

3/24/2017

Hydro-Québec s'apprêterait à payer 500 M\$ pour cacher une ligne... aux États-Unis | JDQ

Hydro-Québec is preparing to pay \$ 500 million to hide a line ... in the United States



JEAN-NICOLAS BLANCHET
Wednesday, 8 March 2017 06:30
Update Wednesday, 8 March 2017 06:30

Hydro-Québec is preparing to pay half a billion dollars to bury nearly 100 km of a high voltage line on American soil, while refusing to pass underground 18 km of the same line in Quebec.

Hydro-Québec partner Eversource told Hydro-Québec that Hydro would bear the entire cost of the Northern Pass line, which is \$ 2.7 billion. This 388-km interconnection is expected to connect the Estrie to Deerfield, near Boston, starting in 2019. Construction is scheduled to begin next fall.

The underground passage, which adds \$ 500 million to the bill, will protect the magnificent landscapes of the White Mountains in New Hampshire. Many American citizens demanded it. In contrast, Hydro refused to bury a portion of the line in Quebec.

With the Northern Pass, Hydro dreams of increasing its exports to New England. It has always argued that it would pay the \$ 618 million for the 80 km of the line in Quebec, but that Eversource, the US promoter behind the project, would finance the \$ 2.1 billion needed to build The 308 km in the United States.

Convinced

However, on its website, Eversource indicates that it will recover the amounts invested in full. How? Thanks to the transportation costs Hydro will pay for 20 to 40 years to pass its electricity.

According to a study by the reputed consulting firm Analysis Group we obtained on Tuesday, this transportation fee is 5.5 cents per kilowatt hour. This is what seriously question the profitability of the project, according to experts.

Our Board of Inquiry asked Eversource if Hydro had guaranteed it to repay all development and construction costs. The answer was clear: "Yes, that's right," replied Kaitlyn Woods of the Media Relations Department.

Profitable

Hydro-Québec's director of communications, Serge Abergel, did not deny that Hydro could effectively reimburse Eversource through the cost of transportation. He noted, however, that the Crown corporation would not embark on the project without ensuring that it was profitable.

The spokesman also argues that some of the costs could "possibly" be borne by electricity distributors in New England, which is not confirmed.

Hydro will bid in the coming weeks for a long-term contract to operate the interconnection with Massachusetts. Even if Hydro could not get a long-term deal, it could proceed with the construction of the line anyway, confirmed Mr. Abergel.

Regarding landfill in the United States, Mr. Abergel says Eversource "made a decision regarding its market area". In Quebec, "we have to consider our considerations," he added, pointing out in passing the increase in construction costs, maintenance

3/24/2017

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difficulties and the lifetime of an underground tension line.

WHY NOT IN QUEBEC?

While Hydro is paying to bury its lines in the United States, many Quebecers are unsuccessfully asking that it do the same in Quebec.

This is the case of Lisette Lapointe, the widow of former Prime Minister Jacques Parizeau. Mrs. Lapointe, Mayor of Saint-Adolphe-d'Howard, has been fighting for three years against the visual pollution that, according to her, would lead to a proposed line that passes through her municipality.

"How is it that we continue to build high voltage lines in this way, destroying landscapes, whereas in other societies, in our neighbors, we do not do that any more," he said. "She told the CBC last August.

Elsewhere, as in Lanaudière or Dollard-des-Ormeaux, citizens also demanded that projects go underground.

EXPERTS DOUBT THE PROJECT'S PROFITABILITY

Experts believe Hydro-Québec is "jovialist" about the Northern Pass project, whose profitability they are doubtful under the current conditions.

Electricity sells on average between 3 and 4 cents per kilowatt hour on the New England market, but Hydro Québec may have to pay 5.5 cents per kilowatt-hour for construction costs in the United States. At that price, it would export at a loss.

Is the project worth it? "My answer is no (...) Electricity prices have never been so low," says Jean-Thomas Bernard, energy market specialist at the University of Ottawa .

And in ten years, will it be profitable? "Not impossible," said the expert, who emphasizes however that Hydro has held an optimistic speech for 15 years because of tougher policies against greenhouse gases. However, he notes, the latter are slow to materialize. "And I doubt it will happen with Donald Trump," he said. The new US president expressed interest in the coal and oil industries.

Professor Bernard also recalled the significant production of electricity from natural gas in New England. In addition, he points out that wind and solar sources are growing and production costs are increasingly approaching those of hydro-electricity.

«Beautiful pink glasses»

According to ISO New England, which oversees the energy market in this region, between 2008 and 2016, the value of the energy market fell 275% from \$ 12.1 billion to \$ 4.1 billion. For 17 years, electricity has never been as affordable in this sector.

Hydro therefore bears "beautiful pink glasses", according to the image of Jean-Pierre Finet, energy management analyst for the Regroupement des organisations environnementales en énergie. "The profitability of exports is essentially based on the prospect of severe winters, which was the last time in the winter of 2013-2014 and which will not necessarily be sustained over the next few years."

For its part, Hydro Quebec spokesman Serge Abergel maintains that New England has a strong interest in renewable energies.

