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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-SIXTH LEGISLATURE

Bill 116

**An Act to amend the Act respecting the  
Régie de l'énergie and other legislative  
provisions**

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**Introduction**

**Introduced by  
Mr Jacques Brassard  
Minister of Natural Resources**

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## **EXPLANATORY NOTES**

*This bill amends the Act respecting the Régie de l'énergie in order to modify the board's jurisdiction as regards electric power rates, to introduce more competition into the electricity market, to make the board's mode of operation more flexible and to broaden its sources of funding.*

*The bill establishes the procedure for setting the rates and conditions applicable to the transmission and distribution of electric power. The costs to be taken into consideration by the Régie when setting the rates chargeable by the electric power distributor are treated differently according to whether or not the needs of Québec markets are being satisfied out of the heritage electricity pool. The annual heritage electricity pool is determined to correspond to a consumption of up to 165 terawatt-hours. The average cost of heritage pool electricity is set at 2.79 cents per kilowatt-hour and may be reduced by the Government.*

*The cost of electric power other than heritage pool electricity will be determined by way of a tender solicitation governed by a procedure and a code of ethics submitted to the Régie's approval. Supply contracts will be awarded on the basis of the lowest tendered price and such other factors as the applicable transmission costs. Compliance with the tender solicitation procedure and code of ethics will be monitored by the Régie, and supply contracts entered into by the electric power distributor will require the prior approval of the Régie.*

*The determination of transmission rates and rates chargeable by the electric power distributor will be subject to a number of criteria, including uniformity throughout the territory served, and certain electric power transmission and distribution assets in operation or under construction are to be recognized for the purposes of rate setting. Moreover, the rates applicable to a class of consumers cannot be modified in order to alleviate the cross-subsidization of the rates charged by the electric power distributor.*

*Certain rules governing the operation of the Régie are to be altered, for instance as concerns the nature of the applications that may be examined and decided by a single commissioner. Moreover, the Régie will be authorized to hold conciliation sessions. The rules*

*governing the financing of the Régie's activities are amended as are the provisions pertaining to the regulatory empowerment of the Régie and the Government.*

*Lastly, the bill contains technical amendments, amendments for concordance and transitional provisions.*

**LEGISLATION AMENDED BY THIS BILL :**

- Act respecting land use planning and development (R.S.Q., chapter A-19.1);
- Cities and Towns Act (R.S.Q., chapter C-19);
- Municipal Code of Québec (R.S.Q., chapter C-27.1);
- Act respecting the exportation of electric power (R.S.Q., chapter E-23);
- Hydro-Québec Act (R.S.Q., chapter H-5);
- Act respecting certain public utility installations (R.S.Q., chapter I-13);
- Act respecting the Régie de l'énergie (R.S.Q., chapter R-6.01);
- Watercourses Act (R.S.Q., chapter R-13).



# Bill 116

## AN ACT TO AMEND THE ACT RESPECTING THE RÉGIE DE L'ÉNERGIE AND OTHER LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

1. Section 1 of the Act respecting the Régie de l'énergie (R.S.Q., chapter R-6.01) is amended by replacing the first paragraph by the following paragraph :

“1. This Act applies to the supply, transmission and distribution of electric power and to the supply, transmission, distribution and storage of natural gas delivered or intended for delivery by pipeline to a consumer.”

2. Section 2 of the said Act is amended

(1) by inserting the following definition after the definition of “electric power production equipment” :

““electric power supply contract” means a contract entered into between the electric power distributor and a supplier for the purpose of meeting the electric power needs of Québec markets;”;

(2) by replacing the definition of “electric power distributor” by the following definition :

““electric power distributor” means Hydro-Québec when carrying on electric power distribution activities;”;

(3) by inserting the following definitions after the definition of “electric power production equipment” :

““electric power supplier” means any electric power producer or trader supplying electric power;

““electric power supply” means electric power made available or sold to the electric power distributor by a supplier or a representative;”;

(4) by striking out the definition of “electric power production equipment”;

(5) by replacing the definition of “electric power distribution system” by the following definition :

““electric power distribution system” means a network of installations for the distribution of electric power once it leaves transformation substations, including distribution lines at voltages below 44 kV and any equipment located between such lines and connecting points to consumer installations and, in the case of independent electric power distribution systems of the electric power distributor, a network of works, machinery, equipment and installations used for the production, transmission and distribution of electric power;”;

(6) by replacing the definition of “electric power transmission system” by the following definition :

““electric power transmission system” means a network of installations for the transmission of electric power, including step-up transformers located at production sites, transmission lines at voltages of 44 kV or higher, transmission and transformation substations and any other connecting installation between production sites and the distribution system;”;

(7) by inserting the first of the following definitions after the definition of “energy” and the second before the definition of “electric power distributor” :

““municipal or private electric power system” means an electric power system governed by the Act respecting municipal and private electric power systems (chapter S-41);

““electric power carrier” means Hydro-Québec when carrying on electric power transmission activities;”;

(8) by adding the following paragraph at the end :

“Any supply of electric power by Hydro-Québec to the electric power distributor is deemed to constitute a supply contract. Any electric power transmission service provided to Hydro-Québec by the electric power carrier is deemed to constitute a transmission service contract.”

