VALENER energy company

PRESS RELEASE

FOR IMMEDIATE RELEASE

VALENER AND GAZ MÉTRO REPORT THEIR FISCAL 2016 RESULTS

Valener: 4% increase in the annualized dividend

Gaz Métro: Record adjusted net income of $214.7 million for fiscal 2016

HIGHLIGHTS FOR FISCAL 2016

Valener

- Adjusted net income per common share [1,2] of $1.30 for fiscal 2016, up 10% from fiscal 2015;
- Normalized operating cash flows per common share of $1.36 for fiscal 2016;
- Increase in annualized dividend from $1.08 to $1.12 per common share as of January 16, 2017; and
- Refinancing of Seigneurie de Beaupré Wind Farms 2 and 3, leading to a special distribution of $19.6 million that was used to reduce the borrowings on its credit facility.

Gaz Métro

- Record adjusted net income[1] of $214.7 million for fiscal 2016, up $25.7 million year over year;
- Adjusted net income per unit of $1.28, up 5% year over year; and
- Refinancing of Seigneurie de Beaupré Wind Farms 2 and 3, leading to a special distribution of $20.4 million.

Montreal, November 24, 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 $49.9 million for fiscal 2016, up $4.7 million, or 10.4%, from fiscal 2015. Adjusted net income per common share was $1.30 for fiscal 2016 compared to $1.18 in fiscal 2015. The increase was driven by a notable increase in Gaz Métro's adjusted net income. In line with the seasonality of Gaz Métro's results, Valener recorded an adjusted net loss attributable to common shareholders of $0.7 million ($0.02 per common share) in the fourth quarter of fiscal 2016 compared to an adjusted net loss of $3.7 million ($0.10 per common share) in the same period last year.

Valener's net income attributable to shareholders totalled $62.2 million in fiscal 2016, up $17.4 million year over year, mainly as a result of the notable increase in Gaz Métro's net income.

Normalized operating cash flows stood at $52.4 million ($1.36 per common share) in fiscal 2016 compared to $58.6 million ($1.53 per common share) in fiscal 2015, a decrease that was mainly a result of special contributions received during fiscal 2015, specifically:

- higher distributions received from Beaupré Éole and Beaupré Éole 4 in fiscal 2015, as that was the first year in which distributions were paid and as such also included distributions relating to Wind Farms 2 and 3's fiscal 2014 activities; and
- an income tax refund received in fiscal 2015 relating to overpaid tax instalments;

partly offset by items that will have a favourable effect on cash flows going forward, specifically:

[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.

- higher distributions received from Gaz Métro following the Gaz Métro unit subscriptions of fiscal 2015; and
- the increase in Gaz Métro's quarterly distribution from \$0.28 to \$0.29 per unit starting in the second quarter of fiscal 2016.

"Fiscal 2016 was another strong year for Valener," said Pierre Monahan, Chairman of Valener's board of directors. *"On the strength of Gaz Métro's excellent results and the performance of the Seigneurie de Beaupré wind farms, we are confirming the increase in the annualized dividend per common share from \$1.08 to \$1.12 and are reaffirming our 4% dividend growth target for one more year*."

Summary of Valener's results

	For the three months ended September 30		For the fiscal years ended September 30	
(in millions of dollars, unless otherwise indicated)	**2016**	2015	**2016**	2015
Net income (loss)	**(0.8)**	(6.4)	**66.5**	49.1
Net income (loss) attributable to common shareholders	**(1.8)**	(7.4)	**62.2**	44.8
Adjusted net income (loss) attributable to common shareholders (1)	**(0.7)**	(3.7)	**49.9**	45.2
Per common share *(in \$)* (1)	**(0.02)**	(0.10)	**1.30**	1.18
Normalized operating cash flows (1)	**16.8**	20.5	**52.4** (2)	58.6
Per common share *(in \$)* (1)	**0.44**	0.54	**1.36** (2)	1.53

