Day Apr 12, 2017

| Resource Name | Standby Notice Issued |
|---------------------------|-----------------------|
| TBAYBOWATER-LT.AT2_LF_DRA | Yes |



Demand Response Activation Report

For ABICON

Created at Apr 12, 2017 13:30:20

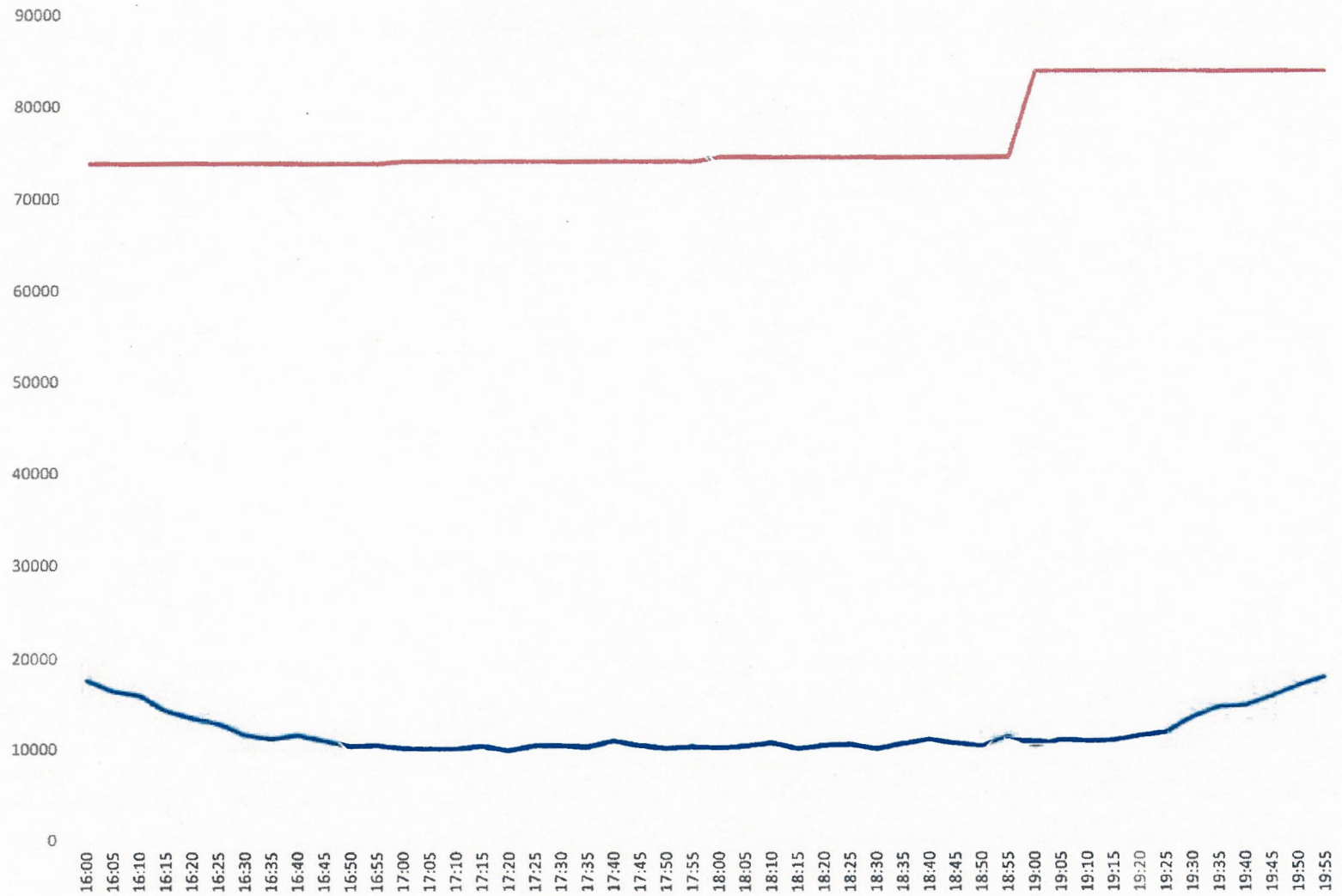
For Apr 12, 2017

| Resource Name | | Scheduled MW for Hour | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|----------------------|-----------------------|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|------|------|------|------|----|----|----|----|--|--|--|--|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | | | | |
| TBAYBOWATER-LT.AT2_LF_DRA | Energy Bid (MW) | | | | | | | | | | | | | | | | | 50.0 | 50.0 | 50.0 | 50.0 | | | | | | | | |
| | Energy Schedule (MW) | | | | | | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | |
| | DR Curtailment (MW) | | | | | | | | | | | | | | | | | 50.0 | 50.0 | 50.0 | 50.0 | | | | | | | | |

