
NATIONAL ASSEMBLY

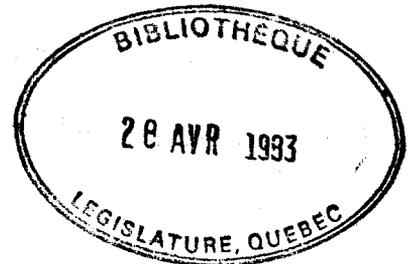
THIRTY-SECOND LEGISLATURE

FOURTH SESSION

Bill 4

**An Act to amend the Hydro-Québec Act and the
Act respecting the exportation of electric power**

First reading



Introduced by
Mr Yves L. Duhaime
Minister of Energy and Resources

EXPLANATORY NOTES

This bill, firstly, amends the Hydro-Québec Act in order to make Part II of the Companies Act applicable to Hydro-Québec, so far as that is consistent with the latter's constituting Act. In addition, membership of the board of directors of Hydro-Québec will be increased from eleven to not over seventeen.

As provided by this bill, the objects of Hydro-Québec will be, henceforth, to supply power and to pursue endeavours in energy-related research and promotion, energy conversion and conservation, and any field connected with or related to power or energy. Hydro-Québec will be required, as well, to establish a development plan in accordance with the form, tenor and periods fixed by the Government. The plan will require to be submitted to the Government for approval.

The bill will also allow Hydro-Québec to establish categories of power rates, and require it to supply power to any municipality or electricity cooperative in whose territory it does not already distribute electric power, and that wishes to distribute such power there itself.

Furthermore, Hydro-Québec will henceforth have to obtain authorization from the Government to acquire or hold over 50% of the shares of another corporation or a sufficient percentage of them to elect the majority of the directors of the other corporation.

This bill also redefines the mandate of the Société d'énergie de la Baie James and grants, for the future, to that company's sole shareholder, Hydro-Québec, the power of appointing members to the company's board of directors.

Lastly, the bill amends the Act respecting the exportation of electric power in order to ensure that the Government has the power to authorize, on the conditions it determines, the exportation of electric power from Québec.

Bill 4

An Act to amend the Hydro-Québec Act and the Act respecting the exportation of electric power

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. The French title of the Hydro-Québec Act (R.S.Q., chapter H-5) is replaced by the following title:

“Loi sur Hydro-Québec”.

2. Section 4 of the said Act is replaced by the following sections:

“4. The affairs of the Corporation are administered by a board of directors composed of not more than seventeen members appointed by the Government for a term not exceeding five years.

The members of the board are the directors of the Corporation within the meaning of the Companies Act (R.S.Q., chapter C-38); however, they need not be shareholders.

“4.1 After their terms expire, the members of the board of directors remain in office until they are replaced or reappointed.”

3. Section 5 of the said Act is amended by replacing the first paragraph by the following paragraph:

“5. The Government shall appoint a chairman of the board of directors from among the members of the board.”

4. Section 6 of the said Act is repealed.

5. Section 7 of the said Act is replaced by the following section:

“7. A quorum of the board of directors is constituted by a majority of its members.”

6. Section 8 of the said Act is replaced by the following section:

“8. The Government shall appoint, from among the members of the board of directors, a president and managing director, who shall hold that office on a full-time basis.

The president and managing director is responsible for the administration and management of the Corporation within the scope of its by-laws.”

7. Section 9 of the said Act is replaced by the following section:

“9. The Government shall fix, as the case may be, the salary, allowances, indemnities and other conditions of employment of the chairman of the board of directors, the president and managing director and the other members of the board of directors, which are paid out of the revenues of the Corporation.”

8. Sections 10 and 11 of the said Act are repealed.

9. Section 11.3 of the said Act is replaced by the following section:

“11.3 The minutes of the sittings of the board of directors approved by it are authentic; the same rule applies to copies or extracts certified true by an officer authorized thereto by by-law of the Corporation.”

10. Section 11.4 of the said Act is repealed.

11. Section 11.5 of the said Act is replaced by the following section:

“11.5 By-laws of the Corporation, except those regarding matters contemplated in paragraph *d* of subsection 2 of section 185 of the Companies Act, come into force on the date of their approval by the Government or on any later date it determines.

The by-laws do not require to be confirmed by the shareholder.”

