

**LAW AMENDMENTS COMMITTEE**

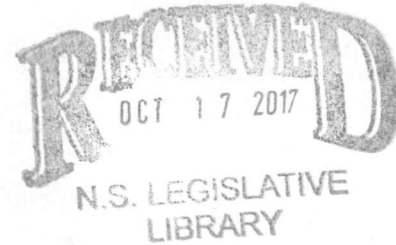
**Red Chamber, Province House**

**Monday, October 16, 2017**

**9:00 a.m.**

**Bill #16 - Adult Capacity and Decision-making Act**

- 9:00 a.m.
1. Professor Sheila Wildman
  2. Wendy Lill  
*Community Homes Action Group*
  3. Charlie Macdonald
  4. Michael Bach, Managing Director  
*Institute for Research & Development on Inclusion in Society (IRIS)*
- 10:00 a.m.
5. Brenda Webb
  6. Darrell Webb
  7. Dave Kent  
*People First Nova Scotia*



**Bill No. 29 - Marine Renewable-energy Act (amended)**

- 10:45 a.m.
1. Jamie MacNeil

**Bill #7 - Workers' Compensation Act (amended)**

- 11:00 a.m.
1. Janet Hazelton, President  
*Nova Scotia Nurses' Union*
  2. Jason MacLean, President  
*NSGEU*
  3. Mary Lloyd  
Larry Maloney  
*Pictou County Injured Workers Association*
  4. Micah MacIsaac

12:00 noon

~~5. Judy Lewis~~ cancelled

6. Jim Cormier, Atlantic Director  
*Retail Council of Canada*

7. Richard Biggar DIDN'T APPEAR

8. Debra Fortune

1:00 p.m.

9. Shaun Watters

10. Kevin Johnson

11. Rachel Barbour

12. Dean Tupper DIDN'T APPEAR

13. Terry Chapman

**Bill No. 15 - Environment Act (amended)**

2:00 p.m.

1. Stephen Thomas  
*Ecology Action Centre*

2. Brian Gifford, Chair  
*Affordable Energy Coalition*

3. Daniel Roscoe, P. Eng, Partner  
*Roswall Incorporated*

4. Christine Saulnier, Nova Scotia Director  
*Canadian Centre for Policy Alternatives*

**Bill #7 - Workers' Compensation Act (amended) - continued**

3:00 p.m.

14. Eunice Abaga

**Bill No. 17 - Solemnization of Marriage Act (amended)**

*No representation*

**Bill No. 19 - An Act to Amend Various Consumer Protection Statutes**

*No representation*

**Bill No. 27 - Intimate Images and Cyber-protection Act**

*No representation*

**Bill No. 33 - Gas Distribution Act (amended)**

*No representation*

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## Ecology Action Centre Statement to Law Amendments Committee for Bill No. 15

Monday, October 16<sup>th</sup>, 2017

I would like to begin my statements today by acknowledging our presence on unceded, unsurrendered Mi'kmaq Territory.

Thank you to the Committee for the opportunity to speak, today on Bill No. 15, the proposed amendments to the Environment Act, and the proposed cap and trade carbon pricing system to be implemented in Nova Scotia.

My name is Stephen Thomas and I am the Energy Campaign Coordinator with the Ecology Action Centre. Founded in 1971, the EAC is Atlantic Canada's largest environmental advocacy organization, with over 5,500 members, 500 volunteers, 40 staff, and seven action areas.

Over the last ten years, Nova Scotia has done fantastic work on reducing greenhouse gas emissions by more than 30% below 2005 levels, building out the green economy and creating hundreds of green jobs. However, Nova Scotia remains among the most carbon-intensive regions in the world on a per-capita basis, and has not yet legislated greenhouse gas targets beyond what it has already achieved.

The EAC and its many partners have been engaging in discussions, research and advocacy on carbon pricing in Nova Scotia for more than three years. This work includes two Carbon Pricing Forums with dozens of stakeholders each, and a six-part panel series on the possible opportunities and challenges of cap and trade in Nova Scotia. In November 2016, when the Nova Scotia government chose a cap and trade system over a carbon tax, carbon levy or hybrid system, the EAC continued to engaged dozens of stakeholders to develop our analysis and position statements on Nova Scotia's cap and trade proposal.

