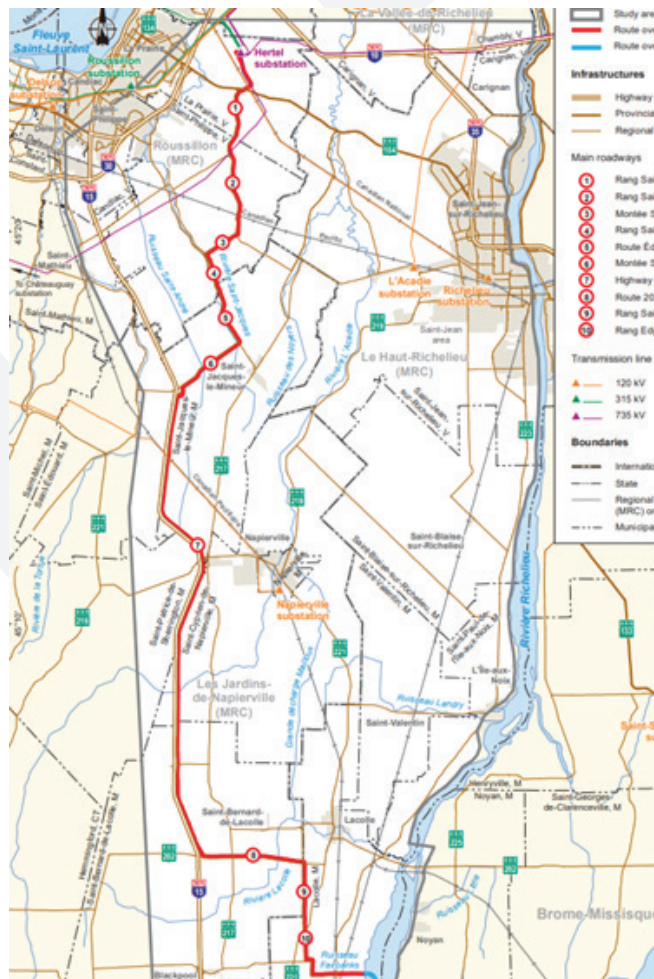


JOINT OWNERSHIP OF THE HERTEL TRANSMISSION LINE

FREQUENTLY ASKED QUESTIONS

1. WHAT IS THE HERTEL-NEW YORK INTERCONNECTION (“HERTEL LINE”)?

- The Hertel Line project aims to supply clean, renewable energy to New York City from Hydro-Quebec’s (HQ) electricity grid. On the Canadian side of the border, the project involves the construction of an approximately 58-km long, 400-kV underground direct-current line between the Hertel substation in La Prairie and the Canada–United States border crossing point in the Rivière Richelieu.
- Construction of the Hertel Line is expected to commence in the summer of 2023 following the provincial and federal regulatory review process. Commissioning is set for 2026.
- The Hertel Line will follow the footprint set out in the map below:



- Note that the location of the Hertel Line will not be within the boundaries of the reserve of the Mohawk Territory of Kahnawà:ke.
- On the US side of the border, Hydro-Quebec’s partners, Transmission Developers (TDI), will construct and own a 339-mile underground transmission line that will run from Lake Champlain to Astoria, NY. This portion of the line is called the Champlain Hudson Power Express (CHPE).
- The preferred construction method consists of burying a concrete-encased duct, in which the two electrical cables are enclosed, in a trench approximately 1 metre wide and 1.5 metres deep.
- The other construction methods will allow us to bypass any obstacles (e.g., streams and drainage systems) by using specific techniques, such as directional drilling.

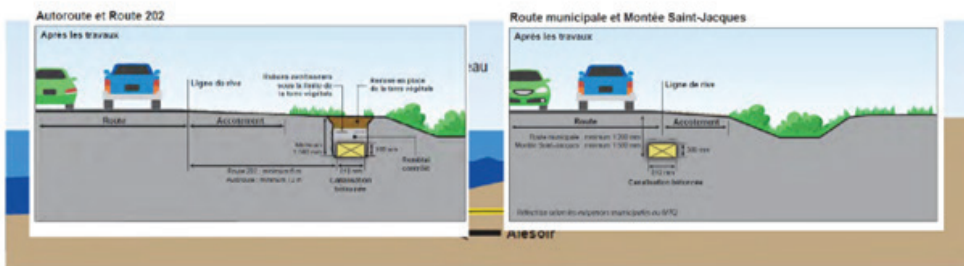
JOINT OWNERSHIP OF THE HERTEL TRANSMISSION LINE

