



NATIONAL ASSEMBLY OF QUÉBEC

SECOND SESSION

FORTY-SECOND LEGISLATURE

Bill 43

**An Act mainly to cap the indexation
rate for electric power distribution
rate prices**

Introduction

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

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EXPLANATORY NOTES

This bill amends mainly the Hydro-Québec Act in order to cap the indexation rate for electric power distribution rate prices.

The bill further amends the Hydro-Québec Act to specify that Hydro-Québec is to pay a charge into the Generations Fund for all the water power it develops in Québec. It also validates the charges paid into that fund by Hydro-Québec since 1 January 2007.

LEGISLATION AMENDED BY THIS BILL:

- Hydro-Québec Act (chapter H-5);
- Act to reduce the debt and establish the Generations Fund (chapter R-2.2.0.1);
- Act respecting the Régie de l'énergie (chapter R-6.01).

Bill 43

AN ACT MAINLY TO CAP THE INDEXATION RATE FOR ELECTRIC POWER DISTRIBUTION RATE PRICES

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

CHAPTER I

AMENDING PROVISIONS

HYDRO-QUÉBEC ACT

1. Section 16 of the Hydro-Québec Act (chapter H-5) is amended by replacing “under the second paragraph of section 32” in the first paragraph by “under section 16.1 of this Act”.

2. The Act is amended by inserting the following section after section 16:

“**16.1.** The Company shall pay a charge into the Generations Fund for all the waterpowers it develops in Québec, including those placed at its disposal under section 32.

The Company shall pay the charge in the manner described in section 69.3 of the Watercourses Act (chapter R-13).

The rate of the charge is \$0.83 per 1,000 kilowatt-hours computed on 1 January 2022 and shall be indexed on 1 January each year according to the percentage of increase, in relation to the preceding year, in the Consumer Price Index for Canada, as published by Statistics Canada under the Statistics Act (Revised Statutes of Canada, 1985, chapter S-19). For that purpose, the Consumer Price Index for a year is the average monthly index for the 12 months ending on 30 September of the preceding year.

If an annual average or the percentage computed under the third paragraph, or the rate of the charge so indexed, has more than two decimals, it is rounded off to the second decimal place. If the third decimal digit is equal to or greater than 5, the second decimal digit is rounded up.

The Minister of Natural Resources and Wildlife shall publish, in the *Gazette officielle du Québec*, the rate of the charges so indexed.”

3. Section 22.0.1.1 of the Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs:

“The prices of the rates set out in Schedule I, except those of Rate L, of the credit for supply at medium or high voltage and of the adjustment for transformation losses, are indexed by operation of law on 1 April each year, according to the following formula:

$$A \times (1 + B).$$

In the formula in the first paragraph,

(1) the letter A represents a rate price as at the preceding 31 March; and

(2) the letter B represents the lower of the following rates:

(a) the rate corresponding to the annual change in the overall average Québec consumer price index without alcoholic beverages, tobacco products and recreational cannabis for the 12-month period ending on 30 September of the year preceding that for which the price referred to in subparagraph 1 is to be indexed; and

(b) the top rate of the Bank of Canada’s inflation-control range as at 30 September of the year before the year for which the price referred to in subparagraph 1 is to be indexed.

The prices of Rate L, of the credit for supply at medium or high voltage and of the adjustment for transformation losses are indexed by operation of law on 1 April each year, according to the following formula:

$$A \times [1 + (B \times C)].$$

In the formula in the third paragraph,

(1) the letter A represents, as applicable, a Rate L price, a price of the credit for supply at medium or high voltage or the price of the adjustment for transformation losses as at the preceding 31 March;

(2) the letter B represents the lower of the following rates:

(a) the rate corresponding to the annual change in the overall average Québec consumer price index without alcoholic beverages, tobacco products and recreational cannabis for the 12-month period ending on 30 September of the year preceding that for which the price referred to in subparagraph 1 is to be indexed; and

(b) the top rate of the Bank of Canada's inflation-control range as at 30 September of the year before the year for which the price referred to in subparagraph 1 is to be indexed; and

(3) the letter C represents a rate that makes it possible to maintain the competitiveness of Rate L, which is fixed by the Régie de l'énergie on 1 April each year, taking into account, in particular, the principle of cross-subsidization between rates.

The Régie de l'énergie shall fix the rate provided for in subparagraph 3 of the fourth paragraph on the basis of the information sent to it under section 75.1 of the Act respecting the Régie de l'énergie (chapter R-6.01) as well as the documents and information communicated to it when the rates for the distribution of electric power are fixed or modified under section 48 of that Act. The Régie de l'énergie shall publish that rate on its website.”;

(2) in the introductory clause of the third paragraph,

(a) by replacing “Notwithstanding the first paragraph” by “Despite the preceding paragraphs”;

(b) by replacing “adjusted” by “indexed”;

(3) by replacing “adjustment” in the fourth paragraph by “indexation”.

4. Section 32 of the Act is amended by striking out the second, third, fourth and fifth paragraphs.

ACT TO REDUCE THE DEBT AND ESTABLISH THE GENERATIONS FUND

5. Section 3 of the Act to reduce the debt and establish the Generations Fund (chapter R-2.2.0.1) is amended by replacing “32” in subparagraph 1 of the first paragraph by “16.1”.

ACT RESPECTING THE RÉGIE DE L'ÉNERGIE

6. Section 25 of the Act respecting the Régie de l'énergie (chapter R-6.01) is amended by replacing “determines” and “the second” in the second paragraph by “fixes” and “subparagraph 3 of the fourth”, respectively.

7. Section 52.2 of the Act is amended by replacing “adjusted” in subparagraph 1 of the third paragraph by “indexed”.

CHAPTER II

TRANSITIONAL AND FINAL PROVISIONS

8. Despite any inconsistent provision, the charges paid into the Generations Fund by Hydro-Québec since 1 January 2007 under section 32 of the Hydro-Québec Act (chapter H-5), as it read before being amended by section 5, are deemed to have been validly paid into the Fund. Those sums belong to the Government.

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

