

# LA RÉGIE DE L'ÉNERGIE

AUTHORIZING  
CAPITAL EXPENDITURES

APPROVING  
DISTRIBUTORS'  
SUPPLY PLANS

THE RÉGIE DE L'ÉNERGIE IS AN ECONOMIC REGULATORY AGENCY. ITS MISSION IS TO RECONCILE THE PUBLIC INTEREST, CONSUMER PROTECTION AND FAIR TREATMENT OF THE ELECTRIC POWER CARRIER AND THE ELECTRICITY AND NATURAL GAS DISTRIBUTORS. IT PROMOTES THE SATISFACTION OF ENERGY NEEDS THROUGH SUSTAINABLE DEVELOPMENT, WITH DUE REGARD FOR INDIVIDUAL AND COLLECTIVE EQUITY.

# MISSION VISION

TO BE AN ORGANIZATION THAT MAKES INFORMED, TIMELY DECISIONS, APPLIES EFFICIENT REGULATORY APPROACHES, AND SUPPORTS THE SMOOTH OPERATION OF THE QUÉBEC ENERGY MARKETS UNDER ITS JURISDICTION.

APPROVING ENERGY  
EFFICIENCY PROGRAMS

ENSURING RELIABILITY  
OF ELECTRICITY  
TRANSMISSION SYSTEMS

MONITORING PETROLEUM  
PRODUCT PRICES

# MESSAGE FROM THE CHAIRMAN

WE WELL KNOW THE IMPORTANCE OF ENERGY IN OUR DAILY LIVES. DURING THE PAST YEAR, QUEBECERS SPENT A TOTAL OF MORE THAN \$20 BILLION ON ENERGY AND THE ENERGY INDUSTRY MADE INVESTMENTS OF NEARLY \$5 BILLION IN QUÉBEC. ECONOMIC REGULATION PLAYS A VITAL ROLE BY ENSURING HARMONIOUS DEVELOPMENT ON A STABLE ECONOMIC FOUNDATION.

Economic stability has been a matter of particular concern in view of the economic turbulence in Québec during the past year, the after-effects of which may well be felt for years to come. A severe and sudden recession was followed by an economic recovery, accompanied by restructuring in many sectors of the Québec economy. The dust has yet to settle in the energy industry, which is facing the impact of decreased volumes and revenues, counterbalanced by prospects for a recovery in demand.

Québec energy markets have not been immune to the recessionary effects. The revenues of the natural gas and electricity distributors decreased. Lower prices for petroleum products were beneficial to consumers but jeopardized a segment of Québec's refining industry. The expected increase in interest rates could have an impact on investment levels.

This was the backdrop to the Régie's activities during the year past. It was a particularly busy year as we performed new responsibilities while handling a growing

number of cases and complaints. New accounting standards set to come into effect in the coming months could have a significant impact on utility regulation. Approval of transmission system reliability standards could also have a major impact on the scope of our responsibilities.

Transmission system reliability is a vital issue for our societies. It requires compliance monitoring, backed up by sanctions if necessary. The pursuit of reliability also entails major capital expenditures for network upgrades and the replacement of obsolete facilities. Massive investments will be required for this purpose in the coming years.

With increasing numbers of cases and limited resources, the Régie is under greater pressure than ever before to optimize its procedures while continuing to provide efficient regulation, in accordance with its legal obligations and its duty to act in the public interest. Therefore, the Régie must actively pursue opportunities for regulatory streamlining.

# MESSAGE FROM THE CHAIRMAN

THE ONGOING PURSUIT OF EFFICIENCY DEMANDS REVIEW OF SOME OF OUR REGULATORY APPROACHES.  
THE GOAL IS TO REGULATE NOT LESS BUT BETTER.

The ongoing pursuit of efficiency demands review of some of our regulatory approaches. For example, steering complaints from consumers of electricity and natural gas towards conciliation has yielded highly positive results. As a result of this innovative approach, introduced in 2004, more than 75% of cases are now settled out-of-court. Similarly, applications for authorization of capital expenditures are now examined using a streamlined procedure, allowing for faster decisions without affecting the integrity of the Régie's rulings.

The Régie has also adopted a new Intervenor Costs Payment Guide which grants costs for active, focused, structured participation in the Régie's proceedings. Under the Act respecting the Régie de l'énergie, such costs may be reimbursed. Each year, the Régie pays close to \$3 million to support intervenors' participation in its work.

The Régie is also working to optimize its internal processes. For example, a major effort has been made to set up an electronic filing system in order to speed the handling of the thousands of documents processed by the Clerk's office and improve the dissemination of documents via the Régie's website.

At the same time, the Régie is reviewing its strategic plan with a view to identifying areas for improvement in the near and medium term.

These efforts are aimed at providing regulation that supports the smooth operation of the Québec energy markets under the Régie's jurisdiction, regulation that balances the interests of all without constituting a burden by adding undue delays or excessive costs for consumers.

The Régie cannot act alone. It relies on contributions from all the participants in its work to help streamline the regulatory process. The Régie meets with stakeholders every year to discuss its modus operandi and possible improvements. The goal is to regulate not less but better. Potential solutions are being tested in various cases and we are confident of achieving positive results in the coming year.

