VALENER energy company

PRESS RELEASE

FOR IMMEDIATE RELEASE

VALENER AND GAZ MÉTRO REPORT THEIR FISCAL 2017 SECOND QUARTER RESULTS

Valener

- Adjusted net income[1,2] of $0.85 per common share in the second quarter of fiscal 2017 compared to $0.83 per share in the second quarter of fiscal 2016;
- Normalized operating cash flows[1] per common share of $0.29 for the second quarter of fiscal 2017, unchanged from the second quarter of fiscal 2016; and
- Extension of the dividend growth target for common shares
  - Compound annual growth of 4% for four additional years starting in fiscal 2019.

Gaz Métro

- Adjusted net income[1,3] of $142.5 million for the second quarter of fiscal 2017, up $2.0 million from the second quarter of fiscal 2016;
- Adjusted net income[1,3] per unit of $0.85 compared to $0.84 for the second quarter of fiscal 2016;
- **Standard Solar, Inc.:** acquisition completed in April (following the announcement in March);
- **Liquefaction, storage and regasification ("LSR"):** commissioning of new facilities tripling the plant's liquefaction capacity; and
- **Vermont Gas Systems, Inc.:** full commissioning of the system development project in Addison County.

Montréal, May 11, 2017 – Valener Inc. ("Valener") (TSX: VNR) (TSX: VNR.PR.A), the public investment vehicle in Gaz Métro Limited Partnership ("Gaz Métro"), today reported adjusted net income[1] attributable to common shareholders of $32.9 million for the second quarter of fiscal 2017, up $0.8 million or 2.5% from the second quarter of fiscal 2016. This resulted in an adjusted net income of $0.85 per common share for the second quarter of fiscal 2017 compared to $0.83 per common share for the second quarter of fiscal 2016.

Net income attributable to common shareholders was $31.5 million for the second quarter of fiscal 2017 compared to $28.4 million for the second quarter of fiscal 2016.

[1] Financial measures not defined by U.S. generally accepted accounting principles ("GAAP").
[2] Adjusted net income attributable to common shareholders.
[3] Adjusted net income attributable to Partners.

A reconciliation of non-GAAP financial measures is presented hereafter.

Normalized operating cash flows stood at $11.3 million ($0.29 per common share) in the second quarter of fiscal 2017, consistent with the second-quarter results of fiscal 2016.

In addition, Valener announced the extension, for four additional years, of the compound annual growth target of 4% on its common share dividends. *"Given the quality of its underlying assets and their growing, predictable returns, not to mention the innovative non-regulated projects such as added capacity at the natural gas liquefaction plant in Montréal and the recent acquisition of Standard Solar in the United States, Valener will have increased, accordingly, its annual dividend for eight consecutive years from fiscal 2015 to fiscal 2022,"* said Pierre Monahan, Chairman of Valener's board of directors.

Summary of Valener's results

	For the three months ended March 31		For the six months ended March 31	
(in millions of dollars, unless otherwise indicated)	**2017**	2016	**2017**	2016
Net income	**32.6**	29.5	**56.7**	70.0
Net income attributable to common shareholders	**31.5**	28.4	**54.5**	67.8
Adjusted net income attributable to common shareholders (1)	**32.9**	32.1	**53.2**	48.9
Per common share (in $) (1)	**0.85**	0.83	**1.37**	1.27
Normalized operating cash flows (1)	**11.3**	11.3	**23.5**	21.7
Per common share (in $) (1)	**0.29**	0.29	**0.61**	0.56

(1) These financial measures are not defined by GAAP. A reconciliation of non-GAAP financial measures is presented hereafter.

Gaz Métro's results

For the second quarter of fiscal 2017, net income attributable to the Partners of Gaz Métro totalled $142.5 million, a $2.0 million year-over-year increase owing mainly to higher net income generated by natural gas distribution activities in Québec ("Gaz Métro-QDA") and Vermont.