3. The said Act is amended by inserting the following section after section 2 :

“2.1. For the purposes of sections 36, 44 and 85.1, Chapters VII and VIII and sections 112 and 114, municipal or private electric power systems and the Coopérative régionale d’électricité de Saint-Jean-Baptiste de Rouville governed by the Act respecting the Coopérative régionale d’électricité de Saint-Jean-Baptiste de Rouville and repealing the Act to promote rural electrification by means of electricity cooperatives (1986, chapter 21) are deemed to be distributors.”

4. Section 5 of the said Act is replaced by the following section :

“5. In the exercise of its functions, the Régie shall reconcile the public interest, consumer protection and the fair treatment of the electric power

carrier and of distributors. It shall promote the satisfaction of energy needs through sustainable development and with due regard for equity both on the individual and collective planes.”

5. Section 16 of the said Act is amended by replacing the second paragraph by the following paragraph :

“However, the chairman may designate a single commissioner to examine and decide an application referred to in

(1) subparagraph 5 of the first paragraph of section 31 ; or

(2) the second paragraph of section 31, except an application filed under the first paragraph of section 16 of the Act respecting municipal and private electric power systems.”

6. Section 31 of the said Act is amended

(1) by replacing subparagraph 1 of the first paragraph by the following subparagraph :

“(1) fix or modify the rates and conditions for the transmission of electric power by the electric power carrier or the distribution of electric power by the electric power distributor, and the rates and conditions for the supply, transmission or delivery of natural gas by a natural gas distributor or for the storage of natural gas ;” ;

(2) by replacing subparagraph 2 of the first paragraph by the following subparagraphs :

“(2) monitor the operations of holders of exclusive electric power or natural gas distribution rights to ensure that consumers are adequately supplied ;

“(2.1) monitor the operations of the electric power carrier, the electric power distributor and natural gas distributors to ensure that consumers are charged fair and reasonable rates ;” ;

(3) by striking out subparagraph 3 of the first paragraph ;

(4) by replacing subparagraph 4 of the first paragraph by the following subparagraphs :

“(4) examine any complaint filed by a consumer concerning the application of a rate or a condition for the transmission of electric power by the electric power carrier or the distribution of electric power by the electric power distributor, by a municipal or private electric power system or by the Coopérative régionale d’électricité de Saint-Jean-Baptiste de Rouville, and ensure that the consumer is charged the rate and is subject to the conditions applicable to the consumer ;

“(4.1) examine any complaint filed by a consumer concerning the application of a rate or a condition for the supply, transmission, delivery or storage of natural gas by a natural gas distributor and ensure that the consumer is charged the rate and is subject to the conditions applicable to the consumer;”.

7. Section 32 of the said Act is amended

(1) by replacing “Hydro-Québec” in the first line of paragraph 1 by “the electric power carrier or the electric power distributor”;

(2) by replacing “Hydro-Québec” in the first and second lines of paragraph 2 by “the electric power carrier or the electric power distributor”;

(3) by inserting the following paragraph after paragraph 3 :

“(3.1) determine the accounting and financial methods applicable to the electric power carrier, to the electric power distributor and to each natural gas distributor.”;

(4) by striking out paragraph 4.

8. Section 36 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“36. The Régie may order the electric power carrier or any distributor to pay all or part of the costs incurred in respect of any matter under the authority of the Régie or the costs incurred to enforce the decisions or orders of the Régie.”;

(2) by replacing “any electric power or natural gas distributor” in the first line of the second paragraph by “the electric power carrier or any distributor”;

(3) by adding the following paragraph at the end :

“This section applies to petroleum products distributors that are subject to a regulation of the Government enacted under subparagraph 1 of the first paragraph of section 112.”

9. Section 44 of the said Act is amended

(1) by replacing “a distributor” in the first line of subparagraph 1 of the first paragraph by “the electric power carrier or a distributor”;

(2) by replacing “production, transmission, distribution, supply” in the second line of subparagraph 2 of the first paragraph by “supply, transmission, distribution”.