12. Section 21.2 of the said Act is replaced by the following section:

“21.2 Those provisions of Part II of the Companies Act which are not inconsistent with this Act apply to the Corporation, except sections 129, 130, 142, 159 to 162 and 190 to 196.”

13. The said Act is amended by inserting, after section 21.2, the following section:

“21.3 The Corporation shall establish a development plan in accordance with the form, tenor and periods fixed by the Government.

The development plan must be submitted to the Government for approval.”

14. The heading of Division III of the said Act is replaced by the following heading:

"OBJECTS OF THE CORPORATION".

15. Section 22 of the said Act is replaced by the following sections:

"22. The objects of the Corporation are to supply power and to pursue endeavours in energy-related research and promotion, energy conversion and conservation, and any field connected with or related to power or energy.

"22.0.1 The rates and conditions upon which power is supplied must be consistent with sound financial management.

The rates and conditions are fixed by by-law of the Corporation, according to the categories it determines, or by special contracts.

The by-laws and contracts are subject to the approval of the Government."

16. Section 22.1 of the said Act is amended by inserting the words ", in particular," after the word "estimate" in the first line of the first paragraph.

17. Section 23 of the said Act is amended by replacing the first two paragraphs by the following paragraphs:

"23. The Corporation shall supply electric power to every municipality in whose territory it does not distribute such power, that wishes to distribute such power itself, and that complies with the Electricity Municipalization Act (R.S.Q., chapter M-38), unless the municipality is in a territory which the Corporation is not at the time in a position to serve economically.

It shall likewise, subject to the same proviso, in any territory wherein it does not distribute electric power, supply such power to any electricity cooperative applying to it therefor."

18. Section 24 of the said Act is replaced by the following section:

"24. The Corporation shall maintain its power rates at a sufficient level to defray, at least,

(1) all operating expenditures;

(2) the interest on its debt;

(3) the amortization of its fixed assets over a maximum period of fifty years."

19. Section 29 of the said Act is amended by replacing the first paragraph by the following paragraph:

“29. The Corporation may generate, acquire, sell, transmit and distribute power.”

20. Section 31 of the said Act is amended by replacing the first paragraph of subsection 4 by the following paragraph:

“(4) The Corporation shall have a privilege for the price of power supplied for the exploitation of industrial or commercial undertakings.”

21. Section 32 of the said Act is replaced by the following section:

“32. The Minister of Energy and Resources or the Minister of the Environment, each according to his competence, may, with the authorization of the Government and on the conditions it may fix, place at the disposal of the Corporation, for purposes of development, any immovables or water powers forming part of the public domain and required for the objects of the Corporation.”

22. Section 39 of the said Act is replaced by the following section:

“39. In no case may the Corporation, without the authorization of the Government, acquire or hold over 50% of the shares of another corporation or a sufficient percentage of them to elect the majority of the directors of the other corporation.

In no case where the Corporation acquires or holds either described percentage of the shares of another corporation may that other corporation itself, without the authorization of the Government, acquire or hold either such percentage of the shares of a third corporation.

The second paragraph does not apply to a corporation in which the Corporation holds shares on *(insert here the date of the tabling of Bill 4)*.”

23. Section 39.1 of the said Act is replaced by the following section:

“39.1 The Société d'énergie de la Baie James, a company incorporated by letters patent issued by the Lieutenant-Governor in virtue of section 21 of the James Bay Region Development Act (R.S.Q., chapter D-8), and hereinafter called “the company”, has, as its object, the pursuit, on behalf of the Corporation, of hydro-electric resources development works in the basin of the La Grande river and in the adjoining basins for Phase I of the Complexe La Grande, that is, the laying out of the sites of the LG2, LG3 and LG4 stations and the diversion works for the Caniapiscau, Eastmain, Opinaca and Petite Opinaca rivers.

Its objects are also those conferred on it by its letters patent; such letters patent may be amended by supplementary letters patent granted under Part I of the Companies Act.”

24. Section 39.2 of the said Act is replaced by the following section:

“**39.2** All the shares issued by the company are held by the Corporation, which has the exercise of all the rights attached to them.”

25. Section 39.4 of the said Act is repealed.

26. Section 39.5 of the said Act is replaced by the following sections:

“**39.5** The affairs of the company are administered by a board of directors composed of not more than nine members appointed by the Corporation for a term not exceeding two years.

