

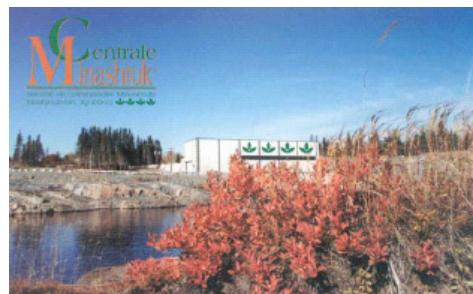
**Key Issues:**

**8- Minority Group**

11- Benefits due to Power Generation

**Climate Zone:**

Df: Humid, cold climate with harsh winters and year-round precipitation



**Subjects:**

- Partnership with an Amerindian community (the Montagnais of Lac Saint-Jean) for the financing, construction and operation of a 9.9 MW hydroelectric generating station

**Effects:**

- Acquisition of expertise in carrying out a generating station project
- Creation of recurring revenues to reinvest in other projects that can generate employment for the indigenous community
- Technology training and training of technically specialized manpower

**Project Name:** Minashtuk<sup>o</sup> ("island" in Montagnais) generating station

**Country:** Canada

**Implementing Party & Period**

**- Project:** Hydro-Ilnu (1996) inc., general partner of Minashtuk<sup>o</sup> Limited Partnership Company  
February 1999–May 2000

**- Good Practice:** Conseil des Montagnais du Lac-Saint-Jean, Hydro-Québec and Hydro-Ilnu (1996) inc.  
Development: 1992–May 2000  
Operation: until 2040

**Key Words:**

Financing and joint development of a small run-of-river generating station, revenue-sharing, partnership with an indigenous community, development of entrepreneurship and technically specialized manpower, positive economic and social development spinoffs.

**Abstract:**

The Minashtuk<sup>o</sup> project is an interesting example of a partnership between Hydro-Québec, a provincial public power utility, and an indigenous community. Its goal was the building of a generating station, including design, feasibility studies, financing, construction and operation, through the creation of a limited partnership.

## 1. Outline of the Project

Since the early 1990s, the Montagnais of Lac Saint-Jean had viewed such an initiative as a way of ensuring the community's long-term economic and social development. In an agreement reached in 1994 between the band council and Hydro-Quebec for the construction of a transmission line on Montagnais land, the two parties expressed their intention to enter into partnerships for specific projects.

Particular mechanisms were developed to provide the Montagnais with long-term benefits. The community also wanted to retain a degree of control over the design of the generating station. The formula that was agreed upon took the form of a limited partnership.

The Minashtuk0 generating station was commissioned in May 2000. It is a small-scale run-of-river generating station with a total cost of close to C\$25 million.

### Generating station features

The following table summarizes the main features of the Minashtuk0 generating station.

Project cost	C\$25 million
Installed capacity	9.9 MW
Type of turbine	Vertical Kaplan
Number of turbines	2
Unit design flow	63 m <sup>3</sup> /s
Rated head	9.4 m
Annual output	61 GWh
Load factor	70%

The Minashtuk0 generating station is a cutting-edge technological achievement. Its design is based on rigorous environmental criteria, which respect Innu-Montagnais values whereby economic development must be accompanied by measures to protect the environment.

The dam consists of three huge inflatable bladders that control the flow of the Mistassibi River 2 with exceptional performance and flexibility. Entirely computer-operated, the bladders can be inflated as required, providing the generating station with the flow needed to generate electricity. The water drives two vertical Kaplan turbines. The dry-type transformer is a technological advantage that complies well with environmental standards.

[Insérer texte pour images suivantes :]

MINASHTUK0 GENERATING STATION

East dam (60-m section)

Inflatable bladder, 60-m section of east dam. 27-01-2000.

MINASHTUK0 GENERATING STATION

East dam (60-m section)

Overview of east dam.

Installation of inflatable bladder in 60-m section. 20-02-2000.