10. Section 48 of the said Act is replaced by the following section :



“48. The Régie shall, on the application of an interested person or on its own initiative, fix or modify the rates and conditions for the transmission of electric power by the electric power carrier or for the distribution of electric power by the electric power distributor or the rates and conditions for the supply, transmission or delivery of natural gas by a natural gas distributor or for the storage of natural gas. The Régie may in particular require the electric power carrier, the electric power distributor or a natural gas distributor to file a modification proposal.

Applications must be filed with the documents and fees prescribed by regulation.”

11. Section 49 of the said Act is replaced by the following section :

“49. When fixing or modifying rates for the transmission of electric power or for the transmission, delivery or storage of natural gas, the Régie shall, in particular,

(1) determine the rate base of the electric power carrier or of the natural gas distributor after giving due consideration, in particular, to the fair value of the assets the Régie considers prudently acquired and useful for the operation of the electric power transmission system or of a natural gas distribution system, as well as to the unamortized research and development and marketing expenditures, commercial programs, pre-operating costs and working capital required for the operation of such systems ;

(2) determine the overall amounts of expenditure the Régie considers necessary for the provision of the service, including, as concerns all rates, expenditures attached to commercial programs and, as concerns transmission rates, expenditures attached to transmission service contracts entered into with another enterprise for the purpose of allowing the electric power carrier to use its own electric power transmission system ;

(3) allow a reasonable return on the rate base ;

(4) favour measures or incentives to improve the performance of the electric power carrier or a natural gas distributor and the satisfaction of consumer needs ;

(5) ensure that financial ratios are maintained ;

(6) consider the cost of service, the varying risks according to classes of consumers and, as concerns natural gas rates, the competition between the various forms of energy and the maintenance of equity between rate classes ;

(7) ensure that the rates and other conditions for the provision of the service are fair and reasonable ;

(8) consider the sales forecasts ;

(9) consider service quality ;

(10) consider such economic, social and environmental concerns as have been identified by order by the Government ; and

(11) maintain, subject to any government order to the contrary, uniform rates throughout the territory served by the electric power transmission system.

The Régie may, in respect of a consumer or class of consumers, fix rates to compensate for energy savings which are not beneficial for a natural gas distributor but are beneficial for the consumer or class of consumers.

The Régie may also use any other method it considers appropriate.”

12. Section 50 of the said Act is amended by replacing “a distributor’s assets” in the first line by “the assets of the electric power carrier or a natural gas distributor”.

13. Section 51 of the said Act is amended by replacing the first paragraph by the following paragraph :

“51. No electric power transmission tariff or natural gas transmission or delivery tariff may impose higher rates or more onerous conditions than are necessary to cover capital and operating costs, to maintain the stability of the electric power carrier or a natural gas distributor and the normal development of a transmission or distribution system or to provide a reasonable return on the rate base.”

14. Section 52 of the said Act is amended

(1) by striking out “electric power or” in the first line and in the fourth line of the first paragraph ;

(2) by striking out “electric power or” in the first and second lines of the second paragraph.

15. The said Act is amended by inserting the following sections after section 52:

“52.1. When fixing or modifying rates chargeable by the electric power distributor to a consumer or a class of consumers, the Régie shall consider the cost of the electric power to the electric power distributor and the transmission costs, as fixed by the transmission tariff, borne by the electric power distributor, the revenues required for the operation of the electric power distribution system and the factors set out in subparagraphs 6 to 10 of the first paragraph of section 49 and in the second paragraph of that section, with the necessary modifications.

The Régie may use any other method it considers appropriate when fixing or modifying a demand-side management tariff or an emergency power tariff. A demand-side management tariff is a tariff applied to a consumer by the electric power distributor at the consumer's request, according to which the cost of electric power is based on the market price or according to which service to the consumer may be interrupted by the distributor.

Rates applicable to a class of consumers must be uniform throughout the electric power distribution system, with the exception of independent electric power distribution systems north of the 53rd parallel.

The Régie shall not modify the rates applicable to a class of consumers in order to alleviate the cross-subsidization of rates applicable to classes of consumers.

The fourth paragraph does not apply where the Régie fixes or modifies a transition rate in respect of a consumer that is transferring to another class of consumers.

“52.2. The cost of electric power referred to in section 52.1 shall be established by the Régie by adding the cost of heritage pool electricity and the actual costs to the electric power distributor of the supply contracts entered into to meet the needs of Québec markets in excess of the heritage pool, or the needs to be supplied out of an energy block determined by the Government in a regulation under subparagraph 2.1 of the first paragraph of section 112. The cost of electric power shall be attributed to the various classes of consumers according to their consumption characteristics, that is, utilization factors and power losses attributable to the transmission and distribution system.