FREQUENTLY ASKED QUESTIONS

1. WHAT IS THE HERTEL-NEW YORK INTERCONNECTION (“HERTEL LINE”)? (CONTINUED)

Limiting impacts through project design

- Underground line
 - Route essentially running along the road right-of-way



- Source: <https://www.hydroquebec.com/projects/hertel-new-york-interconnection/>

2. WHAT IS THE STATUS OF THE HERTEL AGREEMENT?

- In May 2021, the MCK and HQ entered into a Memorandum of Understanding, which stipulated that if HQ won its bid to supply New York with energy, the parties would negotiate a definitive agreement for the joint ownership of the Hertel Line.
- The MCK and HQ have completed their negotiations of the definitive agreement, but there are still a few important steps before the Hertel agreement can be signed.
- For its part, the MCK has approved the definitive agreement.
- HQ and the Quebec government must formally approve the agreement on their end.
- If and once all approvals are obtained, the agreement is expected to be signed in 2023.

3. WHAT PORTION OF THE HYDROELECTRIC INFRASTRUCTURE WILL THE MOHAWK COUNCIL OF KAHNAWÀ:KE AND HYDRO-QUEBEC JOINTLY OWN?

- Once constructed, MCK will become joint owners of the 58-km transmission line with HQ between the Hertel substation and the State of New York.
- More specifically, the Hertel Line will be owned by the Horizon Kahnawà:ke Hydro-Québec, Limited Partnership in which both MCK and HQ have an interest.
- The partnership will own the conduit on which the electricity flows but not the electricity itself.

JOINT OWNERSHIP OF THE HERTEL TRANSMISSION LINE

FREQUENTLY ASKED QUESTIONS

4. ARE LAND RIGHTS, TITLE OR INTEREST FORFEITED UNDER THE HERTEL AGREEMENT?

- Absolutely no Aboriginal rights, titles, or interests were forfeited under this agreements.
- The agreement does not create new rights or forfeit existing rights.
- The Hertel Agreement is strictly a commercial agreement.

5. WHAT ARE THE BENEFITS OF A PARTNERSHIP WITH MCK FOR HQ?

- The partnership with Kahnawà:ke ensures the social acceptability of the project, given that it is passing through a portion of the Seigneurie-Sault-Saint-Louis (SSSL).
- Officials in New York were looking to ensure that no Indigenous communities would be impacted by the construction of new infrastructure to supply electricity to their state, and given that the Hertel Line will pass through SSSL lands, HQ made a business decision to partner with the MCK to ensure Kahnawà:ke's support for the project.
- The Late Grand Chief Joseph Tokwiro Norton made it clear from the outset that Kahnawà:ke wished to become joint owners of the infrastructure and HQ's commercial partners as a condition of its support.
- The relationship between MCK and HQ has improved considerably over the past few years. In the months leading up to the approval of the project by New York authorities, MCK representatives met with several groups in New York to talk about the evolving relationship between MCK and HQ and the importance of this agreement for Kahnawà:ke. These meetings played an important role in securing the social acceptance of the project in New York.
- This is an important confirmation that Indigenous communities should be seen as allies for businesses instead of being seen as hindering economic progress.

6. WHAT ARE THE FINANCIAL DETAILS OF THE PROJECT?

- The exact financial details of the partnership are confidential.
- MCK can confirm that the project will generate guaranteed cash flow for at least 40 years.
- As a joint owner, the MCK must invest capital into the project to acquire an equity interest, which will be entirely financed and not require the MCK to use community funds for its investment.
- Some of the cashflows will vary based on factors that include the cost of financing, interest rates, the rate base established by the utility regulator, MCK's equity interest, etc.
- HQ and MCK will become the joint owners of the Hertel Line through the Horizon Kahnawà:ke Hydro-Québec, Limited Partnership.
- MCK will hold an important minority stake in the infrastructure.
- All MCK own-source revenue is declared in its financial statements, but it is not declared on a project-by-project basis.

