



Hydro-Québec Ingénierie, approvisionnement et construction



Sales in 2000

\$1.4 billion

Main customers in 2000 (% of revenue)

Hydro-Québec Production: 49%

TransÉnergie: 33%

Hydro-Québec Distribution: 10%

Other: 8%

Number of employees as at Dec. 31, 2000

3,024

Regulatory regime

Not applicable

Hydro-Québec Ingénierie, approvisionnement et construction

Mandates

- **Provide strategic advice and engineering and procurement services, and carry out energy-related construction projects both nationally and internationally**
- **Provide orientations, guidelines, strategies and services related to procurement and services to Hydro-Québec units**
- **Manage the activities of Société d'énergie de la Baie James, a Hydro-Québec subsidiary**

Orientations for 2002–2006

- 1 Improve the management of shared services offered to Hydro-Québec divisions**
- 2 Promote engineering and construction know-how in power generation and transmission**

Orientation 1

Improve the management of shared services offered to Hydro-Québec divisions

The profitability and reliability of power generation and transmission activities are largely a function of the quality of facility design and the stringent management of procurement and construction processes. The expertise developed by Hydro-Québec Ingénierie, approvisionnement et construction must not only contribute to the profitability of the company's other divisions, but also enhance the marketing of Québec's know-how in the energy field.

Over the next few years, Hydro-Québec Ingénierie, approvisionnement et construction will participate in projects involving the refurbishment of generating stations, reinforcement of the transmission system and development of Québec's hydroelectric potential.

As these projects are carried out, the division will promote environmental protection, reduce construction lead times and work to ensure that projects are well received by local communities. Among other things, it intends to reduce the time required to obtain construction permits by proposing that the guidelines governing environmental impact studies be optimized. While working toward better-targeted guidelines, the division will ensure that changes in the application of provincial and federal regulations result in speedier project development.

Even though the details of investment programs in generation and transmission have not yet been finalized, the division is projecting annual sales of approximately one billion dollars for the Strategic Plan period.

Hydro-Québec Ingénierie, approvisionnement et construction intends to optimize the management of the shared services it provides to other Hydro-Québec divisions. It will do so by reducing its own costs and improving processes used by client divisions, especially with regard to procurement and services.

Projects:

- *Refurbishment of generating stations*
- *Reinforcement of the transmission system*
- *Development of hydroelectric potential*

Optimized management of shared services offered to other divisions

For example, the division will freeze shared-service fees over the Strategic Plan period. It will also improve its construction concepts and methods, which will allow it to generate savings of 4% per year on investment projects. Project management fees should be maintained at 14%. To this end, the division plans to monitor its project costs very carefully.

It should be noted, however, that difficulties in obtaining permits could lead to a significant drop in annual sales related to generation and transmission investment projects. Achieving the 14% target for management fees could therefore be compromised, since it is based on minimum annual sales of \$800 million before borrowing costs.

Orientation 2

Promote engineering and construction know-how in power generation and transmission

Develop the most promising market niches

Hydro-Québec Ingénierie, approvisionnement et construction plans to focus its international operations on the Americas and to develop the most promising market niches in areas where it has a high level of expertise:

- rehabilitation and optimization of hydroelectric generating stations in the United States
- installation of optical fibres on live power lines
- installation of power-grid control systems
- engineering and construction of interconnection lines in South America

Hydro-Québec Ingénierie, approvisionnement et construction, in collaboration with Hydro-Québec Production and TransÉnergie, will work with consulting engineering firms to carry out investment projects. To ensure that it chooses profitable projects while minimizing its risks on international markets, the division will continue to strictly apply its risk management process and seek out business partners to develop targeted market niches.