In addition, Gaz Métro completed the construction of a second liquefaction train at its plant in Montréal East, effectively tripling its production capacity. *"Our plant's annual liquefaction capacity now exceeds 9 billion cubic feet of LNG,"* said Sophie Brochu, President and Chief Executive Officer of Gaz Métro. *"It's the only facility of its kind in Eastern Canada. Together with our partner, Investissement Québec, we can now more than ever fully leverage LNG's potential to meet the energy needs of industries that operate far from the gas network and to serve customers in the heavy road and marine transportation sectors."*

"What's more, by acquiring Standard Solar, Gaz Métro is positioning itself to capitalize on the projected growth in solar energy in the U.S.," she continued. *"This acquisition reflects Gaz Métro's commitment to further establishing its presence in the renewable energy sector while continuing to grow its current operations."*

Seigneurie de Beaupré wind farms – Valener and Gaz Métro

	For the three months ended March 31		For the six months ended March 31	
	2017	2016	**2017**	2016
Actual output of Wind Farms 2 and 3 (in MWh)	**245,119**	243,954	**458,431**	452,869
Actual output of Wind Farm 4 (in MWh)	**62,180**	60,373	**117,412**	112,514
Cash flows related to the operating activities of Wind Farms 2 and 3 (in millions of $)	**11.1**	8.9	**24.6**	24.1
Cash flows related to the operating activities of Wind Farm 4 (in millions of $)	**2.7**	2.7	**5.0**	18.5
Distributions paid by Wind Farms 2 and 3 (in millions of $)	**-**	-	**-**	-
Distributions paid by Wind Farm 4 (in millions of $)	**-**	-	**0.7**	-

(1) Includes a $12.9 million payment received from Hydro-Québec in the first quarter of fiscal 2016 relating to a note receivable for the reimbursement of certain construction costs.

Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership (“Wind Farms 2 and 3”) and Seigneurie de Beaupré Wind Farm 4 General Partnership (“Wind Farm 4”) generated a combined 307,299 MWh of electricity in the second quarter of fiscal 2017, a year-over-year increase of 2,972 MWh, or 1.0%, owing to stronger winds than those of second-quarter 2016. The resulting operating cash flows for the second quarter of 2017 totalled $13.8 million, up $2.2 million from the same quarter in fiscal 2016.

Wind Farms 2 and 3 and Wind Farm 4 used these cash flows to pay distributions of $7.4 million and $1.3 million, respectively, in April 2017.

Gaz Métro's segment results – Net income and adjusted net income attributable to Partners [1]

(in millions of dollars)	For the three months ended March 31 2017	2016	For the six months ended March 31 2017	2016
Energy Distribution				
Gaz Métro-QDA	**114.4**	112.9	**178.5**	166.3
Impact of recognizing regulatory assets related to employee future benefits (Gaz Métro-QDA) [2]	**-**	-	**-**	79.3
Vermont [3]	**22.4**	20.5	**42.8**	38.8
	136.8	133.4	**221.3**	284.4
Natural Gas Transportation [3]	**6.7**	7.4	**11.6**	11.9
Electricity Production [3]	**1.5**	1.5	**2.3**	2.0
Energy Services, Storage and Other [3]	**1.6**	0.9	**2.6**	1.9
Gain on remeasuring CDH following the acquisition [4]	**-**	-	**12.5**	-
	1.6	0.9	**15.1**	1.9
Corporate Affairs [3]	**(4.1)**	(2.7)	**(6.4)**	(5.1)
Net income attributable to Partners	**142.5**	140.5	**243.9**	295.1
Adjustments [2] [4]	**-**	**-**	**(12.5)**	(79.3)
Adjusted net income attributable to Partners [1]	**142.5**	140.5	**231.4**	215.8

(1) This financial measure is not defined by GAAP. A reconciliation of non-GAAP financial measures is presented hereafter.
(2) One-time adjustment to account for a regulatory asset related to employee future benefits and resulting from the conversion to GAAP.
(3) Net of financing costs of investments in this segment. These costs consist of the interest on long-term debt incurred by Gaz Métro to finance investments in the subsidiaries, joint ventures and entities subject to significant influence in each of these segments.
(4) $12.5 million gain on remeasuring, at fair value, Gaz Métro's ownership interest in CDH Solutions & Operations Limited Partnership ("CDH") (which holds 100% of the issued and outstanding units of CCUM) following Gaz Métro's acquisition of an additional 50% interest.

SEGMENT INFORMATION

Energy Distribution

In Québec

For the second quarter of fiscal 2017, Gaz Métro-QDA's net income attributable to Partners totalled $114.4 million, a $1.5 million year-over-year increase that was mainly due to:

- growth of investments in the rate base; and
- the favourable impact of recognizing a $2.8 million share in overearnings during the second quarter of fiscal 2017;

partly offset by lower distribution revenues as a result of an overall average price decrease following changes in customer consumption.