For the purposes of the first paragraph, the cost of heritage pool electricity shall be established by totalling the products obtained by multiplying the consumption of heritage pool electricity attributable to each class of consumers by the cost attributed to that class of consumers, it being provided

(1) that the annual heritage pool corresponds to the net consumption by Québec markets, up to 165 terawatt-hours, exclusive of consumption under demand-side management or emergency power tariffs, consumption attributed to independent electric power systems and consumption out of the energy blocks determined by regulation of the Government;

(2) that the cost attributed to each class of consumers is based on an average heritage pool electricity cost of 2.79 cents per kilowatt-hour and corresponds

i. for the year 2000, to the cost stated in Schedule I;

ii. for subsequent years until such time as heritage pool consumption reaches 165 terawatt-hours, to the cost determined by the Régie on the proposal of the electric power distributor, based on Schedule I, changes in rate

classes and the consumption characteristics referred to in the first paragraph ;  
and

iii. for the following years, to the cost determined by the Government.

In the case of special contracts entered into under the Hydro-Québec Act (chapter H-5), the cost of electric power corresponds to the rate stipulated in the contract, less the transmission and distribution costs applicable according to consumption characteristics, and does not affect the cost to the electric power distributor applicable to other classes of consumers for the purposes of section 52.1.

The heritage pool electricity cost attributed to a class of consumers may only be modified subject to the conditions provided in section 24.1 of the Hydro-Québec Act (chapter H-5). Subsequent to any such modification, the modified heritage pool electricity cost is the cost to be used by the Régie for the purposes of this section.

“52.3. The revenues required for the operation of the electric power distribution system shall be established having regard to the provisions of subparagraphs 1 to 10 of the first paragraph of section 49, the last paragraph of that section and sections 50 and 51, with the necessary modifications.

16. Section 53 of the said Act is amended by replacing “Hydro-Québec” in the first line of the first paragraph by “The electric power carrier or distributor” and by replacing “Hydro-Québec” in the first line of the second paragraph by “the electric power carrier or distributor”.

17. Section 55 of the said Act is amended by adding the following paragraph at the end :

“The Régie shall also make inquiries at the request of the Government and the costs incurred for any such inquiry shall be borne by the Government.”

18. Section 59 of the said Act is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph :

“(1) every three years, the Régie shall determine an amount per litre representing the operating costs borne by a gasoline or diesel fuel retailer; different amounts may be fixed according to regions determined by the Régie;”.

19. Section 60 of the said Act is amended by replacing the second paragraph by the following paragraph :

“Such rights do not prevent anyone from producing and distributing via their own system the electric power they consume or from distributing electric power produced from forest biomass to a consumer on a site adjacent to the production site.”

20. Section 62 of the said Act is amended

(1) by replacing “Hydro-Québec” in the first line of the first paragraph by “The electric power distributor”;

(2) by replacing “a distributor operating a municipal or private electric power system” in the second and third lines of the first paragraph by “municipal or private electric power systems”;

(3) by replacing “All distributors operating a municipal electric power system” in the first line of the second paragraph by “Municipal electric power systems”;

(4) by replacing “his installations for the supply” in the second line of the fourth paragraph by “its installations for the distribution”.

21. Section 65 of the French text of the said Act is amended by replacing “droits” in the second line of the first paragraph by “frais”.

22. The heading of Division II of Chapter VI of the said Act is replaced by the following heading :

“OBLIGATIONS OF THE ELECTRIC POWER CARRIER AND OF DISTRIBUTORS”.

23. Section 72 of the said Act is replaced by the following section :

“72. Every holder of exclusive electric power or natural gas distribution rights shall prepare and submit to the Régie for approval, according to the form, tenor and intervals fixed by regulation of the Régie, a supply plan describing the characteristics of the contracts the holder intends to enter into to meet the needs of Québec markets following the implementation of energy efficiency measures. The supply plan shall be prepared having regard to the risks inherent in the sources of supply chosen by the holder and, as concerns any particular source of electric power, having regard to the energy block established by regulation of the Government under subparagraph 2.1 of the first paragraph of section 112.

When examining a supply plan for approval, the Régie shall consider such economic, social and environmental concerns as have been identified by order by the Government.”

24. Section 73 of the said Act is replaced by the following section :

“73. The electric power carrier, the electric power distributor and natural gas distributors must obtain the authorization of the Régie, subject to the conditions and in the cases determined by regulation by the Régie, to

(1) acquire, construct or dispose of immovables or assets for transmission or distribution purposes ;

(2) extend, modify or change the use of their transmission or distribution system;

(3) cease or suspend operations; or

(4) restructure their operations with the result that part thereof would be excluded from the application of this Act.

