



March 30, 2012

The Honorable Jaclyn A. Billing, Secretary
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

RE: Case 10-T-0139

Application of Champlain Hudson Power Express, Inc. and CHPE Properties, Inc. for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII of the New York State Public Service Law

Dear Secretary Brillling:

H.Q. Energy Services (U.S.) Inc. (“HQUS”) is the U.S. power marketing subsidiary of Hydro-Québec Production (“HQP”), the power generation division of Hydro-Québec. HQUS has been an active participant in the New York electricity market since the inception of the NYISO in 1999. Before that, Hydro-Québec and its predecessor companies sold power to New York State for decades following the construction of the Cedars-Dennison intertie in the late 1910s, and more particularly following the construction of the Châteauguay-Massena intertie in the early 1980s.

HQUS submits the following comments in regards to the Article VII proceeding of Champlain Hudson Power Express, Inc. (“CHPEI” or the “Applicant”). HQUS is of the view that the CHPEI project is well designed and timely. It will significantly contribute to fostering already deep and long-standing electricity relationships between New York State and the Province of Québec to the benefit of both jurisdictions, by adding 1,000 MW of intertie capacity to the existing 1,700 MW. Furthermore, HQUS agrees that the participant-funded business model underpinning the project is appropriate.

HQUS’ parent company HQP currently owns or controls approximately 40,000 MW of generation capacity together producing approximately 195 TWh of energy every year, 98% of which is from hydroelectric power stations. HQP continues to add resources in its generation fleet in Québec as well as to make capacity improvements to its existing generating stations. Since 2005, nearly 1,600 MW of hydroelectric generation capacity has been commissioned (including the Eastmain-1, Péribonka and Tournestouc powerhouses) and 918 MW of new capacity will be commissioned in 2012 after the completion of the Eastmain-1A/Sarcelle/Rupert project. In addition, the four-station, 1,550 MW Romaine hydro complex, currently under construction, will be put in service progressively starting in 2015.

The CHPEI project has the potential to bring large quantities of renewable energy in downstate New York, with correspondingly large benefits for the entire state of New York at no cost to New York ratepayers. Importantly, it is the most advanced transmission project from upstate to downstate New York undergoing an Article VII proceeding. This is why HQUS has been in active discussions with the Applicant to review both the economics of the project and its technical feasibility. Although HQUS has not, as of today, made any commitment to the Applicant, HQUS' parent company HQP was sufficiently interested by the project's characteristics to request a feasibility study from Hydro-Québec TransÉnergie, the transmission division of Hydro-Québec, in order to explore the economic and technical feasibility of an interconnection on the Québec side of the border (queue position #157T).

Accordingly, HQUS believes that the CHPEI application and the Joint Proposal the Applicant negotiated with a number of interveners in this proceeding, should be approved by the Commission.

Respectfully submitted,



Maxime Lanctôt
Executive Vice-President Business Development and Strategy, HQUS

cc: Commissioner Brown
Commissioner Acampora
Commissioner Curry
Commissioner Harris
Commissioner Larocca
The Honorable Kevin Casutto
The Honorable Michelle Phillips