PARTICIPANT’S GUIDE

Commercial and institutional customers and small and medium-sized industrial companies

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Foreword

Hydro-Québec’s network is designed and operated to reliably and safely meet Québec’s electricity needs throughout the year. In Québec, more electricity is consumed in winter because of heating, which means greater pressure on the grid during winter, especially at certain times of the day. That’s when a peak—that is, exceptionally high demand—can occur.

Hydro-Québec wants to make sure it has the means to meet the demand during such peaks, even if they only last a few hours.

Objectives

Hydro-Québec’s Demand Response offer is designed to encourage commercial and institutional customers and small and medium-sized industrial companies to reduce their buildings’ power demand during Hydro-Québec’s winter peaks. Hydro-Québec will pay financial assistance to such customers in proportion to their reduction in power demand during those periods. This will enable Hydro-Québec to meet its customers’ capacity requirements (kW) at the best possible price.

Contact us

For more information, please call us at 1 877 817-1433.
### Definitions

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<th>Term</th>
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<tr>
<td>Contract</td>
<td>Any service contract between a customer and Hydro-Québec for electricity service and delivery.</td>
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<td>Aggregator</td>
<td>A company established in Québec and grouping together its clients’ Demand Response projects for presentation as an integrated project to Hydro-Québec.</td>
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<td>Financial assistance</td>
<td>An amount of money paid by Hydro-Québec to a participant.</td>
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<td>Demand Response notices</td>
<td>An e-mail sent to participants indicating the date and time range of a Demand Response event.</td>
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<td>Communicating meter</td>
<td>An electricity meter containing a communications device enabling it to transmit consumption data to Hydro-Québec.</td>
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<td>Demand Response event</td>
<td>A three- or four-hour period for which the participant received advance notice from Hydro-Québec to decrease the power demand recorded by the meters linked to the project.</td>
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<td>Demand Response</td>
<td>A reduction in buildings’ power demand during Hydro-Québec’s winter peaks.</td>
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<td>Demand Response measures</td>
<td>Measures designed to reduce buildings' power demand during a Demand Response event.</td>
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<td>Partner</td>
<td>A company representing a Hydro-Québec customer.</td>
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<td>Participant</td>
<td>Any customer or aggregator submitting a project to Hydro-Québec.</td>
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<td>Peak period</td>
<td>A three- or four-hour period during which electricity demand is exceptionally high, i.e., from 6:00 to 9:00 a.m. and from 4:00 to 8:00 p.m. during winter except weekends and holidays.</td>
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<td>Winter period</td>
<td>From December 1 to March 31 of the following year, inclusive.</td>
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<td>Project</td>
<td>The implementation of Demand Response measures in buildings equipped with one or more communicating meters.</td>
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<td>Eligible power (kW)</td>
<td>The power demand used to calculate the amount of the financial assistance.</td>
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<td>Estimated power demand reduction</td>
<td>The power demand reduction estimated by the participant at the time of project submission.</td>
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<tr>
<td>Heating, ventilation and air conditioning (HVAC) system</td>
<td>An electromechanical system designed to provide heating, air conditioning and ventilation and to maintain the quality of inside air.</td>
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Undertakings and Rights

Hydro-Québec’s undertakings

Hydro-Québec’s sole obligation is to pay financial assistance to the participant at the end of the winter period according to the terms and conditions specified in this Participant’s Guide.

Hydro-Québec is not responsible for:

- any material damage resulting from the project, except in the case of intentional or gross fault
- the failure of a Demand Response notice to reach a participant due to an incorrect e-mail address or problems with the participant’s computer system

Participant’s undertakings

As the participant, you:

