

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, March 8, 2023

COMMITTEE ROOM

**2023 Report of the Auditor General
Effectiveness of the Green Fund Over First Two Years**

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Public Accounts Committee

Hon. Kelly Regan (Chair)
Nolan Young (Vice Chair)
John A. MacDonald
Melissa Sheehy-Richard
Tom Taggart
Kent Smith
Hon. Brendan Maguire
Susan Leblanc
Kendra Coombes

[Melissa Sheehy-Richard was replaced by Chris Palmer.]
[Hon. Brendan Maguire was replaced by Hon. Iain Rankin.]
[Susan Leblanc was replaced by Lisa Lachance.]

In Attendance:

Kim Langille
Legislative Committee Clerk

Gordon Hebb
Chief Legislative Counsel

WITNESSES

Department of Environment and Climate Change

Lora MacEachern, Deputy Minister
Jason Hollett, Associate Deputy Minister

Department of Finance and Treasury Board

Geoff Gatien, Associate Deputy Minister and Controller

EfficiencyOne

Stephen MacDonald, President and CEO

Clean Nova Scotia Foundation

Scott Skinner, President and CEO



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, MARCH 8, 2023

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIR

Hon. Kelly Regan

VICE CHAIR

Nolan Young

THE CHAIR: Order. I now call the meeting of the Standing Committee on Public Accounts to order. My name is Kelly Regan. I'm the MLA for Bedford Basin and the Chair of the committee.

A reminder to everyone to place your phones on silent. I'm going to ask committee members to introduce themselves. I will begin first with Ms. Coombes, who is participating virtually today.

[The committee members introduced themselves.]

THE CHAIR: I will note that officials from the Auditor General's Office, the Legislative Counsel Office, Hansard, and Legislative Committees Office are in attendance as well, although I believe Hansard is remote today. Indeed, as Mx. Lachance said, Happy International Women's Day for the few of us here who are women or are non-binary, and the millions watching Hansard today.

On today's agenda, we have officials with us from the Department of Environment and Climate Change with respect to the 2023 report of the Auditor General, *Effectiveness of the Green Fund Over First Two Years*. I will ask the witnesses to introduce themselves, and I will begin to my right with Mr. Gatien.

[The witnesses introduced themselves.]

THE CHAIR: Now I will invite Deputy Minister MacEachern to make her remarks.

LORA MACEACHERN: I'd like to begin by thanking Stephen MacDonald and Scott Skinner for joining ADM Hollett, ADM Gatien, and myself today.

EfficiencyOne and the Clean Foundation are valued partners known and trusted by Nova Scotians. Our respective mandates are aligned, and I believe Nova Scotians benefit more when we work together and leverage each other's resources and expertise.

Today, as we know, is International Women's Day. I want to acknowledge the significant role women play in safeguarding our environment, leading work to address climate change, and ensuring we have a clean, healthy, and sustainable environment. As we transition to the green economy, women are also at the forefront, leading change and driving innovation.

Last week, the Office of the Auditor General released a Green Fund audit report. I want to thank the Auditor General and her team for reviewing this program at this critical time as we wind the Green Fund down and begin to design the new Nova Scotia Climate Change Fund. Her recommendations are timely and beneficial. We not only accept the recommendations, but we have already begun to implement them.

For example, we are developing an enhanced monitoring program to strengthen our monitoring progress. We are also developing new policies, procedures, guidelines, and other tools to strengthen our reporting, procurement, financial management, and contract administration.

While most of the Auditor General's recommendations were related to the need to improve and better document our administrative processes, and how we evaluate and report on the programs we fund, she also flagged as an issue the lack of a climate plan to inform the Green Fund.

Government began to address this gap in the Fall of 2021 through legislation creating the Environmental Goals and Climate Change Reduction Act. As you know, it contains 28 ambitious goals and now serves as our strategy and road map. This past December, we went further and released *Our Climate, Our Future: Nova Scotia's Climate Change Plan for Clean Growth*. Based on a strong foundation of broad consultation, it has 68 actions that are now guiding the work of our department and our funding programs.

Together, this strategy framework and our tactical action plan, combined with strong partnerships, will guide us forward to have more energy-efficient homes and buildings, reduce our greenhouse gas emissions, move from coal to renewable energy and green hydrogen, protect more of our land and water, develop a green economy, and much more.

Strong action is already taking place. In the last year, significant progress has been made on our climate change and broader environmental goals. We achieved our legislated 2022 targets in the Environmental Goals and Climate Change Reduction Act. We released a province of Nova Scotia-wide climate change risk assessment; released a comprehensive five-year climate change plan; designated 14 additional sites as protected areas; and invested \$20 million in private land conservation and millions in energy efficiency and other programming to assist with affordability. And much more work is under way.

As you are also aware, government announced last Fall that the Green Fund will be replaced by the new Nova Scotia Climate Change Fund, and the cap and trade system will be replaced by a new carbon system for large industry and the electricity sector. These are not minor changes, and the Auditor General's recommendations will help design the path forward with respect to funding programs and service delivery partnerships.

The Green Fund has helped many Nova Scotians. It is now time to try new approaches. We believe the Nova Scotia Climate Change Fund will be a better, more flexible program with a broader scope and an equity lens that we feel will deliver more benefits to Nova Scotians. Perhaps most importantly, we have a climate plan now that will guide program decisions and how they are funded.

We all understand the gravity of the climate change emergency. People are concerned, and rightly so. But they should be hopeful and optimistic. They should know that the entire Department of Environment and Climate Change, government, and our partners are committed to doing all that we can to make sure we adapt to climate change and mitigate its impacts.

To be successful, we need to be strategic and nimble, and have clearly defined actions that we can update as required. We need to try new ideas and be able to pivot quickly. We must apply an equity lens to the full scope of our work so that no one is left behind. We must continue to collaborate with EfficiencyOne, the Clean Foundation, municipalities, all government departments, and a wide array of partners in communities throughout Nova Scotia to support an all-hands-on-deck approach that is absolutely essential in responding to climate change.

Before closing, I want to acknowledge a particular area where the Auditor General indicated that things were going well. I am pleased that she acknowledged that our partners, EfficiencyOne and the Clean Foundation, are effectively delivering programs for the benefit of Nova Scotians. The report validated that our department, our partner departments, and our not-for-profit partner organizations are doing extremely important work for Nova Scotians.

Finally, I want to thank the team at the Department of Environment and Climate Change. They care about their work and our planet. When recommendations like these are made, they listen, they reflect, and they welcome the opportunity to make changes.

Thank you again to the Auditor General's team for their thoughtful recommendations that will help strengthen our work, tighten up our administrative processes, and enhance transparency and accountability.

THE CHAIR: We'll now move on to the first round of questioning. Each caucus will have 20 minutes. We will begin with the Liberal caucus. Mr. Rankin.

HON. IAIN RANKIN: It's great to be here and great to see all of you. Thank you for all the work you've been doing over the last number of years. I certainly appreciated my time particularly in the Department of Environment, but obviously as I continued in my career, I worked with pretty well all of you in different capacities.

I certainly agree with the comments, especially at the end, on the tremendous work that the Clean Foundation and EfficiencyOne do, and the incredible staff in the Department of Environment and Climate Change, and certainly, the passion to confront what is the defining issue of our time. I know our guests today certainly agree with the scale of the challenge that we have in the climate crisis.

Obviously, I have interest in this because I passed the legislation myself with the Green Fund that corresponded with our cap and trade program. The general purpose of asking the questions is to see protection of the very valuable programs that were put in place that were largely administered by the Clean Foundation and EfficiencyOne.

I guess I'll start with a general question to our guests from the ENGOs, Mr. MacDonald and Mr. Skinner. I wonder if you could tell us what we need for resources to confront this challenge. You can be as broad as you want or as specific as you want in terms of what we need to do. Report after report is coming out. I think just last week or the week before, CSIS came out with a report saying that B.C. and Atlantic Canada may even lose some territory, and it's a security risk on top of that. I think these are all things that are top of mind for Nova Scotians.

As leaders of two different organizations that have different mandates that overlap, that were successful in attaining funds and excellent partners for governments of all three parties, maybe you can speak to the need to do things in Nova Scotia, and the pressing need - even more today - to do things like electrify transportation, net zero buildings, conservation, and the demand side of electricity. I'd just like to give an opportunity for both Mr. Skinner and Mr. MacDonald to explain where we are and where we need to go.

THE CHAIR: Mr. Skinner.

SCOTT SKINNER: Probably the biggest, most broad question to start. I think we're in a really good spot here in Nova Scotia now that we have legislation, and a climate plan, and a characterization under the climate risk assessment to know where we are. The climate plan has 68 actions in there, and if you look through them, they're fairly consistent

with the body of evidence that's been built around clean growth pathways and what the Government of Canada and other jurisdictions are coming up with.