TAB 7

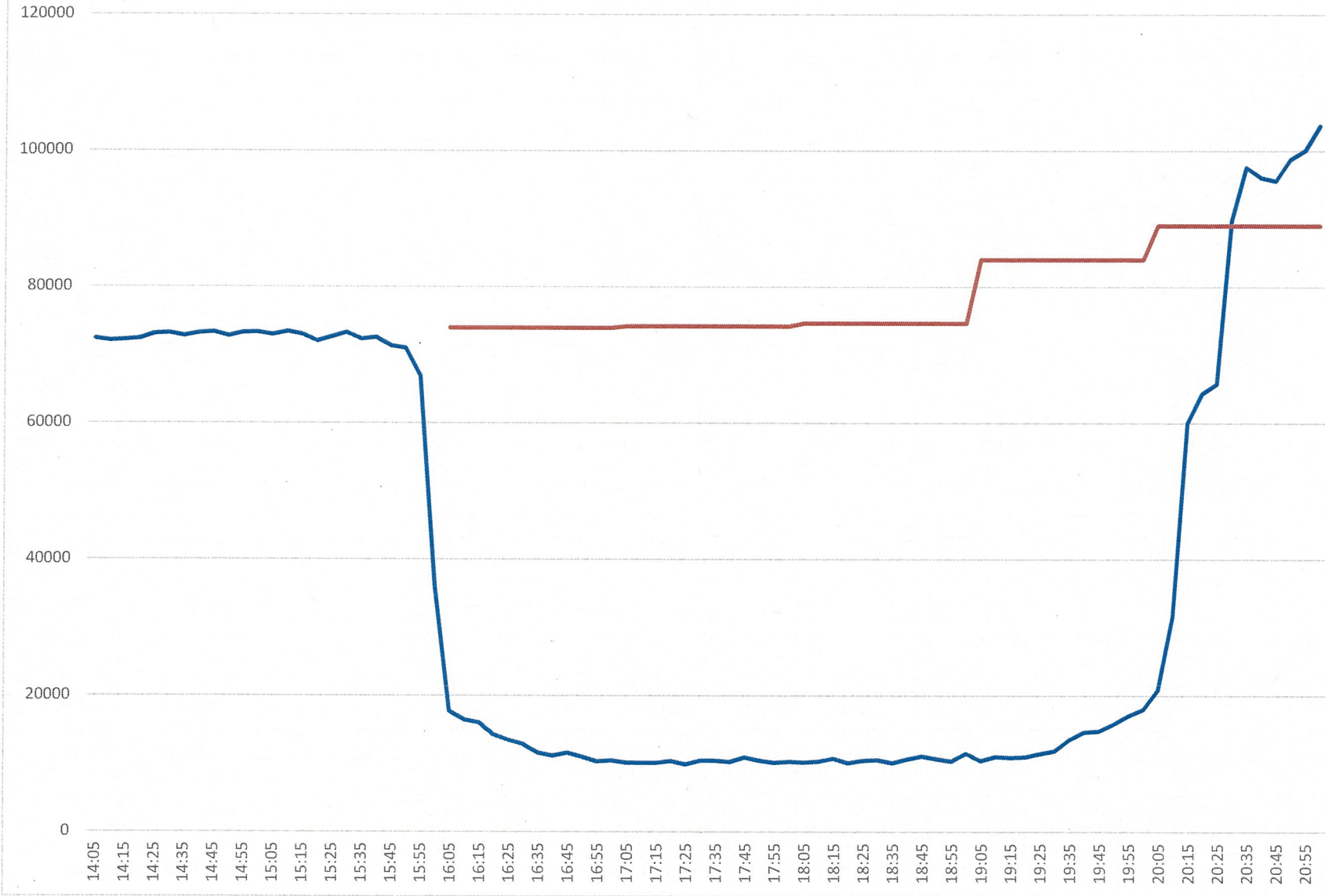
Thunder Bay - DR Activation Test Results

April 12th, 2017



Thunder Bay - DR Activation Test Results

April 12th, 2017



TAB 8

Independent Electricity System Operator PHYSICAL INVOICE

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON
M5W 4E5

HST: 870513959RT0002
Issue / Re-Issue Date: 14-JUN-2017

RESOLUTE FP CANADA INC. -
BOWATER (SETL)
111 rue Duke
Suite 5000
Montreal, QC H3C 3M1
Canada

Invoice: PI00019481
Invoice Date: 14-JUN-2017
MP ID: 125299
MP GST/HST: 887278877 RT0001

Please send payment by WIRE or EFT to:

Bank Name: TD Bank
Bank ID Number: 0004
Bank Account Number: 0690-0458762

Bank Acc Type: Settlement Clearing
Bank Transit Number: 10202

For all inquiries contact:
IESO Account Representative
Tel: 905-403-6900
Toll Free: 1-888-448-7777

Comments: The Ontario government is providing eligible consumers with a rebate on their electricity costs equal to the provincial portion of HST.