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

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

Seigneurie de Beaupré wind farms – Valener and Gaz Métro

	For the three months ended September 30		For the fiscal years ended September 30	
	2016	2015	**2016**	2015
Actual output *(in MWh)* Wind Farms 2 and 3	**180,920**	166,972	**809,283**	903,431
Actual output *(in MWh)* Wind Farm 4	**47,661**	42,904	**206,768**	180,214
Cash flows *(in millions of $)* Wind Farms 2 and 3	**12.5**	8.5	**50.1**	60.0
Cash flows *(in millions of $)* Wind Farm 4	**1.8**	1.8	**23.3** (1)	5.4
Distributions paid *(in millions of $)* Wind Farms 2 and 3	**16.3**	21.5	**23.0**	40.6
Distributions paid *(in millions of $)* Wind Farm 4	**3.0**	17.6	**5.3**	17.6
Special distribution paid *(in millions of $)* Wind Farms 2 and 3	**-**	-	**80.0**	-

(1) Includes a $12.9 million payment received from Hydro-Québec related to a note receivable for the reimbursement of certain construction costs.

In fiscal 2015, winds had been much stronger than expected but were more in line with expectations in fiscal 2016.

In fiscal 2016, 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 operating cash flows of $73.4 million compared to $65.4 million in fiscal 2015. Wind Farms 2 and 3 and Wind Farm 4 used these cash flows to pay distributions of $28.3 million in fiscal 2016. Furthermore, in May 2016, following the refinancing of its long-term debt, Wind Farms 2 and 3 paid a special distribution of $80.0 million to its partners, with Valener receiving its proportionate share of $19.6 million and Gaz Métro receiving its proportionate share of $20.4 million. The wind farms paid distributions of $58.2 million in fiscal 2015.

Gaz Métro's results

For fiscal 2016, Gaz Métro's adjusted net income attributable to Partners, which excludes one-time adjustments, was a record $214.7 million, up $25.7 million, or 13.6%, year over year. This increase stems mainly from higher capitalized interest on Gaz Métro-QDA's non-rate-base investments, the favourable effect of the appreciation of the U.S. dollar against the Canadian dollar and an increase in the rate base of Green Mountain Power Corporation ("GMP"). Fiscal 2016 results also reflect wind conditions that were more in line with expectations at the Seigneurie de Beaupré wind farms.

"Again this year, we're proud to report record adjusted net income. The 14% year-over-year increase reflects the relevance and effectiveness of our energy and geographic diversification strategy," said Sophie Brochu, President and Chief Executive Officer of Gaz Métro. *"Today Gaz Métro's operations are in Quebec and the United States. We are driven by the potential of all our energy sources, from wind, solar and hydro power production to natural gas, whether in gas or liquid form, and which we are working hard to make more and more renewable."*

Gaz Métro's net income attributable to Partners was $277.5 million in fiscal 2016, up $96.5 million from fiscal 2015.

Gaz Métro's segment results – Adjusted net income (loss) attributable to Partners [1]				
	For the three months ended September 30		For the fiscal years ended September 30	
(in millions of dollars)	**2016**	2015	**2016**	2015
Energy Distribution				
Gaz Métro-QDA	**(33.0)**	(34.3)	**129.7**	110.5
Impact of the regulatory treatment related to employee future benefits (Gaz Métro-QDA) [2]	**-**	-	**79.3**	-
Vermont [3]	**21.5**	18.8	**71.8**	65.3
Impairment of noncurrent assets recorded for VGS's Addison project [4]	**-**	(8.0)	**(16.5)**	(8.0)
	(11.5)	(23.5)	**264.3**	167.8
Natural Gas Transportation [3]	**3.2**	3.5	**18.1**	16.6
Electricity Production [3]	**(0.4)**	(0.6)	**1.4**	3.0
Energy Services, Storage and Other [3]	**1.0**	1.2	**4.3**	3.0
Corporate Affairs	**(3.2)**	(3.9)	**(10.6)**	(9.4)
Net income (loss) attributable to Partners	**(10.9)**	(23.3)	**277.5**	181.0
Adjustments [2] [4]	**-**	8.0	**(62.8)**	8.0
Adjusted net income (loss) attributable to Partners [1]	**(10.9)**	(15.3)	**214.7**	189.0

(1) This financial measure is 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 the subsidiaries, joint ventures and entities subject to significant influence in each of these segments.