If Hydro seeks to realize this project, "it is because we think it is interesting" and "profitable", he insists.

Of course, prices are less attractive, but even in this market, there are opportunities to seize, he maintains.

Mr. Abergel pointed out that exports outside Quebec in 2015 yielded \$ 900 million in profits to the Crown corporation, half of which came from the New England markets. These profits decreased by \$ 79 million between the first three quarters of 2015 and those of 2016.

Contact Jean-Nicolas Blanchet in confidence

3/10/2017

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Hydro-Québec and sale at a loss in the United States



BERTRAND SCHEPPER

Thursday 9 March 2017 14:40

Update Thursday, 9 March 2017 14:43

The past few days have been tumultuous for Hydro-Québec and its **Northern Pass Transmission (NPT)** project. Recall that Hydro-Québec proposed to invest **\$ 1.6 billion** to sell a portion of its large **surpluses** to New England. That sounded good news. Yet the project already had lead in the wing. Hydro-Québec seems to take all the risks and leaves the benefits to the Americans. All this by denying the privileges granted to the American population to the people of Quebec.

The NPT project consists of a high voltage power line that would link Sherbrooke to New England. To do so, Hydro-Québec had to build an **airline to the border** (page 71), and then its partner, the American company Eversource, buried a line for about **100 km** on the American side, mainly in New Hampshire. The reason for this burial is that the project layout, both on the Quebec and the American side, crosses **the Hereford community forest**, a protected territory that spans the border. Thus, in Hydro-Québec's plan, the line would be buried in the United States, but not in Quebec, even if the line crosses the same protected forest. This is because, unlike Quebec,

This situation, not foreseen in Hydro-Québec's initial plans, therefore requires additional investments in the order of \$ 400 million to \$ 500 million Canadian. Expenditure which was initially to be assumed by Eversource. Subsequently, it must be passed on to Hydro-Québec, which ensures that consumers in New England **will not pay a penny for the construction of the project**.

It should be noted that economic studies predict that landfilling on the American side would create **2,600 jobs** during the construction phase in New Hampshire. Of course, you have to be careful with the numbers ordered by Eversource.

Hydro-Québec has refrained from bearing the costs of Eversource, although everything indicated the opposite, considering that the selling prices in New Hampshire range around 3 to 4 sous of kWh, whereas, due to the burial, Hydro will only offer a price of **5.5 under kw / h including transport**. In short, to sell its electricity, Hydro will have to do it at a price lower than its production and export costs.

To justify this deficit situation, Hydro-Québec hoped that, over the long term, energy prices would rise. For the moment, however, there is no indication that this hypothesis is credible. Although Hydro-Québec denied the loss-making situation, it changed its mind the next day and admitted that it **could indirectly pay for the construction costs**.

This is Google's cache of <http://news.hydroquebec.com/en/press-releases/1178/northern-pass-project-hydro-quebec-wont-pay-a-cent-for-line-on-american-side/> (<http://news.hydroquebec.com/en/press-releases/1178/northern-pass-project-hydro-quebec-wont-pay-a-cent-for-line-on-american-side/>). It is a snapshot of the page as it appeared on Mar 8, 2017 20:18:59 GMT.

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Montréal, March 8, 2017

Press Release

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Northern Pass Project : Hydro-Québec won't pay a cent for line on American side

Hydro-Québec vigorously rebuts the article in the *Journal de Montréal* titled "Hydro will pay for line in U.S." The content of the article is totally false. We won't pay a cent for the Northern Pass transmission line on the American side. American consumers will pay the transmission costs in the U.S. through their electricity rates. The project is designed to be profitable to Hydro-Québec, and thus to all Quebecers.

Massachusetts wants a supply of clean energy at a stable price. To this end, it passed *An Act Relative to Energy Diversity*, known familiarly as the Baker Act. The Act will lead to the launch of a request for proposals for a large amount of hydropower within the next few weeks. Under the RFP, the selected suppliers' transmission costs will be paid by the electrical utilities. So it will be American customers who, through their electricity rates, will pay the costs of the line.

The Northern Pass project consists in building an 80-km line on the Québec side and a 3007km line on the American side, at a cost of C\$600 million on the Québec side and US\$1.6 billion on the American side, under the responsibility of Eversource.

For information:

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Montréal, March 9, 2017

Press Release

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Northern Pass line: Hydro-Québec has no intention to abandon the project

With a view to openness and transparency, we contacted the journalist Jean-Nicholas Blanchet yesterday to explain once again Hydro-Québec's participation in the Northern Pass line project. Mr. Blanchet's conclusions from our conversation remain erroneous. Hydro-Québec has absolutely no intention to abandon the project.

Hydro-Québec wishes to reiterate the position we shared with numerous Québec media on Wednesday:

- Hydro-Québec will not pay for the line in the U.S.
- Hydro-Québec will make sure this project is profitable for Quebecers.

We firmly believe in the strength of our alliance with our American partner, Eversource. We intend to submit this project to the request for proposals the state of Massachusetts will be issuing soon. This project will benefit both Québec and the New England states.

Year to year, Hydro-Québec seizes business opportunities on export markets, which form a large part of its profits, for the benefit of Quebecers as a whole.