What you'll conclude if you look at them is that we need to do a lot of things concurrently. There isn't always a clear sequence of events, but we do know some things. We know energy efficiency is more important than ever. Fuel switching is going to be a big part of that, and to make that really make sense in the grander path toward 2030 and 2050, we need to green the grid.

We also know that we're rapidly approaching being supply-constrained for electricity in the province if we look at the opportunities that sit in front of us. A lot of these things become complicated, and we need to get moving fast. The thing we need to keep in mind is that as we move forward, we're going to have to be open to making mid-course changes on some things - maybe not changes, but adjustments to reflect the realities of learning and progress.

One of the things that I'll note about this is that whenever you take a look at the different pathways in here, you come up with the conclusion that workforce is a big challenge. Building capacity around our communities - whether those be youth, mid-career transition, immigration, you name it - we're going to have to make that a very strong part of any of our actions. I think those are reflected in some of the programs that were included in this audit. There will be, and there needs to be, more as we come forward and see what the reality for Nova Scotia is going to be in the years ahead.

We know that there are some big opportunities, and we know that they're in the context of a global, competitive environment. I'm not going to say that this is a simple task. We know it's not simple, but I think we have a very good foundation here in Nova Scotia. We've got capacity inside government and outside government, and partners in academia, in the private sector. It's an all-hands-on-deck approach that's going to be required. We've said that many times. Through this process, and what we're going through now, we're putting into place some of the annual check-ins and accountability that will allow us to make sure we're using the funds and investments in the best interests of our citizens and communities.

THE CHAIR: Mr. MacDonald.

STEPHEN MACDONALD: That's a big question. Here's what I would say. What we need to have is a plan, we need to have certainty, and we need to have co-operation. I think those are three very important elements of what we need to do to get to net zero by 2050.

On the planning side, Scott referenced legislation with legislated goals to get to net zero by 2050. That's extremely important, but we also need long-term policy certainty. If we're going to make the changes that are required to reduce greenhouse gas emissions and

make adaptations that are necessary to our province, we need long-term planning certainty from government and others involved in energy systems, for example. There is an Integrated Resource Plan exercise that takes place at Nova Scotia Power. It's taking place now - it's all public in nature. We need to think of that as an energy plan for this province.

[9:15 a.m.]

We need to make sure that as we electrify other parts of our economy, and our electricity system becomes one that's based on renewables, that the grid is ready for that. That takes a lot of planning, and it takes policy certainty as well.

Secondary, we need to make sure there are long-term commitments in place for people to make plans to change. It takes time to do changes, anywhere from renovating a home to upgrading a building, to installing solar PV on a house, to adding renewables to our electricity system. These require long-term commitments, and they require long-term funding commitments - something I know the Auditor General raised in the report.

The third area is we need co-operation and working together. There are so many different parties that play an important role in this transition. You think about organizations that are involved in training, workforce, unions. We need the labour, we need the skills to make the transition. We need to have government play such an important role. We need to make sure government works really well with utility partners. We need to make sure that the transportation industry is working together. There are so many non-profits. We need to make sure we go forward in partnership with Mi'kmaq communities. Working together co-operatively is such an important part of the change.

IAIN RANKIN: That's great. I'll switch to the department now. Given what we've heard and the context of the need for more, as was stated by Mr. Skinner, and the need for certainty, as was stated by Mr. MacDonald, which I agree with, does the department have a general idea of what we need to confront this crisis annually? Do you have a dollar figure - given that we need more, given that we need certainty in the future? What can you say about that?

THE CHAIR: Deputy Minister MacEachern.

LORA MACEACHERN: Speaking to the point of certainty, we certainly agree about the need for that and the need to have that strength of policy interaction in order to be able to address the challenges that we face around climate change. To start, referring to the Environmental Goals and Climate Change Reduction Act, the first actions of the current government was to pass that legislation and its 28 ambitious goals. That really does create that policy certainty, and then going further by releasing the climate change plan in December this past year and fulfilling one of those first key objectives of the legislation, which was to have that plan in place by the end of 2022.

That again creates that certainty and policy direction that is needed for government, our partners, municipalities to really be able to know where we are headed. Those 68 actions really are a road map and our guiding force going forward.

In terms of the funding end of that, we have existing funds that are in the Green Fund - two more auctions to come. Government has committed that those proceeds will be going towards the funding of the climate change plan. Going forward, government has established the new Nova Scotia Climate Change Fund. We're in a transition year as we wind down the Green Fund and move towards the new Nova Scotia Climate Change Fund. There is a commitment to continue to fund the climate change plan over the next five years fully by this government.

THE CHAIR: Mr. Rankin, you have nine minutes left.

IAIN RANKIN: Time is flying by. I guess I really want to know the comparison of the revenue that we were getting from the Green Fund, and just juxtapose that with the new Climate Change Fund that we're going to be seeing some revenue in for 2023. I didn't hear an answer for what we need, but what are we actually going to have to spend? My concern in terms of certainty is the Department of Environment and Climate Change grew their year-end spending in March, I think. Worthwhile programs - heat pumps, transitioning off oil - all great things, but some 400 per cent increase. To me, that doesn't really provide certainty of annual ongoing funding to address this challenge and protect programs.

What's the comparison to the revenue, since we're saying that all these programs are continuing to be funded from the Green Fund and the auctions, compared to what we're going to see for revenue from the output-based performance system?

LORA MACEACHERN: As we mentioned, we're in a transition year right now as we continue to wind down the Green Fund with the new Output-Based Pricing System coming on stream and the new Nova Scotia Climate Change Fund taking full effect in 2024.

During this period of time, we've got existing funds in the Green Fund from auctions from last year. We've got some auctions that will be held this year. As I said, government has committed for those funds to go into funding the climate action plan, and the Nova Scotia Climate Change Fund was established through the Environment Act last year. Government took the opportunity to make that legislation broad.

If you look at the legislation, it has a broad set of purposes and has a broad ability for what can go into that fund. It is not just proceeds from Output-Based Pricing Systems - so a little bit different of a set-up from what was with the Green Fund, which was really reliant on cap and trade funding to go into that. This fund is broader, and funds from other areas can go into that fund. It also provides for an annual allocation by the Department of

Finance and Treasury Board. The Department of Finance and Treasury Board will look at that and make a determination as to what goes in the fund.

With the full commitment to fund what is needed out of the climate change action plan over the next five years, we feel very confident that all our needs will be met and that the action plan will be fully implemented. I'll just turn it over to my colleague at the Department of Finance and Treasury Board to see whether he has anything more to add.

THE CHAIR: Mr. Gatién.

GEOFF GATIEN: I'll give a little bit of clarification and maybe just expand a little bit. With the current structure, the Green Fund was constructed, understanding that the proceeds of auctions would go in. One of the challenges and priorities that we've heard from colleagues is certainty. One of the challenges with the auction revenue was not knowing what would come up. It did require the ability to lever up and down sometimes what you might be able to advance in a year. If auction revenues hadn't come in where expected, you'd also have to react. So we didn't have cost certainty on the revenue.

With the Climate Change Fund that we're talking about now, it will be largely through the budget process where government's commitment will be observed as to what priorities will be moved. As we work through the action plan and you see the priorities advance, it will be a decision of what the funding requirements are over the next five years to work into the plan.

To Deputy Minister MacEachern's point, it won't just be the OBPS revenue, but if there are other needs - what we've also heard is we need to be open for mid-course changes. We'll be able to manage through the forecast as well to make sure that priorities are being advanced as required and desired by our elected officials.

THE CHAIR: Mr. Rankin, you have four and a half minutes.

IAIN RANKIN: That is very much my concern - the flexibility and the fact that government, depending on their priorities year to year, the Department of Finance and Treasury Board can fund various programs. We have at least a dozen programs, whether it's EV incentives, solar programs, the Sustainable Communities Challenge Fund, and so on down the list. A lot of them did have equity funds - the Clean Leadership program was a great example of participation for Mi'kmaq.

I just want a commitment that these will continue, but they actually need to grow to confront this issue that we have in front of us. We've not even reached our renewable targets in the last two years - in 2022 and 2021.

For the interest of time, we have delays on two goal plans since this government has taken over, in Lingan and Trenton - no line of sight of how we're going to transition away

from coal, and we're now almost two years closer to the deadline of 2030. No confidence that we're going to get there. The utility itself has cancelled capital plans to start to transition away from coal in 2023. Are we expected to miss the target three years in a row for renewables?

