

Ecology Action Centre Presentation on Bill No. 404

The Energy Reform (2024) Act

March 4, 2024

David Neira

We acknowledge that we are gathered here today on the unceded and unsundered territory of the Mi'kmaq people, past, present, and future caretakers of this land.

My name is David Neira, and I am the Energy Coordinator at the Ecology Action Centre. Today, I approach our discussion enthusiastically and thoughtfully as we delve into the transformative Energy Reform (2024) Act. While we support the overarching goals of this bill, it's essential to acknowledge that, like any comprehensive legislation, certain aspects have raised valid concerns. In our conversation today, we'll navigate through both the promising strides and potential challenges presented by this groundbreaking Act. Let's explore how to refine and enhance this legislation to ensure a balanced, forward-thinking approach to Nova Scotia's energy future.

We are pleased to see Bill 404 reflects a measured commitment to sustainability, something which has long been absent in the context of utility regulation in Nova Scotia. The Ecology Action Centre applauds the creation of the Nova Scotia Energy Board and the establishment of a clear mandate to consider sustainability and the province's legislated climate goals. The province is working towards a future that balances economic growth with our legislated commitment to carbon emissions reduction by aligning rates, charges, and energy-system planning with our targets under the Environmental Goals and Climate Change Reduction Act.

After many years of calling on the government of Nova Scotia to introduce a sustainability mandate for the utility regulatory, the EAC commends the ambition of legislators. We believe that this provision could be strengthened by the introduction of a new 'sustainability advocate' to work alongside the other advocates before the board. This change helps ensure that sustainability considerations are incorporated in all decisions by the Board and reflect a commitment to balance Nova Scotia's immediate energy needs with a mindful approach toward environmental responsibility and long-term economic well-being.

The proposed More Access to Energy Act outlines clear objectives for the province's energy future. These objectives include increasing competition and

— 1 —

innovation, ensuring a secure and reliable energy supply, fostering transparency in energy-supply planning, and introducing competitive procurement practices. Notably, the Act aligns with sustainable development goals articulated in the Environmental Goals and Climate Change Reduction Act.

The Act's commitment to a phased transition from Nova Scotia Power System Operator, a Nova Scotia Power Incorporated division, to an Independent Energy System Operator (IESO) is of note. This strategic shift aims to enhance competition and efficiency while contributing to the overarching goal of sustainable development. The Act positions the IESO as critical in driving innovation and supporting the province's objectives for a resilient, environmentally responsible energy landscape.

We also applaud that Bill 404 establishes the IESO as an independent, non-profit entity that will be central in shaping the province's energy future. This strategic move ensures that the IESO operates free from the influences of private utility companies, aligning its objectives with the broader interests of sustainable energy development for Nova Scotia. We support the bill's addressing financial considerations associated with the transfer, allowing for payments, valuation of assets, and conditions to be specified in the transfer order. The Energy Board is empowered to resolve disputes related to these financial matters, safeguarding the interests of ratepayers.

We recognize a significant mandate for the IESO, ranging from directing the operation of the IESO-controlled grid to procuring ancillary services and promoting sustainable energy development. Its role extends to undertaking integrated resource planning exercises, forecasting electricity demand, and facilitating the diversification of energy sources, aligning with the broader goals articulated in the Environmental Goals and Climate Change Reduction Act.

While the sections of Bill 404 detailing the creation and functions of the IESO do not explicitly address provisions regarding potential conflicts of interest for former NSPI staff transitioning to the IESO, it is essential to note that matters related to conflicts of interest and personnel transitions are often addressed in separate policies, guidelines, or employment agreements. We urge the province to explore additional documents, regulations, or policies outside of Bill 404 to ascertain the specific measures in place for managing potential conflicts of interest arising from the transition of staff from NSPI to IESO.

We are also pleased to see sections emphasizing the IESO's commitment to ensuring the integrated electricity system's reliability, adequacy, and efficient performance. While "performance-based regulation" may not be explicitly employed, the identified objectives and responsibilities strongly indicate a

regulatory approach aligned with performance considerations. Establishing and enforcing reliability criteria and standards, maintaining the bulk electricity system's adequacy and reliability, procuring ancillary services, and facilitating a competitive market collectively underscore a commitment to optimal system performance. Furthermore, including administrative penalties and transmission interconnection studies suggests a regulatory mechanism focused on enforcing performance standards and ensuring timely and efficient operations. The legislative provisions reflect a regulatory framework that significantly emphasizes performance-related aspects within the electricity sector.

We also see some key areas that are weak or missing. EAC sees a lack of mandate to support demand-side solutions on this bill. We advocate for amendments prioritizing energy efficiency and affordability within Nova Scotia's energy framework. The current bill establishes the IESO role but lacks explicit provisions for empowering consumers and promoting energy efficiency. To address this gap, amendments should be considered to encourage consumer participation in the energy market, enhance energy efficiency measures, and ensure equitable energy costs for all citizens.

