

HQ Exports and Electricity Price Escalation

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A Question: Do current export prices faced by HQ tell us anything about potential future price escalations?

ANSWER: HQ? > YES

What We've Learned so Far About HQ's Exports

- Dramatic Changes in the HQ picture with respect to the quantity of electricity exported:
  - Exports as a percentage of total available electricity have generally been declining!
    - Exports to other provinces in Aug 2025 were down almost 58% from three years earlier.
    - Exports to the USA in Aug 2025 were down almost 94% from three years earlier.
    - Exports to other provinces (NB) in 2025 are generally greater than to the USA over the year.
    - Exports to the USA exceed those to other provinces during the winter months, when electricity prices in the northeastern USA are particularly high.
    - Net exports to the USA are **generally** negative, meaning the USA imports more than it exports.
    - According to data from the Canada Energy Regulator, HQ appears to export to Maine and New York, but not to New England, where it has new transmission lines and agreements with the New England ISO.

Meeting Contract Commitments??

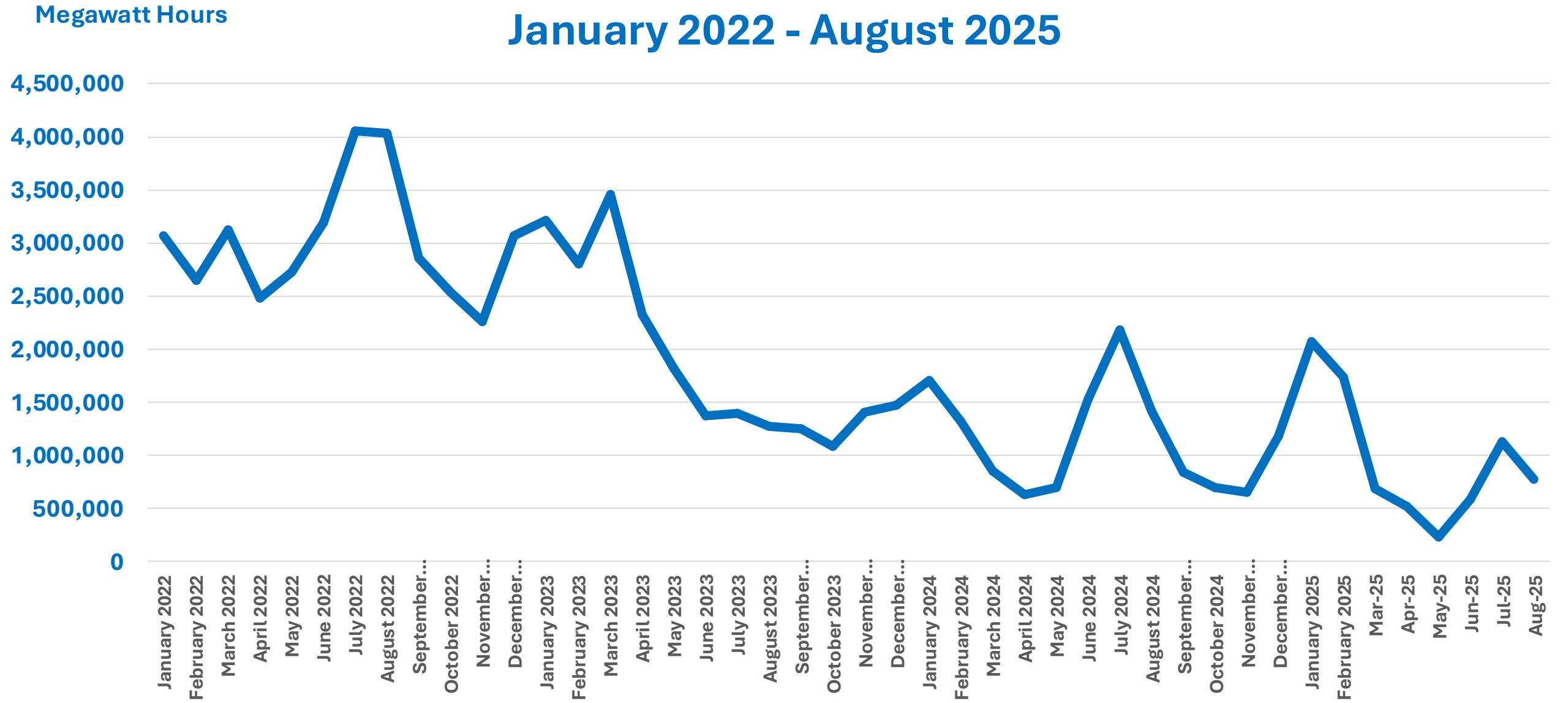
Reducing energy costs in Maine and New England