**CENTRALE MINASHTUK'**  
Barrage Est - (Section de 60 mètres)



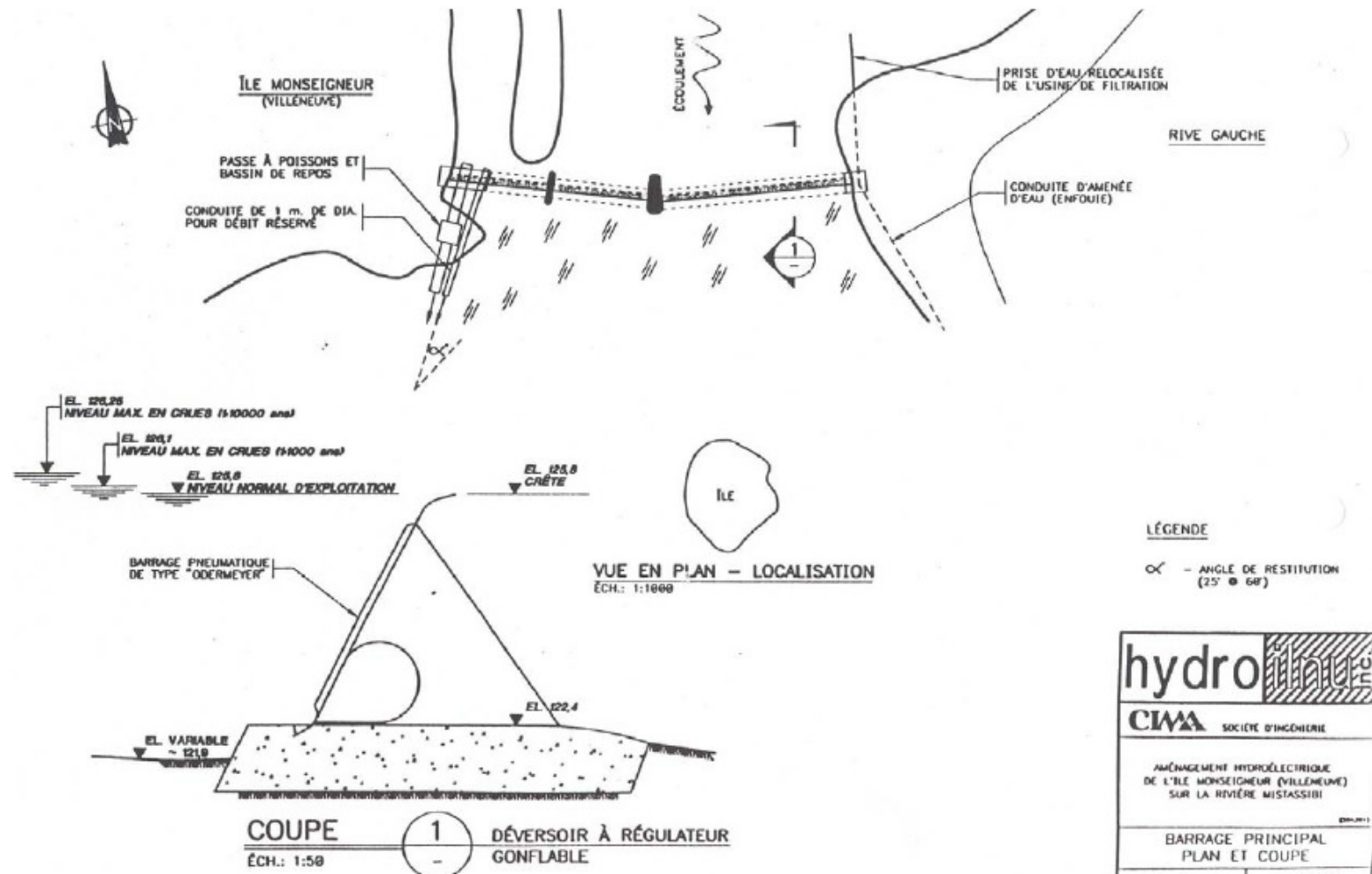
Ballon gonflable, section de 60 mètres au barrage est. - Le 27 Janvier 2000.

**CENTRALE MINASHTUK'**  
Barrage Est - (Section de 60 mètres)



Vue d'ensemble du barrage est. Pose du ballon dans la section de 60m. Le 20-02-2000.

