FOR IMMEDIATE RELEASE

RÉGIE DE L’ÉNERGIE
A NEW REGULATORY FRAMEWORK

Montreal, November 5, 1997 – At noon today, Mr. Jean A. Guérin, Chairman of the Régie de l’énergie, delivered an address as part of the Industrial Gas Users Association’s Annual Conference, at the Sheraton Centre in Montreal.

During this address, Mr. Guérin clarified the powers held by the Régie, especially in the fields of natural gas and electric power.

The Régie de l’énergie will continue, as the Régie du gaz naturel did before it, to fix or modify the rates and conditions according to which natural gas is transmitted, delivered or supplied by a distributor, by applying the generally accepted methodology related to economic and financial regulation.

The Act respecting the Régie de l’énergie introduces a number of new elements that concern natural gas as well as electric power distributors. When it fixes a rate, the Régie must provide for measures or incentives mechanisms that favor improved distributor performance and the increased satisfaction of consumer needs. It may also fix a rate intended to compensate for energy savings which are not beneficial to the distributor, but are beneficial for the consumer.

Furthermore, from now on natural gas distributors will be required to submit to the Régie a resource plan proposing means for achieving a balance between supply and demand. This plan must especially be in accordance with economic, social and environmental concerns and must take into account the risks associated with chosen sources of supply.

Mr. Guérin recalled that the Régie is pursuing cases in the field of natural gas, such as the allocation of the cost of service, the unbundling of services, and out-of-franchise sales. “In a general way, Mr. Guérin stated, the Régie intends to pursue its activities with a focus on easing and lightening the regulatory process and to implement incentive measures aiming at the improvement of both distributor performance and the satisfaction of consumer needs”.

Québec
In the field of electric power, following the application next February 11 of the first paragraph of section 167 of the Act respecting the Régie de l'énergie, the Régie will be able to undertake the steps that will enable it to advise the government on Hydro-Quebec's proposal concerning a procedure for the determination and implementation of rates for the supply of electric power. The public hearings in which the various stakeholders will be invited to participate will take place during the first half of 1998.

"With both natural gas distributors and Hydro-Quebec subjected to the same regulatory body, and given the equity objective imposed by the Act on both individual and collective planes, the Régie will have to define fair competition rules between the two forms of energy, and that as early as 1998.

Globally, these rules will have to avoid favoring one energy distributor at the expense of another, or one group of consumers at the expense of another", concluded Mr. Guérin.

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