The agreements with Massachusetts electricity distributors is **for a 20 year supply of clean, reliable, baseload energy (approximately 9.45 terawatt/hours (TWh) per annum).** The electricity will be produced by the **extensive fleet of Hydro-Québec hydroelectric power plants** and will reduce dependence on fossil fuels in the New England region.

The NECEC will suply clean energy to 1.2 million New England households. Under this long-term arrangement, customers will benefit from **stable prices for the next 20 years,** avoiding price rises during peak demand in summer and winter. In fact, **NECEC will reduce customer spending on electricity by $3,900 million over the next 20 years.** Each year, customers in Massachusetts will save $150 million, and those in Maine, $40 million.

⚠ **Does Churchill Falls qualify as a Hydro-Quebec hydroelectric power plant? Maybe**

Quebec's Total Exports by Month, January 2022 - August 2025

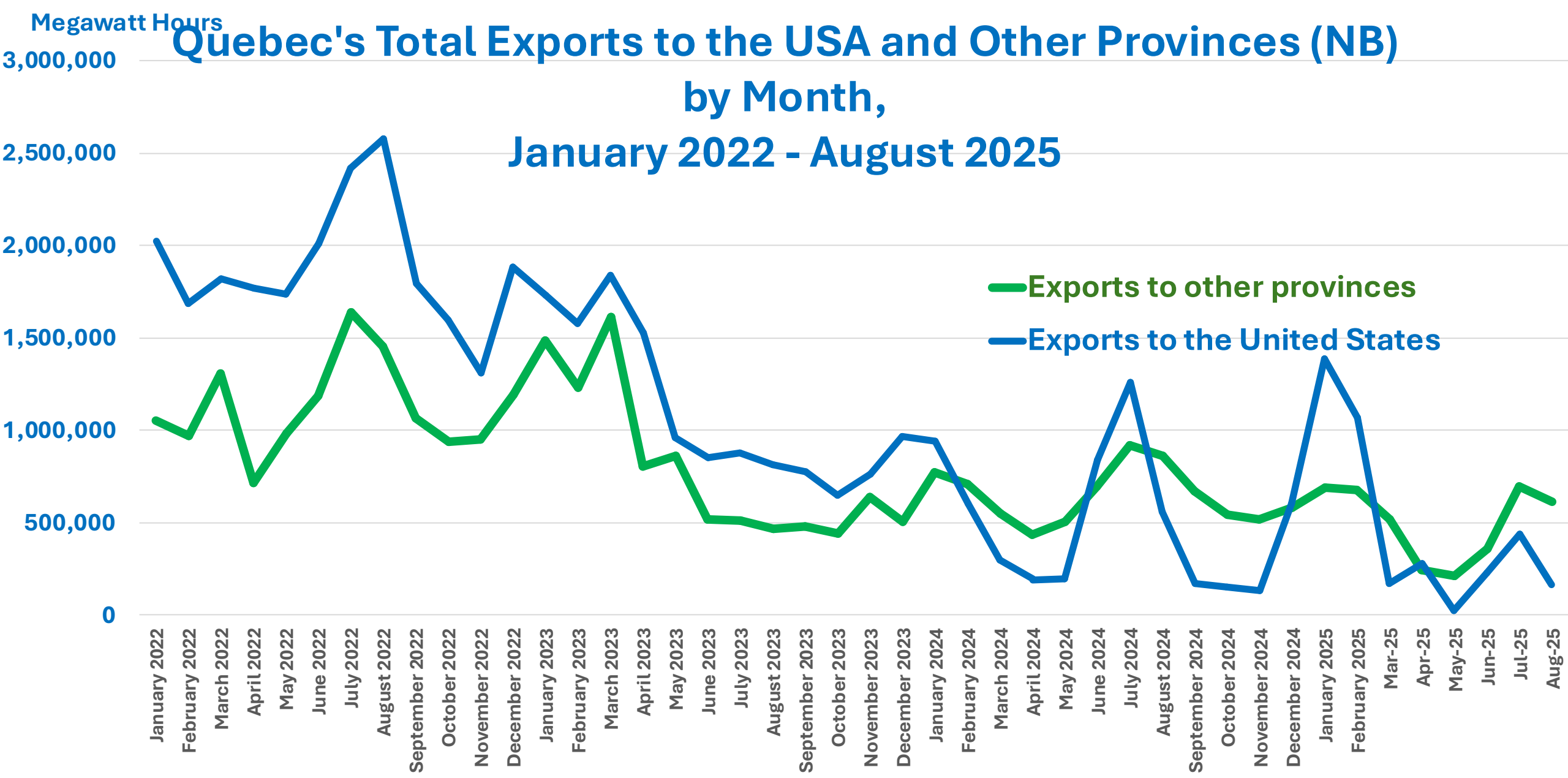


Source: Statistics Canada, Table 25019-0016-01

Percentage Changes In HQ's Exports

	From the same month (August) last year	From August 2025 to August 2022
Total Exports	**-45.4%**	**-80.8%**
Exports to Other Provinces	**-29.1%**	**-57.9%**
Exports to the USA	**-70.7%**	**-93.7%**

Quebec's Total Exports to the USA and Other Provinces (NB) by Month, January 2022 - August 2025



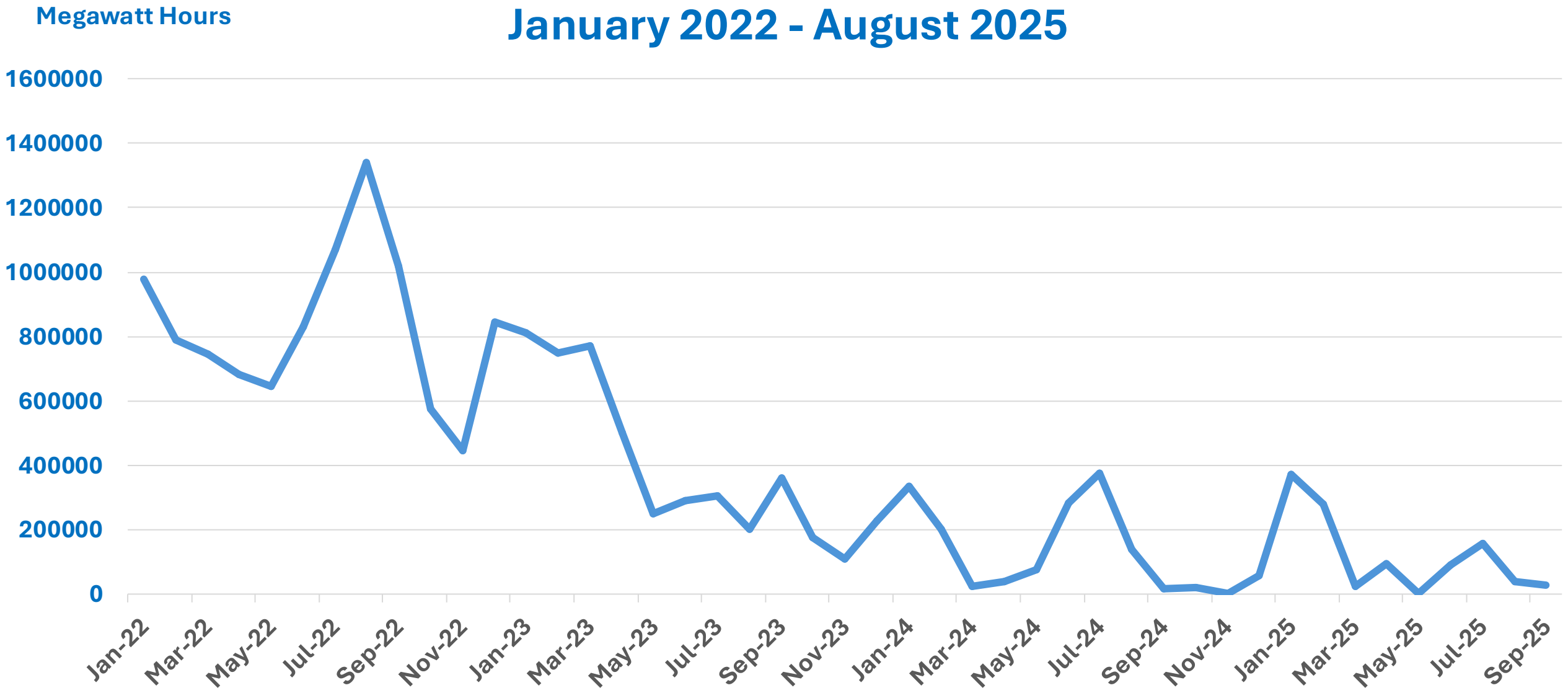
Source: Statistics Canada, Table 25019-0016-01

