



SUMMARY
2014

SUSTAINABILITY

VITAL TO OUR INDUSTRY



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Hydropower enables Hydro-Québec to contribute to Quebecers' well-being on a daily basis. We are also deeply concerned about ensuring the energy future of coming generations, and consequently look after resources and the environment.

Québec's decision to develop hydropower is more relevant than ever at this time of distinct climate change. Hydropower is a clean, renewable energy source with known, well-controlled environmental impacts. It further allows the province to position itself favorably in terms of greenhouse gas emissions relative to the rest of North America.

Sustainability is vital to our industry. In addition to environmental protection, it encompasses issues of social progress and economic performance, and is at the root of all our decisions and projects.



High-voltage transmission lines in the Baie-James region.



CLIMATE CHANGE, BIODIVERSITY AND ENVIRONMENTAL MANAGEMENT

In Québec, the electricity industry represents 0.4% of total GHG emissions, compared with 12.1% for Canada as a whole. With almost all of its energy coming from renewable sources, Hydro-Québec is a North American leader in the fight against climate change. The emissions generated by its operations are largely offset by the emissions avoided through its net electricity exports.

Québec hydropower using
run-of-river generating stations
ranks first among the greenest
power generation options.

Outardes-4 development, in Manicouagan.

POWER GENERATION OPTIONS AND ASSOCIATED GHG EMISSIONS (g CO₂ eq./kWh)

Hydropower		Geothermal	45
– run-of-river	6	Solar photovoltaic	64
– reservoir	17	Biomass	88
Nuclear	8	Biogas	247
Tidal	8	Thermal	
Wind	14	– natural gas	620
Wave	22	– oil	878
Solar thermal	31	– coal	879



DEMAND-SIDE MANAGEMENT

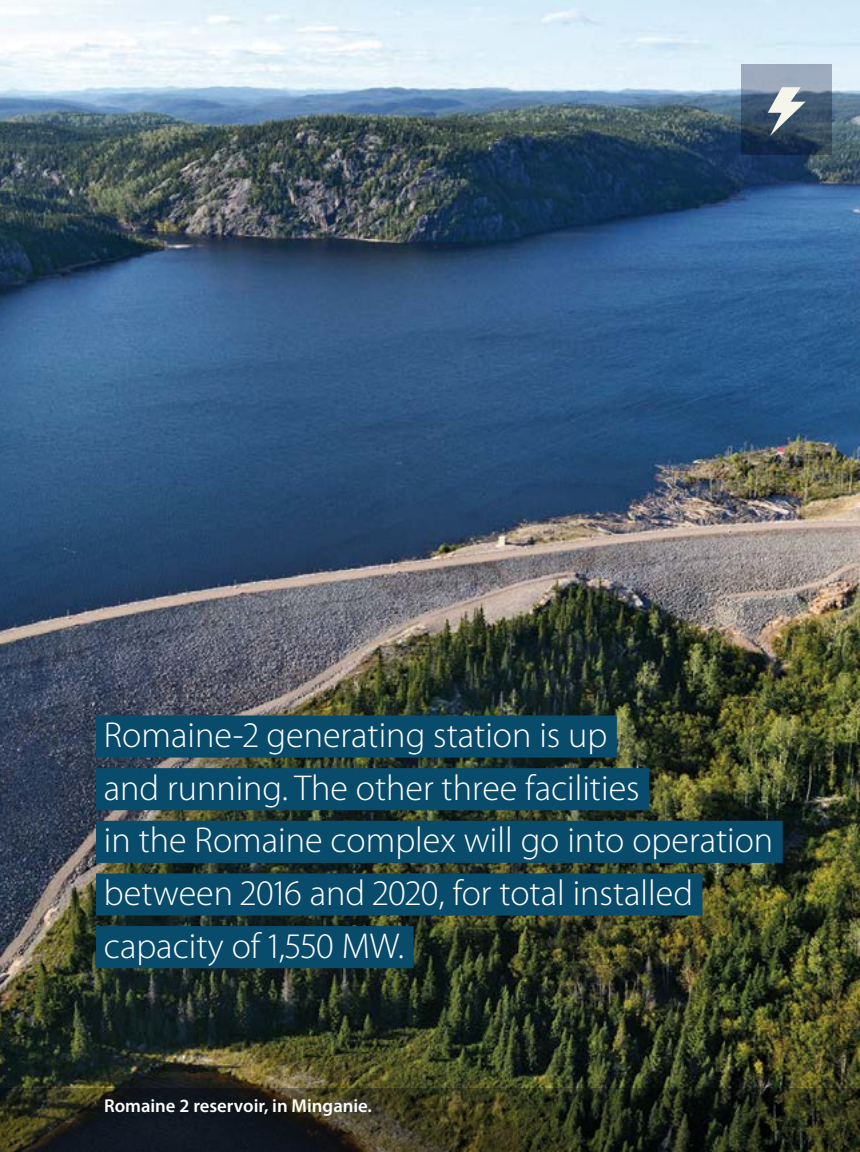
Hydro-Québec offers its customers electricity rates that are among the lowest in North America and encourages them to adopt energy efficiency measures.

