

**LAW AMENDMENTS COMMITTEE**

## Red Chamber, PROVINCE HOUSE

**Wednesday, May 4, 2011 - 4:30 p.m.**

**Bill #15 - Electricity Act (amended)**

4:30 p.m. 1. Brennan Vogel, Climate Change and Energy Coordinator  
*Ecology Action Centre*

## **Bill #27 - Financial Measures (2011) Act**

4:30 p.m.

1. Mayor Peter Kelly  
Richard Butts, CAO  
*Halifax Regional Municipality*
2. Mayor Billy Joe MacLean, President  
Rick Farmer, Executive Director  
*Union of Nova Scotia Municipalities*



## **PREAMBLE:**

*Distinguished Committee Members of the Law Amendments Committee of the Nova Scotia Legislature,*

I am Brennan Vogel, Climate Change and Energy Coordinator at the Ecology Action Centre. I have a Bachelors Degree in Environmental Studies from the University of Waterloo and a Masters Degree in International Development Studies from Saint Mary's with a focus on climate change adaptation.

I am here today to share with you my concerns about the proposed amendments to the Electricity Act and to offer you my recommendations on alternative pathways to reducing greenhouse gases from the electricity sector, while aggressively increasing renewable electricity and creating jobs in Nova Scotia.

This much we know: the global climate change crisis requires concerted action on the part of governments world-wide to reduce emissions 80%+ below 1990 levels by 2050 to avoid catastrophic interference with the global climate. Nova Scotia is one of the worst per-capita emitters of greenhouse gases in Canada and the world due to unsustainable coal-burning for electricity and other inefficiencies in our province's energy systems, transportation planning and infrastructure and so on.

While Nova Scotia's ambitious climate change and renewable electricity goals and targets are highly commendable, the pathway to achieving these objectives is far from clear and in fact, carries large of risks and uncertainties.

The Ecology Action wishes to highlight several issues with the proposed amendments to the Electricity Act as well as offer several recommendations for the Nova Scotia Government to consider in positively and successfully moving towards the 2020 targets currently in legislation and also under review before this committee today.

## **FIRST:**

Very simply, the proposed legislation amendments to the Electricity Act do not contain any 40% number, just references to hydro-electricity import eligibility from other provinces for NS RE targets. This is problematic.

## **SECOND:**

We have not seen an NSPI Integrated Resource Plan or any other government led public stakeholder process to provide a cost-comparison scenario of the cost effectiveness of importing hydro from Quebec versus Labrador and/or, aggressively pursuing domestic renewable growth, including for example off-shore wind and solar PV, through comprehensive large-scale FITs and



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aggressive investment in the provincial transmission/distribution grid (including giving consideration of the opportunities for electricity marketplace re-structuring to decouple NSPI-SO and NSPI to promote greater access and renewable electricity supply competition in NS),

We have also not seen a rate-impact study of the proposed Lower Churchill project for NS electricity rate-payers, nor has it been included in the 2011-15 NSPI Capital Expenditure Plan (2.8 billion), and the project is to run at least 1.3 billion for NSPI,

NSPI recently projected a 20% rise in electricity prices over the next 4 years, due in part to over-reliance on coal and international coal market price volatility; however, at the same time NSPI is also considering proposing an increase in the internal ROI from 9.25% to 9.6% to "remain competitive with electrical utilities across North America".