When examining an application for authorization, the Régie shall consider such economic, social and environmental concerns as have been identified by order by the Government and, in the case of an application for the purposes of subparagraph 1 of the first paragraph, the Régie shall consider, where applicable,

(1) the sales forecasts of the electric power distributor or natural gas distributors and their obligation to distribute electric power or natural gas; and

(2) the contractual commitments of the consumers served by the electric power transmission service and, where applicable, their financial contributions to the acquisition or construction of transmission assets, and the economic feasibility of the project.

An authorization under this section does not constitute a dispensation from seeking any other authorization required by law.”

25. The said Act is amended by inserting the following section after section 73:

“73.1. The electric power carrier shall establish operating standards and technical requirements, including standards of reliability for its electric power transmission system, and file them with the Régie.”

26. Section 74 of the said Act is amended

(1) by striking out the first paragraph;

(2) by replacing “Hydro-Québec and of natural gas distributors also require” in the first and second lines of the second paragraph by “the electric power distributor or of any natural gas distributor require”;

(3) by replacing “Hydro-Québec” in the second line and in the fifth line of the third paragraph by “the electric power distributor”;

(4) by replacing “supplied” in the fifth line of the third paragraph by “distributed”.

27. The said Act is amended by inserting the following sections after section 74:

“74.1. To ensure that suppliers responding to a tender solicitation are treated with fairness and impartiality, the electric power distributor shall establish and submit for approval to the Régie, which shall make its decision within 90 days, a tender solicitation and contract awarding procedure and a tender solicitation code of ethics applicable to the electric power supply contracts required to meet the needs of Québec markets in excess of the heritage pool, or the needs to be supplied out of an energy block determined by regulation of the Government under subparagraph 2.1 of the first paragraph of section 112.

The tender solicitation and contract awarding procedure shall, in particular,

(1) allow all interested suppliers to tender by requiring the tender solicitation to be issued in due time ;

(2) grant equal treatment to all sources of supply unless the tender specifications provide that all or part of the needs met by a particular source of supply must be supplied out of an energy block determined by regulation of the Government ;

(3) favour the awarding of supply contracts based on the lowest tendered price for the required quantity of electric power and in keeping with the required conditions, taking into account the applicable transmission cost and, where the tender specifications provide that all or part of the needs met by a particular source of supply must be supplied out of an energy block, taking into account the maximum price established by regulation of the Government ; and

(4) provide that, following a tender solicitation, contracts may be awarded to two or more suppliers, in which case a supplier offering the required quantity of electric power may be invited to reduce the quantity offered without modifying the tendered unit price.

The Régie may dispense the electric power distributor from soliciting tenders for short-term contracts or where urgent needs must be met.

“74.2. The Régie shall monitor the implementation of the tender solicitation and contract awarding procedure and code of ethics provided for in section 74.1 and ascertain whether they are complied with. To that end, the Régie may require any document or information it considers useful. The Régie shall report its findings to the electric power distributor and to the supplier chosen.

The electric power distributor may not enter into an electric power supply contract unless it has obtained the approval of the Régie, under the conditions and in the cases determined by regulation by the Régie.”

28. Section 75 of the said Act is amended by replacing “Hydro-Québec” in the first line by “the electric power carrier or distributor”.

29. Section 76 of the said Act is amended

(1) by replacing “Hydro-Québec, every distributor operating a municipal electric power system” in the first and second lines of the first paragraph by “The electric power distributor, municipal electric power systems”;

(2) by replacing “supply” in the third line of the first paragraph by “distribute”;

(3) by replacing “, at the request of a consumer or of an electric power distributor, dispense the distributor” in the first and second lines of the second paragraph by “dispense the electric power distributor, a municipal electric power system or the Coopérative régionale d’électricité de Saint-Jean-Baptiste de Rouville, at the request of a consumer or at their request,”.

30. Section 80 of the said Act is amended

(1) by inserting “natural gas” after “exclusive” in the second line of the second paragraph;

(2) by inserting “natural gas distribution” after “exclusive” in the first line of the third paragraph;

(3) by replacing “distributors operating a municipal electric power system” in the first and second lines of the last paragraph by “municipal electric power systems”.

31. The said Act is amended by inserting the following section after section 85:

“85.1. No later than 31 March each year, every distributor not subject to section 75 shall file a registration statement with the Régie, indicating the location of each establishment it operates.”