In addition to taking stock of the past year and outlining the challenges ahead, this Annual Report provides an opportunity to pay tribute to everyone who helped make our work possible in 2009-2010. The Régie's commissioners and staff analyzed and processed complex files with the participation of stakeholders, who made a very constructive contribution to our work.



Jean-Paul Théorêt  
Chairman  
June 2010

# ADMINISTRATIVE ACTIVITIES



IN ADDITION TO REGULATORY ACTIVITIES, THE RÉGIE PERFORMS A VARIETY OF ADMINISTRATIVE AND OTHER FUNCTIONS. IN 2009-2010, THESE INCLUDED THE FOLLOWING ACTIVITIES:

- The 2009-2013 sustainable development action plan was applied, in accordance with the Sustainable Development Act
- The Regulation respecting the annual share payable to the Agence de l'efficacité énergétique was applied and notices of payment were issued
- The Regulation respecting the annual duty payable to the Green Fund was applied and notices of payment totalling \$200 million were issued
- An electronic document filing system was developed
- A monitoring system for mandatory electric power transmission system reliability standards was introduced
- The Régie participated in the work of the Canadian Association of Members of Public Utility Tribunals (CAMPUT)
- A training program was provided for new commissioners and staff
- The natural gas and energy efficiency directorate, the electricity transmission and petroleum products directorate and the electricity distribution directorate were created on April 1, 2009 under an administrative reorganization
- The Intervenor Costs Payment Guide was revised
- The Régie was selected to host the 5<sup>th</sup> World Forum on Energy Regulation, which will be held in Québec City in May 2012

# SUMMARY OF ACTIVITIES

## REGULATORY ACTIVITIES

The Régie rendered 115 decisions on applications during 2009-2010, some of which had far-reaching implications for all Quebecers. It also issued two opinions at the request of the Minister of Natural Resources and Wildlife, one concerning the impact of a transaction involving the McCormick hydroelectric generating station and the other concerning the discrepancy in gasoline prices and markups between Montréal and Québec City.

Through its rate decisions, capex authorizations and monitoring of the companies under its jurisdiction, the Régie ensures that rates are fair and reasonable, that the capital expenditures needed to maintain and extend the electric power transmission network and the electricity and natural gas distribution systems can be made, and that the regulated companies comply with the standards and conditions of service it has established.

In 2009-2010, the Régie received 31 applications and 232 complaints. It held 74 days of hearings, 11 working sessions, 23 preparatory meetings and 115 conciliation sessions.

DECISIONS	
ELECTRICITY DISTRIBUTION	34
ELECTRICITY TRANSMISSION	36
NATURAL GAS	31
AGENCE DE L'EFFICACITÉ ÉNERGÉTIQUE	9
PETROLEUM PRODUCTS	3
OTHER	2
<b>TOTAL</b>	<b>115</b>



# ELECTRICITY TRANSMISSION AND DISTRIBUTION

## IN 2009-2010, THE RÉGIE AUTHORIZED INVESTMENTS OF \$1.5 BILLION FOR THE MAINTENANCE AND DEVELOPMENT OF ELECTRICITY TRANSMISSION AND DISTRIBUTION FACILITIES.

With respect to electricity transmission, the Régie approved a revenue requirement of \$2.999 billion for 2010 and resulting rates and conditions for Hydro-Québec TransÉnergie. The Régie authorized the carrier to make capital expenditures totalling \$713.1 million during the period.

The Régie also began examining the application for approval of reliability standards, the registers of entities and facilities subject to the standards, and the sanctions guide. Adoption of these standards will enable the Régie to fulfil its mandate to ensure that electricity transmission complies with applicable standards.

## THE RÉGIE AUTHORIZED A 0.4% INCREASE IN ELECTRICITY DISTRIBUTION RATES AS OF APRIL 1, 2010.

With respect to electricity distribution, the Régie fixed the rates for all Québec consumers as of April 1, 2010 and authorized an average 0.4% rate increase. The authorized revenue requirement for Hydro-Québec Distribution is \$10.334 billion for the 2010 rate year. The Régie authorized \$790.1 million in capital expenditures for construction and upgrading of electricity distribution facilities.

The Régie also approved Hydro-Québec Distribution's \$249 million energy efficiency budget for 2010 and the update of the distributor's 2003-2010 comprehensive energy efficiency plan. Over this period, the distributor will have invested \$1.077 billion in these programs and activities, and customers will have spent an additional \$608 million under the energy efficiency plan. Projected energy savings over the life of the plan total 4.6 TWh.