# Minashtuk° Generating Station Dam Consisting of Three Inflatable Bladders



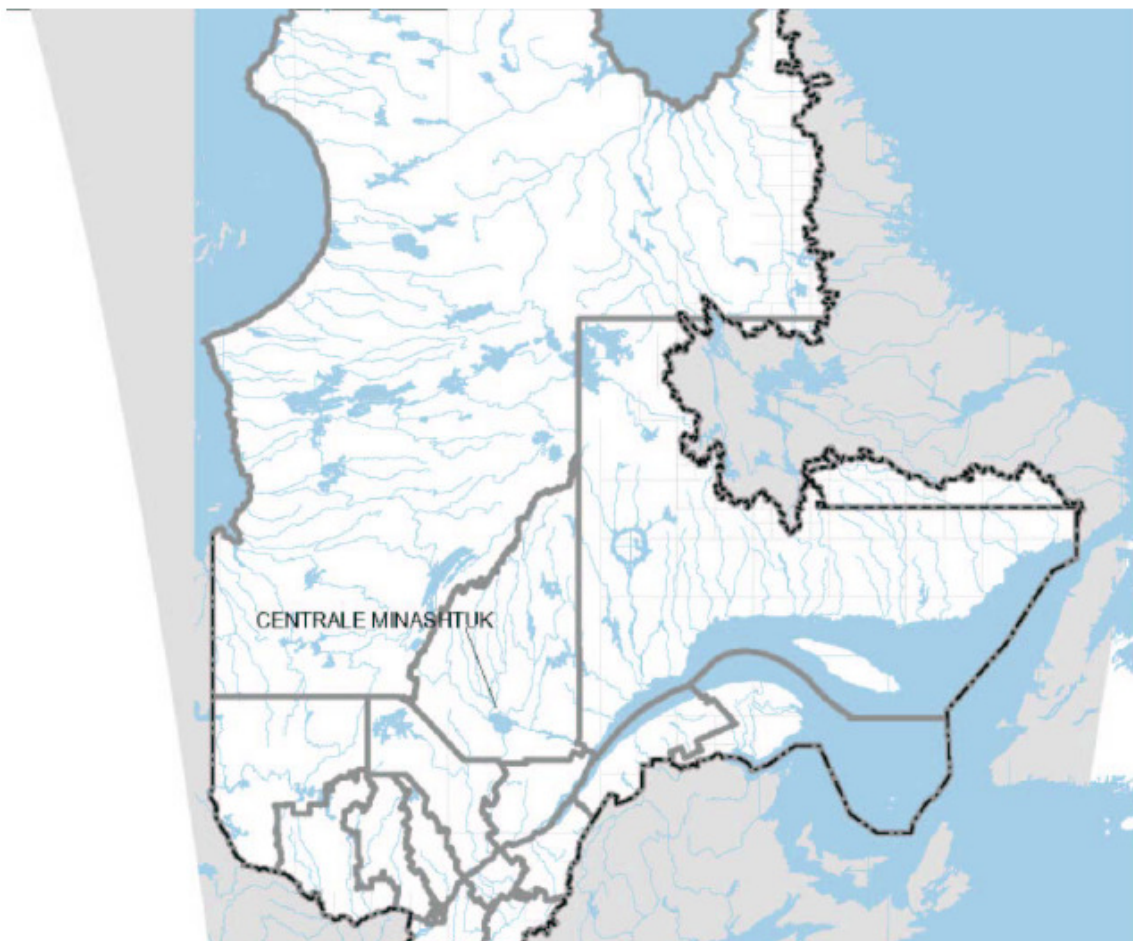


## 2. Features of the Project Area

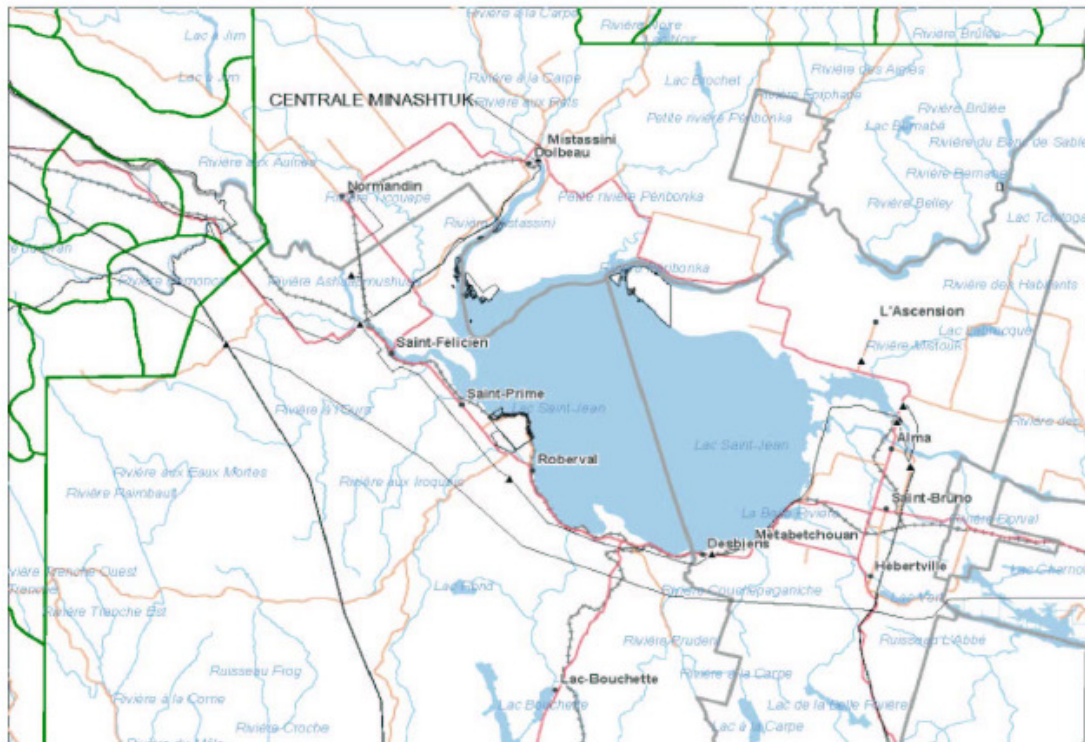
The Minashtuk0 generating station is now completed. It is located in the province of Quebec (Map 1), in eastern Canada. More specifically, it is on Monseigneur Island in the Mistassibi River (Map 2), within the boundaries of the municipality of Dolbeau-Mistassini (Maps 3 and 4), which has a population of some 15,400 inhabitants. The 9.9-MW Minashtuk0 generating station is a run-of-river facility with minimal environmental impacts since very little land has been flooded and few changes have been made to the river's natural flow.

The Band Council of the Montagnais of Lac Saint-Jean owns Hydro-Innu (1996), the main project proponent. This indigenous community has some 1,980 residents. The Band Council's village, called Mashteuiatsh, is located about 60 kilometres from the generating station. The Montagnais, who also call themselves Innu, have traditionally lived from hunting, gathering, fishing and trapping fur-bearing animals in the region where the Mistassibi River is located.