32. Section 86 of the said Act is replaced by the following section :

“86. Complaints addressed by consumers to the electric power carrier or distributor, to a municipal or private electric power system, to the Coopérative régionale d’électricité de Saint-Jean-Baptiste de Rouville or to a natural gas distributor concerning the application of a rate or condition for the transmission or distribution of electric power or for the supply, transmission, delivery or storage of natural gas are subject to the provisions of this chapter.”

33. The heading of Division II of Chapter VII of the said Act is replaced by the following heading :



“EXAMINATION OF COMPLAINTS BY THE ELECTRIC POWER CARRIER OR A DISTRIBUTOR”.

34. Section 87 of the said Act is amended by inserting “by the electric power carrier and” after “established” in the first line of the first paragraph.

35. Section 88 of the said Act is amended by replacing “Every” in the first line by “The electric power carrier and every” and by inserting “electric power carrier or the” before “distributor” in the third line.

36. Section 89 of the said Act is amended by replacing “every distributor shall send to its customers” in the first line by “the electric power carrier and every distributor shall send to their customers”, section 92 of the said Act is amended by inserting “electric power carrier or the” after “The”, and section 93 of the said Act is amended by inserting “electric power carrier or the” before “distributor” in the first line and in the second line.

37. Section 90 of the said Act is amended by inserting “electric power carrier or the” after “The” in the first line and in the second line of the first paragraph and in the first line of the second paragraph.

38. Section 94 of the said Act is amended

(1) by replacing “distributor’s decision” in the first line by “decision of the electric power carrier or the distributor”;

(2) by adding the following paragraph at the end:

“The Régie may, however, examine a complaint filed after the expiry of the time fixed under the first paragraph if the complainant was unable, for serious and valid reasons, to act sooner and if no grave injury to the electric power carrier or the distributor results therefrom.”

39. Section 95 of the said Act is amended by striking out “distributor’s” in the second line of the first paragraph and by replacing “distributor” in the second line of the second paragraph by “electric power carrier or to the distributor concerned”.

40. Section 97 of the said Act is amended

(1) by inserting “the electric power carrier or” after “complaint,” in the first line of the first paragraph;

(2) by inserting “the electric power carrier or” after “office of” in the first line of the second paragraph.

41. Section 98 of the said Act is replaced by the following section:

“98. When examining a complaint, the Régie shall ascertain whether the rates and conditions for the transmission or distribution of electric power or the rates and conditions for the supply, transmission, delivery or storage of natural gas have been complied with by the electric power carrier or the distributor.”

42. Section 99 of the said Act is amended by inserting “the electric power carrier or” after “and” in the second line of the second paragraph.

43. The said Act is amended by inserting the following sections after section 100:

“100.1. The Régie may, where it considers it expedient and reasonable in the circumstances, suspend the examination of a complaint, with the consent of the complainant or of the electric power carrier or the distributor, for a period not exceeding 30 days so that a conciliation session may be held.

The conciliator shall be chosen by the chairman from among the members of the personnel of the Régie.

Any agreement shall be evidenced in writing and signed by the conciliator, the complainant and the electric power carrier or the distributor. The agreement is binding on the complainant and on the electric power carrier or the distributor.

“100.2. Unless the complainant and the electric power carrier or the distributor consent thereto, nothing said or written during a conciliation session is admissible as evidence in a court of justice or before the Régie. The parties shall be so informed by the commissioner who suspended the examination of the complaint.

“100.3. The conciliator may not be compelled to disclose anything revealed or learned or to produce any document prepared or obtained in the exercise of conciliation functions before a court of justice or before any other authority.

Notwithstanding section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), no person may have access to any document contained in the conciliation record.”

44. Section 101 of the said Act is amended by inserting “the electric power carrier or” after “order” in the first line.

45. Section 102 of the said Act is amended by replacing “an annual duty at the rate and” in the first line of the first paragraph by “annual registration fees and an annual duty in the amount or at the rate and”.

46. Section 103 of the said Act is replaced by the following section :

“103. The Régie shall collect the fees prescribed by regulation of the Government for the examination of applications according to the prescribed terms and conditions.”

47. Section 104 of the said Act is replaced by the following section :

“104. The examination and registration fees and the duties paid to the Régie form part of its revenues.”

48. Section 107 of the said Act is amended by replacing “No operating deficit may be incurred” in the first paragraph by “There may be no accumulated deficit”.