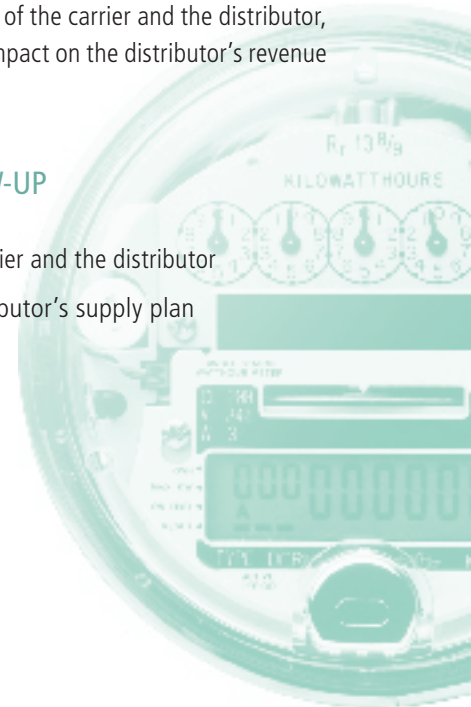
The Régie accepted a request to approve a memorandum of understanding concerning temporary suspension of electricity generation at the TransCanada Energy power plant in Bécancour for the year 2010. It also approved the comprehensive framework agreement with Hydro-Québec Production for the period of January 1, 2009 to December 31, 2013.

The Régie monitored the application of the tender solicitation procedure for long-term contracts and the purchase of energy and capacity on the spot market. In 2009-2010, two calls for tenders for long-term contracts were issued. Proposals for the contract to supply energy from biomass cogeneration were filed on October 20, 2009 and proposals for energy from Aboriginal and community wind generation projects will be filed in 2010. The Régie also examined and approved a program to purchase electricity from small hydroelectric generating stations (50 MW or less). The selected projects will be announced in 2010.

In connection with the transition to International Financial Reporting Standards (IFRS), the Régie approved changes in the depreciation calculation method of the carrier and the distributor, which will have a \$245 million impact on the distributor's revenue requirement.

## ADMINISTRATIVE FOLLOW-UP

- Annual reports from the carrier and the distributor
- Progress report on the distributor's supply plan



# NATURAL GAS

THE AVERAGE PRICE OF SYSTEM GAS WAS \$5.25 PER GIGAJoule FOR THE YEAR, DOWN 28% FROM THE PREVIOUS YEAR.

For natural gas, the Régie authorized an average 0.7% decrease in Gaz Métro's transmission, load balancing and distribution rates as of October 1, 2009. The distributor's authorized revenue requirement was set at \$842.6 million. In the same hearing, the Régie also approved Gaz Métro's supply plan, capital expenditures, comprehensive energy efficiency plan, and the annual action plan for its energy efficiency fund.

The Régie also set distribution rates for Gazifère, approving an average rate increase of 3.1% as of January 1, 2010. Gazifère's annual report, supply plan and capital expenditures were approved in the same proceeding.

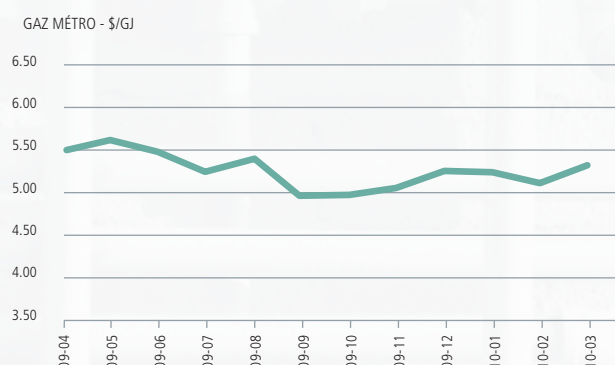
The Régie continued work on setting the two gas distributors' terms of service. The new terms of service, which clarify and harmonize relations between natural gas consumers and distributors, will come into force in January 2010 for Gazifère and October 2010 for Gaz Métro.

The Régie also authorized the natural gas distributors to invest \$130.6 million in extending, strengthening and upgrading their networks.

## ADMINISTRATIVE FOLLOW-UP

- Monthly check of the system gas price Gaz Métro charges its customers
- Application for approval of mid-year rate adjustments for the distributors

SYSTEM GAS PRICE BY MONTH





# ENERGY EFFICIENCY

## MORE THAN \$900 MILLION WAS INVESTED IN ENERGY EFFICIENCY IN QUÉBEC LAST YEAR.

The regulated companies and the Agence de l'efficacité énergétique will have spent approximately \$315 million in 2009-2010 to support energy efficiency efforts. The initiatives implemented by the distributors are expected to save 708 GWh of electricity and 33 Mm<sup>3</sup> of natural gas over the lives of their energy efficiency plans. The Agence's programs should generate total savings of 253 TJ over their duration.

In electric power distribution, more than \$228 million was spent in 2009 to promote the implementation of energy efficiency measures by all classes of customers. Some programs in the electricity distributor's comprehensive energy efficiency plan are intended for wide deployment. The difficult economic environment in 2009 had a significant impact on energy efficiency outcomes. Nevertheless, the electric power distributor reports that it is confident of achieving its targets for 2015. The Régie has asked it to develop an action plan to promote geothermal energy and a commercial dual energy program.