Charges for settlement statements issued: From 01-MAY-2017 To 31-MAY-2017

| Charge Type | Description | Amount |
|-------------|---|----------------|
| 101 | NET ENERGY MARKET SETTLEMENT FOR NON-DISPATCHABLE LOAD | \$28,097.12 |
| 102 | TR CLEARING ACCOUNT CREDIT | (\$196,250.77) |
| 147 | CLASS A GLOBAL ADJUSTMENT SETTLEMENT AMOUNT | \$916.89 |
| 150 | NET ENERGY MARKET SETTLEMENT UPLIFT | \$1,325.36 |
| 155 | CONGESTION MANAGEMENT SETTLEMENT UPLIFT | \$20,669.28 |
| 169 | STATION SERVICE REIMBURSEMENT DEBIT | \$731.41 |
| 170 | LOCAL MARKET POWER REBATE | (\$1,791.43) |
| 183 | GENERATION COST GUARANTEE RECOVERY DEBIT | \$2,448.69 |
| 186 | INTERTIE FAILURE CHARGE REBATE | (\$49.35) |
| 250 | 10-MINUTE SPINNING MARKET RESERVE HOURLY UPLIFT | \$4,567.50 |
| 252 | 10-MINUTE NON-SPINNING MARKET RESERVE HOURLY UPLIFT | \$4,049.77 |
| 254 | 30-MINUTE OPERATING RESERVE MARKET HOURLY UPLIFT | \$1,010.68 |
| 450 | BLACK START CAPABILITY SETTLEMENT DEBIT | \$422.18 |
| 451 | HOURLY REACTIVE SUPPORT AND VOLTAGE CONTROL SETTLEMENT DEBIT | \$4,406.17 |
| 452 | MONTHLY REACTIVE SUPPORT AND VOLTAGE CONTROL SETTLEMENT DEBIT | \$777.29 |
| 454 | REGULATION SERVICE SETTLEMENT DEBIT | \$14,108.54 |
| 650 | NETWORK SERVICE CHARGE | \$255,632.70 |
| 651 | LINE CONNECTION SERVICE CHARGE | \$92,928.18 |
| 752 | DEBT RETIREMENT CHARGE | \$243,672.01 |
| 753 | RURAL RATE SETTLEMENT CHARGE | \$73,101.61 |
| 900 | GST/HST CREDIT | (\$79,359.96) |
| 950 | GST/HST DEBIT | \$161,519.58 |

| | | | |
|----------------|---|---------------------------|------------|
| 1314 | DEMAND RESPONSE CAPACITY OBLIGATION - AVAILABILITY PAYMENT | (\$323,883.00) | |
| 1315 | DEMAND RESPONSE CAPACITY OBLIGATION - AVAILABILITY CHARGE | \$17,993.50 | |
| 1317 | DEMAND RESPONSE CAP ACITY OBLIGATION - DISPATCH CHARGE | \$14,394.80 | |
| 1318 | DEMAND RESPONSE CAPACITY OBLIGATION - CAPACITY CHARGE | \$323,883.00 | ✱ |
| 1350 | CAPACITY BASED RECOVERY AMOUNT FOR CLASS A LOADS | \$2.39 | |
| 1463 | RENEWABLE GENERATION CONNECTION - MONTHLY COMPENSATION AMOUNT SETTLEMENT DEBIT | \$793.16 | |
| 1550 | DAY-AHEAD PRODUCTION COST GUARANTEE RECOVERY DEBIT | \$8,100.40 | |
| 1560 | DAY-AHEAD GENERATOR WITHDRAWAL REBATE | (\$717.47) | |
| 1650 | FORECASTING SERVICE BALANCING AMOUNT | \$150.41 | |
| 9990 | IESO ADMINISTRATION CHARGE | \$40,505.25 | |
| Invoice Total: | | SCAD | 714,155.89 |

Payment Due Date 16-JUN-2017

This invoice also constitutes a debit/credit note for GST/HST purposes

✱

TAB 9

{In Archive} RE: Your voice message
Jason Grbavac
to:
cara.degelman@resolutefp.com
06/19/2017 04:06 PM
Cc:
"tony.ruberto@resolutefp.com"
Show Details

History: This message has been replied to.
Archive: This message is being viewed in an archive.

