With leave — Tabled by the Member for Terra Nova K Hawkins George January 9, 2025

Hydro Québec

Montréal, December 12, 2024

Press Release

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An Important Step Towards Securing Québec's Energy Future

As worldwide electricity demand soars, Québec must secure reliable and affordable access to substantial supplies of clean electricity. The agreement in principle on hydroelectric power generation in Labrador is a meaningful step for Québec towards energy security, decarbonization and collective prosperity for generations to come.

For Québec, the agreement will guarantee access to 7,200 MW for the next 50 years at a lower price than any other renewable option in North America. The agreement renews Québec's access to existing Churchill Falls generation and adds new production through increased capacity at the existing facility, the development of a new generation station on the Churchill Falls site, as well as a new facility at Gull Island. In total, 9,190 MW will be generated, 7,200 MW of which will be purchased by Hydro-Québec and 1,990 by Newfoundland and Labrador Hydro.

- The average net cost for power from the existing Churchill Falls site will be 4 cents/kWh (in 2024 dollars).
- The average price for electricity from the new developments will be 11 cents/kWh, which is below the generation price forecast in the *Action Plan 2035* (13 cents/kWh).
- Together, the average cost of all electricity from Labrador will be 6 cents/kWh, which is half the price of the renewable alternatives available to Québec.

The agreement in principle meets the objectives of all parties. On one hand, Newfoundland and Labrador will significantly increase revenues from electricity generation. At the same time, it is thanks in part to this agreement and the low prices it guarantees that we will be able to respect the pledge to cap annual residential rate increases at 3%. It also allows for commercial and industrial rate increases to be limited to between 4% and 5%. We are preserving the affordability of electricity for Québec households, and we will maintain internationally competitive rates for local businesses.

Regarding the implementation of this agreement, Hydro-Québec is committed to collaborating in full transparency with its Indigenous partners from the start of the projects and at every stage of their development. We will engage in dialogue with Indigenous communities in Québec and Labrador affected by the agreement to ensure genuine participation of Indigenous communities in project studies and implementation – including the identification of mitigation measures for the environment and for the pursuit of traditional activities – through employment, contacts and economic partnerships.

By adding the megawatts provided for in this agreement to those included in *Action Plan 2035*, Québec will have access to over 11,000 MW of additional renewable energy by 2035. This will enable us to meet our future energy needs and position Québec as a true leader in the energy transition.

The agreement in principle signed today is non-binding and will serve to guide future discussions. Over the coming months, the signatories will engage with Indigenous communities and continue their analyses with a view to reaching a definitive agreement.

Quote

Michael Sabia

"In an increasingly uncertain world, it's an advantage for Québec to have greater certainty over its energy security. We negotiated this agreement carefully and rigorously. For the next 50 years, we are assured of a realistic financial structure that guarantees the affordability of electricity and the profitability of Hydro-Québec. As project lead, drawing on the extensive expertise of our teams, we are confident that we will be able to control the construction costs of the new infrastructure. To carry out all these projects, we commit to maintaining an open and transparent dialogue with our Indigenous partners in Labrador and in Québec.

This agreement is an important step towards decarbonizing Québec and protecting our environment. It is an essential contribution to our collective wealth. This agreement is a win for citizens, a win for the economy and, of course, a win for future generations."

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