JOINT OWNERSHIP OF THE HERTEL TRANSMISSION LINE

FREQUENTLY ASKED QUESTIONS

7. OTHER POTENTIAL BENEFITS FOR KAHNAWÀ:KE FROM THE PARTNERSHIP?

- Kahnawà:ke will have one or more seats on the board of directors depending on its equity interest.
- HQ will look to provide contract opportunities to Kahnawà:ke workers during the construction phase and perhaps the post-construction phase.
- The MCK and community members have participated in the land use study with HQ.
- The MCK has provided its expertise in environmental studies and continues to be involved in the federal and provincial consultation processes.
- The MCK will play an important role in the archaeological surveys, studies, and excavations during the construction phase.
- The relationship that MCK has built over the years with HQ should not be underestimated and will continue to pay dividends well into the future.
- Other spinoffs:
 - Based on their relationship, HQ and MCK could look to partner on other projects as part of this renewed relationship.
 - HQ has connected MCK to its suppliers who wish to train and employ community members at all levels in their company – the Kahnawà:ke Labor Office and Tawatohnni'saktha will help connect community members to potential employers.
 - The MCK is now able to assist other Indigenous communities in Quebec to negotiate their own agreements with HQ on future infrastructure projects, and MCK can help those communities who do not have the same access to capital to make equity investments.

8. WHY IS THIS PARTNERSHIP BETWEEN THE MCK AND HYDRO-QUEBEC HISTORIC?

- This will be a landmark agreement and the first time that HQ will partner with another entity – Indigenous or non-Indigenous – as a joint owner of its transmission infrastructure.
- This partnership is a model for how Indigenous communities can be included as commercial partners as a means of moving towards reconciliation between governments, corporations, and Indigenous peoples.

9. WHAT ARE THE BENEFITS TO HQ OF HAVING MCK AS A PARTNER?

- Having MCK as its strategic partner allows HQ to demonstrate to NYC and beyond that, it benefits from Indigenous support for the project while taking into account Indigenous interests and being a good corporate citizen.
- HQ has recently shown a renewed willingness to improve relations with Indigenous communities and open new dialogues on our shared history. This is only the beginning of renewed cooperation between MCK and HQ. For this reason, it was important for HQ to include Kahnawà:ke in the project.
- Moreover, Kahnawà:ke have a long, rich history with New York City, where ironworkers have worked to transform the skyline with their contributions ranging from the Empire State Building to the new World Trade Center. And now Kahnawà:ke will be able to contribute in a different way by transporting renewable energy to light up the very city they helped build.

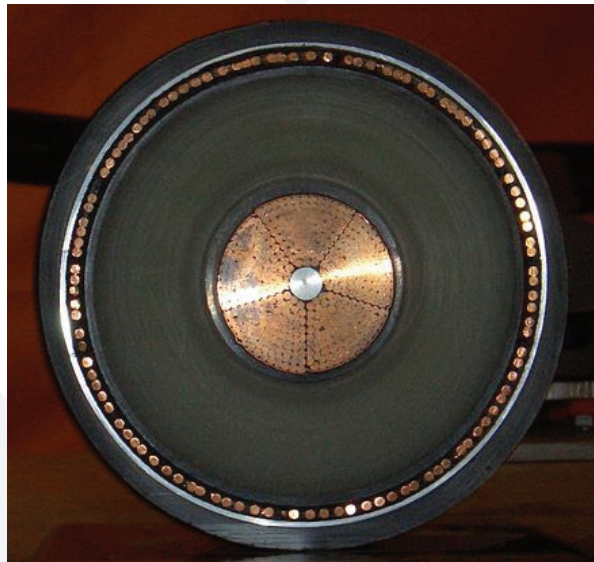
JOINT OWNERSHIP OF THE HERTEL TRANSMISSION LINE

FREQUENTLY ASKED QUESTIONS

10. WHAT ARE THE ENVIRONMENTAL IMPACTS OF THE PROJECT?

- The project is currently subject to two government authorization processes at the federal and provincial levels, which trigger Crown consultation requirements.
- The presence of the Hertel Line will have a minimal impact on the surrounding environment as the line will be underground and mostly follow existing rights of way (i.e. railway and roadways).
- The trench will only be about 1 metre wide and 1.5 metres deep.
- Compared to other forms of energy, such as oil and gas, coal power, or nuclear, hydropower is a much safer and greener form of electricity production.
- Go to the following site for an explanation of the construction method:

<https://www.hydroquebec.com/projects/hertel-new-york-interconnection/work.html>



11. ARE THERE ANY OPPONENTS TO THE PROJECT?

- Unsurprisingly, there is a concerted effort by the fossil fuel industry to stop the inflow of clean, renewable energy into the US.
- The fossil fuel industry is investing a substantial amount of money and resources to disseminate misinformation about hydroelectric power.
- With the visible and long-lasting impacts of climate change, the MCK is proud to support a green renewable project, which demonstrates that it is on the right side of history.
- Other Indigenous groups may have issues with the project as a result of their own historical grievances with HQ on their own lands as a result of other projects; however, without diminishing the legitimacy of those claims, those projects are distinct from the Hertel Line project, which will be located solely on historical Mohawk lands. The fact that the Hertel Line will be located within historical Mohawk land is the reason the MCK negotiated a partnership with HQ.
- The MCK does not question the legitimacy of the grievances of other Indigenous groups and encourages dialogue between HQ and those other Indigenous communities. The MCK is willing to share its expertise and assist other Indigenous communities arrive at their own agreements with HQ as it relates to the infrastructure on their traditional lands.