The members of the board are the directors of the company within the meaning of the Companies Act; however, they need not be shareholders.

“**39.5.1** On the expiration of their terms, the directors remain in office until they are replaced or reappointed.”

27. Sections 39.6 and 39.7 of the said Act are repealed.

28. Section 39.8 of the said Act is replaced by the following section:

“**39.8** The operations of the company in the territory described in the schedule to the James Bay Region Development Act are not governed by the Act respecting the Régie de l’électricité et du gaz (R.S.Q., chapter R-6), the Act respecting the Régie des services publics (R.S.Q., chapter R-8), the Watercourses Act (R.S.Q., chapter R-13) or the Transport Act (R.S.Q., chapter T-12).”

29. Section 39.9 of the said Act is repealed.

30. Section 39.10 of the said Act is replaced by the following section:

“**39.10** Sections 17 to 19 apply, *mutatis mutandis*, to the company and to the members of its board of directors.”

31. The said Act is amended by inserting, after section 48, the following section:

“**48.1** The operations of the Corporation in the territory described in the schedule to the James Bay Region Development Act are not

governed by the Act respecting the Régie de l'électricité et du gaz, the Act respecting the Régie des services publics, the Watercourses Act or the Transport Act."

32. Section 60 of the said Act is replaced by the following section:

"**60.** The Corporation may make an agreement with any government, corporation, association or body having a retirement plan, to facilitate reciprocal transfers of their employees and to determine the terms and conditions of such transfers for purposes of retirement."

33. The French title of the Act respecting the exportation of electric power (R.S.Q., chapter E-23) is replaced by the following title:

"Loi sur l'exportation de l'électricité".

34. The said Act is amended by striking out the heading

"DIVISION I
EXPORTATION OUTSIDE OF CANADA"

preceding section 1.

35. Sections 1 and 2 of the said Act are replaced by the following sections:

"**1.** Every lease, sale or grant of water powers which belong to Québec or in which it has rights of ownership or other rights shall contain a clause prohibiting the exportation of electric power from Québec.

"**2.** Every contract, permit or grant authorizing the installation or passage of transmission lines in or over the public domain shall likewise contain a clause prohibiting the exportation of electric power from Québec."

36. Section 4 of the said Act is amended by replacing the word "division" in the first line by the word "Act".

37. Section 5 of the said Act is replaced by the following section:

"**5.** This Act applies to a lease, contract, permit or grant in force on (*insert here the date of the coming into force of this section*) only from the renewal or extension of the lease, contract, permit or grant, where such is the case."

38. Section 6 of the said Act is replaced by the following sections:

"**6.** Notwithstanding sections 1 and 2, the Government may, on such conditions as it may determine, authorize any contract for the

6.1 Every contract relating to the exportation of electric power by Hydro-Québec must be submitted to the Government for authorization and is subject to such conditions as the Government may then determine.

6.2 An order passed under section 6 or section 6.1 must be tabled in the National Assembly within fifteen days of its passage if the Assembly is in session or, if it is not sitting, within fifteen days of the opening of the next session or resumption."

39. The said Act is amended by striking out the heading

"DIVISION II

EXPORTATION OUT OF QUÉBEC"

preceding section 7.

40. Sections 7 and 8 of the said Act are repealed.

41. Section 9 of the said Act is replaced by the following section:

9. The Minister of Energy and Resources is responsible for the administration of this Act."

42. The said Act is amended by striking out the heading

"DIVISION III

SPECIAL PROVISION"

preceding section 10.

43. The members of the board of directors of Hydro-Québec and those of the Société d'énergie de la Baie James in office on (*insert here the date of the coming into force of this section*) remain in office until they are replaced or reappointed.

44. The regulations made under any provision of the Hydro-Québec Act that is amended or repealed remain in force to the extent that they are consistent with this Act; they may be amended or repealed under the Hydro-Québec Act.

45. This Act shall operate notwithstanding the provisions of sections 2 and 7 to 15 of the Constitution Act, 1982 (Schedule B of the Canada Act, chapter 11 in the 1982 volume of the Acts of the Parliament of the United Kingdom).

46. This Act will come into force on the date fixed by proclamation of the Government, except those provisions excluded by such proclamation, which will come into force on such later dates as are fixed by proclamation of the Government.