- agree to implement measures designed to reduce power demand, but are not obligated to achieve any specific power demand reduction during Demand Response events
- remain solely responsible for the project’s quality, implementation and results, irrespective of any other parties involved
- agree to take up the defense of Hydro-Québec, its directors, officers, employees, subcontractors and assigns in all disputes, claims or legal proceedings pertaining directly or indirectly to the project
- are solely responsible for staying informed of any updates to terms and conditions and therefore agree to sign up for the Demand Response newsletter
- acknowledge that any false statement may result in disqualification, the cancellation or adjustment of any financial assistance granted for the project and, if necessary, the obligation to repay the amounts received
- agree to the disclosure of all project-related information for promotional purposes
- declare that the project has not been submitted to Hydro-Québec under the Interruptible Electricity rate option for medium-power (Rate M) or large-power (Rate LG) customers
- shall comply with all applicable Québec laws and regulations related to the project

Hydro-Québec’s rights

Hydro-Québec reserves the right to:

- amend the offer at any time without notice
- terminate the offer at any time
- limit the number of projects accepted and check the eligibility of any project
- require modifications to a project
- require additional information or supporting documents
- deduct any amount owed by you or your partners, associates, shareholders or subsidiaries from the financial assistance granted
Section 1. General Conditions of Eligibility and Terms of Participation

To qualify for financial assistance, projects must meet all terms and conditions set out in this Guide.

1.1. General eligibility

1.1.1. Eligible customers

The following customers are eligible:

All Hydro-Québec customers with a communicating meter and whose electrical service contract is subject to Rate G, M, DM or LG.

The following customers are not eligible:

- Hydro-Québec customers whose electricity service contract is subject to Rate L
- Hydro-Québec customers enrolled in the Interruptible Electricity Option

1.1.2. Eligible projects

A project is eligible only if the estimated power demand reduction is at least 200 kW.

Hydro-Québec reserves the right to reject a project if:

- the estimated power demand reduction is less than 200 kW according to Hydro-Québec’s analysis of the fit between the demand profile (as measured by the meters connected to the project) and Hydro-Québec’s peak periods
- the power demand reduction estimated by the participant, as measured by the meters connected to the project, is 10% or less of the maximum demand recorded by the same meters during the 2015–2016 winter period

1.1.3. Implementation of Demand Response measures

Hydro-Québec is not involved in implementing Demand Response measures; you have sole responsibility for this. Moreover, the measures must be implemented no later than November 30, 2016, for you to be able to participate in the Demand Response events of the 2016–2017 winter period.

If Demand Response implementation calls for the modification of HVAC or production command sequences, it is very important to manage the return to normal operating conditions after a Demand Response event, so as to avoid generating a power demand even greater than your maximum demand for the 2016–2017 winter period. Any demand in excess of this maximum will have an effect on your minimum billing power, in accordance with Hydro-Québec's Electricity Rates.
1.2. Terms and conditions of participation

1.2.1. Demand Response event
During the winter period, these events may occur any time between 6 and 9 a.m. and/or between 4 and 8 p.m., except on weekends and holidays.\(^1\)

The number of hours of Demand Response events over a winter period may not exceed 100.

1.2.2. Demand Response notice
The notice informs participants of an upcoming Demand Response event. It is sent by e-mail as follows:

- no later than 3 p.m. on the business day preceding a Demand Response event occurring between 6 and 9 a.m.
- no later than 12 noon on the same day as a Demand Response event occurring between 4 and 8 p.m.
- no later than 3 p.m. on the business day preceding a Demand Response event occurring between 6 and 9 a.m. and between 4 and 8 p.m.

The templates used to send out Demand Response notices can be found at hydroquebec.com.

1.2.3. How to proceed
Participants have two options for submitting a project to Hydro-Québec.

Option 1: You are the customer

1. a) You are submitting the project as the customer.
   1. Submit your project directly to Hydro-Québec. The financial assistance will be paid to you.
   2. To achieve the minimum estimated reduction of 200 kW, several of your meters may be grouped together in one project.
   3. Hydro-Québec will communicate with you throughout the project.

1. b) A partner is submitting the project on behalf of you, the customer.
   1. You mandate a partner to submit the project to Hydro-Québec.
   2. The financial assistance is paid to you.
   3. To achieve the minimum estimated reduction of 200 kW, several of your meters may be grouped together in one project.
   4. Hydro-Québec will communicate with the partner or the customer (you) throughout the project.