LORA MACEACHERN: Again, I would talk about our climate action plan and the many goals that are there. One of them is around reducing greenhouse gas emissions, and the other about seizing opportunities for the clean, sustainable economy. Those goals are really, really important to achieving the targets.

If you look at Page 16, there is a breakdown of how we will be planning to achieve the greenhouse gas emission goals, and how to be able to get to our legislative target around 2030 and 2050. It's going to take various actions, but we're doing really well in being able to achieve that.

The latest statistics around our ability to reach the greenhouse gas emissions is that we're at 36.4 per cent, and that's numbers from 2020. The target is to be 53 per cent below our 2005 levels by 2030, so we're well on our way. With green hydrogen opportunities coming on stream with the excellent opportunities we have in wind and hydro, we're feeling very positive and very strong on our ability to be able to achieve those targets by 2050.

I'll just look to others around the table, if they wanted to add.

THE CHAIR: Mr. Rankin, have you heard enough? You have two minutes left.

IAIN RANKIN: I'd certainly love to hear from Mr. Hollett. Are you going to reach any of these targets without getting off coal? The assumptions on that page you referenced would assume that we're going to start to decommission coal plants. My challenge here is that we're giving up revenue from auctions. We have no revenue from fuel suppliers anymore with the cancellation of that fund. We've given over jurisdiction to the federal government, and we need to protect ratepayers as we start to close down these coal plants.

I think Nova Scotians are concerned when we've heard of two delays to start closing coal plants. The question really is: Is it even near possible to reach any of these targets without at least starting to close some of these eight coal plants?

JASON HOLLETT: As Deputy Minister MacEachern mentioned, the modelling that we did in the climate change plan gives us a degree of confidence that the goals we have for 2030 are achievable. There are legislated and regulated requirements that are in the plan, and legislation through the Environmental Goals and Climate Change Reduction Act that do require the utility to close coal plants. We have an 80 per cent renewable energy target for 2030 as well. That does a lot of the work that we need to clean up our electricity

sector and reduce greenhouse gas emissions as we continue to electrify how we heat our homes and businesses, and how we travel around the province as well.

[9:30 a.m.]

THE CHAIR: Order. Time for the Liberal questioning has elapsed. We'll now go to the NDP caucus and Mx. Lachance.

LISA LACHANCE: Thank you so much for being here, and a great discussion so far. I just want to pick up on a theme from some of MLA Rankin's questions. I definitely hear the explanation that under the auction system, of course, the amount of funding wasn't certain and it wasn't possible to add or level that out. At the same time, I'm hearing the word flexibility, I'm hearing the words annual allocation, and so I'm also worried that the investments made will depend on political decision-making, like the entire budget process.

Will there be a public minimum base amount that will be allocated to the new fund so that Nova Scotians know that, at the very least, this is the government's commitment, and possibly other additional funds could be added?

THE CHAIR: Deputy Minister MacEachern.

LORA MACEACHERN: I understand your comments around flexibility and the annual allocation. When we talk about flexibility, what we're speaking about is the ability to be able to pivot on the various priorities that have been established. If you look at the new provisions that are in the Environment Act around the set-up for the Nova Scotia climate fund, there's a broad list there - all with climate change issues at the heart of them, but a variety of possible uses of the funds. If there's a particular priority within the realm of climate change that is more pertinent for that year, or there's more of an opportunity, there's some flexibility to be able to go more in that direction.

But really, the road map is set by the five-year climate action plan that we have. Within the ambit of the actions that we've identified, we want to be able to have that flexibility to move more on one versus the other, depending on what's happening in the economy and what's happening in the environment at the time.

So that's what we mean by flexibility. Having said that though, we do understand that it's very important for our partners to have the kind of certainty that they need in order to be able to carry out the programs that they are committed to doing. That is part of the reason why the decision has been made through the initial years of the programming to provide those allocations for the multi-year contracts up front. So they've got a multi-year contract, they've got a program to deliver over four or five years - they know that they have a certainty of those funds to be able to ramp up, hire the resources, invest, and be able to do that well for the benefit of Nova Scotians. So that's kind of the juxtaposition between the flexibility and being able to provide them with certainty.

Now in terms of the annual allocations to the Nova Scotia Climate Change Fund, I'll turn it over to ADM Gatien to speak a little bit more about that. I would say, as a general comment, government is very committed to the action plan. It just passed it. It's a five-year commitment. That action plan will be funded. There are a variety of details. Some are more well laid out and some have some more work to do in order to be able to know exactly how much funding is required, but government is fully committed to making sure that it's done.

THE CHAIR: Mr. Gatien.

GEOFF GATIEN: I don't think I have that much to add to Deputy Minister MacEachern's comments. The priorities of government will be built into the fiscal plan. To the point, the flexibility we're talking about is to the extent something may be able to be accelerated, or if private sector is stepping up in a different way, there may be a different funding mechanism moving forward. There are a lot of moving parts. That is the flexibility we're talking about.

I don't think we'll lose any degree of accountability. I believe the commitments will be publicly known and understood. I think you'll be able to see at the beginning of a year what the financial plan is associated with that, and you'll be able to it forecasted and reported at the end of the year. I think it should be a pretty well-contained plan, well understood, and I think quite transparent.

THE CHAIR: MLA Lachance.

LISA LACHANCE: That is helpful. That, in a sense, constitutes a minimum base that will be the allocations to partners.

In terms of other sources of income - obviously the annual allocation decision-making that happens around budget time - have there been other discussions within government about potential sources of new funding? Partnerships between departments? What have been the discussions in government about potential sources of other funds?

THE CHAIR: Deputy Minister MacEachern.

LORA MACEACHERN: Yes, I appreciate that question. It gives a bit of a chance to explain that as with the Green Fund, the Nova Scotia Climate Change Fund won't necessarily be the only source of funding. If you think about the \$140 million that was recently allocated by government for energy efficiency programming in that recent announcement, that funding wasn't from the Green Fund. Government certainly has an ability to utilize that dedicated fund or can use some broader funding of government in order to be able to supplement or allocate in different ways. That's one point I would make.

The other point is that we're always in regular interactions with the federal government. We take all efforts that we can in order to be able to leverage those federal funds. They've got some active work on environment and climate change as well. They've got funding available to provinces on that side of things, as well as on the biodiversity land protection side. We're in regular interactions with them and doing all that we can in order to be able to leverage that funding in order to have a greater impact for Nova Scotians.

THE CHAIR: MLA Lachance, you have 13 minutes.

LISA LACHANCE: As you know, one of the criticisms in the Auditor General Report was the practice of emptying out funds into two partners at the end of each fiscal year. Will that practice continue with the new Nova Scotia Climate Change Fund, or will the Auditor General's recommendation be adopted?

LORA MACEACHERN: We've accepted that recommendation in our government response. We certainly appreciate the Auditor General providing that perspective to us. In our response, we have committed to bringing that forward and factoring that into how the new Nova Scotia Climate Change Fund is set up.

The current practice of zeroing out the accounts comes from when it was first put in place a couple of years ago. As we've talked about a little bit, the rationale for that was in order to be able to provide our partners with the ability to have that certainty of funding that they need in order to be able to ramp up resources and deliver on these important programs that we really need to exercise.

What we've committed to do is to bring forward when government is making those decisions - and I would add it's a Treasury and Policy Board decision. Any government spending decision is for the Treasury and Policy Board ultimately, but we will work as we do now with our partners at the Department of Finance and Treasury Board. We make sure we bring forward that as a consideration to the Treasury and Policy Board when it's making its decision. It's fully aware of the Auditor General's perspective on that issue, so that they have all the information when the decision is ultimately made.

Again, we appreciate her recommendations, and they'll be taken into full consideration as we set up the new fund.

LISA LACHANCE: On that, I have a question for Deputy Minister Gatien around this practice. Is it common on special purpose funds within government to zero out the accounts - empty them out before the end of the fiscal year? Are there other examples of special purpose funds where that's currently happening?

THE CHAIR: Mr. Gatien.

GEOFF GATIEN: We have a number of special purpose funds. Some are not as active as others. The ones that come to mind would typically, I believe, be zeroed out by the end of the year. Again, the ones I'm thinking of would be some of the special purpose fund licence plates, where the design was to charge the fee for the licence plate that would support a community or an initiative. Then depending on the funds raised in the year, that would be the allocation that would go out to the group that was intended to benefit from those who wanted to participate.

We don't use a lot of special purpose funds for large, active programs. I think we do have some in the silviculture territory as well, but I should probably stop at that, because I'm not 100 per cent sure. That could be departmental spending at this point, rather than a special purpose fund.

