

March 31, 2009

Christopher Daly
Nova Scotia Environment, Policy Division
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Dear Christopher Daly,

Re: An Approach to Regulating Electricity Sector Greenhouse Gas and Air Pollutant Emissions – A Discussion Paper

The Ecology Action Centre (EAC) is pleased that in a February 2009 Discussion Paper the Nova Scotia Department of the Environment has set out an approach to regulating the province's greenhouse gas emissions and air pollutant emissions. Nova Scotia's electricity sector is burdened with a reliance on imported fossil fuels, with about 75% of our electricity generated by coal.ⁱ The 2007 EAC submission to the Climate Change Action Plan and Energy Strategy recommended that the government "introduce absolute, outcome-oriented regulations on GHG emissions from large Industries."ⁱⁱ Therefore, we support the proposed caps. This submission will focus on the proposed greenhouse gas emissions caps and note that while this is an important step, the province must move much faster to build an infrastructure and policy framework that supports the development of clean energy while protecting low income Nova Scotians.

Climate Science

Recent scientific study shows that the International Panel on Climate Change (IPCC) predictions have been significantly underestimated. A report titled *Climate Safety* by the Public Interest Research Centre predicts that we will see ice cap melts eighty years ahead of IPCC estimates.ⁱⁱⁱ This has a direct impact on public policy and leads to the question – If climate change is moving faster, how can we move faster to halt the climate crisis that we are creating?

Leadership in Regional or International Cap and Trade Systems

It is important that regulations are developed as a first step toward participation in a more comprehensive industrial emissions regulatory framework. The province has committed to international leadership on climate change in the *Environmental Goals and Sustainable Prosperity Act*. It should therefore take a leadership role in moving forward with other governments and enter into a cap and trade system for greenhouse gas emissions.

Economic Justification for Electricity Cap Percentage

The EAC would like to see economic justification for requiring 50% of our emission reductions to come from the electricity sector. Has economic analysis been done examine whether or not rural Nova Scotia may benefit from a greater investment in localized community renewable energy and therefore greater greenhouse gas reductions? Is there an economic case for seeking a greater percentage of our greenhouse gas emission reduction targets from the electricity sector?

Transmission Incentive

The proposed transmission incentive is an innovative approach to increasing the capacity of the transmission grid to support renewable energy. The discussion paper states that the utility will be granted “to exceed its emissions cap by up to 3% in exchange for new transmission infrastructure that increases the grid’s capacity to handle electricity generated locally from renewable sources.”^{iv} There should be specific parameters and accountability mechanisms to ensure that this incentive achieves its intent of supporting local renewable energy development. A public process to establish the criteria for the type of transmission infrastructure eligible through the investment incentive may be required.

Protection for Low Income Nova Scotians

The cost of electricity is rising in Nova Scotia and government must create legislation to support the development of low income energy assistance programs. This would give the Utility and Review Board (UARB) clear guidelines and authority to implement and oversee low income utility funded programs to protect access to electricity service for all Nova Scotians. Currently, the UARB sets rates without regard to residential customers’ ability to pay. Best practices for low income energy assistance programs, sometimes referred to as “universal service programs” require the following components: Energy assistance, Crisis Relief, Debt management, Energy efficiency programs, Outreach and community development, and Evaluation^v. Nova Scotia is not doing enough to support the rising energy burden faced by low income Nova Scotians.

Reminder of Trailing Commitments

Significant emissions reductions are proposed to result from demand side management (DSM) programming. Nova Scotia Power has taken on the role of interim DSM administrator in the absence of sole purpose independent agency. DSM programming has entered its second year of programming with funding more than doubling to close to 10 million dollars. Due to its interim role, Nova Scotia Power is not developing the capacity required for this level of spending. As a result, the low income program is falling behind and missing its emission reduction potential. The Government of Nova Scotia has committed to creating a new agency to take on this role, but stakeholders are unaware the any activity is taking place and this is placing undue risk DSM programming and therefore greenhouse gas emission reduction potential.

Yours Sincerely,

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References:

ⁱ Government of Nova Scotia: Department of the Environment. *Toward a Greener Future: Nova Scotia's Climate Change Action Plan*. (January 2009):

<http://climatechange.gov.ns.ca/Content/What%20NS%20Is%20Doing> p.13.

ⁱⁱ Ecology Action Centre. *EACs Submission to Nova Scotia's Climate Change Action Plan and Energy Strategy*. (December 2007):

<http://www.ecologyaction.ca/content/publications-energy-issues-committee>

ⁱⁱⁱ Public Interest Research Centre. *Climate Safety: In Case of an Emergency*. (2008):

<http://www.climatesafety.org/>

^{iv} Government of Nova Scotia: Department of the Environment. *An Approach to Regulating Electricity Sector Greenhouse Gas and Air Pollutant Emissions in Nova Scotia: A Discussion Paper*. (February 2009):

<http://climatechange.gov.ns.ca/Content/What%20NS%20Is%20Doing>

^v Roger Colton, Direct Evidence filed with the Nova Scotia Utility and Review Board; 2004; While the evidence with respect to a "universal service program" was designed for a utility funded electricity program, many of the same criteria apply to other sources of energy, for instance fuel oil, which are currently unregulated.