In the case of natural gas, the Régie authorized 2010 annual budgets of \$12.7 million and \$0.5 million for the comprehensive energy efficiency plans of Gaz Métro and Gazifère respectively, plus \$3.1 million for Gaz Métro's energy efficiency fund. The two gas distributors' comprehensive energy efficiency plans target consumers within their service areas. They mainly promote the replacement of natural-gas-fuelled equipment for water heating, space heating and industrial processes.

### ENERGY EFFICIENCY: EXPENDITURES

HYDRO-QUÉBEC	\$228 M
GAZ MÉTRO	\$16 M
GAZIFÈRE	\$1 M
AGENCE DE L'EFFICACITÉ ÉNERGÉTIQUE	\$70 M
<b>TOTAL</b>	<b>\$315 M</b>

## THE COMPREHENSIVE ENERGY EFFICIENCY AND NEW TECHNOLOGIES PLAN OF THE AGENCE

The Régie is responsible for approving the comprehensive energy efficiency and new technologies plan of the Agence de l'efficacité énergétique and the related annual budgets. It completed its review of the first plan on July 10, 2009.

In its decision rendered in July 2009, the Régie authorized the Agence's 2009-2010 budget, which provides for a revenue requirement of \$63,127,693 for the purpose of calculating the share payable by the subject companies.

The Régie also produced an audit report on the progress of the comprehensive energy efficiency and new technologies plan in 2008-2009.

# PETROLEUM PRODUCTS

THE AVERAGE PRICE OF GASOLINE WAS DOWN 10% FROM THE PREVIOUS YEAR.



The Régie continued monitoring the prices of gasoline, diesel fuel and light fuel oil, and publishing the estimated minimum price and the Bulletin d'information sur les prix des produits pétroliers au Québec, a weekly report on petroleum product prices in Québec. Since June 2007, it has also been publishing a daily cost price indicator and a daily report on the price of regular gasoline. The Régie responded to nearly a thousand enquiries from the public and the media on this subject.

On December 15, 2009, the Régie submitted an opinion to the Minister on gasoline retail price and markup differentials between Montréal and Québec City. The Régie concluded that the differences in the retail price, in price fluctuations and in market conditions between Montréal and Québec City result from each market's specific geographic, demographic and economic features. The retail price varies more frequently in Montréal than in Québec City, where the price tends to be stable for periods of some time. The Montréal market seems to be more sensitive than Québec City to changes in market conditions and in the price at the loading ramp. However, compared with other Canadian cities, Montréal and Québec City have among the smallest variations in the pre-tax price.

On March 10, 2010, the Régie rendered its decision determining the operating costs of gasoline and diesel fuel retailers, which it maintained at 3¢/litre. That figure represents all the costs borne by a retailer operating a self-service gas station open 18 hours per day, 7 days per week, and selling 3.5 million litres of fuel per year. The Régie decided that it would not be expedient to include this amount in retailers' costs for the purpose of application of section 67 of the Petroleum Products Act and that it would not be appropriate to set different amounts per region.

As part of its continuous improvement drive, the Régie worked to enrich the content of its publications and to make its website more dynamic and user-friendly. These enhancements will be phased in over the coming years. To implement these improvements, the Régie will meet with stakeholders in order to better understand the workings of the market and identify opportunities for cooperation.

## PRICE MOVEMENTS

From April 1, 2009 to March 31, 2010, the weighted average price of regular gasoline at the pump for Québec as a whole was 101.3¢/litre, compared with 111.4¢/litre during the same period of the previous year. During the period, the average weekly minimum price at the loading ramp in Montréal decreased from 67.4¢/litre in 2008-2009 to 58.8¢/litre in 2009-2010. The price fluctuations at the loading ramp were reflected in the estimated minimum price. From April 1, 2009 to March 31, 2010, the weighted average estimated minimum price for Québec as a whole was 95.3¢/litre, down 9.7¢/litre from 2008-2009. The average spread between the weighted retail price of regular gasoline, before taxes, and the estimated minimum price was 5.3¢/litre during the period of April 1, 2009 to March 31, 2010, compared with 5.7¢/litre in 2008-2009.

The weighted average price of light fuel oil in Québec as a whole was 72.7¢/litre, a 12.7¢/litre decrease from the previous year. The weighted average price of diesel fuel was 99.1¢/litre in 2009-2010, a decrease of 23.5¢/litre from the previous year.

FUEL	INDICATOR	RETAIL PRICE	DATE
REGULAR GASOLINE	LOW	88.1	2009-04-13
	<b>AVERAGE</b>	<b>101.3</b>	
	PEAK	107.8	2009-03-01
LIGHT FUEL OIL	LOW	64.5	2009-04-27
	<b>AVERAGE</b>	<b>72.7</b>	
	PEAK	80.0	2010-01-11
DIESEL	LOW	89.4	2009-05-04
	<b>AVERAGE</b>	<b>99.1</b>	
	PEAK	107.1	2010-01-11

# CLIENT RELATIONS

## 77% OF COMPLAINTS WERE SETTLED WITHOUT FORMAL HEARINGS

The Régie continued its free conciliation initiative to promote win-win solutions to disputes between distributors and customers. In connection with its authority to examine complaints from consumers of natural gas and electricity, the Régie received 232 complaints in 2009-2010, up almost 40% from the previous year. It held 115 conciliation sessions.