Quebec's Export Patterns

- Exports seem to occur primarily in the colder winter months and also, but to a lesser extent, in the hotter summer months.
- Climate and climate change are important on the demand side and on the supply side (drought).
- Longer term commitments to NB are beginning to dominate exports to the USA

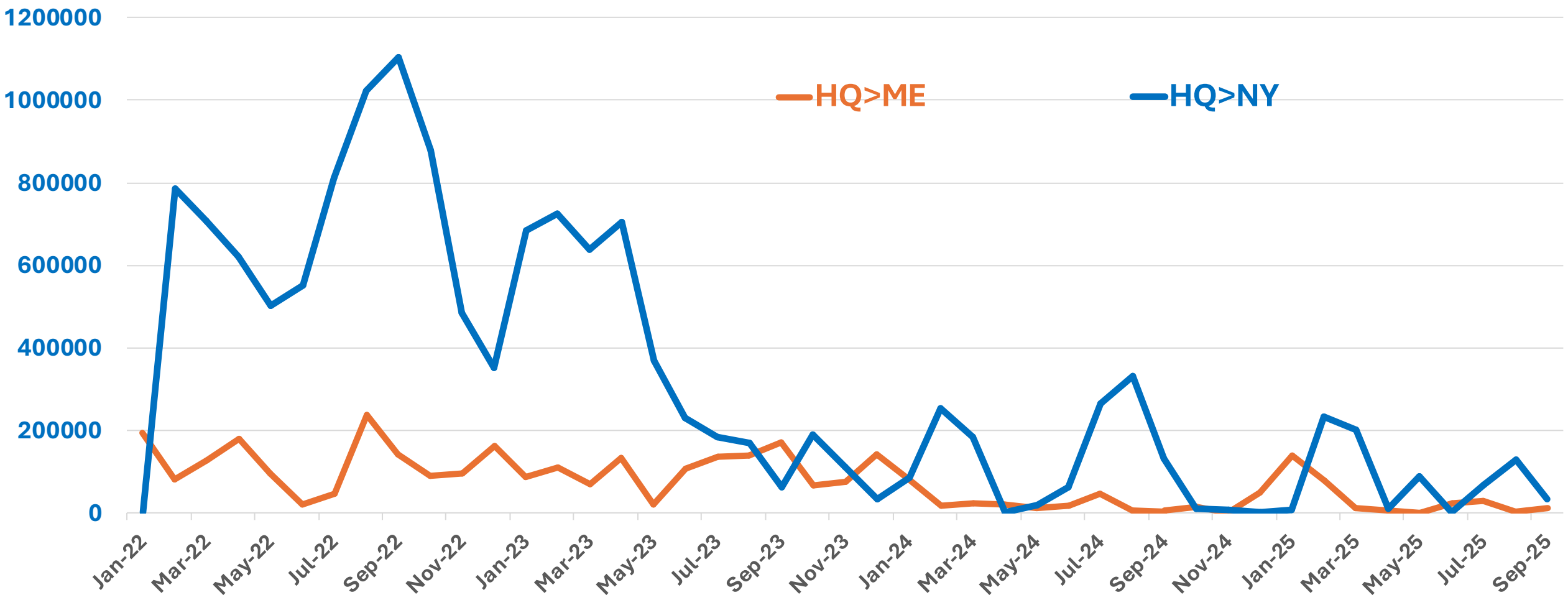
Exports to the USA

Quebec's Total Exports to the USA by Month, January 2022 - August 2025



Source: Statistics Canada, Table 25019-0016-01

HQ's Monthly Exports of Electricity to Maine and New York
Jan. 2022 -Sept. 2025