Cara,

My apologies, but I thought we discussed this thoroughly last week, sorry you were waiting on something else from me. As we discussed, Gordon will not be available to review this with you in his new capacity in Settlements.

The process for disagreements with a settlement charge is through the Notice of Disagreement (NOD) process (guide attached). Outside of that, if you want to walk through the DR Auction Test Activation rules and procedures we can also schedule something in the coming days to make sure, as Tony rightfully points out, we apply the corrections (if necessary) moving forward.

However, that said, if you intend to NOD I would suggest you do so within the available window.

Thanks,
Jason

Jason Grbavac | Senior Officer, Stakeholder Engagement
Independent Electricity System Operator (IESO) | T: (905) 855-6155 | C:
(905) 466-6154
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca | Twitter: [IESO_Tweets](https://twitter.com/IESO_Tweets) | LinkedIn: IESO
Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](https://twitter.com/saveONenergyOnt) | LinkedIn:
[saveONenergy](https://www.linkedin.com/company/saveONenergy)

From: cara.degelman@resolutefp.com [mailto:cara.degelman@resolutefp.com]
Sent: June 19, 2017 3:51 PM
To: Jason Grbavac
Cc: tony.ruberto@resolutefp.com
Subject: Fw: Your voice message

Jason,

Tony has been working with Karla Mann via voice mails, I am forwarding you

this info so are aware of Tony's written request to customer relations. I never did hear back anything from yourself or Gordon Drake and the deadline to file a NOD is tomorrow. Appreciate any feed back you could provide.

Cara

Cara Degelman | Senior Analyst - Energy
Resolute Forest Products | T: (514) 394-2194 | C: (514) 604-3687
111 Duke Street, Montreal, QC H3C 2M1
Cara.Degelman@ResoluteFP.com

CONFIDENTIALITY NOTICE: This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited. If you are not the intended recipient, please notify me immediately by return e-mail, and delete this message from your system.

----- Forwarded by Cara Degelman/MTL/CPO/CSC on 06/19/2017 03:49 PM -----

From: Tony Ruberto/TBY/CSC
To: IESO Customer Relations <IESOCustomerRelations@ieso.ca>,
Cc: Cara Degelman/MTL/CPO/CSC@CSC
Date: 06/19/2017 03:44 PM
Subject: Re: Your voice message

Hello Karla, I am following up on our phone messages. This is regarding the May Physical Invoice for Resolute FP Canada (Bowater Set1). But specifically the DR payments and charges which are from April. Charge Type 1314 is the DR Availability Payment for the month - \$323,883 (based on my calcs this is one day shy and should be \$341,876) Charge Type 1315 is the DR Availability Charge for the month - \$17,993.50 (which is our NP day taken on April 5th) So I would like an answer on this discrepancy.

More importantly, we have Charge Type 1317 and 1318 show up as dispatch charge and capacity charge of \$14,394.80 and \$323,883, respectively. That is a huge clawback on our invoice and I have no explanation as to why. It appears to me that it may be around our activation test that occurred in April, but by all accounts and as best as I can tell we followed protocol and performed as per plan. So I need to understand the charge and more importantly, how it was determined, for if it is an activation test failure then if I do not have the feedback on what went wrong I cannot begin the process of ensuring it is corrected prior to our next test.

I find it difficult to understand why it has been so difficult for me to get this information and more importantly how such a huge clawback could be administered without an explanation.

I will await your response but would appreciate talking to someone personally at some point to understand the charges.

Thank You,

Anthony Ruberto P. Eng
Engineering, Energy and Technical Superintendent
Resolute FP, Thunder Bay Ontario
(ph) 807-475-2147, (fax) 807-474-4414
Cell 807-476-8065
E-mail : tony.ruberto@resolutefp.com

From: IESO Customer Relations <IESOCustomerRelations@ieso.ca>
To: "tony.ruberto@resolutefp.com" <tony.ruberto@resolutefp.com>,
Cc: IESO Customer Relations <IESOCustomerRelations@ieso.ca>
Date: 06/16/2017 03:18 PM
Subject: Your voice message

Hi Tony - thank you for your voice message. I understand you have some questions with respect to your May invoice. Please let me know what you are looking for, and I'll obtain the answers for you.

