



# IGUA Board Meeting Updates from Énergir

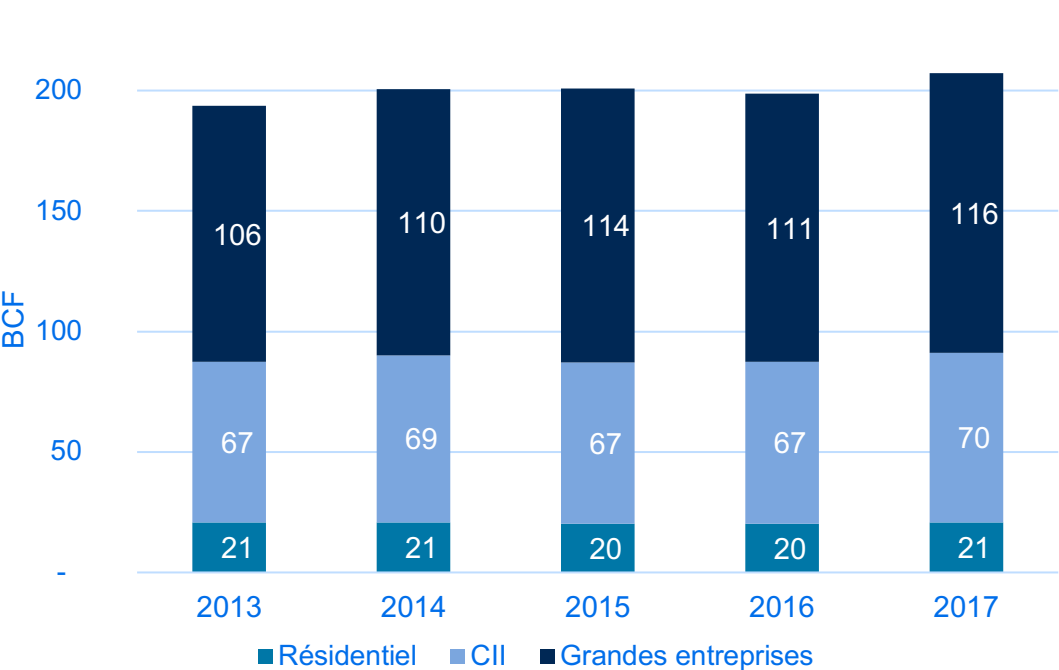
Presented by Dave Rhéaume

May 16, 2018

# Stable deliveries in all markets

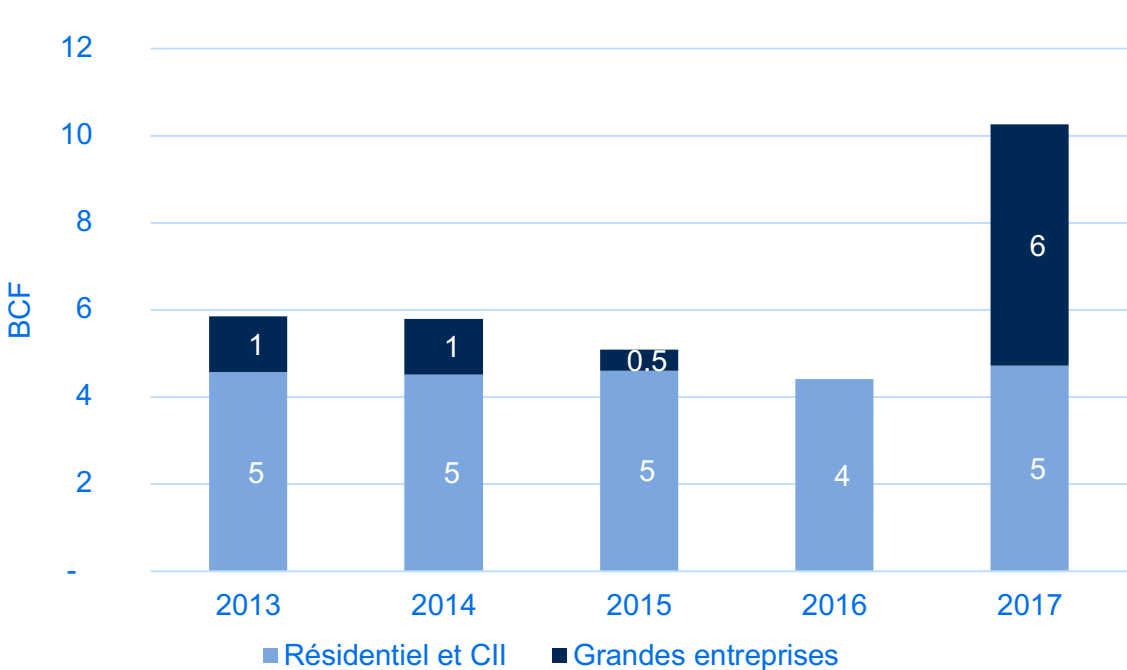


Volume growth by market



In 2017, Quebec's GDP growth was exceptionally strong (highest since 2003), which led to very high deliveries in all markets, particularly large companies.

New sales and volume additions



The new volumes are globally counterbalanced by customer losses and volume reductions (energy efficiency, etc.).