(4) Following the revaluation of costs relating to the Addison project to US$165.6 million (estimated at US$145.0 million as at September 30, 2015), VGS recognized a US$20.6 million before-tax impairment of noncurrent assets in the third quarter of fiscal 2016, which had a C$16.5 million after-tax unfavourable impact on Gaz Métro's net income. In fiscal 2015, VGS had recognized a US$10.3 million before-tax impairment of noncurrent assets.

SEGMENT INFORMATION

Energy Distribution

IN QUEBEC

Gaz Métro-QDA's adjusted net income attributable to Partners was $129.7 million for fiscal 2016 compared to $110.5 million in fiscal 2015, a $19.2 million, or 17%, year-over-year increase that was mainly due to:

- the various parameters of the 2016 rate case, which had projected a $13.2 million increase in net income; and
- higher capitalized interest on investments not included in the rate base and not anticipated in the 2016 rate case.

Gaz Métro-QDA's net income attributable to Partners was $209.0 million in fiscal 2016 compared to $110.5 million in fiscal 2015.

Fiscal 2017

Pursuant to the Régie's May 2015 decision on the 2016 rate case, the rate of return on deemed common equity for fiscal 2017 was maintained at 8.90%, the same rate that had been authorized for fiscal years 2012 to 2016.

In October 2016, the Régie issued a decision approving the new rates for fiscal 2017, which have been in effect since November 1, 2016. Moreover, the rate case presents a projected monthly average rate base of $2,044 million, an $88 million increase from the 2016 rate case.

IN VERMONT

The Energy Distribution segment in Vermont, through GMP and Vermont Gas Systems ("VGS"), recorded adjusted net income attributable to Partners of $71.8 million for fiscal 2016, a $6.5 million year-over-year increase that was mainly the result of:

- the increase in GMP's rate base;
- the favourable effect of the appreciation of the U.S. dollar against the Canadian dollar; and
- the favourable effect stemming from GMP's power procurement cost adjustment mechanism as market prices in fiscal 2016 were below those in fiscal 2015.

This increase was partly offset by the net effect of the synergy-sharing mechanism resulting from the merger between GMP and Central Vermont Public Service Corporation ("CVPS"): although GMP realized additional operating expense savings during fiscal 2016, it returned 50% of those savings to customers, as had been agreed in the 2016 rate case. Specifically, an amount of US$15.6 million was returned to customers in fiscal 2016, whereas a fixed amount of US$8.0 million was returned in fiscal 2015.

In October 2015, VGS and the Vermont Department of Public Service had signed a memorandum of understanding in which VGS agreed to set a US$134.0 million cap on the amount of costs related to its network development project (Addison project) that could be recovered through rates, barring circumstances beyond its control or not set out in the memorandum. During the third quarter of fiscal 2016, VGS reviewed the estimated project costs, which now stand at US$165.6 million.

Following this cost review, VGS recognized a before-tax US$20.6 million impairment of noncurrent assets (C$16.5 million after taxes) in fiscal 2016, while a before-tax US$10.3 million impairment of noncurrent assets (C$8.0 million after taxes) was recognized in fiscal 2015 when the memorandum of understanding was signed. As a result, net income from the Energy Distribution segment in Vermont stood at C$55.3 million in fiscal 2016 compared to C$57.3 million in fiscal 2015. The higher cost estimate stems mainly from an increase in construction costs arising from greater drilling activity, the impact of soil composition and higher land rights acquisition costs. The first 17-kilometre section of the project was commissioned in February 2016. VGS is waiting on a decision from the Supreme Court of Vermont such that it may complete the work required to commission the remaining 49 kilometres of new pipeline.

Natural Gas Transportation

The Natural Gas Transportation segment generated net income attributable to Partners of $18.1 million in fiscal 2016, up $1.5 million, or 9%, from fiscal 2015 despite lower deliveries by Portland Natural Gas Transmission System ("PNGTS") as a result of warmer temperatures. The increase was due to:

- a US$2.3 million allowance recognized in the second quarter of fiscal 2015 following a decision by the Federal Energy Regulatory Commission on PNGTS's rates; and
- the favourable effect of the appreciation of the U.S. dollar.