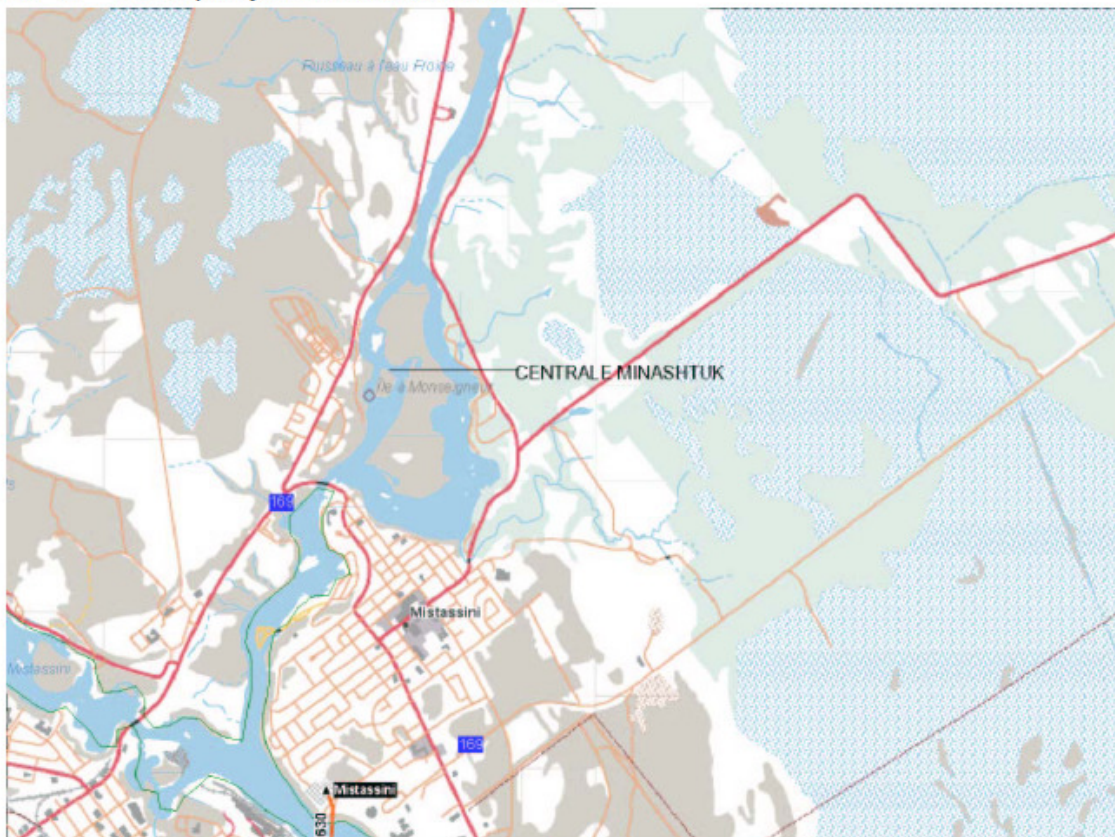
**MAP 1 – Province of Québec**



## MAP 2 – Lac-Saint-Jean Region

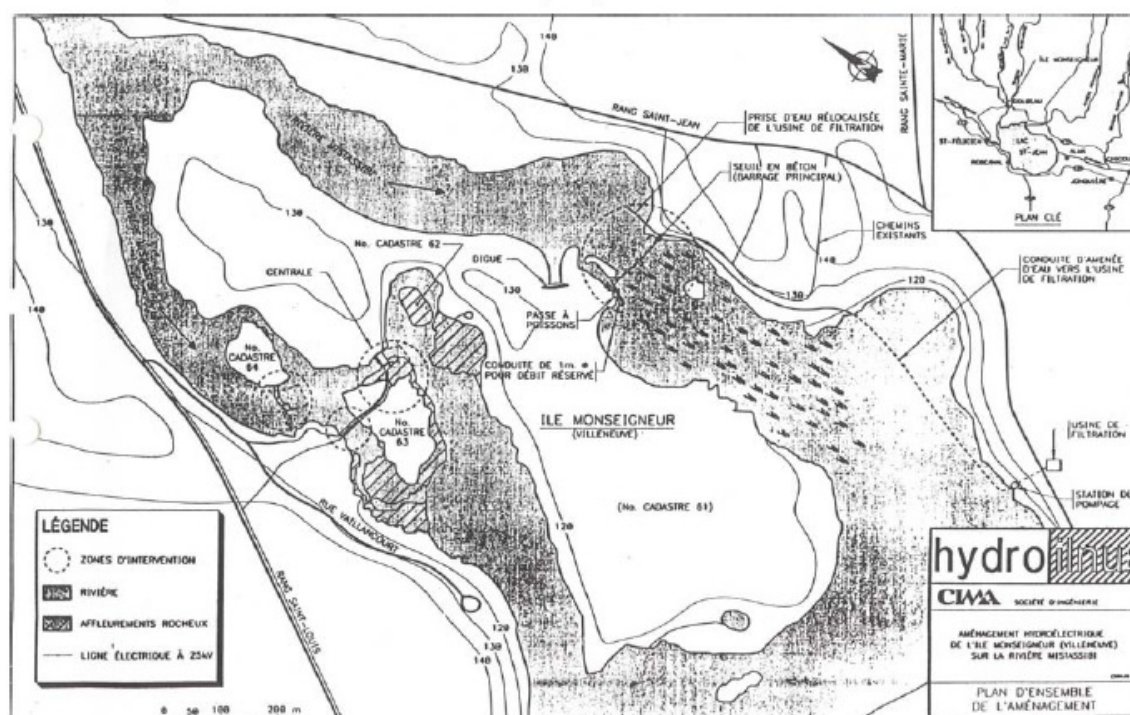


### MAP 3 – Municipality of Dolbeau-Mistassini





**MAP 4 – Project Location Within the Municipality of Dolbeau-Mistassini**



### 3. Benefits

The association between the indigenous community and Hydro-Quebec took the form of a limited partnership, defined as follows by the Civil Code of Quebec in Articles 2236 and 2238:

