

**DEMANDE DE RENSEIGNEMENTS N° 1 DE LA RÉGIE DE L'ÉNERGIE (LA RÉGIE) SUR LA DEMANDE  
CONJOINTE RELATIVE À LA FIXATION DE TAUX DE RENDEMENT ET DE  
STRUCTURES DE CAPITAL ADRESSÉE AU DR. ASA HOPKINS**

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**RISQUES D'AFFAIRES : ÉVOLUTION DU RISQUE D'AFFAIRES**

- 1. Références :**
- (i) Pièce [C-ACIG-0028](#), p. 12, R-26;
  - (ii) Pièce [C-ACIG-0028](#), p. 14, R-28;
  - (iii) Pièce [C-ACIG-0028](#), p. 19, R-37;
  - (iv) Dossier R-3924-2010 phase 2, [D-2010-147](#), p. 23;
  - (v) Dossier R-3752-2011 phase 2, [D-2011-182](#), p. 59;
  - (vi) Dossier R-3807-2012, [D-2013-181](#), p. 36.

**Préambule :**

(i) « Q26 *What conclusions can you draw from analyzing the achieved and allowed returns for the two utilities ?*

*A26 I conclude that both utilities have effective mechanisms in place to manage short-term risk. During the period covered by Figure 1, the world experienced the 2008–2009 global financial crisis and the 2020–2021 coronavirus pandemic, which each shocked the economy in different ways. Regardless of these shocks, both utilities managed to earn their allowed returns for the full 20-year period, almost without exception ».*

[nous soulignons]

(ii) « Q28 *Do the distribution utilities have a variance between their allowed and achieved returns ?*

*A28 Yes, they do. In almost every year the achieved returns exceed the allowed returns established by the Régie. The only exceptions in the last two decades were 2003 and 2005 for Gazifère. Énergir has earned a return that exceeded its authorized return for the last 20 years without exception ».*

[nous soulignons]

(iii) « Q37 *Do the utilities in the U.S. gas utility sample analyzed by Dr. Brown face similar risks ?*

*A37 Yes, they do. Both the United States and Canada have stated their intentions to reach net zero greenhouse gas emissions by 2050 (see Exhibits ASH-2 and ASH-3). To reach this level of emissions, both countries will need to substantially reduce greenhouse gas emissions from buildings and industry, as part of an overall portfolio of actions that reduces emissions to the level they can be offset with sequestration and other negative-emission activities. The utilities in the U.S. gas utility sample will all be subject to federal actions that will encourage electrification in buildings and the use of low-carbon fuels in hard-to-electrify end uses in both buildings and industry.<sup>12</sup> While these pathways will cause transformation in gas utilities on both sides of the border, the impacts on regulated gas distribution businesses will be modest in both Quebec and the United States over the next decade ».*

[nous soulignons] [notes de bas de page omises]

(iv) « [89] *La Régie évalue le risque global de Gazifère supérieur à la moyenne, notamment en raison de sa taille et de la concurrence de l'électricité au Québec. Cependant, elle tient compte,*

*dans son appréciation, de la couverture plus étendue de ces mêmes risques par des comptes de frais reportés.*

*[90] La Régie juge que le risque de Gazifère ne s'est pas modifié significativement depuis la décision D-99-0923, bien qu'il demeure supérieur à celui d'un distributeur repère. Sur la base de la preuve au dossier, la Régie évalue que le risque plus élevé justifie un ajustement à la hausse, par rapport à la prime de risque d'un distributeur repère, de l'ordre de 25 à 50 points de base ».*  
[note de bas de page omise]

(v) « [236] La Régie juge que le risque de l'entreprise ne s'est pas modifié significativement depuis la décision D-2009-156, bien qu'il soit toujours supérieur à celui d'un distributeur repère. Sur la base de la preuve au dossier, la Régie considère que le risque plus élevé justifie le maintien d'un ajustement à la hausse par rapport à la prime de risque d'un distributeur repère de l'ordre de 25 à 35 points de base.

*[237] La Régie considère également que le risque supérieur à celui d'un distributeur repère est compensé par sa structure de capital présumée. La Régie maintient la structure de capital présumée de 38,5 % d'avoir propre, de 7,5 % d'actions privilégiées et de 54 % de dette ».*

(vi) « [133] Par conséquent, sur la base de la preuve au dossier, la Régie considère que le risque d'Intragaz est inférieur à celui de Gaz Métro ».

## **Demandes :**

1.1 En référence (i), malgré la crise financière de 2008-2009 et la pandémie de Coronavirus de 2020-2021, Énergir et Gazifère ont réalisé le rendement autorisé presque sans exception annuellement au cours des 20 ans. Par ailleurs, en référence (ii), sauf en 2003 et 2005 pour Gazifère, Énergir et Gazifère ont réalisé annuellement un rendement supérieur au rendement autorisé. Enfin, en référence (iii), dans la foulée des intentions énoncés par les gouvernements du Canada et des États-Unis en vue de réduire ou d'éliminer les émissions de gaz à effets de serre d'ici 2050, ces objectifs devraient entraîner une transformation des entreprises de distribution de gaz (« gas utilities ») américaines et canadiennes mais les impacts sur les entreprises de distributions réglementées devraient être marginales tant au Québec qu'aux États-Unis au cours de la prochaine décennie.

