VALENER energy company

PRESS RELEASE

FOR IMMEDIATE RELEASE

VALENER AND GAZ MÉTRO REPORT THEIR FISCAL 2016 SECOND QUARTER RESULTS

Q2 2016 HIGHLIGHTS

Valener

- Adjusted net income[1,2] of $32.4 million in the second quarter of fiscal 2016, unchanged from the second quarter of fiscal 2015
    - Adjusted net income per common share of $0.84 compared to $0.85 for the same quarter of fiscal 2015;
- Adjusted net income[1,2] of $48.9 million for the first six months of fiscal 2016, up 2% year over year;
- Normalized operating cash flows per common share[1] of $0.29 for the second quarter of fiscal 2016 and $0.56 for the six-month period; and
- Refinancing of Seigneurie de Beaupré Wind Farms 2 and 3 in May, contributing to a special distribution of $19.6 million.

Gaz Métro

- Recurring net income[1] of $140.5 million for the second quarter of fiscal 2016, up 4% ($4.9 million) from the second quarter of fiscal 2015;
- Recurring net income[1] of $215.8 million for the first six months of fiscal 2016, up 6% from the same period in fiscal 2015;
- Notable increase in liquefied natural gas sales by Gaz Métro LNG; and
- Refinancing of Seigneurie de Beaupré Wind Farms 2 and 3 in May, contributing to a special distribution of $20.4 million.

Montréal, May 13, 2016 – 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 attributable to common shareholders of $32.4 million for the second quarter of fiscal 2016, unchanged from the second quarter of fiscal 2015. Among other factors, this stability is the result of an increase in Gaz Métro's net income tempered by more moderate winter winds at the Seigneurie de Beaupré wind farms. Adjusted net income per common share stood at $0.84 in the second quarter of fiscal 2016 compared to $0.85 in the same quarter last year, as greater participation in the dividend reinvestment plan increased the number of common shares outstanding. For the first six months of fiscal 2016, Valener's adjusted net income attributable to common shareholders amounted to $48.9 million ($1.27 per common share) compared to $48.1 million ($1.26 per common share) for the first six months of last year.

For the second quarter of fiscal 2016, Valener recorded normalized operating cash flows of $11.3 million, or $0.29 per common share, compared to $15.8 million, or $0.41 per common share, in the second quarter of fiscal 2015. Last year, Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("Wind Farms 2 and 3") paid a distribution of $4.7 million in the second quarter of fiscal 2015; this year, a distribution is expected in the second half of fiscal 2016. This was partly offset by an increase in the distributions received from Gaz Métro following a subscription of close to 4.5 million

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

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

Gaz Métro units in the second half of fiscal 2015.

In addition, the Company continued to financially optimize the Seigneurie de Beaupré wind farms. *"A week ago, Wind Farms 2 and 3 completed the refinancing of its debt, reducing its interest rate and raising the total financing. In so doing, it was able to pay a special distribution of $80 million to its partners, Valener, Gaz Métro and Boralex,"* said Pierre Monahan, Chairman of Valener's board of directors. *"We're pleased with the confidence that the financial community has in our wind farms, which produce clean, renewable energy, and whose performance continue to support Valener's 4% dividend growth target up to 2018."*

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)	**2016**	2015	**2016**	2015
Net income	**29.8**	36.9	**70.0**	52.6
Net income attributable to common shareholders	**28.7**	35.8	**67.8**	50.4
Adjusted net income attributable to common shareholders (1)	**32.4**	32.4	**48.9**	48.1
Per common share *(in $)* (1)	**0.84**	0.85	**1.27**	1.26
Normalized operating cash flows (1)	**11.3**	15.8	**21.7**	25.7
Per common share *(in $)* (1)	**0.29**	0.41	**0.56**	0.67

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

Seigneurie de Beaupré wind farms – Valener and Gaz Métro

The Seigneurie de Beaupré wind farms experienced less favourable wind conditions than in the same period of last year, when winds were particularly stronger than expectations.

Overall, the wind farms generated $11.6 million in operating cash flows during the second quarter of fiscal 2016 compared to $14.7 million during the second quarter of fiscal 2015.