I wouldn't say it's uncommon. I would say that it's a valid decision for government to make any given year if they feel that there are policy drivers worthy of advancing on an accelerated basis - that it's a valid decision of government to do. To Deputy Minister MacEachern's point, I believe government has understood each time, but we'll make sure that it's well articulated, the different options that they would have to consider.

LISA LACHANCE: Just to keep on this theme - and I'm not sure who would be in the position to respond - are you able to provide how much interest has been accumulated by unspent funds in third-party accounts? In implementing the Auditor General's Report, will you be asking for those funds to be returned to government - or what are you expecting to go forward?

THE CHAIR: Just over eight minutes. Deputy Minister MacEachern.

LORA MACEACHERN: We do have some information on the interest. The three outside partners that the funding from the Green Fund has been allocated to are Efficiency Nova Scotia, Clean Foundation, and the Nova Scotia Federation of Municipalities. Looking at the interest, it's just over \$1 million of interest that has accumulated amongst the three. In terms of what happens with that interest, the Auditor General had noted that there was not an interest provision in the Clean Foundation contract, but the EfficiencyOne and Nova Scotia Federation of Municipalities contracts have interest provisions in them. The lion's share of the funding is to those entities.

The interest provision in those contracts provides that any funds that are unspent within 90 days have to go into a certain type of investment that's specified in the contract. Also, they need to report on that interest that is gained, and that the interest has to be used for program purposes. There's also a provision in those contracts that says if there's anything unspent at the end of the contract, those funds need to come back into government.

The Auditor General has noted those contract provisions as being strong and quite detailed, being protective of the public interest, and being protective of the funds that are in their hands. She did identify that with the Clean Foundation, those provisions weren't there in the contract. That was one of her recommendations. So of course we will be amending those contracts with the Clean Foundation for the \$5.5 million - that they have been allocated to have those provisions added. They've agreed to that, so an amending agreement is in the works to ensure that those provisions are there as well.

[9:45 a.m.]

LISA LACHANCE: I noted, Deputy Minister MacEachern, that in your opening remarks you talked about the need for equity. One of the things that I'm always interested to ask is how that's really tangibly being operationalized. With the federal government, there's a well-practiced gender-based analysis, plus nothing goes forward to Cabinet, nothing goes forward for budget decision-making that hasn't had that analysis. It's set out, and there's training.

I guess I remain concerned that often in the Government of Nova Scotia, there aren't those actual tangible processes that make those ideals and commitments to equity roll out. I'm wondering if you could elaborate on what you mean by equity, and how you're implementing that and operationalizing that within the department?

LORA MACEACHERN: Yes, I'm happy to speak to that issue. A key way and a key overarching principle is what's contained in the Environmental Goals and Climate Change Reduction Act. Government passed the legislation just over a year ago. It has a number of guiding principles, and one key one is equity. That is a principle. There's a definition of equity there in the legislation. I don't have it before me today, but we can easily refer to it. It really sets up how we undertake our work.

When we look at the 28 goals that are in there and how we achieve those goals, those principles are supposed to come to life as we implement those 28 actions. Equity is very much through that legislation - a very guiding piece of what we do.

If we look at the climate action plan that was released in December, again, there is language around equity in that plan. Equity again becomes this very basic principle that guides our work on each one of those actions going forward.

Those are a couple of high-level of how we've got it embedded in the work that we're doing going forward. Scott Skinner from the Clean Foundation has some programming that is programming funding received from our department that is delivering on some of the equity items that are so important to us. If you wish, we can have Scott speak to that.

THE CHAIR: Three minutes, Mr. Skinner.

SCOTT SKINNER: I'd be happy to comment on that. Much of our programming at the Clean Foundation is designed with equity considerations in mind. At the top of that list very much is the Clean Leadership Summer Internship Program. Over the last three years, over 50 per cent of the participants have been, one, in rural communities, and two, identifying as female. Also included in the program itself, there are cohorts for Indigenous and African Nova Scotian youth.

That program has been growing year over year. The interest in it from employers and students continues to surprise us each year. I would encourage all of you guys to come by sometime and talk to my team about it and spread the news to your constituents. By the way, the student applications are due March 15th, so it's coming up soon.

This is what drives them in their work every day - it's to try to make progress on this. One thing that really resonated with our organization when EGCCRA was written - in the climate plan was very intentional terminology: clean, inclusive growth. We are trying to reflect that in some training programs for the energy efficiency industry that is growing very rapidly as we see, and I'm sure we'll hear from Mr. MacDonald. Throughout any of the work that we do - which we try to make sure that when we have an opportunity to influence things, - we make sure that we're providing opportunity for historically marginalized communities.

It's an ongoing process. We're constantly learning and knowing that we have to do better in the future. We take that challenge, and need to work with everyone around the province to make sure that we're doing the best we can.

LISA LACHANCE: I might just quickly ask a question to Deputy Minister MacEachern. Are there other program partners that you anticipate working with in the coming year?

THE CHAIR: Deputy Minister MacEachern.

LORA MACEACHERN: It's a great question. We're always open to possibilities. I'll take this quick opportunity just to mention the emerging work of the Nova Scotia Federation of Municipalities with their procurement. They were successful as the managers for the Sustainable Communities Challenge Fund, which we're really excited about - a \$15 million investment. They have a review committee, which is just about to recommend to government the allocation of grants to community projects all across Nova Scotia . . .

THE CHAIR: Order. Time for the NDP questioning has elapsed. We'll now move on to the PC caucus. Mr. Taggart.

TOM TAGGART: To Deputy Minister MacEachern: In the Auditor General's report, in 1.2, she speaks to looking for a more robust monitoring system. In your opening remarks, you talked about, for example, we are developing an enhanced monitoring

program to strengthen our monitoring process. Could you elaborate on that a little bit for me, please?

THE CHAIR: Deputy Minister MacEachern.

LORA MACEACHERN: Yes. First of all, just to reiterate again how much we appreciate the Auditor General's recommendations in this regard. It's helpful to have an outside party take a look at the existing process we have and opportunities to improve that. We've accepted her recommendations as it relates to monitoring.

Just to start, I would mention that the Auditor General did note throughout her report a variety of important existing, established practices that we have with respect to monitoring that are good and important. I'll just mention some of those that she's noted, and we will be building on those. These are things that we will be maintaining and building.

She noted that there were contracts in place with all the contract parties. That's very important. She noted that the contracts contain clear reporting requirements and that they included key performance targets aligned with the Environment Act requirements.

She also noted, in particular with the EfficiencyOne contracts - and those are the same as with our Nova Scotia Federation of Municipalities contract - that it's detailed and it contained clearly defined terms and conditions to protect the public interest, that it ensured annual performance and reporting targets are defined, and that there are adequate controls to protect the funds once allocated. Those are all strong provisions in the existing contracts that will be maintained to ensure the public interest is protected.

She had also noted, in terms of practices on the ground, that the reports that were required to be submitted by the partners were being submitted as required, and that they contained the required information to effectively communicate if the performance targets were on track. She also noted that, as required, the quarterly meetings were being held with government staff and that they were being held within 15 days of the submission of the quarterly report, as is required; that annual public reports on the Green Fund were being issued by the department; that the programs were being delivered effectively by the partners; and that there were strong practices in place.

I just wanted to mention all of those things that were noted in the report as being strong practices that we will be continuing. Then in terms of enhancing that process, what was noted by the Auditor General is that some of the paperwork could be improved. While all of this was happening, there was a benefit of documenting that in a more detailed way.

So what we will be doing is creating more checklists and some internal guides that our staff will be able to look at to know, as things change over, exactly what the requirements are, what kind of monitoring we should be doing - or we are doing now and

will continue to do - and have these checklists available. We'll be doing better tracking of the progress against the performance targets and better documenting of this.

We'll be meeting more frequently with our partners, even though those meetings are frequent. We'll be doing minutes of those meetings, so it will be clearly reflected in the file when we have a meeting with Efficiency Nova Scotia staff or Clean Foundation staff. The Auditor General or anyone would be able to pick up that file and be able to see when those meetings were held and what was discussed, and feel confident that we have taken the steps that were required.

THE CHAIR: MLA Taggart.

TOM TAGGART: Thank you very much, deputy minister. You actually answered quite a few of my questions here. I appreciate that very much.

I'm going to jump to Mr. MacDonald and/or Mr. Skinner. I'm really pleased to read that the Auditor General concluded that programs funded by the department are meeting the legislated requirements and that the programs she audited, in her opinion, are being delivered effectively by the Clean Foundation and EfficiencyOne.

Can you please describe the four programs that were audited that you deliver, and update the committee on program outcomes and spending since the audit?

