

**Press Release  
DRAFT**

**Montréal, June 18, 2004**

**Wind Power Call for Tenders from Hydro-Québec Distribution: average total cost of bids is 10 cents/kWh**

Hydro-Québec Distribution has done a preliminary analysis of the pricing formulas in the bids received in response to the call for tenders for the purchase of 1000 MW of wind power. The average price of bids, including the cost of transmission and power balancing, is 10¢/kWh in 2007, increasing with inflation thereafter.

The capacity factor guaranteed by the project proponents averages 30%, which corresponds to an annual quantity of 2.6 TWh as at December 1, 2011. It should be noted that there are penalties for deliveries lower than the amount guaranteed in the bid.

**Details relative to preliminary analysis**

In addition to the quoted energy price of 8.1¢/kWh, Hydro-Québec Distribution's total cost of purchase must include the cost of modifying the transmission system and of power balancing.

- Taking into account Hydro-Québec TransÉnergie's expected cost, which could be as much as \$400 million to integrate and connect the new wind power facilities, the transmission cost would be 1¢/kWh.
- As filed with the Régie de l'énergie by Hydro-Québec Production, the cost of balancing the wind power feed-in is about 0.9¢/kWh.

The bidders propose to use 0.85-MW to 3-MW wind turbines. This could represent nearly 1,200 wind turbines for the 1000 MW purchased.

Hydro-Québec Distribution is now starting an in-depth analysis of the bids received in order to select the best combination. It plans to announce the winning bids in September.

Here is the breakdown of Hydro-Québec Distribution's supply sources as they stand today.

## PRICE IN 2007

Supply contract or agreement	Energy in TWh	Price per kWh	Transmission costs in ¢/kWh	Balancing costs in ¢/kWh	Total	Indexed
Heritage pool	165	2.79	/		2.79	No
Call for Tenders in 2002 (20 years)	8.2		6.3	NA	6.3 (a)	Yes, to inflation
Biomass (20 years)	0.3		6.6	NA	6.6	
Wind (20 years)	2.6	8.1 (b)	1	0.9	10	
Short-term call for tenders (1 year)	2.2	7.8 (c)	/		7.8	No
Short-term dual energy (BT) (1 year)	2	7.9 (d)	/		7.9	No

(a) Adjusted to new forecasts (price of natural gas, exchange rate and other).

(b) Average for 4,000 MW. The final price will be known in September 2004.

(c) Price in 2005.

(d) Price in 2004.

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