

Financial Assistance for Investment Programs

PARAMETERS AND TERMS AND CONDITIONS

(In case of discrepancy, the version of the orders of the Minister published in the *Gazette officielle du Québec* shall prevail.)

<p>Description</p>	<ul style="list-style-type: none"> • The Financial Assistance for Investment Program is a measure which aims to promote investments by businesses that pay the industrial rate for large-power customers (Rate L). • The assistance provided in the form of reduced electricity costs allows for the reimbursement of up to 50% of the eligible costs: <ul style="list-style-type: none"> — 40% of the eligible capitalized costs; — an additional 10% for a 20% greenhouse gas (GHG) emission intensity reduction. • The maximum reduction of the electricity bill is 20% for a maximum period of: <ul style="list-style-type: none"> — four years or; — eight years if capitalized costs of at least \$250 million have been the subject of an audited report or; — four years over a maximum of six years if the business responsible for the project has successfully demonstrated to the Ministère des Finances, before January 1, 2023, that the project has been impacted by the public health crisis.
<p>Investment projects targeted</p>	<ul style="list-style-type: none"> • The measure targets investment projects that facilitate: <ul style="list-style-type: none"> — the conversion of production processes to adapt existing products to market demand; — the enhancement of productivity or energy efficiency through the modernization of operating procedures; — increased output to adapt supply to market demand; or — a new production start-up.

<p>Time frame</p>	<p>Enrolment period to submit an application:</p> <ul style="list-style-type: none"> • from September 30, 2016, to December 31, 2023. <p>Period for the completion of qualifying investments:</p> <ul style="list-style-type: none"> • from March 18, 2016, to December 31, 2025. <p>Application period of the discount:</p> <ul style="list-style-type: none"> • from January 1, 2017, to December 31, 2032. <p>Deadline for submitting an audited report:</p> <ul style="list-style-type: none"> • December 31, 2026.
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<p>Eligibility</p>	<p>Submission of the application</p> <ul style="list-style-type: none"> • Applications for eligibility of projects already in progress must be submitted by the last day of the calendar year in which the project began. <p>Investment projects</p> <ul style="list-style-type: none"> • To be eligible, investment projects must be completed in Québec in businesses billed at Rate L. • For each of their projects, the businesses must show: <ul style="list-style-type: none"> — the project's technical and financial feasibility; — its economic potential from the standpoint of productivity or increased output; — the GHG intensity reduction potential, if applicable. • The application for eligibility that a business submits can combine several investment projects. • The total planned investments in the application must reach the minimum investment threshold. <p>Number of applications for eligibility per business</p> <ul style="list-style-type: none"> • No restrictions apply to businesses concerning the number of applications for eligibility, but each application must cover projects that: <ul style="list-style-type: none"> — include eligible investment expenses; — will be carried out in the consumer's or the group's establishments, or in establishments where the main production steps of the businesses take place; — comply with the minimum investment threshold. <p>New businesses or new establishments</p> <ul style="list-style-type: none"> • In order to benefit from this measure, new businesses or establishments must have entered into a supply agreement with Hydro-Québec before January 1, 2024, to be billed at Rate L.
<p>Rules governing concurrent government financial assistance</p>	<ul style="list-style-type: none"> • Reduced electricity costs are granted independently of other forms of government assistance. • However, the discount does not apply to the large-power options of Hydro-Québec's electricity rates for its electricity distribution activities, in particular, the Economic Development Rate. Furthermore, it does not apply to any establishment benefiting from a special contract.

<p>Eligible investment expenses</p>	<p>Eligible investment expenses</p> <ul style="list-style-type: none"> • Eligible costs are amounts incurred on or after January 1 of the year in which the application was received¹ that are eligible for capital cost allowance and are capitalized before 1 January 2026. <p>Ineligible expenses</p> <ul style="list-style-type: none"> • Contingency funds • Maintenance of assets (current spending) • Auditor's reports on the investments completed • Verification reports on the GHG emission intensity reduction • Purchase of land
<p>Recovery</p>	<ul style="list-style-type: none"> • The government may recover overpayments if eligibility requirements are not met. • Where revised or revoked financial assistance must be recovered in whole or in part, the Minister will send the business concerned a recovery notice requiring payment by cheque or bank transfer of the amount due within 60 days, or providing for offset of this amount against any amount payable to the business by the Minister. <ul style="list-style-type: none"> — In certain circumstances, the Minister may agree to a repayment agreement covering a period not exceeding that during which the financial assistance was granted.
<p>Application</p>	<ul style="list-style-type: none"> • The application period of the discount begins on January 1, 2017, and ends on December 31, 2032. • The discount applies as of the date of the bill sent the month after the verification of an audited report on capitalized costs conducted after the confirmation of the project's eligibility. <ul style="list-style-type: none"> — For instance, a business filing an audited report in September will receive the discount on its November bill that covers its consumption for October. • Subsequently, the other audited reports may be submitted when the business deems it appropriate, and this, no later than December 31, 2026. <ul style="list-style-type: none"> — However, to benefit from the 96-month application period, the business must submit, before the expiry of the initial 48-month period and no later than December 31, 2026, an audited report with eligible capitalized costs of \$250 million. Should the business fail to submit such a report, payment of financial assistance will be suspended as