THE CHAIR: Mr. MacDonald, we'll start with you this time, just to mix it up.

STEPHEN MACDONALD: There are three programs that are noted in the Auditor General's Report that are operated by EfficiencyOne or Efficiency Nova Scotia. That's the HomeWarming program, the Affordable Multi-Family Housing program, and the Small Business Energy Solutions program. Maybe I'll just take a quick minute and describe those programs and then give an update on the funding.

HomeWarming is a program that we offer to low-income homeowners in the province. That particular funding was targeted at homes that are heated by oil. The typical upgrades include insulation, draft-proofing, and now heat pumps. These are provided at no cost to the participant or to the homeowner, and they're delivered by partners we've contracted to do this work. There's a certain amount of standard that we put in place for the quality of the work, if you will.

On average, homeowners save around \$1,600 a year in energy costs. That depends on the price of oil. The price of oil goes up, they save more. The price of oil has been increasing the last couple of years. Over the lifetime of those measures - if you think of the lifetime of a heat pump or insulation - that homeowner will save up to \$35,000 on their energy costs. These are significant savings - in some cases up to 40 to 50 per cent of a home's total heating costs. In some cases, it can take a family who might be experiencing

energy poverty and move them out of energy poverty. It's a hugely important program across the province.

In terms of spending, in the Auditor General's report, to the end of the audit period - March 31, 2022 - 100 per cent of that funding had been spent, if you will. The second program is Affordable Multifamily Housing. These are upgrades to multi-unit residential buildings, and it is targeted at units that provide affordable housing. Incentives are higher in that program than in our normal programs, so up to 80 per cent. In some cases, for some non-profit organizations - we've done a lot of work with shelters, if you will. They can receive up to 100 per cent of the funding for that program. It's a very impactful program to the organizations, but I think probably more importantly to the constituents those organizations serve.

It's a little bit of a different type of service that we offer in that it's somewhat bespoke. It's unique to the circumstances. In terms of spending, as of the audited period, about 3.5 per cent, or \$400,000 of the \$11 million had been spent. To January 31, 2023 - the most recent period - 17 per cent or almost \$2 million of the funding has been spent. If we look forward to the end of this calendar year, about 46 per cent or \$5.3 million will be spent. A reminder, this is a five-year agreement - just to give you a sense of the time frame.

The third program is Small Business Energy Solutions and for not-for-profits. Again, this targets small business, as the name suggests. Very impactful program on small businesses so they can get insulation, heating equipment, lighting, commercial equipment, depending on the type of business. To the end of the audit period, 39 per cent or \$1.4 million was spent. To the end of January 2023, 96 per cent of the funding has been spent, and of course it will all be spent in the coming months. Probably another two months and it will be finished. That was a three-year program as well.

TOM TAGGART: Does Mr. Skinner have additional comments?

THE CHAIR: Mr. Skinner.

SCOTT SKINNER: The program that was covered from the Clean Foundation was Clean Leaders, which I mentioned before - the Clean Leadership Summer Internship Program. That obviously runs in the Summer. In the time since the audit period, there hasn't been a substantial amount of spending against it. Generally, at this point, we're doing the intake and hiring of students. It's important to note that for this program, it's not just the Green Fund funding that supports it; it's funding from a number of sources and departments across the province.

As I said earlier, every year there are more and more students who are interested. There are more and more organizations across the province. We've really looked at it both from an equity standpoint, but also reflecting the growing clean economy. Companies and organizations that are showing interest in this could be renewable energy companies, solar

companies, municipal organizations that are dealing in the waste area - which I know you know well - and environmental non-profits.

[10:00 a.m.]

There are so many good stories in this. If anybody has had the pleasure of being an environment minister over the last 10 years, you've got to go out and see some of these projects - and you know how heart-warming some of these stories are.

I think I can speak for Jason Hollett over there to say one of our favourite days of the year is going to the opening conference for this. You have all of the students in the room, and you see their enthusiasm and their really impressive knowledge of the broad impacts of climate change. I come away feeling so much more hopeful of the future when I talk to people who are 18 to 21. They are an impressive group.

It's our intention that this will be the biggest year for the program ever. The statistics that I have, it's somewhere around 90 organizations will be able to participate, and upwards of 150 students. In the province of Nova Scotia, that's a good number, but we expect that will increase in the years ahead.

As Deputy Minister MacEachern mentioned, we're in constant conversation with the department about this, and the outcomes. We're collaborating to make sure that we're doing the right things, and that we're including the right people in these programs. We look at them as they're important capacity builders for our different clean economy industries. It puts people on the pathway to long-term, secure careers. It really helps these organizations get some stuff done in the Summer that they might not be able to get done otherwise.

Our team does a whole lot of work to make sure that these roles are meaningful employment, and that the employers are supported in this. We include wraparound services like mentorship. That's one of the things that I think if you can have a chance to interact with in any way, or you see our social posts about applications being open, please share them. It's one of the things that I think we can all be proud of. We're just the facilitator at the Clean Foundation. We are not the recipients of this. This is the same for EfficiencyOne. When funding comes to our organizations, it's really helping Nova Scotians - both citizens and organizations.

TOM TAGGART: I just want to make a quick comment before I hand it off to my colleague here. You made me think about municipal - solvent waste, carbon, and that sort of thing - and working with the previous minister. It's amazing to me how much Nova Scotians of all ages and demographics are really going into either solvent waste or carbon reduction. It's really good stuff. Thank you.

THE CHAIR: MLA Young.

NOLAN YOUNG: I'll direct my questions to Deputy Minister MacEachern, please. As a former municipal councillor, I know any time money comes to municipalities it's a good thing. In 2022, \$15 million from the Green Fund was made available to communities through the new Sustainable Communities Challenge Fund, which was developed and administered by the NSF. Why was this new fund created, and why was the NSF chosen to take on this role?

LORA MACEACHERN: I'm happy to talk about the Sustainable Communities Challenge Fund. It first came into being by way of provision in the Environmental Goals and Climate Change Reduction Act. It's set out in the legislation that was recently passed - that this fund would come into existence in 2022. So that promise was delivered on with that. The involvement of the Nova Scotia Federation of Municipalities came by way of a procurement. It was identified that this \$15 million fund would benefit from having a manager of that fund. So through a competitive process, the Federation of Municipalities came forward as the organization to be the administrator of the funds.

What it's all about is we all recognize that it's very important and critical to have community involvement in order to be able to really successfully deal with the impacts of climate change. Communities feel the effects of that first. So for us to have success, it's really important to have everyone involved in all of their ideas in order to be able to make the changes that we need. That's what this fund is all about. It's an opportunity for community organizations to be able to come together, submit a grant application, and have the opportunity to receive funds for projects - anywhere between \$750,000 to a million dollars - to be able to advance initiatives that are important to their communities across Nova Scotia.

That process is under way. The initial phase of applications is complete. The federation is doing its work. I understand there is a review committee that's involved in reviewing the great number of applications that have come forward. Their next step would be to submit their recommendations to the minister for a final decision, and then the grants would be issued.

Just to kind of speak to the funding and a time frame, that \$15 million was captured in the audit in terms of the categorization of unspent funds. They just received the award of that contract right around the end of the audit period, so certainly would not have been in a position to be able to allocate any of those funds, so we do see there that \$15 million within the overall that's captured by the Auditor General. But they're doing good work and they're doing it in a timely way. We'll see that \$15 million start to draw down in terms of unspent quite quickly once those grants are issued.

NOLAN YOUNG: Deputy Minister, you touched on this, but how is the department maximizing Green Fund impact through opportunities to leverage funds from other sources, such as federal, private, non-profit?

LORA MACEACHERN: We are always looking at ways to be able to stretch and have the most impact that we can. As I mentioned earlier, one key way is by really connecting well with our federal colleagues. They're working nationally to be able to advance various interests around environment and climate change-related issues. We are seizing those opportunities.

I'll speak to one way in particular, because there's a lot happening in terms of the land protection front. We know that having a certain amount of lands protected can be helpful in combatting climate change. They have Resources - they're working on a new nature agreement with all of the different provinces, and there's some good funding that's available through that. We are working with them on that as well through the Department of Environment and Climate Change.

Those are a couple of comments, but I'll turn it over. There may be others - Geoff or Jason?

THE CHAIR: Mr. Hollett.

JASON HOLLETT: Every opportunity we have, we look to leverage funds, and some of the programs, by design, work with the private sector to leverage funds. As an example, the Home Energy Assessment program that Efficiency Nova Scotia runs, or the small business support program as well.

Those are incentive amounts. We don't incentivize 100 per cent of the cost on all occasions. We look for partners to come in and partner with those funds as well. The incentives definitely bring them to the table.