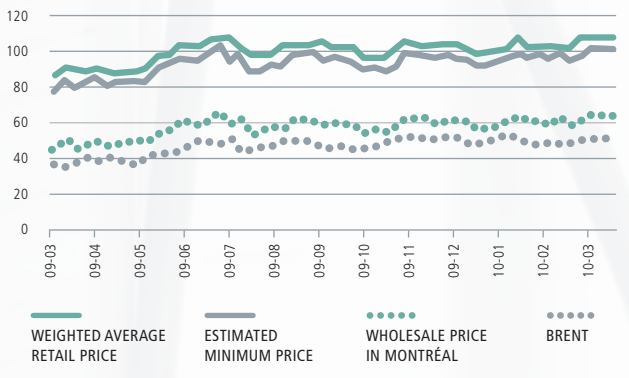
During the same period, 209 complaints were settled, 82 by agreement between the parties, 67 through conciliation, 23 by decision on the basis of the file, 24 after oral hearing, and 13 because they were withdrawn. 77% of complaints were therefore settled without formal hearing.

## INFORMING THE PUBLIC

The Régie responded to nearly 2,000 telephone enquiries from consumers during the past year. Once again, its info line played an important role in informing consumers.

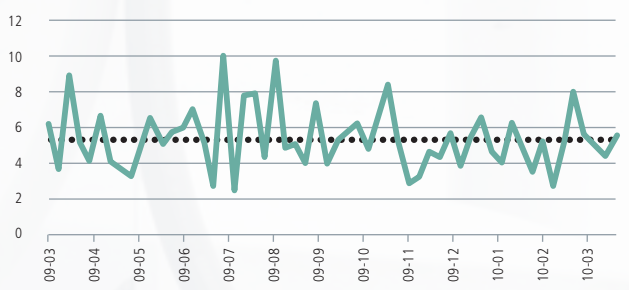
### PRICE MOVEMENTS

REGULAR GASOLINE - QUÉBEC AS A WHOLE - ¢/LITRE



### SPREAD BETWEEN AVERAGE PRICE AT THE PUMP AND WEIGHTED

ESTIMATED MINIMUM PRICE OF GASOLINE FOR QUÉBEC AS A WHOLE - ¢/LITRE



# PUBLIC PARTICIPATION

## PAYMENT OF INTERVENOR COSTS

The Régie may order the electricity carrier or any distributor of electricity or natural gas to pay, in whole or in part, expenses related to proceedings conducted under the Régie's authority. When the public interest warrants, the Régie may pay such costs for groups formed for the purpose of participating in its public hearings. The amount of the reimbursement is determined in accordance with the Act, the Rules of Procedure and the Intervenor Costs Payment Guide.

In 2009-2010, the Régie authorized the reimbursement of intervenor costs totalling \$2,722,571.

INTERVENOR COSTS, 2009-2010	
COSTS GRANTED BETWEEN APRIL 1, 2009 AND MARCH 31, 2010, BY FORM OF ENERGY	
ELECTRICITY	\$1,739,435
NATURAL GAS	\$766,583
PETROLEUM PRODUCTS	\$216,553
<b>TOTAL</b>	<b>\$2,722,571</b>

## APPLICATION OF THE NEW INTERVENOR COSTS

### PAYMENT GUIDE

The Régie revised its Intervenor Costs Payment Guide to grant costs for more focused, structured and active contributions. Comments from participants in the Régie's work were taken into account in the revision of the Guide. The new Guide came into effect in the summer of 2009.

# PARTICIPANTS IN THE RÉGIE'S WORK

Abitibi Bowater  
 Aérojoule  
 Agence de l'efficacité énergétique  
 Assembly of the first Nations of Quebec and Labrador  
 Association coopérative d'économie familiale de l'Outaouais  
 Association coopérative d'économie familiale de Québec  
 Association des redistributeurs d'électricité du Québec  
 Association québécoise de lutte contre la pollution atmosphérique  
 Association québécoise des consommateurs industriels d'électricité  
 Association québécoise des indépendants du pétrole  
 Association québécoise de la production d'énergie renouvelable  
 Brookfield Energy Marketing Inc.  
 Canadian Federation of Independent Business  
 Canadian Petroleum Products Institute  
 Communauté métisse des voyageurs de l'Est du Canada  
 Conférence régionale des élu(e)s de la Gaspésie—Îles-de-la-Madeleine  
 Coopératives regroupées en énergie renouvelable du Québec  
 Corporation métisse du Québec et de l'Est du Canada  
 Costco (Wholesale Canada Ltd.)  
 Écosolaire international  
 Énergie La Lièvre S.E.C.  
 Fédération québécoise des municipalités  
 Fédération québécoise pour le saumon atlantique  
 Franquelin municipality  
 Gazifère Inc.  
 Gaz Métro Limited Partnership  
 Goal Capital Inc.  
 Groupe de recherche appliquée en macroécologie  
 Hydro-Québec - Direction Contrôle des mouvements d'énergie  
 Hydro-Québec Distribution  
 Hydro-Québec TransÉnergie  
 Industrial gas user's association  
 Mi'gmawei Mawiomi  
 Minganie regional county municipality  
 Newfoundland and Labrador Hydro  
 Ontario Power Generation  
 Option Consommateurs  
 Québec Forest Industry Council  
 Regroupement des organismes environnementaux en énergie  
 Regroupement national des Conseils régionaux  
 de l'environnement du Québec  
 Rimouski-Neigette regional county municipality  
 Rio Tinto Alcan  
 Rivière-au-Tonnerre municipality  
 S.M. International Group Inc.  
 Société d'énergie rivière Franquelin  
 Société d'énergie rivière Sheldrake  
 Saint-Laurent Énergie  
 Stratégies énergétiques  
 TransCanada Energy Ltd.  
 Ultramar Ltd.  
 Union des consommateurs  
 Union des municipalités du Québec  
 Union des producteurs agricoles  
 Ville de East Angus  
 Ville de Saint-Jérôme