Best regards,
Karla

Karla Mann | Market Services Associate
Independent Electricity System Operator (IESO) | T: (905) 403-6900 |
Toll-Free: 1-888-448-7777 Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca | Twitter: IESO_Tweets | LinkedIn: IESO
Conservation: www.saveONenergy.ca | Twitter: saveONenergyOnt | LinkedIn: saveONenergy

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

TAB 10

{In Archive} RE: DRA charges Resolute April 12 and May 1
Jason Grbavac
to:
tony.ruberto@resolutefp.com
07/27/2017 04:30 PM
Cc:
"Cara Degelman (Resolute FP)", "Dale Fitzgerald",
"peter.giardetti@resolutefp.com"
Show Details

Archive: This message is being viewed in an archive.

Thanks, Tony.

I agree we need to resolve this. We are here to help facilitate any and all changes you require. Please try to dig up that history from our Market Registration exchange as I can't speak to what was said or registered by Cara and our Market Registration team back at that time. I will work to bring together the business units here that we need involved (Registration, Settlements and Markets) as it seems they can all add value to the conversation.

Tomorrow might be ambitious to get all the folks together that we need, but we are open as early as possible next week to connect.

Thanks,
Jason

Jason Grbavac | Senior Officer, Stakeholder Engagement
Independent Electricity System Operator (IESO) | T: (905) 855-6155 | C:
(905) 466-6154
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca | Twitter: IESO_Tweets | LinkedIn: IESO
Conservation: www.saveONenergy.ca | Twitter: saveONenergyOnt | LinkedIn:
saveONenergy

From: tony.ruberto@resolutefp.com [mailto:tony.ruberto@resolutefp.com]
Sent: July 27, 2017 4:26 PM
To: Jason Grbavac
Cc: Cara Degelman (Resolute FP); Dale Fitzgerald;
peter.giardetti@resolutefp.com
Subject: Re: DRA charges Resolute April 12 and May 1

Jason, based on what you just sent me the issue is obvious to me....the IESO is looking at the wrong data....our baseline numbers...we went through a lot of discussions to make sure that the data used was the same as the DR2 contract. For that contract TB Hydro as our MSP aggregated the

data and submitted the file with both meter data sets and the calculated data.

I know this was discussed at length during the registration process and i will find the documentation (emails) around this...so there is only one question in my mind and that is how do we fix the baseline data that the IESO is looking at for the DR program....you have to remember, with our generator running it changes what we pull/push to and from the grid. Our load is our running mill, the only way to get that is to use the two meters we have always used to calculate the net load.

So to me the error is/was with the registration process for our load. And

quite frankly, what the IESO said at the time and what is being said in the attached email do not jive.

So we need to talk on this asap...I am out of the office tomorrow but will

have my cell so lets see if we can review with Cara at some point.....

Anthony Ruberto P. Eng
Engineering, Energy and Technical Superintendent
Resolute FP, Thunder Bay Ontario
(ph) 807-475-2147, (fax) 807-474-4414
Cell 807-476-8065
E-mail : tony.ruberto@resolutefp.com

From: Jason Grbavac <Jason.Grbavac@ieso.ca>
To: "tony.ruberto@resolutefp.com" <tony.ruberto@resolutefp.com>,
Cc: "Cara Degelman (Resolute FP)" <cara.degelman@resolutefp.com>,
"Dale Fitzgerald" <Dale.Fitzgerald@ieso.ca> Date: 07/27/2017 03:13
PM Subject: DRA charges Resolute April 12 and May 1

Tony,

I have tried to capture the questions you asked us during the call earlier this week and inserted replies that will hopefully help. Once you have reviewed, please let me know if we should setup a call (tomorrow might work). Please prepare specific questions you may have based on the responses below and I look forward to another chat with our settlements and potentially markets folks present to fill in any blanks that are required.

