



Recommendations regarding Bill 15, amending the Environment Act In order to establish a Nova Scotia Cap and Trade Program

Submitted by the Affordable Energy Coalition

October 16, 2017

The NS Affordable Energy Coalition represents a variety of organizations and individuals whose goal is to ensure low income Nova Scotians have access to the energy services they need to live and thrive in NS.

We submitted comments to the NS Government March 31, 2017 in response to the Nova Scotia Cap and Trade Program Design Options released March 8, 2017 and some of our members have participated in the series of panel discussions about the proposed Cap and Trade program organized by the Ecology Action Centre and other s with participation by a variety of stakeholders.

We have reviewed Bill 15, as given 1st reading September 29 and 2nd reading October 10, 2017.

Recommendation 1: Amend Section 112E to limit the granting of emission allowances to sale by auction with a floor price established by regulation

We believe that generating revenue through the sale of emission allowances is essential, in order to create incentives for the reduction of GHGs and in order to generate revenues to offset energy poverty in NS while simultaneously investing in a low-carbon transition. We believe selling by auction with a floor price established by regulation is the most effective method of sale based on experience elsewhere.

We therefore welcome and support that section 112E (2) (b) allows for selling emission allowances by auction or by agreement to emitters. However we believe the legislation would be greatly improved if the options available to the Minister for granting emission allowances were limited to selling emission allowances by auction with a floor price established by regulation. We therefore recommend changing Section 112E as shown in red:

112E ...~~(2) The Minister may grant emission allowances by any means the Minister considers appropriate, including by~~
~~(a) allocating them without charge to emitters; or~~
~~(b) selling them at auction or by agreement to emitters~~ with a floor price established by regulation.

Recommendation 2: Amend section 112 O regarding The Green Fund to establish minimum percentages of the fund to be used to assist low and moderate income households.

We applaud the government's announcement in March 2017 that it is funding energy efficient retrofits in low income rental properties at \$2 million over this year and next. This is a smart way to assist low income households while reducing greenhouse gas emissions, building on the success of the HomeWarming program that installs energy retrofits in low income homeowner households. Some of the Green Fund should be used to build on this success.

We recommend using 50% of the revenue in the Green Fund to assist low and moderate income Nova Scotians in offsetting the costs of the Cap-and-Trade Program, 20% of the revenue to support GHG emission reductions that directly benefit low and moderate income Nova Scotians, and the remaining 30% to support investments that more broadly assist in Nova Scotia's low-carbon transition.

How best to assist low and moderate income Nova Scotians in offsetting the costs of the Cap-and-Trade Program depends in part on how much revenue is generated and what the expected impact of the Cap and Trade system is on their household costs. If the impact and the revenue are relatively small, we recommend concentrating compensation on low income households who already experience energy poverty by establishing a Universal Service Program that guarantees access to essential energy services regardless of income. If the impact and revenue are higher we recommend a Carbon Tax Benefit would be a good mechanism for assisting low and moderate income Nova Scotians in offsetting the costs of the Cap-and-Trade Program. Some combination of these two programs may be most appropriate. (see the appendix for additional explanation of these 2 proposals).

There are many ways to support GHG emission reductions that directly benefit low income Nova Scotians that build on the good work being done with the HomeWarming program and the Rental Efficiency Retrofit pilot program.

These include:

- doubling spending on low income efficiency programs by expanding the rental program after the pilot demonstrates the best rental program design,
- investing in training for people in low income and marginalized communities like African Nova Scotians and Mi'kmaq communities for work in green jobs.
- investing in improved transit in rural communities and in low income urban areas.

We recommend amending Bill 15 by changing Section 112 O (2) (c) as shown in red:

112 O (1) The Green Fund is established.

(2) The money and property in the Green Fund must be managed and used in accordance with the regulations for the following purposes:

- (a) financing measures to reduce, limit or avoid greenhouse gas emissions including using 20% of the fund to support greenhouse gas emission reductions that directly benefit low and moderate income Nova Scotians;
- (b) financing the research and development of innovative technology to reduce, limit or avoid greenhouse gas emissions;
- (c) at least 50% of the fund for financing measures to assist low and moderate income households in offsetting the costs of the Cap and Trade program; mitigate the economic and social impact of measures to reduce, limit or avoid greenhouse gas emissions;
- (d) financing public awareness campaigns respecting climate change or measures to reduce, limit or avoid greenhouse gas emissions;
- (e) financing adaptation to climate change;
- (f) financing the development of, and the participation of the Government of the Province in, regional and international initiatives respecting climate change;
- (g) a purpose prescribed by the regulations.

We urge the Law Amendments Committee to recommend the 2 changes we propose to Bill 15 in order to increase the financial incentives for GHG emitters to reduce their GHG emissions while at the same time creating funding to expand on the good work being done with low income homeowners and renters to help them meet their energy bills while reducing GHG emissions.

Respectfully submitted

Brian Gifford, AEC Chair

Dr. Kate Ervine, AEC member and professor, International Development Studies Program



c/o Brian Gifford, Chair
902-454-1656 (H)
782-234-4766 (C)

Address:
Dalhousie Legal Aid
2209 Gottingen St.
Halifax, NS B3K 3B5

Appendix: Additional background on some of the ideas presented:

- **Use at least 20% of the Green Fund to support greenhouse gas emission reductions that directly benefit low and moderate income Nova Scotians:** In 2016 California Assembly Bill 1550 was passed required that 25% of proceeds from the Greenhouse Gas Reduction Fund be spent "on projects located in disadvantaged communities." Prior to 2016 the requirement was only 10%. Our understanding from interviews conducted prior to 2016 was that the 10% could have been folded into the 25%, but was in fact going above it, so that 35% of the GGRF would be spent on projects located in disadvantaged communities. Nova Scotia should follow this precedent.
- **Doubling spending on low income efficiency programs by targeting renters:** At present, the province spends about \$11.6 million/year on the low income homeowner efficiency program, HomeWarming, that is expected to last about 8 more years. A program for renters (50% of the low income population) will need a similar scale of investment to avoid lengthy delays in reaching all landlords and tenants – the \$2 million for a pilot rental efficiency program announced March 31 is an excellent first step.
- **A Universal Service Program:** We recommend such a program for electricity and for non - electric heat that will limit heat and electricity bills to 6-8% of income for low income households to ensure low income households have access to essential heat and electricity. Such programs have been successfully pioneered in many US jurisdictions and Ontario has recently enacted a modified version of this idea.
- **A Carbon Tax Benefit:** We recommend this approach, as outlined in the Canadian Centre for Policy Alternatives' 2017 Alternative Provincial budget. The benefit would be similar to Alberta's Carbon Rebate, with a benefit paid to families earning up to \$75,000/year and to individuals earning up to \$40,000/year, to offset their energy costs. If the same amount is paid per individual, parent or child this will provide greater benefit to low income Nova Scotians because they use less energy.