Option 2: You are an aggregator

1. You submit the project to Hydro-Québec. The financial assistance is paid directly to you.

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\(^1\) December 24, 25, 26 and 31, January 1 and 2, as well as Good Friday, Easter Saturday, Easter Sunday and Easter Monday, when the latter fall in the winter period.
2. To achieve the minimum estimated reduction of 200 kW, your project may include one or more meters associated with one or more customers.

3. Hydro-Québec will communicate only with you (the aggregator) throughout the project.

4. As the aggregator, you must notify each customer involved in the project that you are the only party contractually bound to Hydro-Québec and therefore the only one in a position to communicate with Hydro-Québec and receive the financial assistance. You must provide written proof of having sent this notice within five business days of receiving a request to that effect from Hydro-Québec.

1.2.4. Deadline for submitting a project

You must submit the project to Hydro-Québec by August 31, 2016.

1.2.5. Undertaking form

If you are the customer, you must send Hydro-Québec the signed form Formulaire d’engagement – Client participant (participating customer undertaking) when submitting the project.

If you are an aggregator, you must send Hydro-Québec the signed form Formulaire d’engagement – Agréateur participant (participating aggregator undertaking) when submitting the project.

1.2.6. Waiver of contribution to a Demand Response event

If you do not reduce power demand recorded by a given meter for two or more Demand Response events during a winter period, Hydro-Québec reserves the right to withhold the financial assistance associated with that meter.
Section 2. Calculation of Financial Assistance and Eligible Power Demand (kW)

2.1. Amount of financial assistance

The amount of financial assistance is calculated by multiplying the eligible power (in kW) by the unit amount ($). The unit amount for the 2016–2017 winter period is $70. Eligible power demand is described in Section 2.2.

2.1.1. Winter period with no Demand Response event

If Hydro-Québec issues no Demand Response notice during the 2016–2017 winter period, the participant will nonetheless receive a minimum amount of financial assistance (MAFA), calculated as follows:

\[ \text{MAFA} = 15\% \times \text{maximum power demand}^* \times \$70 \]

or

\[ \text{MAFA} = \$20,000, \]

whichever is less.

* Maximum demand recorded during the 2015–2016 winter period by the meter(s) connected to the project.

2.1.2. Confirmation of financial assistance amount

The amount of financial assistance will be confirmed no later than May 31, 2017. You will receive a document showing how the amount was calculated and giving the following details for each meter and each Demand Response event: reference power, real power, power demand reduction for each event, and eligible power demand.

2.2. Eligible power demand (kW)

"Eligible power demand" (kW) is the average power demand reduction for all Demand Response events. Eligible power demand is calculated after the winter period for each meter. In the case of a project involving several meters, the sum of the eligible power demand from all meters is taken as the eligible power demand for the project.

2.2.1. Power demand reduction

For each Demand Response event, the demand reduction is calculated as the difference between the reference power and the real power, as shown below.
2.2.2. Reference power

Reference power is based on a linear regression of the average power demand during Hydro-Québec peak periods in winter 2016-2017, excluding Demand Response events. The linear regression is made as a function of the average temperature recorded at the nearest weather station.

Note that for each meter, separate reference power curves are established for the morning and afternoon Demand Response periods.

2.2.3. Real power

Real power corresponds to the average power demand recorded by the meter during the Demand Response event.

2.2.4. Average temperature

Average temperature is based on data supplied by the weather station nearest the meter. This station will be indicated to the participant once the project is accepted. The weather stations providing data for this purpose are listed on the SIMEB site (www.simeb.ca).
Section 3. Step-by-Step Procedure for Obtaining Financial Assistance

N.B.: All forms are available in French only.

Step 1 – Request for confirmation – Communicating meters

First, ask Hydro-Québec to confirm that all meters associated with the project are communicating meters.

1. Fill out the form Formulaire d’information – Compteurs communicants (communicating meter information), available at www.hydroquebec.com, and e-mail it to GDP_CI-PMI@hydro.qc.ca.

