

Quebec bets on wind, citing shift in cost of power

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Quebec Premier Francois Legault in a news conference to announce a partnership for the building of a major windmill project with the Innu nation of Uashat mak Mani-utenam, Feb. 4, 2021 in Quebec City.

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The era of building big new hydropower dams in Quebec might be over.

Premier François Legault's government on Thursday announced that it is moving forward with a new \$600-million wind-power development called Apuiat, a private project located near Port-Cartier owned 50-50 by Boralex Inc. and Innu communities that will deliver 200 megawatts of electricity a year to be purchased by provincial utility Hydro-Québec. At a cost of 6 cents per kilowatt-hour, its economics rival and even surpass that of new hydroelectric power, the Premier said.

“This has changed the game completely. Wind power is becoming a sector that’s hyper competitive,” Mr. Legault told reporters during a news conference. “I don’t think there are any new dam projects that could beat that cost.”

More than 90 per cent of Quebec’s electricity mix comes from massive hydroelectricity dams built over decades by Hydro-Québec and from the partly owned Churchill Falls project in Labrador. The province wants to harness that hydropower to shift its economy away from oil while boosting electricity exports to the United States, but the Premier’s comments suggest renewables such as wind and solar will play an increasing role in that effort.

“I don’t see in the foreseeable future the launch of a new major hydroelectricity project,” Hydro-Québec chief executive Sophie Brochu said in an interview. Quebec has sufficient supply to meet its current needs as well as export contracts currently under negotiation, she said, adding wind and solar power takes a shorter time to develop and could also be used to supplement supply.

Quebec’s most recent major new dam project is the Romaine, a 1,550-MW hydroelectric complex on the Rivière Romaine north of the town of Havre-Saint-Pierre. Construction began in 2009 and three of its four generating stations have already come online with the last scheduled to be operational next year, according to Hydro-Québec.

With Romaine onstream and its electricity exports sputtering, Hydro-Québec has for years been sitting on surpluses that undermined the need for any new power project. When Mr. Legault’s Coalition Avenir Québec came to power in 2018, his government shelved Apuiat.

The project had been championed by the former Liberal government, which saw it in part as a way to build bridges with local First Nations communities. But Hydro-Québec’s chief executive at the time, Eric Martel, opposed it, warning it was a “useless” project that would cause losses of up to \$2-billion for the provincial utility, adding to other loss-making projects from renewable power.

Today, the CAQ has changed its view on the need for Apuiat and so has Hydro-Québec. The project’s power production costs have come down 17 per cent over two years, Mr. Legault explained, making it more viable. In addition, the government and the utility are no longer operating under the premise that surpluses will last.

Efforts to export power under long-term contracts with U.S. states, including a \$10-billion deal with Massachusetts, are moving forward, the Premier said. Electricity demand from within the province is also poised to grow as Quebec provides more power to increase its food supply and increase the use of electric-powered vehicles, he said.

Advances in technology are bringing down the cost of wind power, said Patrick Decostre, CEO of Boralex, a renewable power producer. For Apuiat, low interest rates and a longer-than-normal power purchase agreement (30 years versus the 20 years typical with other contracts) also make the project competitive, he said.

The same trends are also happening in solar and “it’s possible and even probable” that one day solar will beat large hydro dams on costs in Quebec, Mr. Decostre said in an interview. Building big dams “was a great model in the past. It will evolve in the future,” he said.

Hydro-Québec isn’t taking for granted that it will succeed in securing and winning approvals for contracts in the United States, Ms. Brochu said. But she said the utility is in a good position at the moment.

In January, the U.S. Department of Energy granted a presidential permit for the transmission line running to Massachusetts under the New England Clean Energy Connect project, marking the final major step in the U.S. regulatory approval process, according to a Hydro spokeswoman. Hydro also plans to bid on a contract to supply power to the state of New York.

Apuiat will be built starting next year on the traditional territory of the Uashat mak Mani-Utenam First Nation and on public lands in the city of Port-Cartier. For Quebec’s Innu, this is the first major energy project in which they are shareholders, and they will have an equal share with Boralex in the profits over its 30-year lifespan.

“This project is about possibilities for us,” said Mike McKenzie, chief of the Uashat mak Mani-Utenam, adding the idea was hatched by his community. “We have to build an interdependence instead of maintaining dependence.”

The development of wind power in Quebec dates back to 1998 with the Nordais wind farm in the Gaspé region. As of March, 2018, the province had an installed wind power capacity of about 3,880 MW.