

# Working Together to Use Energy Wisely

Energy Efficiency Pathway



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# An overview of the pathway

By choosing to invest in our greatest strengths now, we can secure large quantities of renewable and affordable energy for generations to come and ensure Quebec's energy independence. That's why Hydro-Québec is deploying an ambitious energy efficiency pathway and launching three new core initiatives to benefit all its customers.

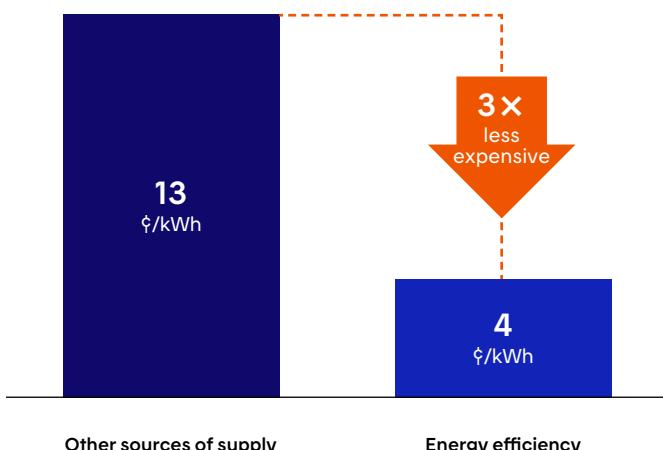
## Energy efficiency: Key to ensuring Québec's energy independence

Energy efficiency means consuming less energy and using it more wisely, especially during winter peaks.

It is the fastest way to ensure we have the energy required to support the economy and our collective well-being.

Energy efficiency will also help us uphold our commitment to keep rates affordable.

## Energy efficiency is three times cheaper than other sources of electricity supply



## The most ambitious energy efficiency pathway in our history

We will reduce electricity consumption by the equivalent of one in four Québec households by 2035.



To achieve this, we will invest \$10 billion by 2035 in:

- Financial support for the purchase of energy-efficient equipment
- Savings on electricity bills

Updated standards, developed in collaboration with the government, will also enhance the energy efficiency of buildings and industries, contributing to 25% of total energy savings.

In addition to helping our customers save money, energy efficiency will support our economy by creating more than 5,000 new jobs across all regions of Québec.

## We are launching three core initiatives totalling \$2 billion to reach all our customers.

### Residential customers



#### Program to provide Canadian smart thermostats at \$0

- Smart thermostats at \$0 to help better manage consumption during winter peaks.
- Installation of one million smart devices to help make this technology the standard in Québec homes.
- Collaboration with Canadian companies as part of the program.

### Commercial and institutional customers



#### Alliance for exemplary buildings

- New alliance bringing together managers of large buildings to implement best energy practices, such as:
  - Limiting lighting when spaces are unoccupied
  - Adjusting heating and cooling by 1°C to 2°C during hours of operation
- Financial support to acquire the necessary equipment and reduce energy bills by up to 20%

### Industrial customers



#### Custom support for competitive industries

- New technical and financial support aimed at reducing operating and maintenance costs for industries
- This support includes:
  - the development of a customized plan for each industrial site
  - Enhanced financial support, particularly for Energy Management Systems (ISO 50001 standard)
  - Facilitated access to companies specialized in energy efficiency

Additional initiatives are on the way.

Thanks to the enhanced offerings and energy efficiency measures we are implementing, all customer groups will have the tools they need to take action and use energy wisely.

**Fast-tracking our energy independence.**

**That's us.**

# Energy efficiency: Key to ensuring Québec's energy independence

To support Québec's economy and energy independence, we aim to reduce electricity consumption by the equivalent of one in four households by 2035, for a total of 21 TWh.

