

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 18-K

For Foreign Governments and Political Subdivisions Thereof

**ANNUAL REPORT
of
HYDRO-QUÉBEC**
QUÉBEC, CANADA

(Name of Registrant)

Date of end of last fiscal year: December 31, 2017

SECURITIES REGISTERED*
(As of the close of the fiscal year)

Régie de l'énergie
DOSSIER: R-4052-2018
DÉPOSÉE EN AUDIENCE
par l'AHQ-ARR
Date: 28 fév. 2019
Pièces no: C AHQ-ARR-0033

Title of Issue	Amounts as to Which Registration is Effective	Names of Exchanges on Which Registered
N/A	N/A	N/A

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*The Registrant is filing this annual report on a voluntary basis.

EXHIBIT 99.1



This description of Hydro-Québec is dated as of March 23, 2018 and appears as Exhibit 99.1 to Hydro-Québec's annual report on Form 18-K to the U.S. Securities and Exchange Commission for the fiscal year ended December 31, 2017.

This document may be delivered to you at any time but you should assume that the information herein is accurate only as of March 23, 2018. Hydro-Québec's business, financial condition, results of operations and prospects may have changed since that date.

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities of Hydro-Québec, unless it is included in a registration statement filed under the *Securities Act of 1933*, as amended.

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Electricity Purchases

We purchase energy and capacity from the Churchill Falls generating station in Labrador through agreements with CF(L)Co. Under an initial power contract signed in 1969 with CF(L)Co, we agreed to purchase annually, through the year 2041, 4,083 MW of power (the "1969 Power Contract"). In June 1999, we signed another agreement with CF(L)Co to guarantee us the availability of 682 MW of additional power until 2041 for each November 1 to March 31 period. In 2017, the energy received totaled 26.2 TWh at a cost of \$96 million as compared to 29.0 TWh in 2016.

We have a power agreement with Rio Tinto Alcan Inc., which was amended in 2006, for the purchase of 365 MW of peak power and 375 MW of additional peak power until December 31, 2045. Under this 2006 amendment, we also agreed to purchase from Rio Tinto Alcan Inc. an additional 150 MW of peak power until December 31, 2045.

In addition, we purchase energy and capacity under 63 long-term contracts with independent producers located in Québec. During 2017, 2.9 TWh were purchased under these contracts, at a total cost of \$216 million. For 2018, we expect to purchase approximately 3.1 TWh. Hydro-Québec Distribution also has long-term contracts with independent producers (see "Distribution").

We also purchase energy and capacity in connection with our energy marketing operations (see "Wholesale and Energy Marketing Operations").

Peak

We use energy purchased from our neighboring systems, which experience different demand patterns, to meet a portion of our peak power needs in Québec (see "Wholesale and Energy Marketing Operations"). The following table summarizes our peak power demand in Québec and installed capacity as at December 31 for the years 2013 through 2017.

	Peak Power Demand ^a	Installed Capacity (MW)	Total Average Load ^c
2013	39,031	36,068	25,865
2014	38,743	36,643	25,348
2015	37,349	36,912	25,362
2016	36,797	36,908	25,403
2017	38,204	37,309 ^b	25,893

- a) The values indicated correspond to the needs for the winter beginning in December, including interruptible power. The peak for a given period is based on measurements at fixed intervals. The 2017-2018 winter peak was 38,204 MW and occurred on December 28, 2017, at 5:00 p.m. However, the system load momentarily reached 38,420 MW at 4:58 p.m.
- b) In addition to the generating capacity of our own facilities, we have access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. We also purchase all the output from 39 wind farms (3,508 MW) and 7 small hydropower plants (107 MW) and almost all the output from 8 biomass and 4 biogas cogeneration plants (272 MW) operated by independent power producers. Moreover, 988 MW are available under long-term contracts with other suppliers.
- c) Total energy requirements (consisting of kilowatthours delivered within Québec and to neighboring systems), divided by the number of hours in the year.

WHOLESALE AND ENERGY MARKETING OPERATIONS

Québec Wholesale Market

The Québec wholesale electricity market has been open since May 1, 1997. This market is comprised of 11 distributors: Hydro-Québec Distribution, nine distributors operating municipal systems and one regional electricity cooperative. As a result of the opening of the wholesale market, the municipal systems can, subject to the Government's authorization, purchase electricity from suppliers other than Hydro-Québec Distribution, and independent generators in Québec can sell their electricity on the wholesale market using Hydro-Québec TransÉnergie's transmission facilities.

In addition to the Heritage Pool Electricity, Hydro-Québec Production provides other power supplies and products to Hydro-Québec Distribution, including a call for tenders issued in 2002 for the supply of 600 MW over a 20-year period starting in March 2007 and a 20-year capacity supply of 500 MW resulting from a call for tenders issued in 2015, which is expected to begin in December 2018.