### **THEREFORE:**

Since the 2020 40% RE target aims to include the development of hydro at Churchill Falls,

This should be reconsidered by Government and amended, given consideration that:

This is of less domestic economic and environmental benefit than could be achieved through domestic activities to meet Nova Scotian RE targets with aggressive Nova Scotian renewable resource development (offshore wind, solar, FITs, grid access) as was the primary intention of EGSPA to achieve sustainable prosperity by 2020 while lowering our environmental impact, building domestic energy security and creating good green jobs for average Nova Scotians,

There is no provincial coal phase-out mandate or directive to replace coal generation at NSPI (potentially not before 2025, but with a potential opportunity through federal regulation by as early as 2015 @ Trenton U5 and Point Tupper), nor is there a binding commitment from Emera/NSPI to actually phase-out coal plants on an aggressive schedule,

This is problematic since NSPI is first and foremost currently legislatively obligated to reduce GHGs 25% below 2007 levels as 1/2 of the province's goal of 10% below 1990 levels by 2020, in addition to meeting provincial mercury and other emission reductions targets by 2014 and 2020,

And,

Since NSPI reserves rights to 20% of the Muskrat Falls power (165-180MW/40 yrs),



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Since NSPI's parent company Emera reserves export rights on additional Churchill Falls hydro (an additional 340MW),

Since NSPI projects anywhere from 9.2-18.8% of this power being used to achieve NS RE targets for 2020,

Since the provincial government has estimated that Churchill Falls hydro would be 1/4 of the 2020 target (10%),

Since this differential leaves a margin of export potential (8-9%) of Churchill Falls for NSPI, in addition to Emera's secured rights to 340MW, while the coal still burns in NS,

Since more aggressive domestic GHG reductions from the NS electricity sector are obviously required and could be made possible to reduce both the economic and environmental insecurities of over-reliance on coal-burning, including but not limited to:

- The social and economic impacts of Nova Scotia's rising electricity rates from volatile coal import dependency,
- Nova Scotia's high incidence of respiratory illness (cancer, asthma) contributing to provincial health-care costs,
- Nova Scotia's mercury contamination of the environment due in part to coal-burning, including but not limited to fisheries impacts and health impacts on pregnant Nova Scotian women and unborn fetuses who consume mercury-contaminated fish,

As well, since coal's disproportionate contribution to precipitating catastrophic climate change is on a foreseeable time-line, if not phased out by 2025 as a part of reducing global GHGs 80%+ below 1990 levels by 2050 to avoid catastrophic interference with the global atmosphere, as recommended by Dr. James Hansen (NASA Scientist)

Since there is no guarantees of actually reducing GHGs at least 10% below 1990 levels without the consideration of a coal phase-out and/or natural gas retrofit mandate at NSPI to meet half of the provincial GHG target by 2020 and there currently isn't such an approach,

Most importantly, since it appears that NS is currently not on track to achieving the provincial GHG reduction to 10% below 1990 levels by 2020, while being one of the highest per capita polluting jurisdictions in Canada and the world and increasingly rate-payers are being burdened with rising rates while Emera and NSPI make record profits,



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Since Nova Scotian rate-payers are fatigued and EGSPA calls for Nova Scotia to pursue 'sustainable prosperity' through sustainable domestic economic development, such as renewable electricity,

### **WHILE RECOGNIZING THAT:**

There are some long-term opportunities associated with Churchill Falls in potentially reducing GHG emissions at a regional level, most importantly in Newfoundland/Labrador, while eventually supporting more regional low-carbon and renewable supply of electricity, but not realistically before 2020,

There are global and local environmental impacts of Churchill Falls, including the release of potent GHG methane emissions as well as other environmental impacts such as localized mercury contamination and flooding impacts on wildlife and ecosystems in the Muskrat Falls flood-zone,

There remains unresolved and outstanding land claims issues with the Dene First Nations,

There are important unresolved project-development issues with Churchill Falls feasibility for 2020 including: conclusive, secured financing and federal environment permits required through the conclusion of the federal environmental assessment,

There is a history of long lead times to develop large scale hydro projects (average 25 years),

The export of green power to New England presents trade and growth opportunities, but should not occur before meeting domestic goals and targets for renewable, low-carbon energy,