Thanks,
Jason

**

Re: April 12, 2017 - Can the IESO confirm exactly how the baseline was calculated for Resolute to be charged on April 12 and what data points were used (was the aggregation of two meters used)?
Below is the resource set-up as registered by Resolute for the DR

Auction. As you can see in the table below, the NDL resource being using here is 100799. This meter reading is to be used for this resource to calculate the baseline. Regarding the totalization of the resource, NDL Resource 100799 is associated with the DR Resource 151754 and is not aggregated with any other NDLs or contributors. The only physical contribution to Resource ID 100799 is the "delivered" channels of the L2/Q4B metering installation (1000010320). Only metering channels 1 and 2 (load withdrawn) makes up Resource ID 100799. Channel 3 and 4 injections are totalized to a different resource. Also, as a reminder, settlements is done at the resource level; not at the meter level.

| Start Date | End Date | Lctn Id | DR Dispatch Type | DR Associated | Lctn Id |
|------------|------------|-----------|------------------|---------------|---------|
| 03/31/2016 | 12/31/5000 | 151,754 | HOURLY | 100,799 | 2 |
| 03/09/2016 | 10:42:49 | degelmanc | | | |

Here's the calculated baseline values used in settling the two activations. As you can see, their consumption is lower than their DR capacity. Even when the compliance deadband of 15% for dispatch and 20% for capacity is applied, in most cases this resource is likely to fail based on their capacity position.

| Lctn Id | Trade Int | Trade Hr | Baseline Value |
|---------|------------|----------|----------------|
| 151,754 | 04/12/2017 | 17 | 28.104 |
| 151,754 | 04/12/2017 | 18 | 29.808 |
| 151,754 | 04/12/2017 | 19 | 37.817 |
| 151,754 | 04/12/2017 | 20 | 40.291 |
| 151,754 | 05/01/2017 | 17 | 23.853 |
| 151,754 | 05/01/2017 | 18 | 24.57 |
| 151,754 | 05/01/2017 | 19 | 38.887 |
| 151,754 | 05/01/2017 | 20 | 42.648 |

Re: May 1, 2017 - Resolute requires further details required around charges applied.

The baseline is what caused them to fail. If Resolute bids as being available and it happens to be a day that they were not activated but then

they failed to consume that day, that day will count as a suitable business day. To illustrate the point further, let's say this happens over a course of 20 business days. In this case, their baseline value is 0 (very low), even with the in-day adjustment factor. If they were activated on the 21st business day, they would fail because their prior period consumption was low (or in this case no consumption).

Please let me know if you have any specific follow-ups and if you want to setup a call.

Jason

Jason Grbavac | Senior Officer, Stakeholder Engagement

Independent Electricity System Operator (IESO) | T: (905) 855-6155 | C:
(905) 466-6154 Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca | Twitter: IESO_Tweets | LinkedIn: IESO
Conservation: www.saveONenergy.ca | Twitter: saveONenergyOnt | LinkedIn:
saveONenergy

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

TAB 11

Apesteguy-Reux, Heloise

Subject: IESO wrt DR-A

From: Tony Ruberto/TBY/CSC
To: Cara Degelman/MTL/CPO/CSC@CSC,
Cc: Remi Lalonde/TBY/CSC@CSC
Date: 08/24/2017 03:51 PM
Subject: IESO wrt DR-A

Received a call today from Jason regarding information he/they had concerning my last email to him.

To summarize :

- M4 meter we used for other DR programs is apparently not registered with the IESO although they can read it and see it and they know it is a "Revenue Meter"
- the M4 meter is not attached to the DR-A resource (100799) **making a point of stating it isn't registered as part of the program again **
- they believe that we can get it properly registered with the assistance of TB Hydro
- I asked for an email summarizing what they are asking for so that I could communicate that to TB Hydro. I assume we want to get the ball rolling on this moving forward. It sounds like I just need to get James Mann (TB Hydro) to talk to the IESO metering group to set up the meter.
- as of this time (16:00) have not received the email from Jason.

Anthony Ruberto P. Eng
Engineering, Energy and Technical Superintendent
Resolute FP, Thunder Bay Ontario
(ph) 807-475-2147, (fax) 807-474-4414
Cell 807-476-8065
E-mail : tony.ruberto@resolutefp.com

TAB 12

{In Archive} RE: DR Auction Resource Registration Discussion -
Next Steps
Adnan Jabbar
to:
'tony.ruberto@resolutefp.com'
08/24/2017 04:38 PM
Cc:
Dale Fitzgerald, Jason Grbavac, Mohamed El-Madhoun
Show Details

History: This message has been forwarded.
Archive: This message is being viewed in an archive.

Hi Tony

I had a chance to review your latest email including the SLD and other supporting documents relevant to your DR2/DR3 Contract. Based on the information provided, namely the M&V Plan, it seems that some of your load

may not be fully captured by the IESO registered revenue meter (1000010320) for the NDL resource 100799, as it is likely being offset through embedded generation.