# SUSTAINABLE DEVELOPMENT 2009-2010 RESULTS

## GOVERNMENT OBJECTIVE 1

Raise awareness of the concept and principles of sustainable development. Foster sharing of experience and skills related to sustainable development and assimilation of the knowledge and know-how to implement it.

## ORGANIZATIONAL OBJECTIVE 1

Raise awareness of the nature and scope of the concept of sustainable development and its 16 principles.

<b>ACTION 1</b> Carry out activities that promote achievement of the government's awareness-raising and training plan for public servants.		
INITIATIVES	STATE OF PROGRESS	
Develop and deliver awareness-raising and training activities	In progress	
Provide training in the concept and principles of sustainable development for appropriate personnel	2 employees trained	
Produce electronic awareness-raising/information capsules and distribute to employees	8 capsules produced	
Measure employee knowledge of sustainable development	Planned	
INDICATORS	TARGET	2009-2010 OUTCOMES
Percentage of employees reached by awareness-raising activities	100% of employees by 2011	Target achieved
Percentage of designated administrative services staff who have acquired sufficient knowledge of sustainable development to factor it into the strategic activities for which they are responsible	100% of designated administrative services staff	Administrative services staff trained to take 16 principles of sustainable development into account

## ORGANIZATIONAL OBJECTIVE 2

For authorizations, use analytic tools that take the principles of sustainable development into account.

<b>ACTION 2</b> To assess administrative projects, adapt and test an analytic grid that takes sustainable development principles into account.		
INITIATIVES	STATE OF PROGRESS	
To analyze the Régie's administrative projects, adapt and use tools that take the principles of sustainable development into account	Completed	
Train appropriate employees to understand and use the tools	Planned	
INDICATORS	TARGET	2009-2010 OUTCOMES
Extent of use of analytic grid that takes the principles of sustainable development into account in assessing administrative projects	Validate two analytic tools by March 31, 2010	Tracking grid and scoping grid validated
	100% rate of use of approved tools by 2012	Planned: train appropriate employees in 2010-2011

## GOVERNMENT OBJECTIVE 4

Develop and promote a culture of prevention and create conditions conducive to health, safety and environmental responsibility.

## ORGANIZATIONAL OBJECTIVE 3

Maintain and improve employees' physical and psychological health.

<b>ACTION 3</b> Provide employees with a work environment that promotes health, safety and quality of life.		
INITIATIVES	STATE OF PROGRESS	
Produce and distribute awareness-raising and information capsules	2 capsules produced	
Continue delivering an employee assistance program	Completed	
Enhance the current program to promote physical activity	Completed	
Develop a program to promote better nutrition	Planned	
Give employees an opportunity to express their vision of the organization when the Régie's strategic plan is updated	In progress	
Give employees an opportunity to express their perception of their work at least once a year	Completed	
INDICATORS	TARGET	2009-2010 OUTCOMES
Number of employee consultation and information activities promoting health, safety and quality of life in the workplace	15 activities by March 31, 2013	3 information activities carried out

## ACTION 4

Promote and implement practices and activities that support human-powered transport

INITIATIVES		STATE OF PROGRESS
Raise awareness of walking and cycling as means of transport		In progress
Encourage employees to use the stairs through a special health-centred activity		Planned
Implement a program to facilitate cycling as a means of transport		Completed
INDICATORS	TARGET	2009-2010 OUTCOMES
Number of activities promoting a more energetic and physically active lifestyle	15 activities by March 31, 2013	4 activities carried out
Number of activities promoting reduced dependence on the automobile		

## GOVERNMENT OBJECTIVE 6

Implement environmental management measures and an environmentally responsible procurement policy at government ministries and agencies

## ORGANIZATIONAL OBJECTIVE 4

Promote the adoption of environmentally responsible practices in the Régie's daily management and administration activities