The energy that is saved thanks to energy efficiency measures is the cheapest and can be accessed quickly. For the first time in Québec's history, energy efficiency plays a key role in ensuring Québec's energy independence. It also helps us uphold our commitment to keep rates affordable. That's why Hydro-Québec is deploying an ambitious energy efficiency pathway and launching three new core initiatives to benefit all its customers.

## I Energy efficiency benefits all Quebecers

Reducing electricity consumption is a strategic lever for Québec as a whole.

- **Customers:** By adopting simple habits and opting for energy-efficient equipment, customers will be able to save on their electricity bills.
- **Hydro-Québec:** Energy efficiency is the quickest way to access electricity for a third of the cost associated with other available sources of energy supply.
- **Québec:** The energy saved will be used to support the growth and decarbonization of the economy and our collective well-being. The measures to be carried out by 2035 will support the creation of some 5,000 jobs in all Québec regions.

# Tools to help residential and business customers take action to reduce their electricity use

Hydro-Québec will ramp up its efforts to help households and businesses use electricity more wisely by promoting the massive rollout of energy-efficient equipment through financial support, savings on electricity bills and support in collaboration with industry partners. This equipment will help households and businesses in Québec adopt key energy-wise habits.

	<b>Residential customers</b>	<b>Commercial and institutional customers</b>	<b>Industrial customers</b>
<b>High-efficiency equipment</b>	<ul style="list-style-type: none"><li>Smart equipment</li><li>Heat pumps</li><li>Energy retrofits</li><li>Solar panels</li></ul>	<ul style="list-style-type: none"><li>Efficient heating equipment</li><li>Building automation systems</li><li>Variable frequency drives</li><li>Solar panels</li></ul>	<ul style="list-style-type: none"><li>Energy Management Systems</li><li>Efficient industrial processes</li><li>Variable frequency drives</li></ul>
<b>Key habits to adopt</b>	<ul style="list-style-type: none"><li>Turn down the heating by 2°C</li><li>Use less hot water</li><li>Charge electric vehicles at night</li></ul>	<ul style="list-style-type: none"><li>Limiting lighting when spaces are unoccupied</li><li>Adjusting heating and cooling by 1°C to 2°C during hours of operation</li></ul>	<ul style="list-style-type: none"><li>Developing a customized energy efficiency plan for each industrial site</li></ul>

Hydro-Québec's *Energy Efficiency Pathway* outlines core initiatives that will be rolled out progressively in line with the *Action Plan 2035*, in order to collectively reach our goal of energy savings and give all our customers the means to take action and use energy more wisely.

## I Homes that use energy more wisely

With the rise in new technologies, installing energy-efficient equipment represents a strategic opportunity to reduce the electricity consumption of Québec households and make it easier to adopt key habits.

**With the following measures, we will give residential customers what they need to reduce their electricity use and lower their bill:**

- **Rolling out a program providing Canadian smart thermostats at \$0 available now**, to help Québec households better manage consumption during winter peaks. The installation plan aims to equip Québec households with one million smart devices to help make this technology the standard in Québec homes.
- **Offer financial incentives related to energy-efficient equipment**, such as smart thermostats, energy retrofits and geothermal energy, as well as new financial support for the purchase of solar panels. We aim to significantly accelerate the adoption of these devices, specifically to double the number of heat pumps installed to date.
- **Offering customers discounts on their bills to reward them for shifting their electricity**. We will offer voluntary rate incentives to encourage customers to lower their heating, use less hot water during winter peak periods and charge their electric vehicles during the night.
- **Significantly upgrading our offer intended for vulnerable customers and tenants** by providing full support for the installation of equipment so that these customers can also enjoy the benefits of energy efficiency.
- **Regulating the overconsumption of electricity**. As of 2027, a new rate will encourage households that consume more than 50,000 kWh a year—close to three times the average annual consumption of residential customers—to reduce their electricity use through energy efficiency.

## I Exemplary buildings

Commercial and institutional buildings—whether workplaces or public spaces—are central to the daily lives of Quebecers. By adopting and promoting better electricity use habits, these buildings will become models of energy efficiency.