Electricity Production

The Electricity Production segment recorded net income attributable to Partners of $1.4 million in fiscal 2016 compared to $3.0 million last year. The decrease was mainly due to less favourable winds than in fiscal 2015, when they had been much stronger than expected.

Energy Services, Storage and Other

The Energy Services, Storage and Other segment generated net income attributable to Partners of $4.3 million in fiscal 2016, up $1.3 million, or 43%, from fiscal 2015. This increase was mainly driven by higher profitability of Gaz Métro Transport Solutions and by a notable increase in LNG sales volumes, which rose over 40% from fiscal 2015 to 34.2 million cubic metres. Construction at our natural gas liquefaction, storage and regasification plant is nearing completion, and start-up of the new liquefaction train is scheduled for early 2017.

Financial initiatives

On October 6, Gaz Métro inc. completed a $125 million private placement of first mortgage bonds, which bear interest at an annual rate of 3.28% and mature on October 9, 2046. The issuance proceeds were loaned to Gaz Métro at similar conditions and were used to repay existing debt and for general corporate purposes.

Outlook – Gaz Métro

"We will continue the tireless pursuit of developing natural gas in Quebec by building on its environmental and economic benefits in order to progressively replace oil products. We will keep a firm grip on operating costs, for both our regulated and unregulated businesses. And we will keep moving forward with our strategy of energy diversification that we initiated just a few years ago," said Sophie Brochu.

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

Valener Inc.

Reconciliation of normalized operating cash flows

	For the three months ended September 30		For the fiscal years ended September 30	
(in millions of dollars)	**2016**	2015	**2016**	2015
Cash flows related to operating activities	**17.8**	21.5	**56.7**	62.9
Dividends paid to preferred shareholders	**(1.0)**	(1.0)	**(4.3)**	(4.3)
Normalized operating cash flows	**16.8**	20.5	**52.4**	58.6

Valener Inc.

Reconciliation of adjusted net income (loss) attributable to common shareholders

(in millions of dollars)	For the three months ended September 30 **2016**	2015	For the fiscal years ended September 30 **2016**	2015
Net income (loss)	**(0.8)**	(6.4)	**66.5**	49.1
Loss on derivative financial instruments	**0.5**	2.1	**4.6**	4.0
Income taxes on the loss on derivative financial instruments	**(0.1)**	(0.6)	**(1.2)**	(1.1)
Share in the adjustments to the net income of Gaz Métro	-	2.3	**(18.2)**	2.3
Deferred income taxes related to the outside-basis temporary difference on the interest in Gaz Métro	**0.7**	(0.1)	**2.5**	(4.8)
Cumulative dividends on Series A preferred shares	**(1.0)**	(1.0)	**(4.3)**	(4.3)
Adjusted net income (loss) attributable to common shareholders	**(0.7)**	(3.7)	**49.9**	45.2

Gaz Métro Limited Partnership

Reconciliation of adjusted net income (loss) attributable to Partners

(in millions of dollars)	For the three months ended September 30 **2016**	2015	For the fiscal years ended September 30 **2016**	2015
Net income (loss) attributable to Partners	**(10.9)**	(23.3)	**277.5**	181.0
Impact of the regulatory treatment related to employee future benefits (Gaz Métro-QDA)	**-**	-	**(79.3)**	-
Impairment of noncurrent assets recorded for VGS's Addison project	**-**	8.0	**16.5**	8.0
Adjusted net income (loss) attributable to Partners	**(10.9)**	(15.3)	**214.7**	189.0
Per unit, basic and diluted *(in $)*	**(0.06)**	(0.10)	**1.28**	1.22

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 fiscal year ended September 30, 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: 83932049).

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 Quebec 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 Quebec 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 Quebec, 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 to 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 Quebec'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 Quebec 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 MD&A for the fiscal 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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