SOURCE: https://apps.cer-rec.gc.ca/CommodityStatistics/ViewReport.aspx

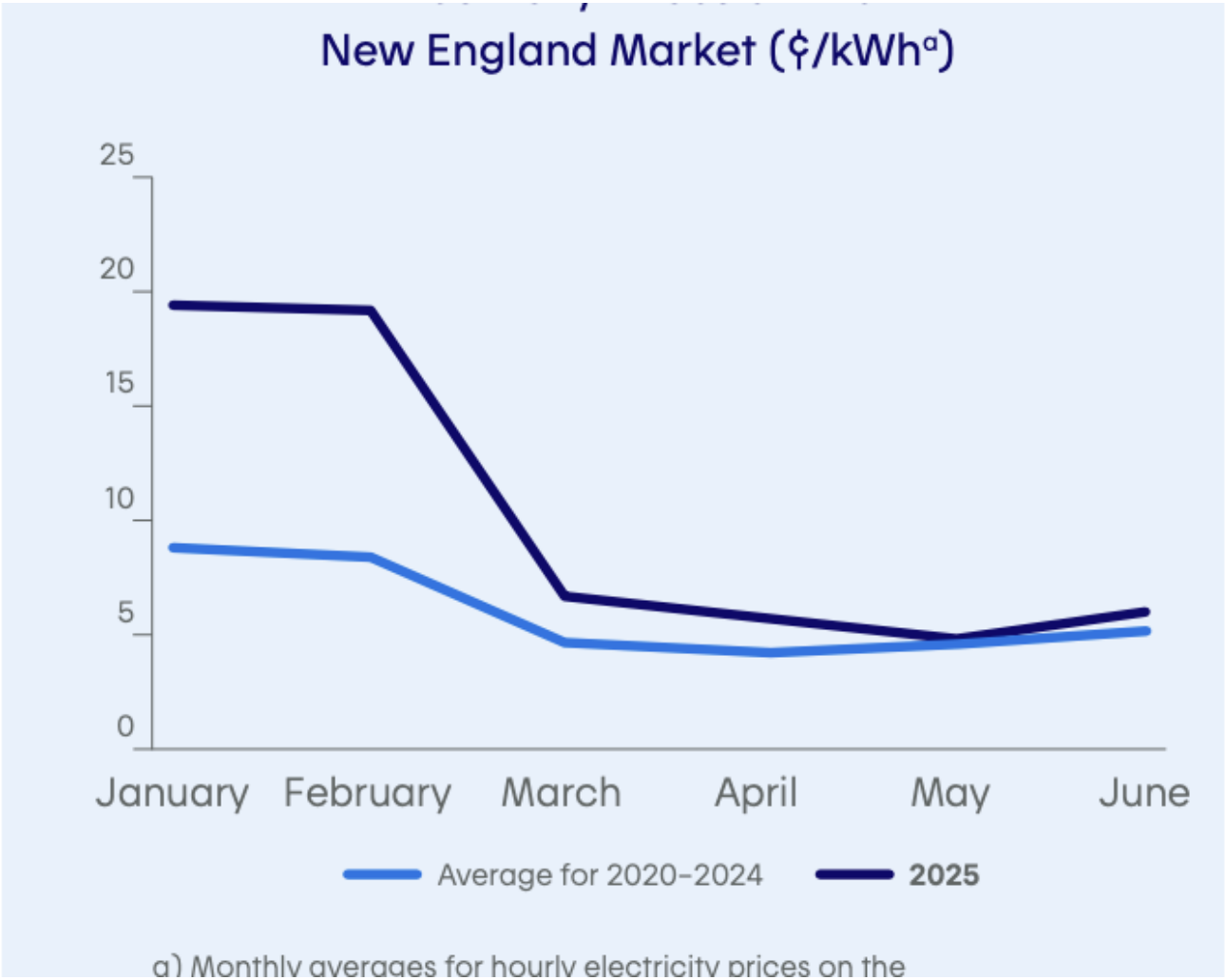
- What we've learned so far with respect to the prices of HQ's exports to the USA:
  - The most reliable information is likely to come from HQ itself, as CER data appears inconsistent with respect to value and price data in New York.
  - CER report no HQ exports into NE, but HQ's mid-year publication states otherwise.
  - HQ is a profit maximizer in terms of exports.
  - It's plausible that NL exports from CF to HQ enables HQ to export electricity at very profitable prices to the US markets.

