

# QUARTERLY NEWSLETTER

## First Quarter 2020



## WE WILL REMEMBER SPRING 2020 FOR A VERY LONG TIME

All over the world, the COVID-19 pandemic has posed a severe threat to public health, weakened the economy and changed life as we knew it. It will leave behind deep scars, but also important lessons. These include the need to cooperate and think outside the box.

In this context of great uncertainty, my colleagues and I are taking the measure of the challenges that lie before us. Our customers and partners, large and small, have been shaken, and we are determined to help them. The Québec economy has been hard hit, and we will put 20,000 shoulders to the wheel to help it recover.

To that end, we will leverage the full potential of our large hydropower facilities. We will also tap into the innovative capabilities of our staff and our partners. Together, we are going to accelerate the transition toward a more agile low-carbon economy.

Our goal is to manage energy intelligently. We will launch new energy-efficiency initiatives to eliminate waste, add more flexible distributed generation into our grid, harness the storage capabilities of our batteries and promote the use of home automation tools by our customers.

We will use our clean energy to produce green hydrogen, which promises to become a cornerstone of the energy transition both here and around the world. We believe that helping this fledgling industry get off the ground is an excellent use of our energy resources.

And it goes without saying that we will work more closely than ever with our partners in neighboring markets so that they can benefit from our green, renewable energy to achieve their economic and environmental objectives.



**Sophie Brochu**  
President and Chief Executive Officer

It is a huge privilege for me to join the Hydro-Québec family, especially at this time. I can see how much the company's employees want to contribute to Québec's recovery. We will stay attuned to what's happening in order to make the right choices and meet the expectations of our customers and the communities that we have the privilege of serving. Our decisions, our actions and our future development will bear eloquent testimony to our success in achieving these endeavors in the years to come.

## HIGHLIGHTS OF THE FIRST QUARTER OF 2020

### In January ...



Twenty-eight engineering students from the École de technologie supérieure, Polytechnique Montréal and Concordia University took part in our first **Quand Hydro ouvre ses portes aux filles** [Open house for young women] discovery day. The goal of this activity was not only to introduce students to the practice of engineering at Hydro-Québec, but also to incite them to consider joining our company when they graduate.

### In February ...

Trials to evaluate the possibility of using **sugar beet juice to de-ice roads** were carried out on the access road to Toulnostouc dam. If tests are conclusive, use of this product could offer a real ecological advantage, as it would make it possible to cut back on the use of salt and sand while reducing corrosion of infrastructure and equipment.

Given the intermittent nature of solar energy, a tender call was issued for the **acquisition of integration services for all wind farms under contract**. These services comprise two components: load balancing in order to guarantee deliveries of wind energy and the injection of firming capacity during the winter period, from December 1 to March 31. The contracts will be attributed for a period of five years from the date of the start of deliveries, and the provision of services must begin at the latest on September 1, 2020.

Hydro-Québec responded promptly to a request for help from the North Atlantic Mutual Assistance Group (NAMAG) when the Green Mountain Power (Vermont) and National Grid (Rhode Island) transmission systems were hit by a cocktail of wind, freezing rain and heavy snow. **Ten Hydro-Québec line crews** from the Laurentides and Montréal regions lent a hand to Green Mountain Power, and twenty crews from the Montréal, Richelieu, Québec and Rockland regions were deployed to assist National Grid.

For its performance in sustainable development, Hydro-Québec received **a gold medal from EcoVadis**, an independent organization that provides a comprehensive assessment of companies' social responsibility. This award, which ranks us among the world's best companies in our industry, highlights our excellent performance in terms of ethical, environmental and social issues and human rights.

The Union des municipalités du Québec (UMQ) and Hydro-Québec signed a framework agreement outlining the conditions and advantages offered to municipalities in **leases of transmission line rights-of-way** for the purpose of developing recreational and community facilities, such as bike paths, sports fields

or community gardens, that are compatible with the power system. Under the agreement, the parties will ensure that the development of these spaces integrates harmoniously with Hydro-Québec's facilities and allows for the multipurpose use of rights-of-way in a manner that benefits all citizens.

### In March ...

Hydro-Québec and DRONE VOLT signed a memorandum of understanding on the exclusive industrial development and marketing of **a drone designed to inspect high-voltage power transmission lines**. This drone can take very precise measurements on live lines using sensors developed by the teams at Hydro-Québec's research center. The use of this drone will make it possible to avoid service outages, mitigate risks for workers, reduce the number of inspections by helicopter and, as a result, cut back on greenhouse gas emissions.

... and then  
the COVID-19  
pandemic hit



## OUR SOLIDARITY MEASURES

With the goal of adapting our organization to the COVID-19 pandemic and participating in the collective effort, we have adopted measures of solidarity with the Québec population, including:

- Indefinite suspension of administration charges for unpaid bills
- No power interruptions for non-payment over the coming weeks, for both residential and business customers
- Donation of 125,000 face masks to the Québec government
- Donation of \$300,000 to Centraide of Greater Montréal's COVID-19 Emergency Fund to provide vital support to community groups that are on the front lines
- Donation of \$75,000 to the Red Cross in Québec, for its COVID-19 fund, to help it continue its mission and work during this pandemic
- Continuation of our financial commitments—through donations and sponsorships—that go toward creating positive and sustainable change, whether in the environmental, economic or social spheres, even for events that must be postponed or canceled given the current situation
- Acceleration of payment to suppliers (terms reduced from 30 to 15 days) to help support the Québec economy
- Cancellation of 2020 pay raises for our senior management

## FINANCIAL HIGHLIGHTS (\$M)

	Quarter ended March 31	Quarter ended June 30	Quarter ended September 30
<b>REVENUE</b>	<b>4,371</b>		
Electricity sales in Québec	3,826		
Electricity sales outside Québec	427		
Other	118		
<b>EXPENDITURE</b>	<b>2,175</b>		
<b>FINANCIAL EXPENSES</b>	<b>671</b>		
<b>NET INCOME</b>	<b>1,525</b>		
<b>INVESTMENTS</b>	<b>738</b>		



Detailed quarterly financial results available on our website