¹ This parameter applies to applications received after December 31, 2018. For applications received before January 1, 2019, the amounts must have been incurred after March 17, 2016.

	<p>of the 49th month, until eligible capitalized costs of at least \$250 million have been the subject of such a report. Such suspension does not interrupt the period during which financial assistance is payable.</p> <ul style="list-style-type: none"> • If a business does not want its discount to come into effect on its due date, it is its responsibility to indicate the date on which the discount will come into effect when submitting an audited report. • The amount of the reduction in electricity costs will be calculated according to the investments made. The payment will be made continuously. • The reduction will be applied to the component corresponding to the Rate L of the electricity bill. <ul style="list-style-type: none"> — The other rate options linked to the level of consumption, in particular interruptible electricity and additional electricity, will not be considered. <p>Enhancement for GHG emission intensity reduction</p> <ul style="list-style-type: none"> • The enhancement for GHG emission intensity reduction will be granted in the case of investment projects that permanently reduce GHG emission intensity. <ul style="list-style-type: none"> — The enhancement will be equivalent to a maximum of 10% of the amount of eligible investments made for a 20% GHG emission intensity reduction. — It will be granted to businesses on a pro rata basis of the GHG emission intensity reduction achieved for the project. • The enhancement will be applied once the intensity reduction of the emissions of such gases is confirmed. <p>Maximum reduction of the electricity bill</p> <ul style="list-style-type: none"> • The maximum reduction will correspond to 20% of an establishment's electricity bill. • If the amount of the eligible reimbursement for a given year exceeds the maximum reduction of 20%, the surplus may be carried over to subsequent years. • The business can choose the establishment to which the reduction will apply. • Hydro-Québec determines the establishments where the final portion of the financial assistance will be applied unless the business advises otherwise.
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<p>Investment threshold</p>	<ul style="list-style-type: none"> • The investment threshold corresponds to the lesser of: <ul style="list-style-type: none"> — 40% of the annual electricity cost of all of the business' establishments billed at Rate L; and — \$40 million. • The determination of the investment threshold will be based on the bills for the 12 months preceding the application or the cost estimated by Hydro-Québec, for any new customer that has purchased electricity for less than 12 months. <ul style="list-style-type: none"> — All of the business' establishments billed at Rate L will be considered • Businesses will be required to submit audited reports to the Ministère des Finances, no later than December 31, 2026, on the capitalized costs of projects covered by the same eligibility certificate that reach at least the investment threshold.
<p>Audit of investments</p>	<ul style="list-style-type: none"> • The businesses must submit, according to the timetable, an audited report on capitalized costs confirming the completion of the investments stipulated in their investment plans.
<p>Verification of greenhouse gas emissions</p>	<ul style="list-style-type: none"> • To be eligible for the enhancement, the business must declare GHG emissions before and after the project's completion. <ul style="list-style-type: none"> — The Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs must verify the emission intensity reductions linked to the investment project. • GHG emissions will be calculated according to the methods defined in the Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere. • The terms and conditions relating to the declaration of GHG emissions may foresee that the information provided by the business must be certified by a member of the Ordre des ingénieurs du Québec or that the business must consent that the information be verified on-site.

<p>Transferability</p>	<ul style="list-style-type: none"> • Upon the complete transfer of a business, the transferee business acquires the rights and assumes the obligations of the transferor business with respect to this program only from the time it submits to the Minister: <ul style="list-style-type: none"> — proof of acquisition; — proof that the investment plan is being maintained; — the name of the new authorized representative for the applicant; — proof that the representative is authorized to make the application. • Upon the partial transfer of a business: <ul style="list-style-type: none"> — the transferring party must amend its requests in order to withdraw the projects not carried out at the time of the transfer in the transferred establishments and, if necessary, have its investment threshold reassessed; — the acquirer of the new entity may submit projects that meet the eligibility criteria in a new application.
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