HQ's Semi-Annual Report Comments on Export Markets in the 1st Half of 2025

"The company increased electricity exports to take advantage of high prices in a context marked by strong demand."

On markets outside Québec, weather conditions experienced during the first few months of the year led to an overall increase in energy prices.

This was especially true in New England, Hydro-Québec's primary export market.



HQ’s Mid-year Statement, 2025

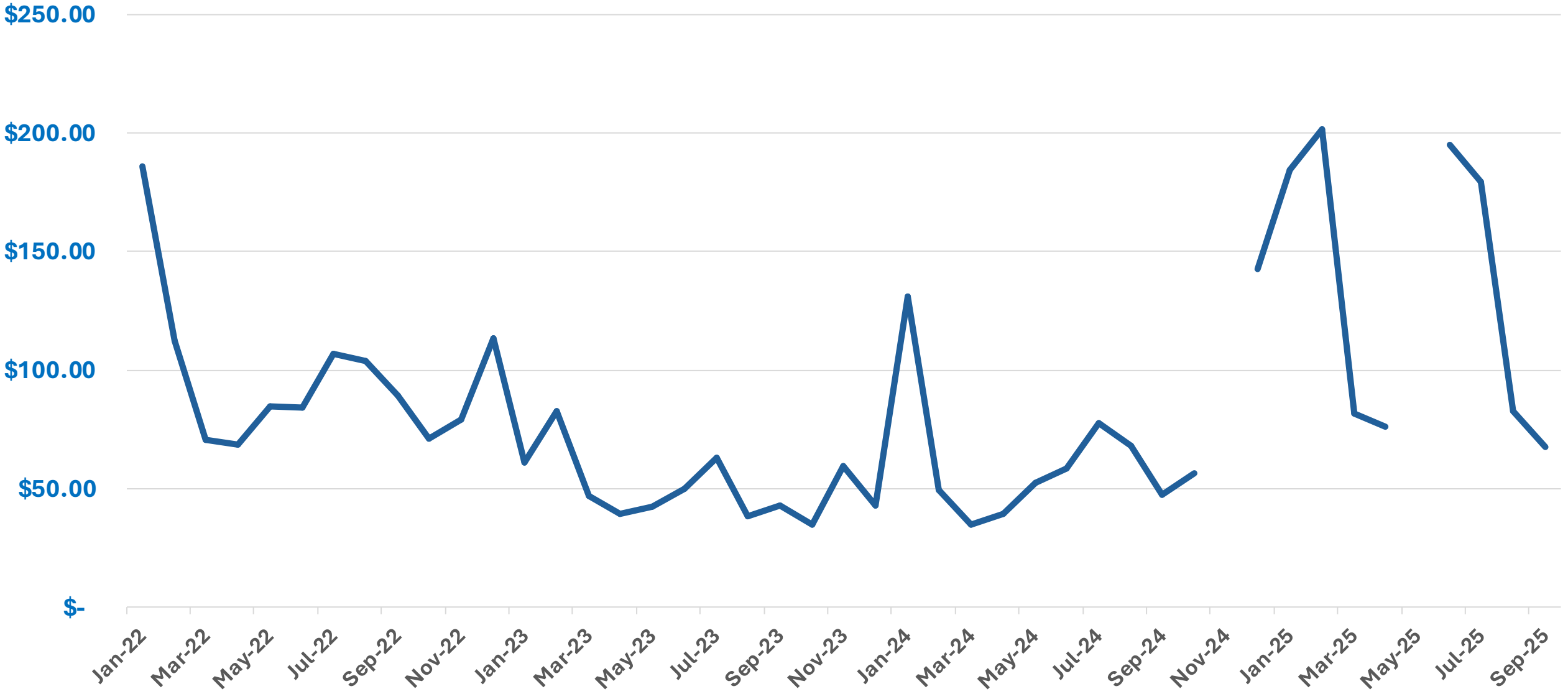