**With the following measures, we will support businesses that wish to reduce their operating costs:**

- Establishing, as of today, an alliance bringing together the managers of large buildings with the aim of implementing best energy practices. These include reducing lighting outside operating hours, adjusting heating and cooling during operating hours, and reducing consumption during winter peak periods. This initiative will allow for a reduction of up to 20% in energy bills.
- Modernizing our financial incentives for energy-efficient equipment, such as heating equipment, building automation systems and variable frequency drives, as well as relying on geothermal energy and solar panels.
- Improving the Demand Response Option by offering more flexibility to address the constraints of business customers and improving the credits paid on electricity bills.
- Developing offers adapted to small- and medium-sized businesses and tenants in commercial spaces. We will guide customers toward the most promising solutions that are tailored to their reality, according to their business sector.

## I Making industries more competitive

Although the industrial sector consumes a third of the electricity used in Québec, it only accounts for a fifth of the savings related to energy efficiency measures. Energy efficiency represents an opportunity for reducing the operating and maintenance costs of industrial companies.

**With the following measures, we will help industrial companies improve their competitiveness:**

- **Introduce a new technical and financial support aimed at the systematic implementation of the ISO 50001 standard to reduce energy consumption.** This support will address the main barriers to project completion and develop a personalized plan for each industrial site. Additionally, targeted support will be available for more vulnerable sectors.
- **Modernizing financial support** to accelerate the rollout of key equipment that improves energy performance, such as Energy Management Systems and variable frequency drives, and that relies on electrotechnologies that increase the efficiency of industrial processes.
- **Improving the Demand Response Option** by making the conditions more flexible and offering better credits on the bill depending on the option chosen, as well as bonuses for multi-year commitments.
- **Promoting the adoption of best practices** to reduce electricity waste. A new rate provision promoting the implementation of Energy Management Systems will come into effect in April 2027.

# Engaged partners

All players in the energy ecosystem must work together to implement these measures. Hydro-Québec's close collaboration with market partners, the Québec government and municipalities will help ensure that all customers receive personalized support.

## I Close collaboration with market partners

Businesses operating in Québec's energy sector are in the best position to advise our customers in regards to adopting energy-efficient equipment and carrying out energy efficiency projects.

### **Bringing together an ecosystem of players within the energy industry to create wealth**

By 2035, Hydro-Québec plans to install a significant number of energy-efficient or smart equipment. It intends to collaborate with Canadian businesses in order to support local expertise. Indeed, energy efficiency activities, such as the manufacturing of smart thermostats, equipment distribution and installation, consulting services, as well as construction and renovation activities, will create approximately 5,000 jobs across all regions of Québec. These jobs include energy efficiency engineers, building system technicians and specialized electricians.

### **Generating new business opportunities**

Our partners will benefit from their affiliation with Hydro-Québec in the following ways:

- They will have increased visibility with customers, become a trusted reference and benefit from incentive compensation of up to 10% of the project value.
- We will support them in selling and promoting their solutions that include best practices by offering training sessions on our offers and facilitating access to the financial support available to help customers complete their projects.
- We will establish strategic partnerships with manufacturers and help them plan how much equipment is required under our strategy.
- In collaboration with professional associations, we will offer additional training for the key trades that are essential to our strategy, including installers and electricians.

The expertise and support offered by the players in Québec's energy ecosystem will help all our customers make better energy choices and use electricity more wisely.

## I More ambitious standards and requirements

Several regulatory levers are strategic when it comes to improving Québec's energy performance and they must be put in place quickly. In fact, the Québec government has committed to implementing measures that will lead to energy savings of approximately 5 TWh by 2035. These measures include, for instance, upgrading standards associated with the performance of building stock, equipment and industrial companies.