Proposed amendments would empower consumers to manage energy demand actively, contribute to grid reliability, and promote flexibility. Integrating energy efficiency mandates into Bill 404 allows Nova Scotia to establish universal access to programs to reduce energy consumption and promote sustainability. Moreover, amendments should prioritize affordability by introducing measures to protect vulnerable households from high energy costs and exploring innovative pricing models. Aligning these amendments with Bill 404's vision meets regulatory standards and sets the stage for a sustainable, customer-centric energy future in Nova Scotia.

Also, we want to express serious concerns about the decision to lift the ban on nuclear energy generation, including Small Modular Reactors (SMRs) -- which has been in place since 1992. While recognizing the importance of exploring diverse energy sources, we must approach nuclear energy with heightened scrutiny due to its associated risks. We must prioritize the safety and well-being of our communities while exploring options for a sustainable energy future.

While proponents of SMRs often highlight their potential benefits, it is crucial to consider the associated drawbacks. SMRs, touted for their smaller size and scalability, pose several challenges. First, the cost of developing and deploying SMRs is a significant concern. Despite promises of reduced expenses, the initial capital outlay and uncertainties surrounding the technology's maturity raise

questions about the economic viability of SMRs compared to other renewable energy sources.

Additionally, the long-term management of nuclear waste remains a critical issue. SMRs, like traditional nuclear reactors, generate radioactive waste that demands secure and sustainable disposal solutions. The potential environmental and public health risks associated with nuclear waste necessitate thorough consideration before embracing SMRs.

Furthermore, the safety and security of SMRs demand stringent regulatory frameworks. Ensuring the prevention of accidents, unauthorized access, and the proliferation of nuclear materials is imperative. The global nuclear incidents' track record underscores the importance of comprehensive safety measures, stringent oversight, and emergency response planning.

Considering these concerns, we urge a careful reevaluation of lifting this ban, as proposed in Bill 404, emphasizing the need for a transparent and thorough assessment of the risks and benefits of allowing NSPI to pursue nuclear energy projects. A robust and inclusive public discussion should precede any legislative changes to ensure that the energy choices align with the community's best interests, the environment, and future generations.

We want to finish this statement by urging the government to implement the other Clean Electricity Solutions Task Force recommendations. Particularly, recommendation 12, to tackle affordability concerns, the report suggests evaluating subsidy programs, drawing attention to the Affordable Energy Coalition's ~~findings in Ontario~~ ^{recommendations which aim} to create a tailor-made suite of programs for Nova Scotia to alleviate ~~residential electricity costs~~ ^{energy poverty}. EAC is a proud Energy Poverty Task Force member working with renowned expert Roger Colton to make its recommendations. We feel this work aligns with the Clean Electricity Solutions Report's advice and urge the province to consider both reports.

CARRIED

**Bill #404
Energy Reform (2024) Act**

**CHANGES RECOMMENDED TO THE
LAW AMENDMENTS COMMITTEE
BY THE MINISTER OF NATURAL RESOURCES AND RENEWABLES**

PAGE 4, Clause 21, proposed subsection 4E(2), line 1 - add “, on or after March 1, 2024,” after “received”.

PAGE 4, Clause 21, proposed subsection 4E(3), line 2 - delete “ten” and substitute “five”.

PAGE 5, Clause 21, proposed subsection 4E(4), line 1 - delete “ten” and substitute “five”.

PAGE 5, Clause 21, proposed subsection 4E(4), line 3 - add “at the rate set out in the power-purchase agreement” after “output”.

PAGE 14, Clause 63,

- (a) paragraph (b) - delete;**
- (b) paragraph (c) - reletter as (b).**

PAGE 14, Clause 64, proposed subsection 35A(4), line 1 - add “Energy” after “the”.

PAGE 15, Clause 66, proposed subsection 35AB(2), line 1 - delete “Energy”.

PAGE 18, subclause 84(5), proposed subsection 64A(4), line 2 - delete “(2) or (3)” and substitute “(2A)”.

PAGE 18, subclause 84(5), proposed subsection 64A(5), line 2 - delete “(2) or (3)” and substitute “(2A)”.

PAGE 18, subclause 84(5), proposed clause 64A(6)(a), line 2 - delete “(2) or (3)” and substitute “(2A)”.

PAGE 35, clause 10(1)(d), line 1 - delete the hyphen and substitute a space.

PAGE 35, clause 10(1)(d), line 2 - delete “and” the first time it appears.

PAGE 46, subsection 70(3), line 3 - delete “subsection 5(2)” and substitute “Section 24”.