Chapter 6:
Quebec

Hydro-Quebec

- Active role in shaping the province's industrial economy and its energy export strategy
- Hydro-Quebec has been central to this strategy by harnessing the province's vast water resources and arranging long-term sales to utilities in New England
- Economic objective has been to stimulate economic growth through state intervention in the marketplace
- Hydro-Quebec has undertaken construction of huge hydroelectric projects, developed high-voltage transmission systems, and offered low electric rates to industrial firms
- Its political goal was to increase Quebec's public and private ownership of its economy within the francophone business community
- Hydro-Quebec is Canada's largest electric utility, ad expertise gained from huge hydroelectric construction projects has allowed its contracts to undertake similar projects around the world
- Transmission Technology: high voltage transmission lines that reduced power loss and thus made shipping electricity over long distances viable
- While completion of the James Bay Project remains central to Hydro-Quebec's plans, its next construction project calls for the harnessing of Romaine River, which flows from Canadian Shield to St. Lawrence River
- Romaine Complex will enable Hydro-Quebec to secure Quebec's energy future and to increase its exports to markets outside Quebec
- Eastmain Diversion Project entails diverting a portion of the water in the Rupert River watershed into the Eastmain River watershed and then into La Grande Basin

Hydro-Quebec's Industrial Strategy

- Vast electrical power generated by the first phase of the James Bay Project provided the provincial government with an opportunity to attract energy-hungry industries into southern Quebec by offering them special, low electricity rates, and to export surplus power to energy-hungry utilities in New England
- Takes on the spatial form of the core / periphery model where the hinterland supplies the energy for industrial users in the core
- Hydroelectric developments depend on 3 factors:
    - Abundant precipitation – provides regular source of water for lakes and rivers
    - Topography – high elevations ensure steady flow for the power plants
    - Access to market – solved by transmission technology

- Main advantages: generation of clean / renewable / low-cost power, long life of facilities, low operating costs, job creation, zero air pollution of GHG
- Drawbacks: initial high capital investment, long construction period, extensive and time-consuming environmental studies
- With power and capacity to offer low rates, the provincial government lured industrial companies into southern Quebec
- Able to provide industrial firms with low-cost energy for three reasons:
  - Northern Quebec can provide vast quantities of low-cost electrical power
  - Hydro-Quebec has a long-term contract to buy power from Churchill Falls in Labrador at 1969 prices
  - Control over its price structure and can set extremely low power rates for its industrial customers
- Even so, global competition is a threat

Hydro-Quebec's James Bay Project

- Calls for production of hydroelectricity from all the rivers that flow into James Bay from Quebec territory
- Announced in 1971, divided into 3 separate river basins – La Grande, Great Whale, and the Nottaway-Broadback-Eastmin-Rupert
- Involves about 20 rivers and affects an area 1/5 the size of Quebec
- The La Grande project involved diverting water from 3 other rivers (Eastmain, Opinaca, and Caniapiscau) into La Grande Riviere
- First phase raised considerable controversy from Aboriginals and environmental organizations (unleased social and environmental problems)
- Hydro-Quebec maintained that the environmental impacts have been mitigated to an acceptable level through modifications to the design of the project
- Remaining environmental impacts the Crown corporation contends will diminish over time
- In 1985, the second phase of the James Bay Project was announced
- The Great Whale River project was to consist of 3 powerhouses, 4 reservoirs, and division of 2 rivers
- From the very beginning, the Cree opposed the James Bay Project because of its effect on their hunting grounds
- The Cree, joined by the Inuit of Artic Quebec, forced a land-claim settlement known as the James Bay and Northern Quebec Agreement
- In 2007, the third phase saw the addition of the Eastmain-1 project to the huge James Bay Project

Hydro-Quebec's Exports to New England

- Geography favours the New England market for two reasons – distance and price
- Length of the transmission line is significant

- Price differential is significant, with the energy-short New England region having approximately double the electrical rate found in Ontario
- With Quebec's surplus of hydroelectric power, exports provide a key economic factor for building megaprojects in northern Quebec
- Long-term agreements to purchase Quebec electricity help pay for the construction costs of these massive hydro-electric projects

Hydro-Quebec and the James Bay and Northern Quebec Agreement

- James Bay threatened to flood the lands of the Cree
- Cree asked the Inuit to join them in taking legal action to halt the construction until the Cree and Inuit land claims were addressed
- Action forced the Quebec government and Aboriginal claimants to the bargaining table
- James Bay and Northern Quebec Agreement (JBNQA):
- Under this agreement, both federal and Quebec governments became responsible for providing the treaty benefits
    - Provided land, cash, and power to administer cultural matters (education, health, social services) to Aboriginal peoples
    - In exchange, the Cree and Inuit surrendered their Aboriginal claims to northern Quebec and agreed to allow construction of La Grande project to proceed
- Both groups, now living in settlements, are more involved in the modern industrial society than ever before
- Kativik Regional Government:
- Economic situation of the Cree and Inuit is much improved and certainly much better than that of those without such an agreement
- Still, the Cree felt that both Ottawa and Quebec failed to honour their responsibilities (Cree actively opposed Great Whale River project)
- In 2001, the Cree reached an agreement with the Quebec government for the economic development of the resources of northern Quebec
    - Paix des Braves opens the doors to a major diversion of the Rupert and Eastmain rivers into La Grande Basin, adding more water for its hydroelectric plants
    - Astonishing reversal for the Quebec Cree who had bitterly opposed the project and mounted protests against further hydroelectric developments in their traditional lands
- Faced with a rapidly growing population, high unemployment rates, critical shortage of public housing, and a desperate need for sewer and water systems, Cree leaders had to seek an agreement with the Quebec government
- Quebec wanted to develop the northern resources and the Cree needed revenue to operate their communities and to find work for their people