The Nova Scotia government has signaled in its communications and design options that it will give carbon pollution credits away for free to polluters and create a system internal to Nova Scotia with only 20 participants providing Nova Scotia Power with a clear advantage. Whether or not greenhouse gas caps will represent an actual reduction in Nova Scotia's emissions remains to be seen. We still don't know what these caps will be.

To be clear, I feel that this legislation allows for a very ineffective and inequitable cap and trade system in Nova Scotia. However, I recognize that the legislation also builds a framework that leaves the door open to a number of effective policies such as collecting revenue, creating a Green Fund and linking to other cap and trade jurisdictions. I'm pleased to see these opportunities reflected in the legislation and I suggest that in the development of the regulations, the Nova Scotia Government takes these opportunities to build a robust cap and trade system that is fair, effective and equitable.

## **Specific Recommended Changes to Bill No. 15**

### Set Clear, Declining Emissions Caps

A strong cap and trade system must include greenhouse gas emissions caps that actually ensure greenhouse gas emission reductions. The caps must be declining, and must represent a reduction in greenhouse gases when compared with the business-as-usual case in Nova Scotia.

Specifically, under section 112B of Bill No. 15, we recommend that language be added to ensure that the greenhouse gas emissions caps are declining, and that they are more stringent when compared with Nova Scotia's business-as-usual case out to 2030.

We feel that this long-term increase in stringency better complies with the federal government's Carbon Pricing Benchmark, and gives Nova Scotian businesses more clarity for future planning. We hope that these emissions caps will also give Nova Scotians reassurance that the provincial government is committed to continuing a strong legacy of greenhouse gas reductions and leadership on climate action.

## **Recommendations for the Development of Regulations and Policy**

### Auction Carbon Pollution Credits and Collect Revenue

We applaud the creation of the Green Fund in this legislation, but I'm sure all will agree that the effectiveness of a Green Fund is severely limited if there is no money in that fund to support low-carbon programming.

For the proposed Green Fund to have any funding to administer programming and support, the cap and trade system must collect revenue from polluters by auctioning pollution credits and establishing a floor price for those auctions. Given the proposed framework, polluters are being given a free ride under this program, where all carbon pollution credits are being given away for free, and Nova Scotia Power is given a clear advantage. This must change.

With the collected revenue, it is possible to create critical support for Nova Scotia's transition to a prosperous, low-carbon economy and create hundreds of green jobs here at home. The Green Fund can support low- and middle-income Nova Scotians by offsetting any impacts that a cap and trade system may have, support low-carbon initiatives like renewables and energy efficiency, support training and re-tooling programs for workers entering the green economy across Nova Scotia and in Mi'kmaw communities, support low-carbon innovation in Nova Scotia businesses and much more.

### Link Nova Scotia's Cap and Trade System to Other Jurisdictions

Nova Scotia's cap and trade system is unusual in that it is proposed that it will not be linked with any other jurisdiction. This will likely make for a volatile market and very limited opportunities, given a province of less than one million people and an emissions trading system of less than 20 participants. This is similar to the city of Ottawa setting up its own emissions trading system.

We feel the most obvious choice would be for Nova Scotia to link with other Atlantic Canadian Provinces, or with Ontario and Quebec who are linked with California through the long-established Western Climate Initiative (WCI). In May 2017, the Ecology Action Centre partnered on a



commissioned study that showed a reasonable case that investment could flow to the Maritime Provinces through this system.

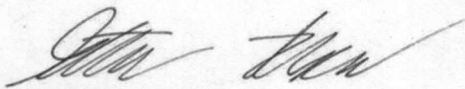
Linking to another system such as WCI was also strongly supported by industry and other stakeholders who submitted feedback to create Nova Scotia Environment's 'What We Heard' document on cap and trade, which was released in August 2017.

Engage in Meaningful Public Consultation

This issue is not being discussed out in the open. The general public has not been a part of the very limited, focused, technical consultation that has taken place with mostly industry and specialized stakeholders. To better understand the need to set emissions caps, and the best ways to utilize the created Green Fund, broad public consultation must take place.