Combined, the wind farms generated 304,327 megawatthours ("MWh") in the second quarter of fiscal 2016 compared to 347,729 MWh in the same quarter last year.

Financial initiatives

On May 4, as part of its $617.5 million refinancing, Wind Farms 2 and 3 paid a special distribution of $80 million to its partners, Valener, Gaz Métro and Boralex. Each partner received an amount commensurate with its share in Seigneurie de Beaupré; Valener will use its $19.6 million distribution to repay part of its credit facility, whereas Gaz Métro has already used its $20.4 million distribution to repay part of its debt.

Gaz Métro's results

Excluding non-recurring items, net income attributable to the Partners of Gaz Métro totalled $140.5 million in the second quarter of fiscal 2016, a $4.9 million, or 3.6%, year-over-year increase resulting from the favourable effect of the appreciation of the U.S. dollar on the results of U.S. operations, higher capitalized interest on Gaz Métro-QDA's non-rate-base investments, and a timing difference between Gaz Métro-QDA's revenue and cost recognition. This increase was partly offset by a decrease in GMP's power sales due to warmer weather.

"Despite the unusually warm temperatures and light winds that characterized the winter, Gaz Métro improved its performance in the second quarter, increasing its net income attributable to Partners by 4% year over year. This is the result of our diversification strategy, both operational and geographic. What's more, we are working tirelessly at developing our liquefied natural gas ("LNG") subsidiary, which allows us to serve more clients, in more industries, and in more regions—clients who want access to natural gas in order to replace more emissive forms of energy," said Sophie Brochu, President and Chief Executive Officer of Gaz Métro.

Gaz Métro's segment results – Net income attributable to Partners, excluding non-recurring items [(1)]

	For the three months ended March 31		For the six months ended March 31	
(in millions of dollars)	**2016**	2015	**2016**	2015
Energy Distribution				
Gaz Métro-QDA	**112.9**	105.7	**166.3**	154.4
Impact of the regulatory treatment related to other postretirement benefits (Gaz Métro-QDA) [(2)]	**-**	-	**79.3**	-
GMP and VGS [(3)]	**20.5**	22.3	**38.8**	38.2
	133.4	128.0	**284.4**	192.6
Natural Gas Transportation [(3)]	**7.4**	6.6	**11.9**	10.5
Electricity Production [(3)]	**1.5**	2.1	**2.0**	3.0
Energy Services, Storage and Other [(3)]	**0.9**	0.4	**1.9**	1.9
Corporate Affairs [(3)]	**(2.7)**	(1.5)	**(5.1)**	(3.6)
Net income attributable to Partners	**140.5**	135.6	**295.1**	204.4
Non-recurring items [(2)]	**-**	-	**(79.3)**	-
Net income attributable to Partners, excluding non-recurring items [(1)]	**140.5**	135.6	**215.8**	204.4

(1) Financial measure not defined by U.S. GAAP. A reconciliation of non-U.S.-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 application of U.S. 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 subsidiaries, joint ventures and entities subject to significant influence in each of these segments.

SEGMENT INFORMATION

Energy Distribution

IN QUÉBEC

Excluding non-recurring items, Gaz Métro-QDA recorded second-quarter net income attributable to Partners of $112.9 million, a $7.2 million, or 6.8%, year-over-year increase that was mainly due to:

- higher capitalized interest on non-rate-base investments; and
- a timing difference between revenue and cost recognition. This difference is expected to reverse in part by the end of fiscal 2016, as provided for in the 2016 rate case.

IN VERMONT

The Energy Distribution segment in Vermont, through subsidiaries Green Mountain Power Corporation ("GMP") and Vermont Gas Systems Inc. ("VGS"), recorded net income attributable to Partners of $20.5 million for the second quarter of fiscal 2016, down $1.8 million, or 8.1%, compared to the prior-year period. This decrease was mainly due to:

- lower power sales, mainly due to warmer weather; and
- the unfavourable effect of no longer capitalizing the return on VGS's non-rate-base investments related to the Addison project, in accordance with the memorandum of understanding signed with the VPSB fixing project costs at US$134.0 million;

partly offset by:

- the favourable effect of the appreciation of the U.S. dollar against the Canadian dollar; and
- an increase in GMP's rate base.

