Towards a Decarbonized and Prosperous Québec

Action Plan 2035 | Highlights

The world is taking action and investing massively in the energy transition. With its clean energy and low rates, Québec is in an enviable position, but it must seize this opportunity to decarbonize and create wealth while ensuring that Quebecers' needs are met. Hydro-Québec's *Action Plan 2035 – Towards a Decarbonized and Prosperous Québec* will make it possible to reduce greenhouse gases, meet expected growth in electricity demand and offer customers a reliable, simple and affordable service.

Our plan proposes clear and ambitious initiatives that focus on five priorities to meet two challenges: the energy transition and the needs of our customers.

1 **Improve service quality.**	• **Reduce the number of power outages by 35% over the next 7 to 10 years** – The investments needed to make the power grid more durable over the long term will amount to $45 to $50 billion between now and 2035—almost double the annual investments made in network sustainability over the past three years. • **Management of power outages and planned service interruptions** – Improve communications with our customers during outages and planned service interruptions. – Offer resiliency solutions by providing backup electrical supply during service interruptions. • **New service connections** – Reduce the average completion time for the most common types of work by 40%. • **Offer a simplified experience with new digital tools**
2 **Help our customers make better use of electricity.**	• **Reduce and shift consumption** – Create a dedicated team so that all customers can benefit from customized support to make the best energy choices. – Double our customers' energy savings to free up a total of 3,500 MW of additional capacity by 2035, which will also mean savings for customers. – Offer tailored support to our customers. – Increase financial incentives to encourage energy-efficient renovations and cover up to 50% of the cost of high-efficiency equipment. – Expand our rate offerings in order to encourage desired behaviors.
3 **Increase our power generation capacity.**	• **Additional energy infrastructure** – Integrate new assets into the Hydro-Québec grid that, combined with our energy-efficiency and load-side management efforts, will help meet additional capacity requirements on the order of 8,000 to 9,000 MW. • **Other energy options** – Explore the potential of other energy options for Québec, taking all tested and emerging solutions into consideration. • **Transmission grid** – Deploy transmission infrastructures to connect additional generating facilities and promising new projects for Québec. • **Addition of 5,000 km of transmission lines** Investments to meet demand growth will amount to $90 and $110 billion by 2035.
4 **Partner with Indigenous communities.**	• **Financial partnerships** – Provide First Nations and Inuit with the opportunity to draw autonomous sources of income from new energy projects that they can allocate to priorities of their own choosing. – Facilitate the financial or economic participation of Indigenous communities in new infrastructure projects. • **Representation and cooperation** – Work with Indigenous communities to increase the representation of First Nations and Inuit in our activities.
5 **Become an agile, innovative and transparent organization.**	• **Expertise and innovation** – Create a center of expertise that will develop, in close collaboration with the Québec government, a roadmap to guide the energy and economic transition. • **Agility** – Adapt our work methods to get things done faster. • **Talent and culture** – Invest in our employees to stimulate innovation, work more efficiently and increase our capacity to meet the changing needs of our customers.

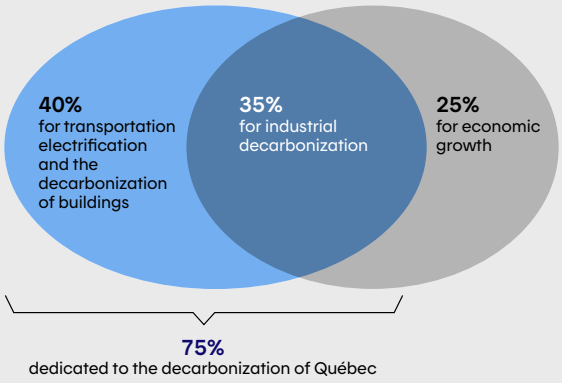
To carry out this plan, we must work closely with the government and our partners on three fronts:

- Sufficient qualified workers: an average of approximately 35,000 per year by 2035.
- New legislative and regulatory frameworks adapted to the needs of the energy transition (e. g., eliminating duplication)
- A more robust network of suppliers and partner businesses across the entire supply chain

75% of new electricity generation dedicated to decarbonizing the environment

The additional clean energy that we will generate is needed to reduce Québec's GHG emissions. In order for this electricity to have the greatest positive environmental impact, it will be used to decarbonize the activities that emit the most GHGs. By 2035, 40% of the additional electricity will be used to decarbonize the heating of buildings and to electrify transportation, as these two sectors represent over half of all current GHG emissions. The other 35% will be used to decarbonize industry, that is, to replace polluting processes by technologies powered by clean electricity or derivatives like green hydrogen. Today, a third of all emissions come from industry.

Breakdown of additional electricity use by 2035



Means we will deploy to meet additional capacity requirements by 2035	MW recognized for added capacity
Energy savings *In addition to the 1,800 MW already included in the Electricity Supply Plan published in November 2022*	1,600–1,800
Wind power *Over 10,000 MW of installed capacity*	1,500–1,700
Hydropower	3,800–4,200
Solar, storage and other means	500–1,000
Existing thermal plant converted to renewable natural gas *Occasional use during peak periods*	400–600
Total	**8,000–9,000**

Investments and expenses	Total amounts by 2035	Annual average
Investments to ensure service reliability and quality (reliability projects)	$45–$50 billion	$4–$5 billion
Investments to meet demand growth (growth projects)	$90–$110 billion	$7–$9 billion
Additional operating expenses	$20–$25 billion	$1–$2 billion
Total	**$155–$185 billion**	**$12–$16 billion**

A focused dialogue with our stakeholders

The *Action Plan 2035* sets out the immense challenge we are facing and the concrete actions we will take to tackle it head-on. While we are going to start taking action immediately, we would like to hear what our stakeholders have to say before fine-tuning our proposed solutions and the means to implement them. The dialogue will take place from November 2023 to March 2024 and we will present its results in spring 2024.

Hydro Québec

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