OUTRUNNING THE STORM

Quebec: Oil Shock Response Briefing

Outrunning the Storm — Provincial Analysis

LSCM Inc. | Dougald Lamont | May 26, 2026

Québec paradox: best-positioned province for the energy transition (99% hydro grid, largest hydro system in North America) yet has 465,000 oil-heated homes — more than all of Atlantic Canada combined. The export revenue opportunity is enormous; the heating poverty risk is equally large.

STRUCTURAL POSITION

Hydro-Québec operates over 37,000 MW of installed hydro capacity — the largest in North America. It exported a record 35.5 TWh to the US in 2023, generating $1.6B in revenue. Under a Hormuz disruption, both volume and price available would increase substantially. This is the largest single zero-cost revenue opportunity in the national response.

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, QC)	$1.2–2B	$3.5–6B	$10–18B
Programme investment required	~$2.5B (T1+2)	~$6B (T1+T2+T3)	~$12B (full)
Net benefit of acting (annual)	$1–1.7B/yr saved	$3–5B/yr saved	$8–15B/yr saved
Jobs created (direct + indirect)	20,000–35,000 job-yrs	35,000–60,000 job-yrs	55,000–95,000 job-yrs

KEY VULNERABILITIES

- ~465,000 households on heating oil (more than all Atlantic Canada combined) despite the near-total hydro grid — concentrated in Montréal and rural regions.
- ~200,000 QC households and a large commercial sector heat with natural gas through Énergir — concentrated in greater Montréal.
- Dairy, pork, maple syrup, and grain agriculture carries diesel and propane exposure for grain drying and greenhouse heating; highest vulnerability in Montérégie and Saguenay-Lac-Saint-Jean.
- Saint Lawrence Seaway and Montréal port run on marine heavy fuel oil; disruption to shipping economics affects all of Central Canada's import/export supply chain.
- Gaspésie, Laurentians, Abitibi-Témiscamingue, and Côte-Nord depend heavily on petroleum for heating and transport.
- Hydro-Québec's existing US interconnects are already near capacity — full export revenue opportunity requires transmission upgrades that are currently multi-year projects.
- Nunavik: 32 remote Inuit communities with diesel dependency. Diesel fuel delivery relies on coastal barge or air freight.

PRIORITY ACTIONS

Immediate (URGENT)

- URGENT: Maximise Hydro-Québec exports on existing New England and New York interconnects immediately — negotiate emergency spot market access for uncommitted surplus. Revenue premium $200–400M at $150/bbl. Zero-cost. This is the largest single zero-cost opportunity in the national response.
- URGENT: File emergency transmission expansion applications for Champlain Hudson Power Express and related US interconnect upgrades — the export revenue justification has never been stronger.
- Launch Énergir emergency heat pump conversion programme — target 50,000 conversions before next heating season. QC's low electricity rate makes every gas-heated building converted dramatically cheaper to operate.
- Pre-approve fuel poverty emergency assistance for 465,000 oil-heated households — streamline social assistance processing so households don't wait 8–12 weeks.

Agricultural Actions

- Deploy agricultural diesel reduction programme across Montérégie and Eastern Townships dairy and grain operations.
- Precision agriculture, no-till, and co-operative input purchasing are as applicable here as in western Canada.
- Manure nutrient registry priority: QC has 57.6% of national hog production; connecting livestock to crop farms displaces synthetic nitrogen significantly.

Food Security & Northern Actions

- Nunavik emergency diesel pre-positioning via coastal barge before summer navigation season closes — if missed, air freight is 8–15× more expensive.
- QC Nutrition North expansion: ~32 Nunavik and Eeyou Istchee communities require emergency food security support at $150/bbl.
- Expand wood pellet production in Abitibi and Saguenay forestry regions for rural heating oil substitution — Gaspésie and Côte-Nord communities are primary beneficiaries.
- Coordinate with Atlantic provinces on emergency heating oil supply — QC's hydro infrastructure makes it a natural distribution hub.

Industrial & Strategic

- Capitalise on aluminum sector advantage: promote QC's hydro-powered aluminum as the global shock premium product.
- Protect Saint Lawrence Seaway navigation season — negotiate marine fuel subsidies or hedging with the St. Lawrence Seaway Management Corporation.
- QC pharmaceutical manufacturing ($525M share of national 180-day stockpile): Pharmascience, Paladin, and BioK in Montréal are priority anchor manufacturers for the national pharmaceutical sovereignty strategy.

LONG-TERM STRUCTURAL INVESTMENTS

- Hydro-Québec New England + New York transmission expansion: the revenue opportunity is the financing case.

- Northern QC community full microgrid systems: run-of-river micro-hydro is particularly well-suited to Northern QC's high river density.
- Wood pellet district heating for rural and northern QC communities (Gaspésie, Côte-Nord, Abitibi): NRCan CERRC eligible.
- Oil-to-heat-pump conversion for all 465,000 oil-heated homes: at QC electricity rates, payback at $150/bbl is compelling.
- Montréal pharmaceutical manufacturing cluster: $600M–1B federal/provincial co-investment; Pharmascience, Paladin, BioK as anchors.

Source document: Outrunning the Storm: Hardening Canada Now Against the Coming Oil Shock. LSCM Inc., Dougald Lamont. Updated May 26, 2026.