A limited partnership is a partnership consisting of one or more general partners who are the sole persons authorized to administer and bind the partnership, and of one or more special partners who are bound to furnish a contribution to the common stock of the partnership.

General partners have the powers, rights and obligations of the partners of a general partnership but they are bound to render an account of their administration to the special partners.

The general partners are bound by the same obligations towards the special partners as those binding an administrator charged with full administration of the property of others towards the beneficiary of the administration. Clauses restricting the powers of the general partners may not be set up against third persons in good faith.

The generating station is owned by the Minashtuk0 Limited Partnership Company. The Band Council of the Montagnais of Lac Saint-Jean is the company's majority shareholder, with more than 50% of the shares. Hydro-Quebec, the publicly owned provincial power utility owns the remaining shares. In addition to having an interest in the limited partnership, Hydro-Quebec has agreed to purchase all of the electricity generated by the project under a 20-year contract, which is renewable for another 20 years. The limited partnership has directly invested approximately 25% of the project's total cost, with the remainder of the project being financed through a long-term bank loan.

Hydro-Ilnu, a company fully owned by the Band Council of the Montagnais of Lac Saint-Jean, is the general partner in the limited partnership. It is responsible for designing the generating station, conducting feasibility studies, obtaining government authorizations, negotiating and administering a turnkey construction contract, and operating the facility. The Minashtuk0 generating station is the first project developed by Hydro-Ilnu.

#### **4. Effects of the Benefits**

Carrying out the Minashtuk0 project has led to the development of expertise in project financing, administration and management on the part of the Band Council of the Montagnais of Lac Saint-Jean.

It has also created jobs. During the construction phase, from February 1999 to June 2000, 16 jobs were created in the Montagnais community and more than 40 in the Dolbeau-Mistassini area. Furthermore, the long-term electricity sales contract with Hydro-Quebec sustains close to four permanent jobs related to generating station maintenance and operation. Sales revenue from the project provides the Band Council with a regular cash flow to promote new development projects.

The limited partnership has allowed the Band Council of the Montagnais of Lac Saint-Jean, as majority partner and sole owner of the general partner, Hydro-Ilnu, to design a project that meets its environmental protection priorities. The project also allows for the possible inclusion of the municipality of Dolbeau-Mistassini in this partnership, with the common goal of maximizing regional economic spinoffs.

According to an October 28, 2000 article in the regional Saguenay-Lac-Saint-Jean newspaper, Le Quotidien, on page 11, the project is expected to generate a 13% to 15% return on investment.

#### **5. Reasons for Success**

The Minashtuk0 generating station project is the first one designed and carried out by a Quebec Aboriginal community. Despite political changes that occurred over the years within the Band Council of the Montagnais of Lac Saint-Jean, there was always the will to see the project through. The same is true of Hydro-Quebec's senior management.

The participation of Hydro-Quebec, as a major producer of hydropower, and its commitment to buy all of the electricity generated by the facility for a 20-year period, reassured the banks and the suppliers involved.

#### **6. Outside Comments**

1) Bank of Montreal, main financial backer:

"We are pleased to be associated with such a project, which will contribute to the economic and social development of the Montagnais community," said Ron Jamieson, Senior Vice President, Aboriginal Banking Services, Bank of Montreal. "This project, whose spinoffs are evaluated at some \$10 million in total, will also benefit the entire community of Dolbeau-Mistissini," added Jamieson.



- 2) Le Quotidien, the regional Saguenay-Lac-Saint-Jean newspaper, October 28, 2000, p. 11 (translation):

Inauguration of "Minashtuk0" Generating Station (DR) - The pride among members of the Mashteuiatsh Montagnais community was apparent yesterday at the official inauguration of the "Minashtuk0" generating station. The facility is on the Mistassibi River, at the beginning of Rang St-Louis in Dolbeau-Mistassini.