Note: CII = Commercial, Institutionnal and smaller Industrial

# Gas Network extension projets

ÉNERGIR



# Cost of carbon:

## Federal tax should not impact Quebec

- **Carbon Tax** - The carbon tax that the federal government is proposing is for provinces and territories that do not have a carbon pricing system that is at least as stringent as the federal government anticipates. According to the general understanding (which has not yet been formalized by the federal government), Quebec's SPEDE (Cap-and-Trade System for Emission Allowances) is at least as binding because Quebec is aiming for a GHG reduction of -37.5% in 2030 compared to 1990 when Ottawa aims a reduction of -30% in 2030 compared to 2005. It is this rate of reduction (and some other criteria on coverage, etc.) that should ensure that the Quebec SPEDE would be recognized, not the price per tonne of GHG in relation to the price of the federal tax. **So only the SPEDE and not the federal carbon pricing would apply in Quebec.** The recognition of SPEDE in Quebec should be confirmed this year at the latest.
- **Exemption mechanism for large emitters** - At the level of the federal tax, there is a component equivalent to the concept of "large emitters" in Quebec. This is a performance-based pricing for emitters that emit more than 50,000 tonnes (vs. 25,000 tonnes in Quebec), which targets GHG reductions in intensity (per unit of production) and not reductions Absolute GHG emissions. Firms should assume a carbon cost if their GHG intensity per unit produced is higher than a certain threshold, while those with lower intensity would obtain credit. **If the SPEDE of Quebec is recognized (according to the same criteria as above), this part of the federal framework will not apply either.**

# Cost of carbon:

## Voluntary membership extended to smaller industrials



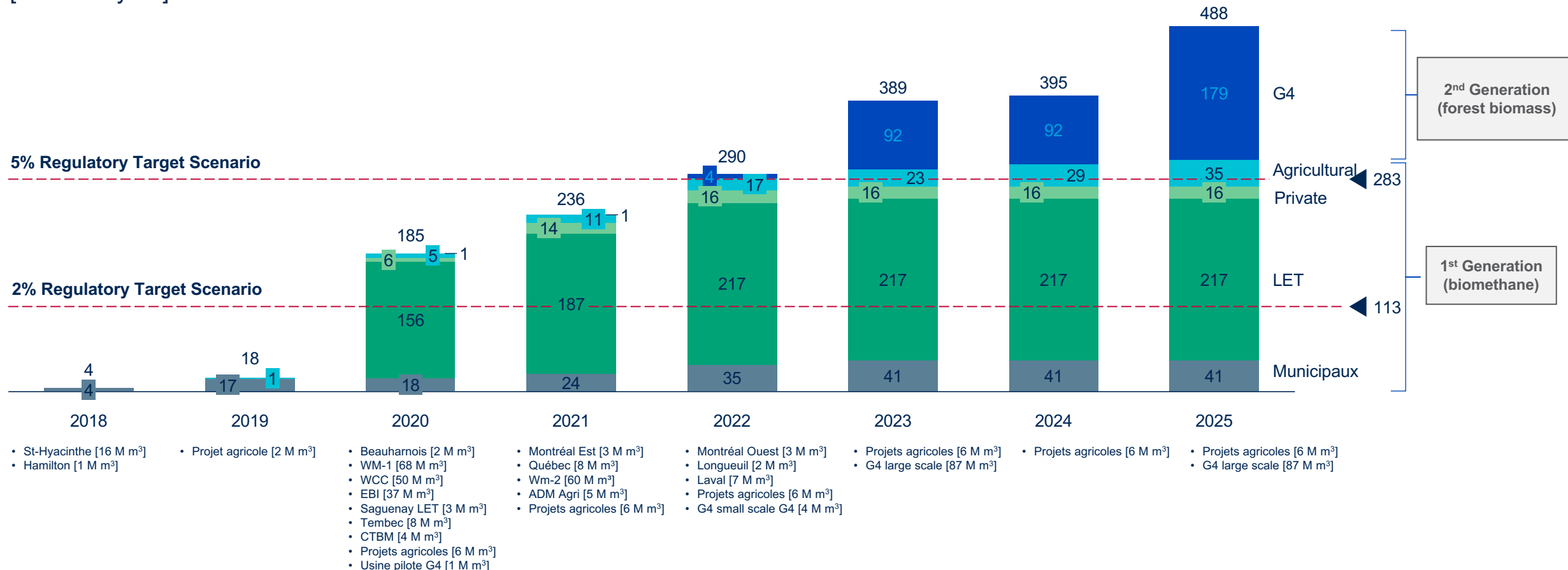
- Will allow, starting in 2019, establishments emitting between 10 000 and 25 000 t GES per year to join voluntarily GHG
  - Must be in an area covered by Schedule A to the GHG (Mining, Manufacturing) Regulations;
  - Voluntarily registered establishments will benefit from the free allowance as the institutions subject to the tax;
  - Requirement for institutions to remain in the GHG at least until the end of the current compliance period.

# Renewable Natural Gas:

5% of the volumes distributed by Énergir could be of renewable source as of 2022

## EXPECTATION OF RNG INJECTED IN THE ENERGIR'S NETWORK

[M of m<sup>3</sup> / year]



# Renewable Natural Gas: Tariff in place

## 1) NEW RATE AVAILABLE AT THE SERVICE OF SUPPLY:

- Annual rate established in the Rate Case;
- Price based on the projected RNG acquisition cost for the coming year;
- Ability to choose the desired RNG percentage, but must be greater than 5%

## 2) ACCESS TO RNG RATE:

- **Any network gas customer, to the extent that RNG is available;**
- If the demand is greater than the offer: allocation of RNG on a first-come, first-served basis

## 3) CONTRACTUAL TERMS OF THE RNG TARIFF:

- 60-day notice for entry or exit of service, or any change in the desired percentage of RNG;
- Adherence to the RNG rate or increase the desired percentage of RNG subject to approval by Energir, depending on the availability of the RNG.



**The sale of RNG to voluntary customers ensures that no socialization of RNG overhead is envisaged in the near future**

energir

**Some of our customers  
have already made the  
choice of GNR ...**

L'ORÉAL



**... and many more  
will follow !**

**Thank you**