JOINT OWNERSHIP OF THE HERTEL TRANSMISSION LINE

FREQUENTLY ASKED QUESTIONS

12. HOW WILL THE CHPE IMPACT MARGINALIZED COMMUNITIES?

- Replacing fossil fuel
 - Currently, close to 90% of the electricity generated in downstate New York comes from burning fossil fuels.
 - Many of these fossil-fuel-burning plants are located in disadvantaged or frontline communities in New York, such as the borough of Queens in New York. Those fossil fuel-powered plants have had a devastating effect on marginalized communities such as Astoria, so much so that the area has been dubbed “Asthma Alley” given the high rates of hospitalization due to the condition
(source: <https://www.nbcnewyork.com/news/local/queens-residents-push-back-against-overhaul-of-power-plant-near-asthma-alley/3148032/>)
 - The CHPE line will connect with the New York City power grid in Astoria, which will replace and reduce reliance on much of the energy currently produced by fossil fuel-powered plants in the area.
 - The energy that will be sold to New York will be able to power over 1 million homes and is the equivalent of removing the carbon footprint produced by 44% of the vehicles in New York City.
 - The New York borough of Queens is also disproportionately impacted by climate change and, by extension, more severe weather phenomena, as raising water levels have been wreaking havoc on residential homes in the area.
 - In 2021, Hurricane Ida inundated New York City with rainfall, which resulted in numerous fatalities in the Queens area, where people died as their homes were flooded
(source: <https://abcnews.go.com/US/idas-remnants-deluge-york-jersey-flooding-rain-tornadoes/story?id=79780365>)
 - Many of the electricity generating stations Through the CHPE Line, Kahnawà:ke will be helping disadvantaged and frontline communities in New York State who have borne the brunt of the harmful impact of the fossil fuel industry.

THE MCK-HQ PARTNERSHIP IN THE NEWS

- <https://www.newswire.ca/news-releases/mck-becomes-strategic-partner-to-hydro-quebec-on-energy-transmission-initiative-to-supply-power-to-new-york-city-837569016.html>
- <https://montreal.ctvnews.ca/electricity-exports-to-new-york-from-quebec-will-happen-as-early-as-2025-hydro-quebec-1.5681151>
- <https://www.adirondackexplorer.org/stories/quebec-battery-hydropower>
- <https://www.ny1.com/nyc/all-boroughs/news/2022/01/06/clean-energy-project-would-send-wind-energy-from-quebec-to-queens>
- <https://www.lapresse.ca/affaires/2022-04-12/contrat-d-exportation-vers-new-york/un-milliard-pour-une-ligne-de-58-kilometres.php>
- <https://www.journaldemontreal.com/2021/09/22/des-allies-incontournables>
- <https://www.timesunion.com/news/article/Mohawk-tribe-in-Canada-would-own-part-of-power-16252957.php>
- <https://kahnawakenews.com/hydro-quebec-kahnawake-partnership-selected-for-new-york-contract-p3689-134.htm>
- <http://news.hydroquebec.com/en/press-releases/1727/a-partnership-between-the-mohawk-council-of-kahnawake-and-hydro-quebec/>
- <https://www.thestar.com/news/canada/2021/12/02/landmark-partnership-will-see-new-york-city-powered-by-way-of-kahnawake.html>
- <https://ici.radio-canada.ca/espaces-autochtones/1833416/energie-partenariat-hydro-quebec-grande-chef-kahnawake-visite-etats-unis->
- <https://qcna.qc.ca/news/kahnawake-hydro-project-is-a-go>
- <https://ici.radio-canada.ca/nouvelle/1876691/approvisionnement-hydroelectricite-projet-transfrontalier-etats-unis-canada>
- <https://www.cbc.ca/news/canada/montreal/hydro-quebec-new-york-1.6182195>
- <https://www.aptnnews.ca/videos/20-billion-hydro-agreement-signed-between-new-york-state-and-hydro-quebec/>
- <https://environmentjournal.ca/hydro-quebec-export-project-with-nyc-receives-4-5b-green-light/>