Given this recognition of the share in overearnings, Gaz Métro expects that the fiscal 2017 net income generated by the Québec Energy Distribution segment will slightly exceed the earnings projected in the 2017 rate case.

Biomethanation

The project to purchase renewable natural gas ("RNG") from the city of Saint-Hyacinthe continues to move forward, with the first injections of RNG scheduled for June 2017. The city will produce up to 13 million cubic metres of RNG per year, most of which will be injected into Gaz Métro's gas network. Québec's natural gas consumers will therefore gain access to a locally produced source of clean, renewable energy.

In Vermont

Through Green Mountain Power Corporation ("GMP") and Vermont Gas Systems ("VGS"), the Energy Distribution segment in Vermont recorded net income attributable to Partners of $22.4 million in the second quarter of fiscal 2017, a $1.9 million or 9.3% year-over-year increase that was mainly due to:

- an increase in GMP's rate base; and
- a timing difference between revenue and cost recognition.

Addison project

On April 12, 2017, VGS completed construction and put into service the extension to its natural gas distribution system in Addison County. The project is viewed as beneficial for the State of Vermont given that, aside from its environmental advantages, natural gas is a competitive energy solution compared to other fossil fuels. A 0.6 km segment is currently the subject of legal proceedings before the Supreme Court of Vermont. In December 2016, the Supreme Court of Vermont authorized VGS to continue the work without ruling on the merits of the appeal. The hearings before the Supreme Court of Vermont took place in April 2017 and a decision is expected to follow this year.

Solar power

As part of its commercial goal of continuing to offer sources of renewable energy generation to Vermont residents, GMP submitted three new solar farm projects, each having a capacity of 5 MW, to the Vermont Public Service Board ("VPSB") in March 2017. Each farm will also have the capacity to store 2 MW of energy. Located in the State of Vermont, these projects will be held in partnership and represent an investment of approximately US$26 million for GMP. VPSB approvals are expected in early 2018 and construction is scheduled for autumn 2018.

Natural Gas Transportation

For the second quarter of fiscal 2017, the Natural Gas Transportation segment generated net income attributable to Partners of $6.7 million, down $0.7 million year over year mainly because of a decrease in volumes transported by Portland Natural Gas Transmission System (a Gaz Métro entity subject to significant influence) given fewer short-term contracts.

Electricity Production

The Electricity Production segment recorded net income attributable to Partners of $1.5 million in the second quarter of fiscal 2017, unchanged from the net income of $1.5 million generated in the same quarter of fiscal 2016.

Acquisition of Standard Solar

In April 2017, Gaz Métro, through one of its subsidiaries, made a strategic acquisition by acquiring all of the issued and outstanding common shares of Standard Solar for a net cash consideration of US$16.3 million. Based in the State of Maryland, Standard Solar is a U.S. leader in the solar power sector and provides development, engineering, supply management, construction and solar power systems operations and maintenance services in the commercial, industrial and institutional sectors. Standard Solar operates in many U.S. states and currently has a large portfolio of construction-ready projects for a total capacity of nearly 80 MW, a significant project-development portfolio, and over 100 MW of solar generation capacity under management. With this acquisition, Gaz Métro is growing its presence and expertise in the solar power sector—one of the fastest growing sectors in the United States. In keeping with Gaz Métro's strategic vision, this acquisition will deepen Gaz Métro's existing know-how in the solar power sector and build on its presence in the renewable energy segment, all while ensuring the long-term growth of its activities.

Energy Services, Storage and Other

For the second quarter of fiscal 2017, the Energy Services, Storage and Other segment recorded net income attributable to Partners of $1.6 million, a $0.7 million year-over-year increase that primarily reflects a $0.4 million favourable impact of acquiring an additional interest in CDH Solutions & Operations Limited Partnership ("CDH"), which owns Climatisation et Chauffage Urbains de Montréal, s.e.c.

LSR plant

In April 2017, Gaz Métro put into service new infrastructure at the LSR plant. The plant now has an annual production capacity of more than 9 billion cubic feet of liquefied natural gas. As a result, Gaz Métro can better meet the growing demand in road and marine transport markets and in areas located far from Gaz Métro-QDA's gas system, particularly the Nord-du-Québec and Côte-Nord regions of Québec and the Northeastern United States. As at March 31, 2017, Gaz Métro and its partner, Investissement Québec, had invested $66.5 million and $48.2 million, respectively, in the project.