Our Energy Efficiency Plan (EEP) covers all customer categories. The Buildings and Industrial Systems programs are intended for business customers, while the Lighting, Efficient Pools, Windows and Doors, and Efficient Homes programs are designed for residential customers.

By opting for electricity to meet their energy needs, Quebecers reduce their dependence on oil products.

We met our EEP energy savings target of 8 TWh a year earlier than expected, and even surpassed it. 2014 result: 504 GWh in energy savings, all customer categories combined, for a cumulative total of 8.2 TWh compared with 2003 consumption. That's the equivalent of the consumption of 500,000 households.

Denser suburbs mean even greater energy efficiency.



ENERGY PORTFOLIO

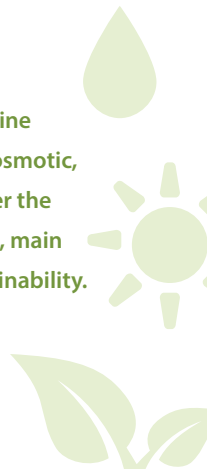
With water used to generate almost 100% of its output, Hydro-Québec is the largest hydropower producer in North America and one of the main producers in the world. About 40% of the final energy consumed in Québec comes from electricity generated from renewable sources, including wind and biomass.

Romaine-2 generating station is up and running. The other three facilities in the Romaine complex will go into operation between 2016 and 2020, for total installed capacity of 1,550 MW.

Romaine 2 reservoir, in Minganie.

RENEWABLE ENERGY OPTIONS

Hydro-Québec has posted data sheets online on various energy options: hydrokinetic, osmotic, photovoltaic solar and biomass. They cover the current status, potential, output and costs, main advantages and disadvantages, and sustainability.





ACCEPTABILITY AND SPINOFFS FROM PROJECTS AND OPERATIONS

Before carrying out its projects, Hydro-Québec ensures that they are profitable as well as environmentally and socially acceptable. Every project is unique and the measures taken to promote social acceptability may vary, depending on the host community's expectations. We encourage the communities to work with us on planning our projects and to help develop the conditions that make them acceptable and mutually beneficial.

Hydro-Québec's contribution to the Québec economy in 2014 **\$6.6 billion**

Dividend **\$2,535 million**

Procurement
from Québec-based
companies **\$3,112 million**

Water-power
royalties **\$656 million**

Public utilities
tax **\$252 million**

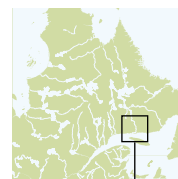
Municipal and school
taxes **\$37 million**

Community
investments **\$30 million**

Hydro-Québec's head office in Montréal.

ROMAINE PROJECT

The economic spinoffs of the Romaine project, scheduled for completion in 2020, total \$3.5 billion for Québec as a whole, including \$1.3 billion for the Côte-Nord region. Operation of the complex will create one hundred new jobs in Minganie.