### **THUS, EAC RECOMMENDS THAT,**

1. The Government not approve these amendments at this time, given the outstanding circumstances associated with an over-reliance on Churchill Falls to meet 2020 RE targets and the heavy risks, uncertainties and lost benefits this carries for average Nova Scotians,
2. If the Government insists on carrying forward with implementing these amendments, at the very least include the number 40% in the amendments to provide greater legitimacy to the 2020 RE target,
3. At this time, the Government should seriously consider the timeliness and opportunity for facilitating an alternative provincial stakeholder process to develop a 9 year renewable electricity and GHG reduction roadmap for Nova Scotia, in the interests of successfully and cost-effectively meeting 2020



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renewable targets in a broadly beneficial manner for Nova Scotia, while phasing out coal-burning,

4. The Government should mandate that NSPI provide cost-comparison scenarios as a part of this process to allow for a transparent comparison of the alternative pathways to meeting this 2020 target, including the alternative and potentially more cost-effective and efficient opportunity for Quebec hydro imports,

5. The Department of Energy should internally or externally produce an alternative scenario as a part of this process that compares the cost-effectiveness and benefits inherent in an aggressive electricity marketplace restructuring initiative in NS, to support aggressive domestic renewable electricity development that would include greater domestic economic benefits that are consistent with the spirit of EGSPA,

6. The Government should consider opportunities for transmission and distribution grid ownership restructuring as a part of this process, to support the robust development of a competitive renewable supply market in Nova Scotia, through greater accessibility to the transmission and distribution grid than is currently the case,

7. The Government should consider opportunities for implementing an aggressive FIT program to develop offshore wind and domestic solar PV and solar heating potential, in addition to wind, agricultural biomass/biogas and other domestic renewable resources, that could be better supported and developed through large-scale and comprehensive FITs, versus the small and limited COMFIT currently before the UARB, and the poor track record of NSPI RE RFP procurement,

8. The Government should seriously consider the provincial economic and rural economic benefits and cost-effectiveness of such a transformative electricity marketplace restructuring for the Nova Scotian economy, Nova Scotian job-seekers, and average Nova Scotian rate-payers and families, versus the current reality and projections provided by the province's sole electrical utility.

In conclusion as the political representatives and decision-makers who were elected by the Nova Scotian population to uphold the public interest, I urge you to spare no effort to uphold the spirit of EGSPA. I urge you to show greater leadership and vision by taking the progressive actions that are required to ensure that the corporate social and environmental responsibilities of NSPI and Emera to average Nova Scotian rate-payers and citizens are ~~not put ahead~~ of the Nova Scotian public interest you were elected to uphold. Thank you.

consistent  
with

DEFERRED

**Bill #15**  
**Electricity Act (amended)**

CHANGE RECOMMENDED TO THE LAW AMENDMENTS COMMITTEE

**PAGE 1, Clause 3 -**

- (a) add “(1)” after the Section number; and
- (b) add the following subsection:
  - (2) Section 5 of Chapter 25, as amended by Chapter 14 of the Acts of 2010, is further amended by adding immediately after subsection (1) the following subsection:
    - (1A) Notwithstanding any regulations made pursuant to this Section,
      - (a) “renewable low-impact electricity” includes geothermal energy; and
      - (b) for each year beginning with the year 2015, every load-serving entity shall supply its customers with renewable electricity in an amount equal to or greater than forty per cent of its total sales for that year.

CARRIED

**Bill #15**  
**Electricity Act (amended)**

**CHANGE RECOMMENDED TO THE LAW AMENDMENTS COMMITTEE  
BY THE MINISTER OF ENERGY**

**PAGE 1, Clause 3 -**

- (a) add “(1)” after the Section number; and
- (b) add the following subsections:
  - (2) Section 5 of Chapter 25, as amended by Chapter 14 of the Acts of 2010, is further amended by adding immediately after subsection (1) the following subsection:
    - (1A) The Minister shall make regulations requiring the achievement of forty per cent renewable electricity by 2020.
  - (3) Subsection 5(2) of Chapter 25 is amended by striking out “subsection (1)” in the second line and substituting “this Section”.