49. Section 108 of the said Act is amended by inserting “the electric power carrier and for” after “for”.

50. Section 112 of the said Act is amended

(1) by replacing subparagraph 1 of the first paragraph by the following subparagraph :

“(1) the registration fees and the rates of the duty payable each year to the Régie by the electric power carrier or by a distributor, the terms and conditions of payment thereof and the interest rate on overdue amounts ;” ;

(2) by replacing, in the French text, “droits” in subparagraph 2 of the first paragraph by “frais” ;

(3) by inserting the following subparagraphs after subparagraph 2 of the first paragraph :

“(2.1) for a particular source of electric power supply, the corresponding energy block and maximum price established for the purpose of fixing the cost of electric power referred to in section 52.2 or for the purposes of the supply plan provided for in section 72, or for the purposes of a tender solicitation by the electric power distributor under section 74.1 ;

“(2.2) the timeframe applicable to a public tender solicitation by the electric power distributor under section 74.1 ;” ;

(4) by inserting “this section or” after “under” in the first line of subparagraph 3 of the first paragraph ;

(5) by replacing the second paragraph by the following paragraph :

“The fees, the rates, the terms and conditions, the energy block and the maximum price referred to in subparagraphs 1, 2 and 2.1 of the first paragraph may vary, in particular, according to the electric power carrier, the distributors or the classes of distributors or consumers. A regulation hereunder may also

exclude the electric power carrier, a distributor or a class of distributors or consumers.”

51. Section 114 of the said Act is amended

(1) by replacing “Hydro-Québec” in the first and second lines of paragraph 1 by “the electric power distributor”;

(2) by striking out paragraphs 3 and 4;

(3) by replacing “resource” in the first line of paragraph 7 by “supply”;

(4) by inserting the following paragraph after paragraph 7:

“(8) the conditions under which and the cases in which a supply contract entered into by the electric power distributor must be approved by the Régie.”;

(5) by adding the following paragraph at the end:

“The standards, documents, conditions and cases, and the form, tenor and intervals referred to in paragraphs 1, 2, 5, 6 and 7 may vary, in particular, according to the electric power carrier, the distributors or the classes of distributors. A regulation hereunder may also exclude the electric power carrier, a distributor or a class of distributors.”

52. Section 116 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Moreover,

(1) the electric power carrier or distributor or a natural gas distributor, if it contravenes any of the provisions of the first paragraph of section 53, the first paragraph of section 73 or section 87,

(2) the holder of exclusive electric power or natural gas distribution rights, if it contravenes section 72,

(3) the electric power carrier, if it contravenes section 73.1,

(4) the electric power carrier or a natural gas distributor, if it contravenes the first paragraph of section 74,

(5) the electric power distributor, if it contravenes the second paragraph of section 74.2, or

(6) a natural gas distributor, if it contravenes section 81,

is liable to the penalties prescribed in the first paragraph.”

53. Section 117 of the said Act is amended

(1) by replacing “Hydro-Québec” in the first line of the first paragraph by “The electric power carrier or distributor”;

(2) by replacing “Hydro-Québec” in the first line of the second paragraph by “The electric power carrier or distributor”;

(3) by adding the following paragraph :

“A distributor is liable to the penalties prescribed in the first paragraph if it fails to file a registration statement pursuant to section 85.1 or if it provides false information in a registration statement.”

54. Section 126 of the said Act is repealed.

55. The said Act is amended by inserting the following section after section 164:

“164.1. For the purposes of subparagraph 1 of the first paragraph of section 49 and section 52.3, assets in operation and entered in the accounting records of the electric power carrier or distributor on or before (*insert here the date of coming into force of this section*), those entered therein between that date and (*insert here the date of coming into force of the first regulation under subparagraph 1 of the first paragraph of section 73*), assets the construction of which is authorized or exempted from authorization by law or by the Government as provided by law on or before (*insert here the date of coming into force of this section*) and assets the construction of which is authorized or exempted from authorization by the Government as provided by law between that date and (*insert here the date of coming into force of the first regulation under subparagraph 1 of the first paragraph of section 73*) are deemed to be prudently acquired and useful for the operation of an electric power transmission or distribution system.

Moreover, any expenditures arising from transmission service contracts or contracts relating to distribution activities entered into before (*insert here the date of coming into force of this section*) are deemed to be necessary for the provision of the service.”

56. Section 167 of the said Act is replaced by the following section :

“167. At the request of the Government and according to the parameters it determines, the Régie shall, on the proposal of the electric power distributor, fix the conditions of a pilot project to enable consumers or a class of consumers the Régie designates in accordance with the rules of the project to be supplied electric power by a supplier of their choice. The Régie shall then adjust the rate of the electric power distributor in accordance with the conditions of the pilot project.”

57. The said Act is amended by adding the following schedule at the end:

“SCHEDULE I

“Cost of heritage pool electricity  
by class of consumers

Class	Cost
D and DM rates	3.24¢/kWh
DH rate	3.13¢/kWh
G rate and flat rate	2.95¢/kWh
G-9 rate	2.80¢/kWh
M rate	2.72¢/kWh
L rate	2.47¢/kWh
DT rate	2.67¢/kWh
Public and Sentinel lighting rates	2.63¢/kWh ”.

