



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-SIXTH LEGISLATURE

Bill 8

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

Introduction

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

**Québec Official Publisher
1999**

EXPLANATORY NOTE

The object of this bill is to authorize the Minister of Natural Resources, in accordance with section 3 of the Watercourses Act, to lease part of the water power of the Shipshaw river to Abitibi-Consolidated Inc. The bill determines the term of the lease, provides for its possible renewal and sets out the conditions of the lease, including the obligation for the lessee to make developmental manufacturing investments in the Saguenay—Lac-Saint-Jean administrative region. The bill also determines the royalties to be paid by the lessee according to the quantity of electricity generated by the leased water power.

LEGISLATION REPEALED BY THIS BILL :

– Act respecting the leasing of part of the water-powers of the Shipshaw River (1950-51, chapter 26).

Bill 8

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

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

1. The Minister of Natural Resources is authorized to lease to Abitibi-Consolidated Inc., as provided for by this Act and subject to conditions considered by the Minister to be in keeping with the interests of Québec,

(1) the water power of that section of the Shipshaw river lying between the prolongation 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 Bloc B of the original survey of the Shipshaw river basin ;

(2) the right to use such water power by diverting the flow of the Shipshaw river, especially through lake Jim Gray, to the south limit of Bloc F of the original survey of the township of Falardeau.

2. The lessee is authorized to operate, maintain and rebuild the dams and other works erected for the exploitation of the water power referred to in section 1.

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

3. The lease shall be for a term of 10 years beginning on 1 January 2002 and may be renewed for a further 10-year term.

4. By the end of the lease, the lessee must have made developmental manufacturing investments in the Saguenay—Lac-Saint-Jean administrative region which translated into their present value in 1998 using an annual rate of 10% total at least \$390,000,000, exclusive of investments made for the purposes of production or transportation of electricity. Investments made after 14 April 1998 are eligible investments for the purposes of this provision.

Should such investments fall short of the required amount, the lessee shall pay to the Minister of Natural Resources, not later than 1 October 2012, an amount which translated into its future value in 2012 using an annual rate of 10% is equal to 20% of the difference between \$390,000,000 in 1998 and the present value in 1998 of investments made between 14 April 1998 and 31 December 2011, discounted at an annual rate of 10%.

5. If the lease is renewed, the lessee must make, during the term of the renewal, investments of the same nature as those referred to in section 4, in the same region, which translated into their present value in 2002 using an annual rate of 10% total at least \$150,000,000.

Should such investments fall short of the required amount, the lessee shall pay to the Minister of Natural Resources, before 1 October 2022, an amount which translated into its future value in 2022 using an annual rate of 10% is equal to 20% of the difference between \$150,000,000 in 2002 and the present value in 2002 of investments made during the term of the renewal, discounted at an annual rate of 10%.

6. Upon signing the lease, the lessee shall pay to the Minister of Natural Resources an amount equal to 15% of the amount the lessee would have obtained from the sale to Hydro-Québec of the electricity produced in a typical year determined by the lease, at the price offered by Hydro-Québec on the date of signing of the lease to producers operating hydro-electric generating stations of 25 MW or less.

7. In addition to the charge payable under section 68 of the Watercourses Act (R.S.Q., chapter R-13), the lessee is required to pay to the Minister of Natural Resources a royalty equivalent to the royalty determined under the *Politique concernant l'octroi et l'exploitation des forces hydrauliques du domaine public pour les centrales hydroélectriques de 25 MW et moins* or any policy that may have replaced that policy.

8. The lease shall determine rules governing the sale of electricity generated by the water power referred to in section 1 and not consumed by the plants operated by the lessee in the Saguenay—Lac-Saint-Jean administrative region as well as rules governing payment to the Minister of Natural Resources of part of the sale proceeds.

9. In addition to such grounds as may be stipulated in the lease, the following circumstances are grounds for cancellation of the lease by the Minister without any further formality or compensation :

(1) the closing of any of the plants operated by the lessee on (*insert here the date of assent to this Act*) in the Saguenay—Lac-Saint-Jean administrative region; or

(2) total consumption by the plants operated by the lessee in that region remaining, for three consecutive years, below 50% of the generating capacity of the water power referred to in section 1.

10. For the purposes of the determination of investments eligible under sections 4 and 5, the lessee shall, not later than 1 April 2003, provide to the Minister of Natural Resources audited and detailed financial data, prepared in keeping with generally accepted accounting principles, concerning the manufacturing investments made by the lessee between 14 April 1998 and 31 December 2002.

From 1 April 2004, the lessee shall provide annually to the Minister such financial data concerning the manufacturing investments made by the lessee in the course of the preceding year.

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

12. The lessee shall be liable for any damage attributable to operations and work carried out under this Act.

13. On the expiry of the lease or of its term of renewal, or in the event of cancellation of the lease, ownership of the works and improvements used for the exploitation of the water power referred to in section 1 shall, unless waived by the Government, be transferred to the State without any indemnity or compensation.

14. The Act respecting the leasing of part of the water-powers of the Shipshaw River (1950-51, chapter 26) is repealed.

15. This Act comes into force on (*insert here the date of assent to this Act*), except section 14, which comes into force on 1 January 2002.