Corporate Affairs

The Corporate Affairs segment recorded a net loss of $4.1 million for the second quarter of fiscal 2017 compared to a net loss of $2.7 million for the second quarter of fiscal 2016, mainly because of higher development costs on various projects, in particular the Standard Solar acquisition.

Financial initiatives

On March 31, 2017, Gaz Métro issued 4,545,455 new units as part of a private placement for total proceeds of $100 million. The placement proceeds were used for general business purposes.

Valener subscribed to its proportional share of the outstanding units, i.e., 1,318,291 Gaz Métro units for approximately $29 million. Gaz Métro inc. also subscribed to its proportional share of these units.

Reconciliation of non-GAAP financial measures

For additional information on non-GAAP financial measures, refer to Valener's MD&A for the three-month and six-month periods ended March 31, 2017 and 2016.

Valener

Reconciliation of normalized operating cash flows

	For the three months ended March 31		For the six months ended March 31	
(in millions of dollars)	**2017**	2016	**2017**	2016
Cash flows related to operating activities	**12.4**	12.4	**25.7**	23.9
Dividends to preferred shareholders	**(1.1)**	(1.1)	**(2.2)**	(2.2)
Normalized operating cash flows	**11.3**	11.3	**23.5**	21.7

Valener

Reconciliation of adjusted net income attributable to common shareholders

	For the three months ended March 31		For the six months ended March 31	
(in millions of dollars)	**2017**	2016	**2017**	2016
Net income	**32.6**	29.5	**56.7**	70.0
Loss (gain) on derivative financial instruments	**-**	2.8	**(0.8)**	2.7
Income taxes on the gain (loss) on derivative financial instruments	**-**	(0.7)	**0.2**	(0.7)
Share in Gaz Métro's net income adjustments	**-**	-	**(3.6)**	(23.0)
Income taxes related to Gaz Métro's net income adjustments	**-**	-	**0.7**	-
Deferred income taxes related to the outside-basis temporary difference on the interest in Gaz Métro	**1.4**	1.6	**2.2**	2.1
Cumulative dividends on Series A preferred shares	**(1.1)**	(1.1)	**(2.2)**	(2.2)
Adjusted net income attributable to common shareholders	**32.9**	32.1	**53.2**	48.9

Gaz Métro Limited Partnership

Reconciliation of adjusted net income attributable to Partners

	For the three months ended March 31		For the six months ended March 31	
(in millions of dollars)	**2017**	2016	**2017**	2016
Net income attributable to Partners	**142.5**	140.5	**243.9**	295.1
Impact of the regulatory treatment related to employee future benefits (Gaz Métro-QDA)	**-**	-	**-**	(79.3)
Gain on remeasuring CDH following the acquisition	**-**	-	**(12.5)**	-
Adjusted net income attributable to Partners	**142.5**	140.5	**231.4**	215.8
Per unit, basic and diluted (in $)	**0.85**	0.84	**1.38**	1.28

Conference call

Valener will hold a conference call today at 11:00 am (Eastern Time) to discuss its results and those of Gaz Métro for the period ended March 31, 2017. The public is invited to join the call at **647-788-4922** or toll-free at **877-223-4471**. A simultaneous webcast will also be available using the link provided under "Events and Presentations" in the "Investors" section of www.valener.com. A replay of the webcast will be archived on the Company's website for 365 days following the call; a phone replay will be available for 30 days by dialing 416-621-4642 or toll-free 800-585-8367 (access code: 5485664).

Overview of Valener

Valener is a widely held public company that serves as the investment vehicle in Gaz Métro. Through its investment in Gaz Métro, Valener offers its shareholders a solid investment in a diversified and largely regulated energy portfolio in Québec and Vermont. As a strategic partner, Valener, on the one hand, contributes to Gaz Métro's growth, and on the other, invests in wind power production in Québec alongside Gaz Métro. Valener favours energy sources and uses that are innovative, clean, competitive and profitable. Valener's common and preferred shares are listed on the Toronto Stock Exchange under the "VNR" symbol for common shares and the "VNR.PR.A" symbol for Series A preferred shares. www.valener.com