RESPONSIBILITY FOR ELECTRICITY SERVICE

Hydro-Québec ensures a reliable electricity supply for Quebecers by investing in the development, reliability and long-term operability of its facilities. We also continued the rollout of advanced metering infrastructure in order to install next-generation meters. This smart grid will enable us to reduce operating costs, offer new services and optimize distribution system management.

In 2014, Hydro-Québec
invested \$2 billion in its distribution
and transmission systems.

We reached 99,722 long-term payment arrangements (\$425 million) with low-income customers; 37,408 of these agreements (\$41 million) provided assistance with payment of arrears and, if necessary, partial payment for current electricity use.

Work on the distribution system in Mirabel to ensure high-quality service.



TECHNOLOGICAL INNOVATION

Hydro-Québec's research institute, IREQ, the only centre of its kind in North America, is in the forefront of innovation in power generation, transmission and distribution. It has an annual budget of \$100 million to conduct research and innovation projects that will help make the grid smarter, more automated and more flexible in order to serve customers better.

Hydro-Québec's Electric Circuit is
Canada's first public charging network.
By year-end it had stations in nearly
all of the province's regions.

**Hydro-Québec and the Regional Council of
Aquitaine (France) set up a joint venture, SCE France,
dedicated to research in the fields of transportation
electrification and energy storage and conversion.**

Charging stations installed in Maskinongé, in the Mauricie region.



HEALTH AND SAFETY

The health and safety of its employees, customers and anyone likely to be near its facilities are important to Hydro-Québec. We conduct research on the health effects of the electric and magnetic fields generated by live conductors and electrical equipment, among other topics. We want to better understand these effects and take any necessary measures to mitigate the risks and inconvenience.

Hydro-Québec endeavors to reduce the operating noise from its electrical facilities in residential neighborhoods.

The noise from an electrical facility is closely monitored.

EXPOSURE LEVEL TO RADIO FREQUENCIES FROM A NEXT-GENERATION METER

One metre away from the device,
55,000 times less than the limit of
2,700,000 $\mu\text{W}/\text{m}^2$ recommended
by Health Canada.





HUMAN RESOURCES

In 2014, the company hired 1,231 new employees, 72% of whom were under age 35. Of this total, 349 people belonged to one or more of the five groups targeted by the *Act respecting equal access to employment in public bodies*.

At the beginning of 2015, we signed an agreement with Hydro-Québec's Syndicat des technologues; 84.5% of the company's employees are unionized.

With 20,043 employees working in nearly 150 locations throughout Québec, Hydro-Québec is one of the province's major employers.

Multidisciplinary team at work at Carillon generating station in the Laurentides.

HYDRO-QUÉBEC WORKFORCE

Permanent workforce
17,793

Average age
45.5



Temporary workforce
2,250





INVESTING IN THE COMMUNITY

Hydro-Québec's community investments, which totaled more than \$30 million in 2014, support a host of activities in every part of Québec. They may take the form of donations and sponsorships, financial support from the Fondation Hydro-Québec pour l'environnement or funding granted under our Integrated Enhancement Program, and are intended for projects that serve the community interest.

With sustainability in mind, Hydro-Québec encourages projects that support its role as a corporate citizen or promote its strategic objectives, programs and services.

Community investments in 2014 **\$30 million**

Donations and sponsorships, including United Way/Centraide	Fondation Hydro-Québec pour l'environnement	Integrated Enhancement Program
\$17,760,000	\$393,000	\$4,176,000
	Colleges and universities	Other
	\$7,111,000	\$934,000

Young visitors at the Électrium, in Montérégie.

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Legal deposit – 2nd quarter 2015
Bibliothèque et Archives nationales du Québec
ISBN 978-2-550-72854-2
ISBN 978-2-550-72855-9 (PDF)
2015G113A

Ce document est également publié en français.
This is a translation of the original French text.



ON THE COVER Les Cèdres generating station, a run-of-river plant, located on the Saint-Laurent (St. Lawrence River), in Montérégie. The newly refurbished facility opened its doors to the public for its 100th anniversary this year. About 15 years ago, a bicycle path was added along several of its retaining structures, offering riders splendid panoramic views.