We also, through the Sustainable Communities Challenge Fund, require the municipalities or the communities to come to the table with some investments - something that's reasonable for them to be involved in as well. We always look for opportunities to fund programs with the federal government. Deputy Minister MacEachern mentioned the heat pump program. There's also the Low Carbon Economy Fund from the federal government, which in the past has been over \$50 million that we've partnered with the federal government to invest. The ICIP, which invests in sustainable infrastructure, as well, is an important program and an opportunity to co-invest in some really important projects around the province.

THE CHAIR: MLA Young, you have 10 seconds.

NOLAN YOUNG: This is my largest question. Thank you.

THE CHAIR: We'll move on to our second round of questioning, which involves 12 minutes for each caucus.

MLA Rankin.

IAIN RANKIN: Thank you, Madam Chair. I didn't think I actually had another round.

At least what we learned today is that we need more resources, more funding, and more certainty. I'm not sure that we do have that without hearing some certainty on what kind of funding we're going to be able to see in the future.

I think the 2022 number is public for cap and trade auctions. Do we have the 2023 estimate of what will be brought in from auctions from cap and trade, or order of magnitude, if it's going to be relatively the same or more?

LORA MACEACHERN: We do have the numbers from the previous years. The auctions to be held this year - obviously we don't know those numbers yet, and we wouldn't know them. It would be difficult to estimate them. It depends on the market. It depends on what happens during that time frame. So we wouldn't be able to give an estimate of what could be achieved through those auctions this year. We do know there are at least two auctions - potentially a reserve auction - for this year.

In terms of the numbers from the most recently held auctions, there's about \$52 million that's currently in the Green Fund. Through the lifetime of the Green Fund, up until now, it would total about \$125 million.

IAIN RANKIN: What are we looking at for when this ends? So 2024 - do you have any idea of what revenue will be brought in for performance standards? Can you say that we'll have at least the funding that we have from auctions?

LORA MACEACHERN: I'd have to ask ADM Hollett to speak to that a little bit.

JASON HOLLETT: As Deputy Minister MacEachern had mentioned, we're transitioning from the cap and trade program into the new output-based performance standard carbon pricing system. We do know that we will have at least two auctions under cap and trade this year, and potentially a third, to help the participants deal with their compliance issues. Those revenues will go into the Green Fund. After that we'll be transitioning to the output-based performance system.

That program is still under development, so we also cannot say with certainty what the revenues will be in that, but it is a carbon pricing program that is also market based, so it will be dependent upon how the participants participate in that market in a similar way to the cap and trade program. Participants have the ability to invest in technologies like renewable energy and energy efficiency to reduce their own greenhouse gas emissions to come into compliance. They can also purchase compliance credits as well.

Now that we're in the design phase of the OBPS, we'll be able to have a better understanding of what that may look like, but again, it's a market. We won't be able to predict exactly what the outcome will be until we hold those auctions or those compliance events.

IAIN RANKIN: That brings up other questions. If there are three auctions in 2023, and the carbon price comes in from the federal government to fuel suppliers in July, given that's half the year of Nova Scotians paying a fuel carbon price, is there any double carbon pricing happening or overlap with that?

JASON HOLLETT: That's a great question. There's no overlap. The cap and trade program covers the period from 2019 to 2022, so the companies that are covered under cap and trade would have been collecting revenue during that period to apply to purchase the allowances in 2023 to complete their compliance requirement. There would not be any overlap in terms of the pricing from the two systems as we transition from one to the other.

IAIN RANKIN: The revenue, which is substantial, will come in from the carbon levy at the fuel pump. That's administered by the feds - that's clear. But the Province did officially say they were going to ask - they were going to try to have responsibility for using those funds. Has that been explored? Is that something that the feds have continued their position - that they will control the revenue - or is the Province expecting to have any revenue from that?

JASON HOLLETT: The federal government has indicated that they will continue to administer the funds from the fuel carbon tax that they'll be putting in place in Nova Scotia. That will start on July 1st this year.

IAIN RANKIN: The challenge is we're giving up revenue that we used to bring in from our fuel suppliers through cap and trade, and we are moving towards a system where - correct me if I'm wrong - Nova Scotia Power and maybe some large industry, which is limited to Lafarge and maybe PHP, will contribute some unknown revenue in some unknown time when the auctions stop. How do you square that peg where the government has committed to all the programs that we used to fund with the revenue without knowing the revenue that you have? Which one is it?

Are we saying that no matter what the shortfall is from the carbon pricing scheme that's going to come in place, the Treasury Board will approve the funding required to continue these critical programs that everybody values?

LORA MACEACHERN: Yes, government has made the commitment by releasing the five-year action plan in December. It is committed to seeing those 68 actions come to life, and the funds associated with implementing that action plan.

[10:15 a.m.]

IAIN RANKIN: I'm not entirely asking about the 68 - although there are certainly related outcomes. I'm talking about the funds that were looked at in this audit - the Affordable Multi-Family Housing Program, HomeWarming, Small Business Energy Solutions, the Clean Leadership program, electric vehicle incentives. That was something that this government, when they were in Opposition, criticized heavily. These are the types of programs that I think we really need to make sure there's some level of certainty - and not only certainty, but growth of expenditures to ensure we're meeting some of these targets that have been set out in some of this legislation.

LORA MACEACHERN: Our partners have multi-year contracts, and we have committed to obviously see through those multi-year contractual commitments. They're very important programs. They're doing great work. We're fully supportive of those program allocations that were before the climate plan and before this government - very much align with the current climate plan and the current objectives of government.

There's a section of the climate plan that you'll see a number of actions that are very much committed around expanding, and further commitments around energy efficiency in particular. There's a strong belief. We know the importance of energy efficiency and what that means to our climate future. Actually, one of the action items in the climate plan is around expanding energy efficiency programs. Government, through its \$140 million from a couple of months ago, did an expansion of energy efficiency and did that through funds outside of the Green Fund. Again, it speaks to the ability of being able to find other important funding for these important initiatives inside the existing Green Fund or Nova Scotia Climate Change Fund, or outside of that.

IAIN RANKIN: What I'm hearing is that the practice has changed from a dedicated fund that had certainty and programs in place to looking at funds from general revenue at a time that they're not budgeted, in fact, and approved by the Legislature. Regardless of if the funding's going to a good cause like the heat pump program - the over hundred million dollars - the Department of Environment and Climate Change spent over 400 per cent more than they were allocated from the Legislature.

Is that the practice moving forward? We're going to look at unbudgeted spending on an ad hoc basis to look at priorities in varying orders and get them approved by Treasury Board moving forward?

LORA MACEACHERN: I'm happy to answer that, and I'll turn it to others if they would like to feed in. I would say that the climate plan that I've referred to a number of times really is the road map. Government has clear priorities. It has now a commitment. After many years of not having a climate plan in Nova Scotia, there is now that clear commitment of government: Here's our five-year action plan built on a foundation of research and on strong consultation. It has very clearly set the path and the priorities.

I would say far from ad hoc. There are clear priorities. There's clear direction now. By establishing the new Nova Scotia Climate Change Fund, there is now a clear fund where these initiatives can be funded from. There was never any certainty as to what funds were going to be in the Green Fund. It was also something that has been talked about as being an up and down because you never would know how much money would come in through cap and trade.

There's no more certainty in that program than there is in the program going forward, but now we have a clear plan. We have clear legislation - a clear, solid, five-year plan, an established fund, and flexibility in that fund. It's not purely reliant on what was previously the cap and trade funding. Other sources of revenue are able to go into that fund as well. It has the oversight of Treasury Board, and the direction and commitment of the five-year action plan.

I strongly feel that we're very well set up for the future.

THE CHAIR: Mr. Rankin, 45 seconds.

IAIN RANKIN: I guess I'll just end by saying that targets are one thing, but we've seen through the last two years in our province that our renewable energy target has not been hit, with no repercussions. It's all fine and dandy to have a whole bunch of targets. Some of them were actually just repeated in that legislation that were established before - like the most important one with the greenhouse gas reduction.

We just need to see some certainty. When you hear "flexibility" over and over again, to me that takes away certainty. It's clear we need more funding to go into these programs to reach these targets. That's what I was hoping to establish today: the importance of the programs and the importance to fund them more with certainty.

THE CHAIR: Order. The time has elapsed for Liberal questioning.

Now we will go to the NDP caucus. MLA Coombes.

KENDRA COOMBES: Last year, the department issued a credit to Nova Scotia Power for \$165 million in greenhouse gas compliance penalties. I'm just wondering if the department can provide the terms of this agreement. Would this amount have otherwise been directed to the Green Fund?