Overview of Gaz Métro

With more than $7 billion in assets, Gaz Métro is a leading energy provider. It is the largest natural gas distribution company in Québec, where its network of over 10,000 km of underground pipelines serves more than 300 municipalities and over 205,000 customers. Gaz Métro is also present in Vermont, producing electricity and distributing electricity and natural gas to meet the needs of more than 315,000 customers. Gaz Métro is actively involved in the development and operation of innovative, promising energy projects, including natural gas as fuel and liquefied natural gas as a replacement to higher emission-producing energies, the production of wind and solar power, and the development of biomethane. Gaz Métro is a major energy sector player that takes the lead in responding to the needs of its customers, regions and municipalities, local organizations and communities while also satisfying the expectations of its Partners (Gaz Métro inc. and Valener) and employees. www.gazmetro.com

Cautionary note regarding forward-looking statements

This press release may contain forward-looking information within the meaning of applicable securities laws. Such forward-looking information reflects the intentions, plans, expectations and opinions of the management of Gaz Métro inc. ("GMi"), in its capacity as General Partner of Gaz Métro, acting as manager of Valener ("the management of the manager"), and is based on information currently available to the management of the manager and assumptions about future events. Forward-looking statements can often be identified by words such as "plans," "expects," "estimates," "seeks," "targets," "forecasts," "intends," "anticipates" or "believes" or similar expressions, including the negative and conjugated forms of these words. Forward-looking statements involve known and unknown risks and uncertainties and other factors beyond the control of the management of the manager. A number of factors could cause the actual results of Valener or of Gaz Métro to differ significantly from historical results or current expectations, as described in the forward-looking statements, including but not limited to the general nature of the aforementioned, terms of decisions rendered by regulatory agencies, uncertainty that approvals will be obtained by Gaz Métro from regulatory agencies and interested parties to carry out all of its activities and the socio-economic risks associated with such activities, uncertainty related to the implementation of Québec's 2030 Energy Policy, the competitiveness of natural gas in relation to other energy sources in the context of fluctuating global oil prices, the reliability or costs of natural gas supply and electricity supply, the integrity of the natural gas and electricity distribution systems, the evolution and profitability of Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("Wind Farms 2 and 3") and Seigneurie de Beaupré Wind Farm 4 GP ("Wind Farm 4") and other development projects, Valener's ability to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares, the ability to complete attractive acquisitions and the related financing and integration aspects, the ability to complete new development projects, the ability to secure future financing, general economic conditions, exchange rate and interest rate fluctuations, weather conditions and other factors described in section E) Risk Factors Relating to Valener and in section R) Risk Factors Relating to Gaz Métro of Valener's MD&A for the fiscal year ended September 30, 2016 and in subsequent Valener quarterly MD&As that might address changes to these risks. Although the forward-looking statements contained herein are based on what the management of the manager believes to be reasonable assumptions, in particular assumptions that no unforeseen changes in the legislative and regulatory framework of energy markets in Québec and in the United States will occur; that the applications filed with various regulatory agencies will be approved as submitted; that natural gas prices will remain competitive; that the supply of natural gas and electricity will be maintained or will be available at competitive costs; that no significant event will occur outside the ordinary course of business, such as a natural disaster or other calamity, or threat to cybersecurity (or cyberattack); that Gaz Métro can continue to distribute substantially all of its net income (excluding non-recurring items); that Wind Farms 2 and 3 and Wind Farm 4 will be able to make distribution payments to their partners; that Valener will be able to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares; that Green Mountain Power Corporation will be able to continue achieving efficiency gains and synergies from the merger with Central Vermont Public Service Corporation; that Valener and Gaz Métro will be able to present their information in accordance with U.S. GAAP beyond 2018 or, after 2018, will adopt International Financial Reporting Standards ("IFRS") that permit the recognition of regulatory assets and liabilities; that liquidity needs for Gaz Métro's development projects will be obtained through a combination of operating cash flows, borrowings on credit facilities, capital injections from partners, and issuances of debt securities; and that the subsidiaries will obtain the required authorizations and funds needed to finance their development projects. In addition to the other assumptions described in the Valener MD&A for the year ended September 30, 2016, the management of the manager cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of this date, and the management of the manager assumes no obligation to update or revise them to reflect new events or circumstances, except as required pursuant to applicable securities laws. These statements do not reflect the potential impact of any unusual item or any business combination or other transaction that may be announced or that may occur after the date hereof. Readers are cautioned to not place undue reliance on these forward-looking statements.

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