2. Hydro-Québec will confirm by e-mail whether the meters listed on the form are communicating meters.

You may also send this form at the same time as your registration form in Step 2.

Step 2 – Registration – Form submission

Send Hydro-Québec the completed and signed Formulaire d’inscription (registration form) and appropriate undertaking form (see below). These forms, along with the communicating meter information form, must be sent to Hydro-Québec no later than August 31, 2016, at the following address: GDP_CI-PMI@hydro.qc.ca.

Undertaking form

a. If you are the customer, complete the Formulaire d’engagement – Client participant (participating customer undertaking).

b. If you are an aggregator, complete the Formulaire d’engagement – Agréateur participant (participating aggregator undertaking).

Step 3 – Confirmation of project registration

After checking registration and undertaking forms, Hydro-Québec will confirm that your project has been registered. The confirmation will identify the meters involved and the weather station nearest to each one. You will also be assigned a unique project number.

Step 4 – Submission of e-mail addresses for Demand Response notices

To make sure you receive the demand response notices issued by Hydro-Québec, complete the form Liste d’adresses courriel pour les avis de GDP (list of e-mail addresses for demand response notices) and e-mail it by October 14, 2016 to GDP_CI-PMI@hydro.qc.ca. The form is available at hydroquebec.com.
Step 5 – Transmission of Demand Response notices

During winter, Hydro-Québec will send the Demand Response notices to the e-mail addresses you provide.

Note that if you are an aggregator, Hydro-Québec will send the notices only to you, and you must forward them to the Hydro-Québec customers who are part of your project. You must also make sure your participants contribute to the demand reduction in accordance with the notices for the projects you have submitted.

Step 6 – Submission of financial assistance invoice and the form

*Informations requises relativement au Relevé 27 – Déclaration du participant* (Relevé 27 information – Participant’s declaration)

You will receive an e-mail from Hydro-Québec by May 31, 2017, showing how the financial assistance was calculated and asking you to submit your invoice for financial assistance. The invoice must meet the following conditions:

- It must be numbered and produced using your accounting system.
- The amount must match the amount approved by Hydro-Québec, plus taxes. If you are not required to collect GST and QST, indicate “Taxes not applicable” on your invoice.
- The invoice must be made out to Hydro-Québec and provide all the information stipulated by tax regulations, including the GST and QST registration numbers, if applicable.
- It must be e-mailed to Hydro-Québec at GDP_CI-PMI@hydro.qc.ca.
- You must be able to send an original printed invoice at Hydro-Québec’s request at any time within seven years of the invoice date.

Hydro-Québec will send you the form *Informations requises relativement au Relevé 27 – Déclaration du client* (Relevé 27 information – Participant’s declaration), which you must complete, sign and return to Hydro-Québec, along with your invoice, at GDP_CI-PMI@hydro.qc.ca. By signing the form, you certify that the information provided in all the documents submitted to Hydro-Québec is true and complete.

Tax information

Payments by Hydro-Québec under this offer are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless your organization does not carry on business activities under the terms of these tax regimes. As a result, you must first produce an invoice that meets the requirements of these tax regimes before Hydro-Québec can make a payment under the Program.

For income tax purposes, the financial assistance is an inducement that should, depending on the case, reduce the cost or capital cost of property, reduce the amount of an outlay or expense, or count as income to the participant. Unless your organization is exempt from paying income tax, Hydro-Québec will issue a *Relevé 27 – Paiements du gouvernement* (government payments information slip), as required by the *Québec Taxation Act*, to report the financial assistance paid.

However, you should consult a tax advisor or the tax authorities, if necessary. Determining the full extent of income and other tax implications is your sole responsibility. Hydro-Québec cannot be held responsible for participants who incorrectly determine their tax status, as applicable taxation usually depends on the specific situation of each participant.
Step 7 – Payment of financial assistance

Upon receiving your invoice and the completed form *Informations requises relativement au Relevé 27 - Déclaration du participant*, Hydro-Québec will review your file and then pay you the approved financial assistance.