THE CHAIR: Mr. Hollett.

JASON HOLLETT: The \$160 million that's referenced is actually the amount that Nova Scotia Power has calculated as what they've called GHG relief. The Province, in conversation with Nova Scotia Power, realized that due to the deficiencies of the delivery of the Maritime Link energy that has been expected to be in place over the past few years

have created a pressure for them under the current cap and trade program. On evaluation, we realize that's not the fault of Nova Scotia Power, and if it wasn't addressed, those costs could be passed on to Nova Scotia ratepayers, which we didn't feel was fair to Nova Scotian ratepayers.

So what we have provided to them is GHG relief. There are no funds that are being transferred to Nova Scotia Power for this that would have gone to the Green Fund. It is a recognition in the regulatory approach of the cap and trade program that we needed to provide relief to Nova Scotian ratepayers.

KENDRA COOMBES: I want to go to the Auditor General's Report. The Auditor General's Report uses a graph to analyze interim reporting for multi-year programs. Will the department be implementing something similar to help review the effectiveness and use of programs?

THE CHAIR: Deputy Minister MacEachern.

LORA MACEACHERN: Yes. We've accepted all the recommendations of the Auditor General. What she had noted was that there were strong performance targets that are in the contracts with our partners, and that these performance targets are aligned with the requirements of the Environment Act, and that they are being regularly reported and monitored.

What she did note was that there could be more monitoring on a more detailed basis with respect to those performance targets, so we will be doing that going forward. We thank her for her recommendation on that.

She also noted that when it comes to our annual report that is published each year on the Green Fund, it would be beneficial to have performance targets set out in that annual report. We agree with that. Going forward for our next report, which is due in July, we'll have more detailed information on the performance targets that are in the various contracts and how they are being met.

KENDRA COOMBES: I appreciate that. I think performance targets are important in understanding where we are with our programs - if our programs are being as effective as they are. Without them, any programs that we have, I find - we could be just out in the water somewhere, not knowing where we're going or where we're heading.

Has there been an analysis of programs in terms of uptake? For example, are there some that are just not popular? Are there some that are very popular but have run out of funding?

LORA MACEACHERN: For sure, that is part of the regular monitoring that we do with the performance targets, and the details of the contracts and our meetings with our

entities keeping track of the success of these programs and how things are moving along. That work will be enhanced as we develop our new enhanced monitoring program, as recommended by the Auditor General.

I will perhaps ask, if you're interested, having Scott Skinner and Stephen MacDonald speak to the various programs that received Green Fund monies and their perspective on the success of those programs.

SCOTT SKINNER: It's a good question. For the most part, of all the programs that we are currently running, they are immensely popular. To some degree, they're limited by the amount of funding that's available sometimes. Other times, it's just about getting capacity into the system to deliver them. I think we'll see that happen with off-oil heat pumps in the next little while, and hopefully we'll see lots of new jobs in that industry so that we can help people move off oil.

In general, these programs were designed with a lot of thought in mind from a lot of very smart people. There's a lot of work that goes on before a program gets to a point where it is actually created and funded. Both EfficiencyOne's team and my team have a huge amount of expertise in this. So do the Department of Environment and Climate Change and the Department of Natural Resources and Renewables. We're constantly keeping on top of information that's coming out both nationally and internationally on these things.

There's only one that I would say, to my estimation, is probably moving along more slowly in terms of uptake than expected. That's electric vehicle rebates, and that's purely a function of supply. It's not a function of interest. If the vehicles were here, we'd be pushing the rebates through more quickly. I expect that to happen in the years ahead.

Related to this, on that program, the thing that's going like hotcakes are e-bike rebates. We're moving through those at an amazing pace. One of the most interesting things to me about the uptake on this is the average age. The last time I checked, it was 57. Not only are people using this as a way to reduce their emissions, hopefully, but it's helping people stay healthy and get exercise.

To your initial question, most things that we're putting forward now are overwhelmingly popular.

THE CHAIR: Five minutes, Mr. MacDonald.

STEPHEN MACDONALD: There is high demand for all of our programs, including the three that are mentioned in the Auditor General's Report: HomeWarming, Affordable Multifamily Housing, and Small Business Energy Solutions.

You can look at demand for programs in a couple of different ways. One way to look at it is that they're popular with Nova Scotians. Nova Scotians understand the benefits from energy efficiency. They've embraced energy efficiency over the last 11 years. They understand the important role it plays in helping them save money and the important role it plays in the transition to net zero.

[10:30 a.m.]

The other way to look at demand is that people need help. They need help with their energy bills and their energy costs. I think that's a very important metric in terms of whether a program is meeting its needs. A number of the things we look at, including to the effectiveness of a program and the savings, would be the number of participants. It's not as straightforward measure to look at, in terms of trying to gauge and estimate participation in programs.

I mentioned earlier that one of the programs, Affordable Multifamily Housing - it takes a long time. It takes a long time to work with participants. Organizations, in some cases, need to find funding to help move a project forward. Internal buy-in - those projects can take up anywhere up to a year to implement, whereas some of our other initiatives, which may include lighting changes, can be done relatively quickly.

So demand is an interesting thing for us to gauge. I would say for sure that there's high demand for programs.

The final point I'll make is that all of our programs - and the Auditor General referenced this in her report - are subject to third-party evaluation. We engage a third party to come in and evaluate the effectiveness of EfficiencyOne programs and see how they can be made better. That process has always resulted in a number of really positive recommendations to make programs better for Nova Scotians, and more effective.

KENDRA COOMBES: It was mentioned - the Affordable Multifamily Housing Program - but in the Auditor General's Report, it's reported that this program did not appear to be on track to meet the greenhouse gas reduction target established in the contract, and as you mentioned, because it might take a year or so. Can you provide more insight as to why this might be, and, also, describe steps that you're taking to remediate this issue?

STEPHEN MACDONALD: I was very eager to answer that question, so thank you for the question. The Auditor General's Report covers a time frame that ends March 2022, but at that point in time, the program was just getting off the ground. So when you look at the amount of spend and participants to March 2022, it's quite small. It is a five-year term. It's a relatively new program that involves participants, as I was mentioning.

It does take a long period of time to get people to understand the projects, to get any funding they need to have in place, contractors. In some cases, we found working with women's shelters, for example - the time at which we'd come in and the projects are done are very dependent on the clients they have, how comfortable they are with people coming into the facility. So those projects do take a little bit longer.

I can assure you that the program is on track to meet targets that are set out in the contract. Spending has picked up, as has demand for the program.

KENDRA COOMBES: I guess my question is: With some of these issues, what steps have you taken to remediate some of that - that are within your power - the issues that we're seeing?

STEPHEN MACDONALD: The first thing we've done is we've put more staff on the program itself to make sure that we have enough people and capacity to be able to work with participants in this program. That's number one. Number two is we've expanded our capacity of our partners, as well, so making sure that partners who are doing the work - that we've involved in doing the upgrades - that they have the staff and the capacity to be able to do the work as well.

The third thing is that we're very much involved in the planning stages of these projects. As I mentioned, there're projects in Affordable Multifamily Housing that require a little bit more hand holding on our part in working with the customer. So we've put more time and effort into planning projects early on to make sure they have a successful completion.

THE CHAIR: You have 10 seconds left, MLA Coombes.

KENDRA COOMBES: That's not enough time to ask another question, so I will leave it at that.

THE CHAIR: We will now move on to the PC caucus and MLA Palmer.

CHRIS PALMER: One of the disadvantages of asking questions an hour and a half into a meeting is a lot of them have already been answered. I would like to give Deputy Minister MacEachern an opportunity to elaborate again on certainty. It is obviously a concern of my friend across the table, but you've done a really good job in discussing the certainty of the climate plan. It was a concern of the Auditor General that there wasn't a plan in place to direct program funding.

So I'd like to give you an opportunity again to tell all Nova Scotians to ease their concern about how the climate plan is informing your department's program funding directions. Could you just elaborate on that again one more time?

LORA MACEACHERN: In terms of general comments, I would say that Nova Scotians and the committee can feel really confident of the dedication and the support that we feel as a department in terms of being empowered to do great things in combatting climate change here in Nova Scotia.

With the passage of the Environmental Goals and Climate Change Reduction Act, when government first came into power, now with the addition of the climate action plan, it really is our road map. It's based on a strong foundation of knowledge, research, and collaboration and consultation across the province. Nova Scotians can feel very confident that we have a very strong road map for the future to be able to deal with the climate emergency that we have before us.

In addition to that, we have the great partnerships. I think having Clean Foundation and EfficiencyOne with us here today really speaks to just how many people and how many organizations are on board with us to do the great and necessary work around dealing with climate change.