Strong performance on export markets

Colder winter: Increase in market prices

- Sales of approximately 6 TWh at 16¢/kWh in 2025 (9¢/kWh in 2024)
- Purchases of approximately 6 TWh at 5¢/kWh (3¢/kWh in 2024)

Increase in income as a result of an efficient marketing strategy, supported by the reliability and performance of its generation and transmission equipment

HQ's Export Prices Into Maine



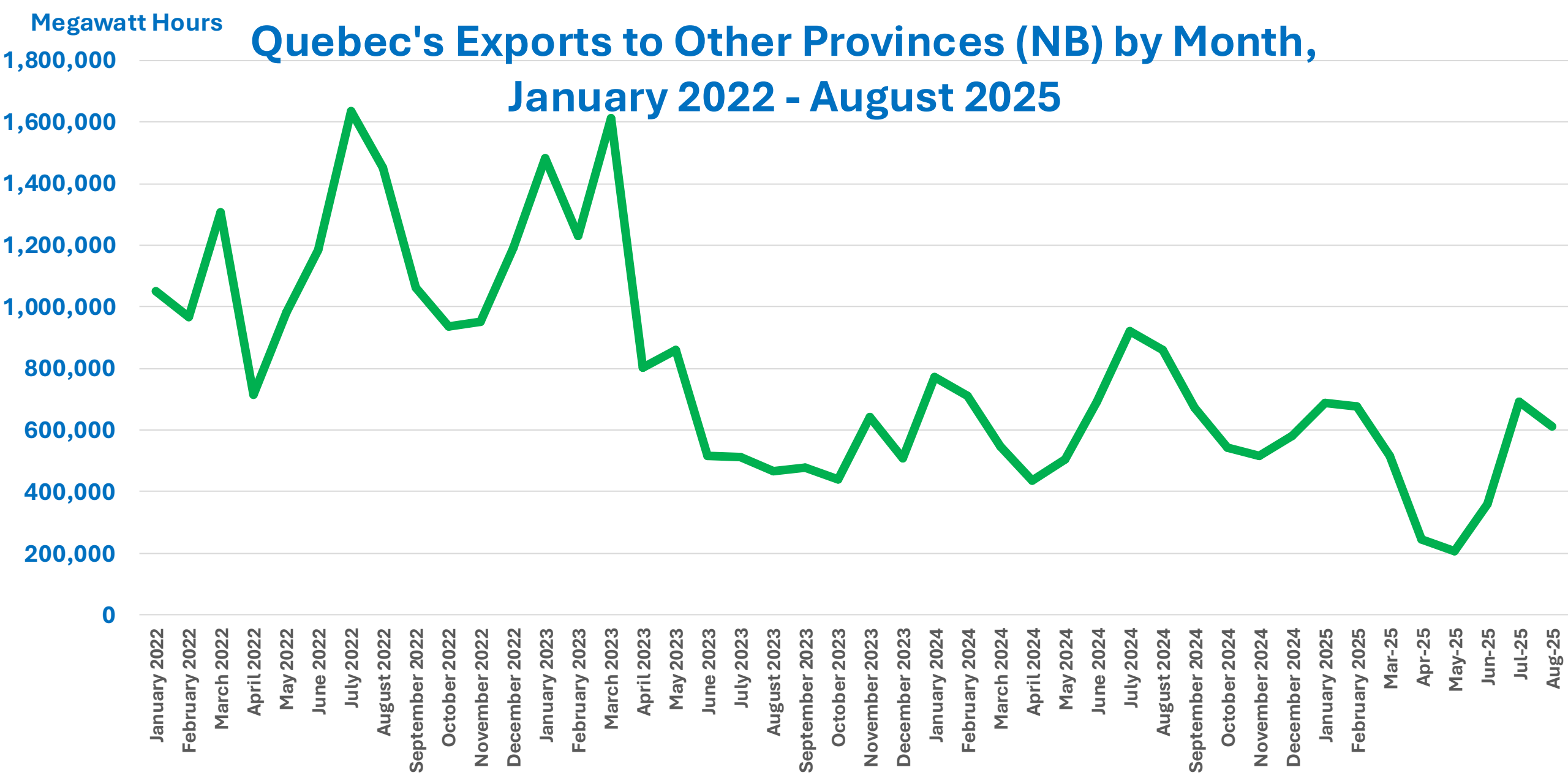
SOURCE: https://apps.cer-rec.gc.ca/CommodityStatistics/ViewReport.aspx

