



NATIONAL ASSEMBLY OF QUÉBEC

FIRST SESSION

FORTY-SECOND LEGISLATURE

Bill 50

**An Act respecting the leasing of part
of the water power of the Shipshaw
River**

Introduction

**Introduced by
Mr. Jonatan Julien
Minister of Energy and Natural Resources**

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EXPLANATORY NOTES

The purpose of this bill is to authorize the Minister of Natural Resources and Wildlife, in accordance with section 3 of the Watercourses Act, to lease part of the water power in the domain of the State of the Shipshaw River to Resolute FP Canada Inc.

The bill establishes, among other things, the term of the lease, provides that it is renewable and sets out certain related conditions, including the obligation for the lessee to make developmental manufacturing investments in the Saguenay–Lac-Saint-Jean administrative region and to pay a royalty on the electricity generated by exploiting the leased water power.

Bill 50

AN ACT RESPECTING THE LEASING OF PART OF THE WATER POWER OF THE SHIPSHAW RIVER

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Within the scope of the provisions of this Act and subject to the conditions considered by the Minister of Natural Resources and Wildlife to be in keeping with Québec's interests, the Minister is authorized

(1) to lease to Resolute FP Canada Inc. the water power in the domain of the State of the section of the Shipshaw River lying between the extension in that river of the north-east limit of range IV East of the original survey of the township of Falardeau and the south-west limit of block B of the original survey of the Shipshaw River basin; and

(2) to allow Resolute FP Canada Inc. to use that water power by diverting the flow of the Shipshaw River, especially through Jim Gray Lake, up to the south limit of block F of the original survey of the township of Falardeau.

2. The lessee is authorized to operate, maintain, alter and rebuild the dams and other works erected before (*insert the date of assent to this Act*) to exploit the water power referred to in section 1.

The plans and specifications for altering and rebuilding such dams and works require prior approval by the Government.

3. The lease is for a term of 10 years, beginning on 1 January 2022, and may be renewed for a further 10-year term within the scope of the provisions of this Act and subject to the conditions considered by the Minister of Natural Resources and Wildlife to be in keeping with Québec's interests.

4. On signing the lease, the lessee must pay \$3,111,900 to the Minister of Natural Resources and Wildlife.

5. The lessee must, on 31 December 2031, have made developmental manufacturing investments in the Saguenay–Lac-Saint-Jean administrative region, as described in Schedule I to the Décret concernant la révision des limites des régions administratives du Québec (chapter D-11, r. 1, French only) on (*insert the date of assent to this Act*), which, converted into their 2018 values using an annual rate of 8%, total at least \$100,000,000, excluding any form of

government assistance and excluding investments for the repair or maintenance of electric power production or transmission infrastructures. Investments made on or after 1 April 2018 are eligible investments for the purposes of this provision.

Should such investments fall short of the required amount, the lessee must pay to the Minister of Natural Resources and Wildlife, not later than 1 October 2032, an amount which, converted into its 2032 value using an annual rate of 8%, corresponds to 25% of the difference between \$100,000,000 in 2018 values, and the investments made between 1 April 2018 and 31 December 2031, converted into their 2018 values using an annual rate of 8%.

Any eligible investment made in excess of that \$100,000,000 is considered an investment made during the term of the renewal, if applicable.

6. If the lease is renewed, the lessee must, on 31 December 2041, have made investments in the same region which are of the same nature as those provided for in the first paragraph of section 5 and which, converted into their 2032 values using the applicable annual rate, total at least \$100,000,000.

Should such investments fall short of the required amount, the lessee must pay to the Minister of Natural Resources and Wildlife, before 1 October 2042, an amount which, converted into its 2042 value using the applicable annual rate, corresponds to 25% of the difference between \$100,000,000 in 2032 values, and the investments made between 1 January 2032 and 31 December 2041, converted into their 2032 values using the applicable annual rate, as well as, if applicable, the investments deferred in accordance with the third paragraph of section 5, converted into their 2032 values using the applicable annual rate.

The applicable annual rate is determined by the Minister on the basis of the average cost of government borrowings combined with the percentage increase, in relation to the preceding year, in the Consumer Price Index for Canada, published by Statistics Canada under the Statistics Act (Revised Statutes of Canada, 1985, chapter S-19) and communicated to the lessee two months before the lease renewal.

7. For the determination of investments eligible under sections 5 and 6, the lessee must provide the Minister of Natural Resources and Wildlife with detailed and audited financial data, prepared in keeping with generally accepted accounting principles,

(1) not later than 1 April 2022, concerning the developmental manufacturing investments made between 1 April 2018 and 31 December 2021; and

(2) annually, as of 1 January 2023, concerning the developmental manufacturing investments made in the preceding year.

8. The lessee must consume, in the plants it operates in the Saguenay–Lac-Saint-Jean administrative region, the electricity it generates using the water power referred to in section 1. A strike or lock-out, or flow variations, do not exempt the lessee from that obligation.

The lease must determine the rules applicable in the event of a failure to comply with the obligation provided for in the first paragraph and may specify the cases that do not constitute such a failure.

9. In addition to the charge payable under section 68 of the Watercourses Act (chapter R-13), the lessee must pay to the Minister of Natural Resources and Wildlife an annual royalty whose rate is determined in 2019 at \$0.781 per MWh of electricity generated and is adjusted annually according to the percentage increase, in relation to the preceding year, in the Consumer Price Index for Canada, published by Statistics Canada under the Statistics Act.

10. In addition to any grounds stipulated in the lease, the following circumstances are grounds for resiliation of the lease by the Minister of Natural Resources and Wildlife without formality or compensation:

(1) the lessee ceases to operate one of the three plants it operated on (*insert the date of assent to this Act*) in the Saguenay–Lac-Saint-Jean administrative region, that is, the plants located in Kénogami, Alma and Saint-Félicien; or

(2) the total consumption of the plants referred to in paragraph 1 for three consecutive years is below 50% of the electricity generating potential of the water power referred to in section 1.

11. The lessee may not assign, transfer or otherwise alienate the rights granted to it under this Act unless it has obtained authorization from and, if applicable, complied with the conditions determined by the Government.

12. The lessee is liable for any damage attributable to the exploitation of the water power referred to in section 1, except damage to property in the domain of the State resulting from the use of the flooding rights granted incidentally to the leasing of that water power.

13. On the expiry of the lease or of its term of renewal, as applicable, or in the event of resiliation of the lease, ownership of the dams, works and improvements used to exploit the water power referred to in section 1 is, unless previously waived by the Government, transferred to the State without indemnity or compensation.

14. This Act comes into force on (*insert the date of assent to this Act*).