<b>ACTION 5</b> Implement practices and activities called for by the policy on environmentally responsible government		
INITIATIVES	STATE OF PROGRESS	
Develop an environmental management framework	Target completion date 2011, in accordance with the 2009-2013 sustainable development action plan	
Design, adapt and/or use responsible consumption support tools	Completed	
Gradually introduce and implement more environmentally friendly and socially responsible practices	Numerous environmentally responsible processes and actions introduced	
INDICATORS	TARGET	2009-2010 OUTCOMES
Progress on implementation of an environmental management framework, measures to promote achievement of Québec's environmental management objectives, and environmentally responsible procurement practices	Implement 10 measures or activities by 2011	Planned: measures will be incorporated into the environmental management framework
	Implement environmentally responsible actions by 2010	Target achieved
	Adopt an environmental management framework by 2011	Planned: target completion date 2011

## GOVERNMENT OBJECTIVE 7

Promote reduced use of energy, natural resources and physical resources in the production and marketing of goods and services

## ORGANIZATIONAL OBJECTIVE 5

Facilitate employee involvement in implementing and promoting energy efficiency

<b>ACTION 6</b> Promote energy efficiency to employees		
INITIATIVES	STATE OF PROGRESS	
Hold information and training sessions on energy efficiency programs	In progress	
Develop an energy efficiency action plan for the Régie and implement it by March 31, 2010	Energy efficiency action plan adopted and implemented	
INDICATORS	TARGET	2009-2010 OUTCOMES
Percentage of employees reached by activities that raise awareness of energy efficiency programs	75% of employees reached by March 31, 2010	100% of employees reached

The 2009-2013 sustainable development action plan is available on the Régie's website.

## THE RÉGIE'S ESTIMATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2010 ARE AS FOLLOWS:

ESTIMATED FINANCIAL RESULTS OF THE RÉGIE	
FISCAL YEAR ENDED MARCH 31, 2010	
OPENING ACCUMULATED SURPLUS	\$1,120,556
REVENUES	\$11,548,584
EXPENSES	\$11,909,137
<b>ENDING ACCUMULATED SURPLUS</b>	<b>\$760,003</b>

## OTHER INFORMATION

Estimated revenue as of May 21, 2010 for the fiscal year ended March 31, 2010 consisted primarily of the duties paid by the electric power carrier, the electric power distributors, including Hydro-Québec when carrying on distribution activities, the natural gas distributors, petroleum product distributors exceeding 100 million litres, and the fuel distributors, in accordance with the new Regulation respecting the annual duty payable to the Régie de l'énergie (section 112 of the Act, Order-in-Council 1379-2009, approved on December 21, 2009).

Pursuant to regulatory provisions, the audited accumulated surplus (deficit) at March 31, 2010, by form of energy, will be taken into account in calculating the rates and duty payable by the subject distributors and the duty payable by the electricity carrier for 2010-2011.

In accordance with section 106 of the Act and the related Order-in-Council (#832-2004), the Régie's budget forecasts for fiscal 2009-2010 were submitted to the Government on January 30, 2009 and were approved by Order-in-Council 617-2009 on May 27, 2009.

### 1. GENERAL PRINCIPLES

Commissioners shall at all times conduct themselves with loyalty and dignity, demonstrate reserve, and abstain from any statement or action that is incompatible with their duties. In the performance of their mandate, Commissioners shall promote the satisfaction of Québec's energy needs in accordance with the principles of sustainable development and with attention to economic, social and environmental concerns. They shall also reconcile the public interest, consumer protection and equitable treatment of distributors.

### 2. IMPARTIALITY

Commissioners shall demonstrate impartiality at all times. They shall act and be seen to act objectively and without prejudice. They shall abstain from expressing in public any opinions that might cast doubt on their objectivity or impartiality, or that of the Régie.

### 3. INDEPENDENCE

Commissioners shall at all times defend the independence of their office. They shall perform their duties free of all interference. They shall avoid placing themselves in a vulnerable position.

### 4. POLITICAL NEUTRALITY

Commissioners shall set aside their personal political opinions so as to perform their duties with the required objectivity. Commissioners shall exercise reserve in the public expression of their political opinions and shall not belong to any advocacy group that takes positions on energy-related matters.

### 5. CONFLICTS OF INTEREST

Commissioners shall avoid placing themselves in a position of conflict of interest. They shall arrange their personal affairs so as not to interfere with the performance of their duties. They shall not use the power of their position to obtain or grant any benefit or favour. Commissioners shall have no interest, direct or indirect, in any company that produces, transports, distributes or supplies energy, or in any organization, association or undertaking an interest in which would create a conflict between their personal interests and the duties of their position.

### 6. DECLARATION OF INTERESTS

Each Commissioner shall submit an annual written declaration to the Chairman of the Régie stating all the interests he or she possesses which he or she believes could create a conflict of interest.

### 7. RECUSAL

Commissioners shall recuse themselves from any deliberations in which their ability to deal impartially with the application under consideration could be in doubt. A Commissioner shall bring any situation which he or she deems to be problematic to the attention of the Chairman of the Régie.