I understand that in the DR2/DR3 Program, you had the ability to aggregate the meter data to reflect your actual consumption, where part of the load was captured by the IESO revenue meter and the other part was captured through a submitted (.csv) data file. Since the DR Auction Program is set-up differently from DR2/DR3 contract based programs, it is not possible for Resolute as a direct DR Auction Participant to submit a separate data file for aggregation with the IESO revenue meter data. 17

As per our brief discussion this morning, you may need to contact your Meter Service Provider (MSP) to review the current configuration at the BOWATER Thunday Bay facility and submit a metering proposal for the IESO metering to review in order to capture your full capacity behind the Q4 Bus. As per your current registration in the DR Auction, the energy delivery point 100799 which is used to settle your DR has only one registered meter point (1000010320) which is representative of your DR capability. Please see the latest totalization table and SLD for Bowater Thunder Bay CTS facility that is registered with the IESO metering attached to this email.

Regards,

Adnan Jabbar

Technical Officer | Metering Installations | (905-855-6146
Independent Electricity System Operator (IESO)

* adnan.jabbar@ieso.ca

From: tony.ruberto@resolutefp.com [mailto:tony.ruberto@resolutefp.com]
Sent: August 18, 2017 2:50 PM
To: Jason Grbavac; Dale Fitzgerald
Cc: Cara Degelman (Resolute FP)
Subject: Re: DR Auction Resource Registration Discussion - Next Steps

Jason, I've attached some supporting documentation on the DR3 registration system that lays out the meter configuration as I discussed this morning. I've also attached a marked up copy of the single line diagram and the M&V

plan from DR3 which gives the process narrative of how the measurement system was set up to work. So without reiterating a lot of this, here it is....it best explains how the metering was determined for our DR load. We need to understand how in the the electronic registration system this same format or information was not required as it was submitted for each iteration of DR up until the auction started in May of 2016,

I've contacted our MSP and reviewed the documents. As laid out in the M&V plan, the data files were submitted weekly until the MSP was asked to stop as the IESO was taking over reading directly from the meters. If further details are required he is willing to converse in more detail. Please review the attached documentation and let me know your thoughts on the next steps. If there are any technical issues/questions that arise please contact me asap.

Anthony Ruberto P. Eng
Engineering, Energy and Technical Superintendent
Resolute FP, Thunder Bay Ontario
(ph) 807-475-2147, (fax) 807-474-4414
Cell 807-476-8065
E-mail : tony.ruberto@resolutefp.com

From: Jason Grbavac <Jason.Grbavac@ieso.ca>
To: "tony.ruberto@resolutefp.com" <tony.ruberto@resolutefp.com>,
Cc: "Cara Degelman (Resolute FP)" <cara.degelman@resolutefp.com>
Date: 08/18/2017 09:56 AM
Subject: DR Auction Resource Registration Discussion - Next Steps

Tony,

As discussed, thank you for your time today and clarity on how you plan to meet the capacity obligation of your organization in the DR Auction. The next step is for Resolute to send the IESO a detailed proposal for registering your resource to meet your obligation (you were going to reach

out to your MSP).

Look forward to hearing back from you and discussing this further.

Thanks - Jason

Jason Grbavac | Senior Officer, Stakeholder Engagement
Independent Electricity System Operator (IESO) | T: (905) 855-6155 | C:
(905) 466-6154 Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca | Twitter: IESO_Tweets | LinkedIn: IESO
Conservation: www.saveONenergy.ca | Twitter: saveONenergyOnt | LinkedIn:
saveONenergy

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

TAB 13



McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

George Vegh
Direct Line: (416) 601-7709
Direct Fax: (416) 868-0673
Email: gvegh@mccarthy.ca

VIA EMAIL AND COURIER

September 1, 2017

Jeannette Briggs
Director, Settlements
120 Adelaide St. West
Suite 1600
Toronto ON M5H 1T1
jeannette.briggs@ieso.ca

Dear Ms. Briggs:

**Re: Demand Response Auction capacity obligations at Resolute FP Canada Inc.
("Resolute")'s Thunder Bay facility**

The purpose of this letter is to provide clarification in regards to the demand response auction capacity amount associated with Resolute's Thunder Bay facility. Recent discussions with the IESO¹ have led to the identification of a technical misunderstanding between Resolute and the IESO in regards to the measurement of the amount of capacity which the Thunder Bay facility offers.

As detailed below, it has become apparent that the IESO is only reading one of two revenue meters which were previously utilized for the purpose of measuring Resolute's demand response program capacity. Resolute is working with the IESO to resolve this matter but provides this letter to communicate to the IESO that Resolute is confident that it has been correctly calculating the amount of capacity that it has available to offer under the demand response auction program and will continue to bid into the market on this basis.