AMENDING PROVISIONS

58. Section 149 of the Act respecting land use planning and development (R.S.Q., chapter A-19.1) is amended by adding “or, under the Act respecting the Régie de l’énergie (chapter R-6.01), requires authorization by the Régie de l’énergie” at the end of subparagraph 2 of the second paragraph.

59. Section 151 of the said Act is amended by inserting “or, under the Act respecting the Régie de l’énergie (chapter R-6.01), requires authorization by the Régie de l’énergie” after “Government” in the second line of the fourth paragraph.

60. Article 678 of the Municipal Code of Québec (R.S.Q., chapter C-27.1) is amended by adding the following paragraph:

“Any regional county municipality may also make, amend or repeal by-laws or, as the case may be, resolutions for the creation of a limited partnership with a private-sector enterprise for the purpose of producing electric power by means of a hydro-electric power station with a generating capacity of 50 megawatts or less attributable to hydraulic power vested in the domain of the State. Articles 557.1 and 557.2 apply with the necessary modifications.”

61. Section 6.1 of the Act respecting the exportation of electric power (R.S.Q., chapter E-23) is replaced by the following section:

“6.1. Contracts relating to the exportation of electric power by Hydro-Québec must be submitted to the Government for authorization in the cases

determined by the Government and are subject to such conditions as the Government may then determine.”

62. Section 22 of the Hydro-Québec Act (R.S.Q., chapter H-5) is amended by adding the following paragraphs :

“The Company must supply the heritage electricity pool as established by the Act respecting the Régie de l’énergie (chapter R-6.01).

The Government shall determine the characteristics of the supply to Québec markets of 165 terawatt-hours of heritage pool electricity. The supply must include all necessary and generally recognized services to ensure its security and reliability.”

63. Section 22.0.1 of the said Act is amended

(1) by replacing “supply” in the first line of the first paragraph by “distribution”;

(2) by replacing the second paragraph by the following paragraph :

“However, notwithstanding paragraph 1 of section 31 of the Act respecting the Régie de l’énergie (chapter R-6.01), the Government may fix, in respect of a special contract, the rates and conditions for the distribution of electric power by the Company to a consumer or a class of consumers.”

64. The said Act is amended by inserting the following section after section 24:

“24.1. The Government may reduce the heritage pool electricity cost attributed to a class of consumers pursuant to section 52.2 of the Act respecting the Régie de l’énergie (chapter R-6.01).”

65. Section 29 of the said Act, amended by section 145 of chapter 40 of the statutes of 1999, is again amended by replacing the seventh paragraph by the following paragraph :

“However, the construction of immovables intended for the production of electric power by the Company must first be authorized by the Government in the cases and under the conditions determined by the Government.”

66. Section 3 of the Watercourses Act (R.S.Q., chapter R-13) is amended by adding the following paragraph :

“Before recommending to the Government the lease of hydraulic power under subparagraph 2 of the second paragraph, the Minister may consult with the regional county municipality concerning the implications of a hydro-electric project in its territory.”

67. Section 69.2 of the said Act, amended by section 251 of chapter 40 of the statutes of 1999, is again amended

(1) by replacing “Sections 68 and 69” in the first line by “Section 68”;

(2) by adding the following paragraph:

“However, the exemption provided in the first paragraph does not apply to a regional county municipality that is a partner in a limited partnership pursuant to the second paragraph of article 678 of the Municipal Code of Québec (chapter C-27.1).”

68. The words “Régie de l’énergie” are replaced by “Commission municipale du Québec” wherever they appear in the following legislative provisions:

(1) paragraph 18 of section 415 of the Cities and Towns Act (R.S.Q., chapter C-19);

(2) paragraph 7 of article 557 of the Municipal Code of Québec (R.S.Q., chapter C-27.1);

(3) section 2 of the Act respecting certain public utility installations (R.S.Q., chapter I-13).

The same applies, unless the context indicates otherwise, to municipal charters.

#### TRANSITIONAL AND FINAL PROVISIONS

69. All matters brought pursuant to provisions referred to in section 68 that are pending before the Régie de l’énergie on (*insert here the date of coming into force of this section*) shall be transferred to and continued before the Commission municipale du Québec.

The records and documents of the Régie de l’énergie relating to transferred matters become records and documents of the Commission municipale du Québec.

70. This Act comes into force on (*insert here the date of assent to this Act*), except sections 58, 59, 65, 68 and 69, which come into force on the date or dates to be fixed by the Government.