I'm happy to answer any questions that the Members may have, and please feel free to contact me directly should you require any further information or documentation on this issue.

Thank you for your time and consideration,



**Stephen Thomas**

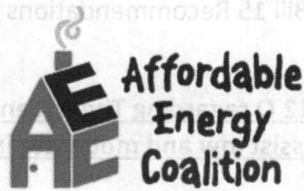
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## Recommendations regarding Bill 15, amending the Environment Act In order to establish a Nova Scotia Cap and Trade Program

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 1<sup>st</sup> reading September 29 and 2<sup>nd</sup> 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  
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**Bill #15  
Environment Act (Amended)  
Submission to the Law Amendments Committee From Roswall Inc.  
October 16<sup>th</sup>, 2017**

Thank you for the opportunity to speak to you today regarding Bill #15 – Environment Act (Amended) that provides the establishment of a greenhouse Gas Emissions Cap and Trade program.

My name is Daniel Roscoe, and I am here today on behalf of Roswall Inc. to speak in support of this Bill.

I have been an advocate for renewable energy and for action on climate change in Nova Scotia since 2005. I helped found Scotian WindFields and SWEB Development, and have been involved in 100's of wind and solar projects.

In general, Nova Scotia has been very progressive on renewable energy and energy efficiency, through commitments such as the Environmental Goals and Sustainable Prosperity Act, programs such as COMFIT and Solar City, and the creation of Efficiency Nova Scotia. These efforts have made significant changes to our electricity system, and helped create a Nova Scotian industry with extensive experience. Many in this industry, Roswall Inc included, are now exporting their expertise to other jurisdictions that are trying to catch up to Nova Scotia.

Throughout this effort, our focus has almost solely been on Electricity. Electricity customers have made investments in their future, and made great progress. However, other sources of emissions such as heating oil, gasoline and natural gas have changed very little. While the intentions of policy makers and program creators were good, we have essentially subsidized these sources of energy over the past decade at the expense of the electricity system.

A Cap and Trade program is the best way for Nova Scotia to recognize the substantial gains made in the electricity system, and restore balance and fairness within the energy industry. A Cap and Trade program will be an essential tool for us to continue to strive for economic growth, while making sure that we meet our environmental targets.

Regarding the legislation specifically, Bill 15 is an important first step, but the effectiveness of this effort will depend on the regulations. To that end, here are some suggestions:



- 1) We are glad to see that the ability to charge for allowances is considered in the Bill, as it was originally indicated that allowances would be provided for free. In light of the notes above, we encourage the Minister to consider using different rates for different emissions sources, to reflect those that have achieved reductions, versus those that have not. Failure to do so will continue to subsidize imported fossil fuels.

It is hard to see how change can be incented when emission allowances are provided for free. It is also hard to see how it is in line with the Pan Canadian Framework on Clean Growth and Climate Change.

Specifically, we suggest:

- a. For Electricity, we suggest replacing existing DSM charges with an emission-based cost that would mean little impact to consumers.
  - b. For other sources of emissions, costs per allowance should be established to create fairness within the industry, and to meet the same 2030 reductions have been established for Electricity.
- 2) The fines associated with failure to meet targets are as important as the costs for allowances. Together, the two must be of a significant-enough value to incent change.
  - 3) We are also glad to see that this Bill now considers the ability to link our jurisdiction with others. We highly encourage our government to do this. We should have all Atlantic Provinces in a similar framework, and together join up with a large jurisdiction such as Western climate Initiative (Ontario, Quebec, California) or Regional Greenhouse Gas Initiative (North-eastern States). As an economy that is highly dependent on exports, we need to consider the challenges that "going it along" or a "made in Nova Scotia" solution could present. If exporters are required to take on the burden of showing equivalency of NS carbon pricing with that of their export market on their own, it could be a significant barrier to trade, and one we should endeavour to avoid.

We applaud the government for proposing this Bill and for sending a clear signal to Nova Scotians that we will have economy-wide participation in hitting our climate goals.

Respectively Submitted,

Daniel Roscoe,  
Partner,  
Roswall Incorporated  
Halifax, NS