Escalating Electricity Prices in Competitive Export Markets

- According to the CER (Canada Energy Regulator) , the average price of electricity exported from Quebec to Maine in the first quarter of 2025 was $177.95 CAD/MWh (17.80¢ CAD/kWh).
  - HQ exports more electricity when prices are high, which accounts for the high year-to-date export prices.
- Export data into the same market for the same period in 2024 was 8.32¢/kwh or a 114% increase!
- Part of the increase can be attributed to the colder winter in 2025; however, the actual increase is significantly greater than the 2% increase specified in the MOU, which has a set annual rate. Those prices are detached from market realities, especially in the rapidly evolving electricity market.

Exports to Other Provinces (NB)

Quebec's Exports to Other Provinces (NB) by Month, January 2022 - August 2025



Source: Statistics Canada, Table 25019-0016-01

- HQ is involved in power projects in NB and has long term commitments including one to 2040.
- The exports although reflecting seasonal patterns seems lower after 2022.

Export Prices to New Brunswick

- According to my information, there is no fixed rate but rather a rate that reflects market conditions. To my knowledge these rates are not made public.

Answering Our Question:

Do current export prices faced by HQ tell us anything about potential future price escalations?

- Answer: Yes, I believe so. The prices in the USA are more competitive, especially for natural gas, which is needed to power turbines that produce electricity. Natural gas is the closest alternative to wind and water for HQ at present. These free markets reflect variations in demand and supply throughout the day, throughout the year, and over time. The electricity market in the USA is very dramatic and will change radically over the next few years.
- Support for the relevance of using US prices is provided by the Government of Newfoundland and Labrador in the next slide.

Further Information from GNL

Reference	Price
New York ISO YTD	4.3¢ per kWh
ISO New England YTD	5.3¢ per kWh
New CF PPA	5.9¢ per kWh
HQ Long-Term Contracts (NECEC and CHPE)	6.5¢ per kWh

- **NECEC: New England Clean Energy Connect**
- **Champlain Hudson Power Express**

Source: Government of Newfoundland and Labrador, OurChapter.ca, **A New Chapter for Hydroelectric Generation in Labrador**

- Although we do not know the specifics of HQ’s export prices to New Brunswick Power, we do know the pricing is not set during the year or over the years. Also, note that the long-term contract lasts until 2040; it is not for 51 years.

Thanks for watching

We would encourage you to discuss with others and share your opinions and insights.