Several dozen prominent guests, including Guy Chevrette, the Minister of Transport and Minister responsible for Aboriginal Affairs, were on hand.

"We are fulfilling our role as true partners in regional development. The Montagnais contribution cannot be overlooked," said Clifford Moar, Mashteuiatsh Band Council Chief.

- 3) Hydro-Review, February 1997  
(See article in the Appendix)

## **7. Further Information**

### **7.1 References**

- 1) Public presentation of the project at the official inauguration on November 21, 1996.  
Hydro-Ilnu Inc.  
Hydroelectric Complex / Minashtuk0 Generating Station / Monseigneur Island (Villeneuve)  
/ Mistassibi River  
Mashteuiatsh, November 1 1996.
- 2) Article in Piekwakami Ilnutsh magazine, Volume 8, Number 8, October 21, 2000, page 3.  
Inauguration ceremony on October 27 / Inauguration of the Minashtuk0 generating station  
(translation).

### **7.2 Inquiries**

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## Appendix

9.9-MW hydroelectric generating station on the Mistassibi River. The companies said they will construct the Minashtuk project near the Innu village of Mash-teuiatsh in the Lac St.-Jean region, 300 miles northeast of Montreal.

Minashtuk L.P., a limited partnership owned by Hydro-Québec and Hydro-Ilnu, will build and operate the \$19 million Minashtuk hydroelectric project—tentatively scheduled to enter commercial operation in December 1998. Exempt from environmental studies and reviews (that are required for projects 10 MW or larger), the project also has won an exemption from the government of Québec from a moratorium on new hydro projects. (The announcement that Hydro-Québec would hold an ownership stake in the project was somewhat unexpected in that just months earlier Hydro-Québec had announced that it did not plan to commission any new power plants between 1997 and 2000).

Minashtuk is the result of a partner-

### Hydro-Québec and Native Community Partners in New Project

Hydro-Québec and Hydro-Ilnu, a corporation owned by Conseil des Montagnais du Lac St.-Jean (Innu Council of Lac St.-Jean), have entered into a unique agreement to jointly build, own, and operate a

ship between Hydro-Québec and the Conseil des Montagnais du Lac St.-Jean, a group established to identify business opportunities for the Innu Native Community. The project is expected to provide long-term economic development opportunities for the Innu community, said Chief Remy "Kak'wa" Kurtness. The project calls for construction of a dam and a power plant.

Initially, Hydro-Ilnu will own 51 percent of the company that will own and operate the project, and Hydro-Québec 49 percent. Over a 20-year period, Hydro-Ilnu will become the sole owner. The arrangement is good business for Hydro-Québec, said Steve Flanagan, a spokesman for the utility. He said that Hydro-Québec will earn 11.25 percent interest over the life of the contract on a cash investment of \$2.3 million. Hydro-Québec has agreed to buy electricity from the Minashtuk project for 20 years.

The agreement to build the Minashtuk project, signed in 1996, is expected to allow the provincial electric utility to move closer to its goal of reaching agreements with private producers for a total of 370 MW by the end of 1997.

In March 1995, Québec's minister of Natural Resources authorized Hydro-Québec to sign contracts to buy power from six renewable projects, including the Minashtuk and three other small hydro projects. However, before the utility was able to sign these agreements, the government reinstituted a moratorium, pending outcome of a probe into contracts between Hydro-Québec and independent power producers. Of the hydro projects, only the Minashtuk project has been removed from the moratorium. Still in planning are Formule Hydro's 1.1-MW Pentecote project at Rivière Pentecote and Hydro Norbyco's 360-kW Petite High Falls project at Rivière Blanche. Hydrodev, developer of the fourth proposed hydro project, 10-MW Chute Martine on Rivière Metabetchouan, abandoned plans to develop the project, citing the moratorium.

### Dominion and New World Power Agree to Joint Venture

Dominion Bridge Corp., Montreal, Québec, and New World Power Corp., a U.S. company headquartered in Lime Rock, Conn., have signed definitive agreements to form a joint venture to develop New World Power's hydro and alternative energy projects.