Dans ce contexte, veuillez préciser, selon votre évaluation, si le risque d'affaires a diminué, augmenté ou est demeuré stable depuis que la Régie a rendu ses décisions successives fixant le taux de rendement de Gazifère, Énergir et Intragaz (références (iv), (v) et (vi)) et ce en comparaison avec aujourd'hui et pour les trois prochaines années. Veuillez expliquer.

## **Réponse :**

### **Énergir**

**Dr. Hopkins thinks that Énergir's short-term business risk has decreased since it was last assessed in 2011, because:**

- **It has an additional 11 years of performance to show investors that it achieves or exceeds its allowed return every year.**
- **It now has a decoupling regime in place that was not present in 2011, which lowers its**

revenue risk further.

Dr. Hopkins does not have sufficient evidence to conclude whether Énergir's long-term risk (namely its capital recovery risk) is changed from 2011.

- Énergir's risk may be higher because it has failed to develop a detailed plan of the sort that he detailed in Q&A40 in his testimony. However, risk resulting from the neglect to plan should not be cause for the Régie to assess that the cost of capital of an equivalently situated utility would be higher.
- Énergir's risk may be higher because changes in the energy system could eventually make it more difficult for it to recover its invested capital, but Énergir has not presented any analysis of its risks that quantifies or specifies the pathway by which it would fail to recover any of its invested capital. As Dr. Hopkins described in his testimony, and as the question cites as reference, the impact of decarbonization policies on the gas utility business will be modest over the next decade in any event.
- Énergir's risk may be lower because it has developed a proposed and government-supported partnership with Hydro-Québec Distribution for a "bi-energy" approach. This structure would bring an additional source of revenue that would be sustained regardless of reductions in sales and provide assurances that customers would not be encouraged to completely leave the gas system. (Once this approach is approved, it would definitely lower risk; the risk "may" be lower because it has not yet been approved.)
- Énergir's risk regarding infrastructure serving industrial customers may be lower because those customers may have identified that pipeline-delivered molecules (such as non-fossil methane gas or hydrogen) will be an essential part of their decarbonization pathway.

On balance, and informed by both the lack of evidence on long-term risk and his preference for highly weighting short-term risk in the context of this proceeding, with an expectation for a return to the Régie with better long-term analysis in a few years, Dr. Hopkins would say that Énergir's relevant business risk is lower today than it was in 2011.

### Gazifère

Dr. Hopkins thinks that Gazifère's short-term business risk has decreased since it was last assessed in 2010, because:

- It has an additional 11 years of performance to show investors that it achieves or exceeds its allowed return every year. In 2010, it would have showed two years in the last seven in which it failed to achieve its return; today it shows that achievement every year for the last 15 years.

Dr. Hopkins does not have sufficient evidence to conclude whether Gazifère's long-term risk (namely its capital recovery risk) is changed from 2010.

- Gazifère's risk may be higher because it has failed to develop a detailed plan of the sort that Dr. Hopkins detailed in Q&A40 in his testimony. However, risk resulting from the neglect to plan should not be cause for the Régie to assess that the cost of capital of an equivalently situated utility would be higher.
- Gazifère's risk may be higher because changes in the energy system could eventually make it more difficult for it to recover its invested capital, but Gazifère has not

presented any analysis of its risks that quantifies or specifies the pathway by which it would fail to recover any of its invested capital. As Dr. Hopkins described in his testimony, and as the question cites as reference, the impact of decarbonization policies on the gas utility business will be modest over the next decade in any event.

- Gazifère’s risk may be lower because it has a model (from Énergir) of a proposed and government-supported partnership with Hydro-Québec Distribution for a “bi-energy” approach. This structure would bring an additional source of revenue that would be sustained regardless of reductions in sales and provide assurances that customers would not be encouraged to completely leave the gas system. (If this approach were approved, it would definitely lower risk; The risk “may” be lower because it has not yet been approved for Énergir, or formally proposed for Gazifère.)
- Gazifère’s risk regarding infrastructure serving industrial customers may be lower because those customers may have identified that pipeline-delivered molecules (such as non-fossil methane gas or hydrogen) will be an essential part of their decarbonization pathway.

On balance, and informed by both the lack of evidence on long-term risk and his preference for highly weighting short-term risk in the context of this proceeding, with an expectation for a return to the Régie with better long-term analysis in a few years, Dr. Hopkins would say that Gazifère’s relevant business risk is lower today than it was in 2010.

### Intragaz

Dr. Hopkins agrees with the Régie’s order from 2013 that Intragaz’s business risk is lower than Énergir’s. Overall, Dr. Hopkins does not think that Intragaz’s business risk position has changed appreciably since 2013. The primary risks that Dr. Hopkins identified in Q&A60 are the same as they were in 2013. The changes in gas consumption patterns as decarbonization progresses, which Dr. Hopkins discussed in Q&A62 and which are the only difference between the last decade and the next decade for Intragaz, are not likely to increase Intragaz’s risk appreciably.

One difference between the previous rate setting and this one is that Intragaz now has a decade’s experience working within the context of its particular regulatory structure (with the return fixed for ten years, etc.). While annual variability in returns is not available, the fact that it has exceeded its allowed rate of return for this decade indicates to investors that its risks have been relatively low. The Régie could take account of this performance to support a conclusion that the company is even less risky than the Régie assessed it to be in 2013.

If Intragaz were to conduct a review of its long-term risk and return to the Régie for an update in a period of less than ten years (for example, if the Régie required the same approach from all three utilities), then this prompt return would lower its risk even further.