**In addition to collaborating with the government on the implementation of the initiatives in our energy efficiency pathway, we will work actively with the government on the following major regulatory projects:**

### Improving requirements related to the performance of new and existing buildings

Buildings are responsible for 14% of energy losses in Québec.<sup>1</sup> Québec must immediately begin to draw inspiration from best practices around the world to promote the adoption of modern regulations in Québec—a key step in reaching our energy objectives.

- The government is currently working on implementing the obligation to disclose the energy consumption of buildings, assign a performance rating and set an improvement target for commercial and institutional buildings.
- Hydro-Québec will work with the government to ensure that this initiative is adapted to apply to residential buildings, by informing the occupants of their home's energy performance.
- Improved construction and renovation standards are also planned and will be developed in collaboration with the construction industry and Hydro-Québec to ensure they are implemented progressively, as quickly as possible, and are accompanied by financial support programs.

### Ensuring the energy efficiency of key equipment

Energy-efficient equipment is strategic when it comes to improving Québec's energy efficiency. It is important that the acquisition of this equipment be promoted and that the standards governing their performance be designed for optimal efficiency.

- We will make our technical expertise available to the government to ensure that the sale of new equipment that is not efficient is prohibited and to promote the progressive transition to the adoption of energy-efficient equipment, such as heat pumps and smart water heaters, through financial support.

### Improving the energy productivity of industrial companies

An energy efficiency plan that includes electricity consumption reduction targets and specific measures to be implemented will help improve the energy performance of industrial companies, which will make them more competitive and help reduce their operating costs.

- The government aims to encourage companies to set energy productivity targets. The government's investments in the area will mainly be used to implement a system for the public disclosure of energy productivity by large industries.
- In keeping with the government's goals, we will contribute to the rollout of this initiative by offering support and financial assistance.

1. Whitmore, J. and Pineau, P.-O., 2023. *État de l'énergie 2025*, HEC Montréal's Chair in Energy Sector Management. [In French only]

# Appendix

## Additional energy-efficient and smart equipment in line with Hydro-Québec's Action Plan 2035

Equipment	Advantages
<b>Residential customers</b>	
Smart devices: thermostats, EV charging stations, water heaters	The shifting of electricity use outside peak periods is automated. This allows customers who sign up for rate incentive options to increase their performance while lowering their bill.
Heat pumps	They reduce heating-related electricity use by up to 40% and increase comfort.
Solar panels	They make self-generation possible thanks to a renewable energy source.
Energy retrofits	They reduce heating-related electricity use and improve comfort.
Other: Geothermal energy, energy-efficient pool motors and pumps, other actions, thermal storage systems.	-
<b>Commercial and institutional customers</b>	
Energy-efficient heating systems	They reduce heating-related electricity use by up to 40% and support the energy-efficient decarbonization of building heating. They include heat pumps, equipment associated with geothermal power and heat recovery systems.
Energy management projects, including automation systems	They help optimize building automation and control. In concrete terms, building automation systems simplify electricity demand management, optimize energy efficiency and maximize the performance of customers that sign up for rate incentive options.
Variable frequency drives	They are used to adjust the capacity of heating, ventilation and air-conditioning (HVAC) systems based on the needs of the buildings, thereby optimizing their energy consumption.
Solar panels	They make self-generation possible thanks to a renewable energy source.
Other: LED lighting, high-efficiency building envelopes, cooling units.	-
<b>Industrial customers</b>	
Energy Management Systems	They provide an overview of energy use and optimize it while also lowering operating costs. They facilitate the implementation of ISO 50001.
Energy optimization of production processes (efficient electrotechnologies: industrial heat pumps, heat recovery systems)	Leads to substantial energy savings.
Energy optimization of auxiliary systems of processes	It is used to adjust the speed of systems (ventilation, air compression, extraction and pumping) based on real needs, thereby lowering consumption. This measure minimizes operational impacts and leads to quick savings.
Other: LED lighting, Industry 4.0.	-

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