The commitment is there, the road map, the plan is there, the partnerships are there. So despite the fact that there is a great effort that's required, we have all the conditions of success here in Nova Scotia. We feel very confident. We feel Nova Scotians should feel very confident that we will deal with these issues before us.

CHRIS PALMER: It is very overwhelming, the idea of climate change. The constituents I speak with - everyone is trying to do their part and what they can. It's such a big picture and a big issue.

My question will be to our partners here. A general question - going back to my friend, Mr. Rankin, earlier on - do you feel that we are moving the needle in our response to climate change? What more do we need to do?

THE CHAIR: This time I'll mix it up and we'll go with Mr. MacDonald first.

STEPHEN MACDONALD: I do think that the Province is moving the needle respecting climate change. There are a number of examples that the deputy minister just referred to in terms of legislation and the action plan, but also in terms of funding commitments and multi-year funding.

When I referred earlier to certainty - certainty is a condition that builds confidence in the industry and in people to make investments. Certainty can come in many different ways, but one of the more important ways - which was brought up in the Auditor General's Report - is around honouring multi-year commitments. This government has done that. Previous governments have done that. They've made investments in energy efficiency. There has been tremendous support. I feel very confident that the Province is moving the needle on climate change, but there's still more than can be done.

If we think about the work that needs to be done, obviously there needs to be - obviously, because I'm saying it, I'm the representative of EfficiencyOne - there's a lot of work that can be done on the energy efficiency side. We always advocate for investing in efficiency first because you reduce your demand before you start making other changes and reduce your energy load.

It's getting more complicated as we do this transition. If we think about our electricity system - and I referred to this a little bit earlier - we will be electrifying major portions of the economy. Homes will be converted from oil to electricity, and this assumes the electricity system stays on plan to achieve its renewable energy targets. The transportation system will also switch to electric vehicles over time. That means that we need a very resilient grid, and we need to make sure that the load we're adding is as efficient as possible.

Let's just take a home, for example, that's heated by oil, and someone wants to put in a heat pump. Heat pump technology is very efficient. It will definitely reduce your energy costs and your greenhouse gas emissions because of the fuel switching. But by not insulating that home, you're missing an opportunity, and you're still going to have heat go out through the walls. We always encourage people to consider doing other upgrades, such as insulation, draft-proofing, and whatnot, to make sure that that load that's added to the electricity system is as efficient as possible.

It's not just the load that's added, it's how that load actually impacts the system. We're developing programs now to help manage peak demand and to make sure that when electricity is used, it's used at the most cost-effective times, but it has the least impact on the system, so that we can have a very resilient grid. It's a lot of work to do, but I'm very confident in saying this province is on the right track.

THE CHAIR: Mr. Skinner.

SCOTT SKINNER: I'll talk about this a little more broadly, because those are very good examples when we're looking at energy efficiency and the energy sector. I think we definitely are moving the needle. It's very easy to tell. Our programs are larger, more plentiful, and active, and we have more people working in this area. We see more youth who are getting asked to come and work on co-ops, and all of our organizations have been growing. Critical mass sort of creates action on this stuff.

The point I'll make is it's important to build capacity. This stuff won't happen on its own. It's not inevitable. We have many concurrent challenges. Workforce is an issue we'll be dealing with across the economy.

Another point I'll make is none of this happens in isolation. This is a global issue. We need to do our part here, but we also have to be able to respond to global events. Nobody would have really thought that oil prices were going to be as high as they were in

the past year about three years ago, so that encouraged us to act quickly. When we're talking about flexibility, it's sort of a different question than what Stephen's talking about - it's certainty. Certainty for our organization, certainty for our work, but we need flexibility to respond to the world around us.

The impacts of climate change are non-linear. We know generally what's going to happen - we don't know exactly when. There are going to be things that come up that we're going to have to respond to based upon things as they happen. Yes, we are on the right track, but we must remain vigilant. We have to build capacity.

The last point I'll make on this question is I think we really, really have to work on educating the public about these changes. This stuff is complicated, and it's incredibly complicated in specifics on the electricity sector. Most people I talk to don't understand what's going on. They're getting bits and pieces from the media. We need to find a way to knit together this narrative a whole lot better so that they're prepared for the changes that are coming.

Related to that point is we're going to have to have that education in place so we can secure community consent for the projects that we're going to need in the future. I know you are all aware that some of them are substantial. It's going to take compromise. We're going to need the capacity in place. We're going to need to educate the public.

I remain very hopeful that we've got a very good start with the climate plan and the people we have in place. The ability for organizations like EfficiencyOne and Clean Foundation to provide secure employment is a really important part of this, and not just us, but many partners and organizations as well.

THE CHAIR: We have just slightly less than three minutes left to go. Mr. Smith.

KENT SMITH: As you heard, three minutes to go. I have about two or three questions. I'm going to ask if the first two, we can be concise with the answers, but I would love to hear them. Similar to my colleague, a lot of the questions that I had planned out for today have been asked and answered already, but they did lead to some follow-up questions.

I just wanted to clarify that we are going to see two or three pending auctions coming up this year, deputy minister. I'm curious to know what the process would be in distributing whatever revenue that is to our important partners.

LORA MACEACHERN: Yes, there will be two auctions this year, and the possibility of a third reserve auction - but two for sure. Yes, there is a commitment that the proceeds from those auctions will go toward advancing the commitments in the climate plan from December.

KENT SMITH: They will have ultimately been used through the Green Fund and distributed to our partners, which is just fantastic. What happens when the Green Fund has been depleted? What happens when it's no longer a thing?

[10:45 a.m.]

LORA MACHEACHERN: As you know, this year's the transition year as we wind down the Green Fund. The Nova Scotia Climate Change Fund has been established in legislation and will come into full existence once the Green Fund ends at the end of this year. That is the new fund, and that is the fund that will be utilized for funding our climate actions going forward.

KENT SMITH: At the risk of emulating George Costanza and ending on a high, I want to direct this question to Mr. MacDonald and Mr. Skinner. I'm wondering if you can share any real life examples of success stories and feel good things that have happened through the programs that you offer for Nova Scotians - real life examples.

SCOTT SKINNER: One of our Clean Leadership interns worked for the Back to the Sea Society a couple Summers ago. After completing her co-op, she went and did a Masters degree, and is now studying the impacts of sea level rise in Nova Scotia. It's exactly how we want these things to turn out.

THE CHAIR: Five seconds. Mr. MacDonald.

STEPHEN MACDONALD: The example I give is . . .

THE CHAIR: Order. (Laughter) I'm so sorry. We do have an opportunity here for the deputy minister to make some final remarks. Then we're going to take a two minute break while we let our folks leave the room. If the committee members could stay in their seats, then we could actually have that happen and finish up our meeting. Deputy Minister MacEachern.

LORA MACEACHERN: I would just like to say on behalf of the group here today how much we appreciated your time and attention. We feel like it was an excellent discussion, so very much appreciated. I would say that I was the witness. These four have joined willingly to help support me, so I very much appreciate it. I think it added to our conversation tremendously. Thank you all.

THE CHAIR: I will now take a brief recess so we can let our witnesses leave, and our committee members will totally not listen to me and go talk to them. Two minutes.

[10:46 a.m. The committee recessed.]

[10:48 a.m. The committee reconvened.]

THE CHAIR: Order. We now call the committee back to order. We do have some committee business to deal with. We have some correspondence from the Department of Fisheries and Aquaculture - information requested from our February 8th meeting, which I think was pretty self-explanatory. There was also information from the Nova Scotia Community College - information that was requested from our February 22nd meeting. Is there any further discussion on the correspondence?

Our next order of business is the endorsement of the Auditor General's recommendations - the Effectiveness of the Green Fund Over First Two Years. The committee's practice is to endorse the recommendations made by the AG that have been accepted by departments. Could I have a motion for that? Mr. Taggart.

TOM TAGGART: I move that the Public Accounts Committee formally accept and endorse recommendations contained in the 2023 Report of the Auditor General, Effectiveness of the Green Fund Over First Two Years, that have been accepted by the audited departments or agencies, and ask that those departments and agencies commit to and take responsibility for full and timely implementation of the recommendations accepted by those departments and agencies.

THE CHAIR: Any discussion?

All those in favour? Contrary minded? Thank you.

The motion is carried.

Our next meeting date is March 22, 2023. It is an in camera meeting. It is the Office of the Auditor General, a pre-hearing briefing with the Nova Scotia Legal Aid Commission - the most recent annual report, business plan, accountability report and financial statements.

Is there any further business? Seeing no further business, I now adjourn the meeting.

[The committee adjourned at 10:50 a.m.]