Historically, Resolute Thunder Bay participated in the Demand Response 2, Demand Response 3 ("DR2" or "DR3", as applicable) and the Capacity Based Demand Response ("CBDR") programs. The meter data used for all of these programs was an aggregated value to reflect the total consumption of Resolute's load, where part of the load was captured by an IESO revenue meter and the other segment was captured through a submitted .csv data file from the Meter Service Provider, Thunder Bay Hydro (the "MSP"). It was this calculation that resulted in

¹ These discussions occurred following a test activation which occurred on April 12, 2017 as well as a standby activation on May 1, 2017.

the total available capacity for the demand response programs, i.e., a load that could vary between 70 MW – 110 MW dependent on production.

When the Demand Response Auction (DRA) began, the IESO no longer required the data files from the MSP and terminated the request for the data file transfer from the MSP. Resolute was aware of this request but was unaware that the IESO was no longer calculating the load in the manner described above. During the transition from CBDR to DRA Resolute worked extensively with the IESO regarding the registration process. On November 17, 2015 Resolute received a call from the IESO communicating that the metering department reviewed the existing CBDR revenue metering set-up and would continue to use this set-up for the DRA.²

Moreover, in the presentation given by the IESO on November 18, 2015 titled “Physical DR Resource Registration”, slide 13 states that the facility/resource registration information previously provided to the IESO will be prepopulated in the new registry system.

On April 12, 2017, the Thunder Bay facility underwent a demand response test activation, which was the first activation since the beginning of the program on May 1, 2016. Although the activation appeared to be a success from the view of the IESO control room and the data collected internally at the Thunder Bay facility level indicated the same, it was not until that trading day was processed on June 14, 2017 with the IESO Settlements group that it became apparent that the IESO did not view the activation as successful.

In the days following receipt of the June 14, 2017 statement Resolute tried to obtain information as to why the IESO did not view the test activation as successful, but it was not until August 24, 2017 that Resolute was advised by the IESO that one of the two revenue meters which were previously used (as described above) for the purpose of measuring Resolute's demand response capacity was not being read for the purpose of DRA settlement. The IESO has advised Resolute that it can see the meter, read the meter and knows that it is a revenue grade meter but that it cannot be used for the DRA settlement until it is (re)registered and linked to the DRA resource. To once again stress this point, Resolute only became aware of the fact that the IESO was not reading this meter for the purpose of DRA settlement when the IESO advised of such on August 24, 2017.

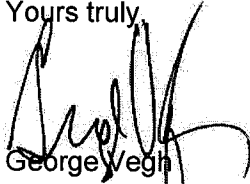
Resolute does not know why this situation occurred and is diligently working with the IESO to (re)register the meter and link it to the DRA resource as the IESO has requested. Resolute notes that the issue may have arisen because at the time of preparation and pre-registration for the DRA, the IESO was transitioning the facility/resource registration paper process to Online IESO, a transition where many steps and procedures required multiple tries as well as IESO IT real-time intervention and troubleshooting. Eventually all pre-auction requirements were met and the IESO granted authorization to participate.

Resolute appreciates the efforts from the IESO to address this measurement issue and will continue to efficiently work with the IESO to resolve this matter. As noted above, Resolute is

² Resolute has an internal email dated November 17, 2015 documenting this communication from the IESO.

confident that it has been correctly calculating the baseline capacity amount and if activated would be able to provide to the market the full obligated capacity amount reflected in the bid.

Yours truly,



George Vega

cc: Gabrielle Bélanger, Resolute Forest Products
Rémi Lalonde, Resolute Forest Products
Peter Giardetti, Resolute Forest Products
Anthony Ruberto, Resolute Forest Products

TAB 14



Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

September 8, 2017

VIA EMAIL

George Vegh
McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto, ON M5K 1E6
gvegh@mccarthy.ca

Dear Mr. Vegh:

Re: Demand Response Auction capacity obligations at Resolute FP Canada Inc.'s Thunder Bay facility

We have received a copy of your letter dated September 1, 2017, addressed to Jeannette Briggs, Director of Settlements, in respect of the above-noted matter.

Please be advised that if you wish to communicate further with the Independent Electricity System Operator on this matter, such communications should be addressed to the General Counsel or, as applicable, through the appropriate notice of dispute channels, as set out in the *market rules*.

Yours truly,

A handwritten signature in black ink, appearing to read "John Rattray", is written over a horizontal line.

John Rattray
General Counsel, Secretary and
Chief Reliability Compliance Officer

cc: Jeannette Briggs, Director, Settlements