### 8. CONFIDENTIALITY

Commissioners shall swear an oath of confidentiality upon entering upon their duties. Commissioners shall abstain from making any comment or taking any public position on any file, whether or not they are personally responsible for that file, and shall express their points of view only through the decisions rendered by the Régie. Commissioners shall at all times respect the confidentiality of the documents and information to which they are made privy in the course of their duties and may not use them for personal ends.

### 9. DUTY TO ACT WITH EQUITY

At hearings and in examining applications, Commissioners shall ensure that all participants have the opportunity to be heard and to make their arguments, insofar as those arguments are allowable and relevant. At hearings, Commissioners shall maintain order, taking a firm but courteous attitude which fosters mutual respect among all present.

### 10. COLLEGIALLY

Each Commissioner shall provide his or her colleagues with appropriate support, while respecting the authority of each. Commissioners shall strive to ensure that the decisions rendered by the Régie are consistent, so that all intervenors who appear before the Régie receive equitable treatment.

### 11. EXCELLENCE

Commissioners shall keep their professional skills and knowledge current so as to maintain the quality of their work.

### 12. DILIGENCE

Commissioners shall render written, reasoned decisions, effectively and diligently, in plain language.

### 13. OATH

Upon entering upon their duties, Commissioners shall take the following oath: "I, . . . , Commissioner, do solemnly declare that I will exercise the powers and perform the duties of my position impartially and honestly, to the best of my ability and knowledge."

# 2010-2011 CASES

## ELECTRICITY TRANSMISSION

### Rates and conditions of service

- 2009 annual report
- 2009 transmission rates (Phase II)
- 2011 transmission rates

### Capital expenditures

- Batch approval of capital projects under \$25 million
- Connection of 2000 MW of wind power (2<sup>nd</sup> tender solicitation)
- La Romaine connection
- Beauceville–Sainte-Marie line
- Cadillac-Rouyn lines
- Mauricie-Lanaudière line
- Beaumont substation
- Blainville–Nord-Saint-Janvier substation
- Bout-de-l'Île substation
- Lachenaie substation
- Pierre-Le Gardeur substation

### System reliability and technical requirements for system connections

- Approval of technical requirements for transmission system connections
- Approval of reliability standards
- Change to appointment of Québec reliability coordinator and to some provisions of the reliability coordinator's code of ethics

## ELECTRICITY DISTRIBUTION

### Rates and conditions of service

- Application to create a deferred charge account in connection with the remote meter reading project
- Review of power quality standards and of measures respecting breaches of the Conditions for Electrical Service
- 2009 annual report
- Monitoring of energy efficiency plan assessment reports
- 2011 distribution rates, including energy efficiency plan

### Capital expenditures

- Batch approval of capital projects under \$10 million
- Closed-loop voltage and capacitor control
- Akulivik generating plant and hybrid wind/diesel project
- Schefferville transmission line project

### Supply

- Approval of amendments to deferred energy agreements
- Approval of biomass contracts
- Approval of contracts for 500 MW of wind energy – community and Aboriginal projects
- 2011-2020 supply plan
- Renewal of wind power connection agreement
- Monitoring of tender solicitation for 500 MW of wind energy – community and Aboriginal projects
- Suspension of deliveries by TCE

## ELECTRICITY TRANSMISSION AND DISTRIBUTION

### Rates and conditions of service

- New international financial reporting standards

### Capital expenditures

- Bélanger substation
- Blainville–Nord-Saint-Janvier substation
- Bourassa-2 substation
- Charlesbourg substation
- Limoilou-Montcalm substation
- Neubois substation and lines
- Saint-Bruno de Montarville substation

## NATURAL GAS GAZ MÉTRO

### Rates and conditions of service

- Application for approval of method for calculating billed costs for use of LSR plant in connection with initiative to sell LNG
- Application to amend rates as of October 1, 2010
- Migration to new international financial reporting standards
- Annual report, September 30, 2010
- Renewal of Gaz Métro's exclusive rights
- Renewal of performance incentive mechanism
- Renewal of Intragaz Pointe-du-Lac rate
- Monitoring of energy efficiency plan assessments
- Cost price for natural gas produced within Gaz Métro territory

### Capital expenditures

- Billing system replacement project
- LNG tank upgrade project at LSR plant

## NATURAL GAS GAZIFÈRE INC.

- Application for approval of system upgrade project
- 2011 rate case, closing of the books, renewal of incentive mechanism and supply plan, including energy efficiency plan

## AGENCE DE L'EFFICACITÉ ÉNERGÉTIQUE

- 2010-2011 budget for comprehensive energy efficiency and new technologies plan

## PETROLEUM PRODUCTS

- Analysis of impact of measures introduced by sections 59 and 139 on prices and commercial practices in the gasoline and diesel fuel retail business, in accordance with section 169 of the Act respecting the Régie de l'énergie

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**For more information on the Régie,  
its people, its accomplishments  
and current cases, see our website.**

 [www.regie-energie.qc.ca](http://www.regie-energie.qc.ca)

Legal deposit - 2010  
Bibliothèque nationale du Québec  
ISBN 978-2-550-59157-3  
© Gouvernement du Québec  
Ce document est également  
disponible en français

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de l'énergie**

**Québec** 