Natural Gas Transportation

The Natural Gas Transportation segment generated second-quarter net income attributable to Partners of $7.4 million compared to $6.6 million for the second quarter of fiscal 2015. This increase was mainly the result of:

- the favourable impact of an allowance that had been recognized in the second quarter of fiscal 2015 following the Federal Energy Regulatory Commission's decision on Portland Natural Gas Transmission System ("PNGTS") rates; and
- the favourable effect of the appreciation of the U.S. dollar against the Canadian dollar;

partly offset by a decrease in PNGTS's deliveries due to warmer temperatures.

Electricity Production

For the second quarter of fiscal 2016, the Electricity Production segment generated net income attributable to Partners of $1.5 million, down $0.6 million from $2.1 million in the same quarter last year, mainly due to less favourable winds.

Energy Services, Storage and Other

The Energy Services, Storage and Other segment generated net income attributable to Partners of $0.9 million for the second quarter of fiscal 2016, up $0.5 million from the second quarter of fiscal 2015. This increase was driven mainly by a notable increase in Gaz Métro LNG's shipments, as it delivered almost 4 million m^3 more LNG to carry out short-term contracts.

Reconciliation of non-U.S.-GAAP financial measures

Valener Inc.

Reconciliation of normalized operating cash flows

(in millions of dollars)	For the three months ended March 31 **2016**	2015	For the six months ended March 31 **2016**	2015
Cash flows related to operating activities	**12.4**	16.9	**23.9**	27.9
Dividends paid to preferred shareholders	**(1.1)**	(1.1)	**(2.2)**	(2.2)
Normalized operating cash flows	**11.3**	15.8	**21.7**	25.7

Valener Inc.

Reconciliation of adjusted net income attributable to common shareholders

(in millions of dollars)	For the three months ended March 31 **2016**	2015	For the six months ended March 31 **2016**	2015
Net income	**29.8**	36.9	**70.0**	52.6
Non-recurring items of Valener	**2.8**	2.4	**2.7**	3.9
Share in the non-recurring items of Gaz Métro	**-**	-	**(23.0)**	-
Income taxes on the non-recurring items of Valener and on the share in the non-recurring items of Gaz Métro	**(0.7)**	(0.6)	**(0.7)**	(1.0)
Deferred income taxes related to the outside-basis temporary difference on the interest in Gaz Métro	**1.6**	(5.2)	**2.1**	(5.2)
Cumulative dividends on Series A preferred shares	**(1.1)**	(1.1)	**(2.2)**	(2.2)
Adjusted net income attributable to common shareholders	**32.4**	32.4	**48.9**	48.1

Gaz Métro Limited Partnership

Reconciliation of net income attributable to Partners, excluding non-recurring items

	For the three months ended March 31		For the six months ended March 31	
(in millions of dollars)	**2016**	2015	**2016**	2015
Net income attributable to Partners	**140.5**	135.6	**295.1**	204.4
Non-recurring items	**-**	**-**	**(79.3)**	**-**
Net income attributable to Partners, excluding non-recurring items	**140.5**	135.6	**215.8**	204.4
Per unit, basic and diluted *(in $)*	**0.84**	0.90	**1.28**	1.35

Conference call

Valener will hold a conference call today at 1:00 pm (Eastern Time) to discuss its results and those of Gaz Métro for the quarter ended March 31, 2016. 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: 79158008).

Overview of Valener

Valener Inc. 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 nearly $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 200,000 customers. Gaz Métro is also present in Vermont, producing and transporting electricity and distributing electricity and natural gas to meet the needs of more than 310,000 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 for higher emission-producing energies, the production of wind 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 Québec's 2030 energy policy, the competitiveness of natural gas in relation to other energy sources in the context of falling 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, 2015 and in the MD&A for the quarter ended March 31, 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 New England 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 Management Discussion and Analysis for the quarter ended March 31, 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.*

For additional information:

Investors and Analysts
Mariem Elsayed
Investor Relations
514-598-3253
www.valener.com

Media
Marie-Christine Demers
Public Affairs and Communications
514-598-3449
www.twitter.com/gazmetro
www.gazmetro.com/salle-de-presse

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