

# The Canada-Nova Scotia Equivalency Agreement on Coal- Fired Electricity GHG Emissions

APRIL 2<sup>ND</sup>, 2019

# Background

- Nova Scotia and Canada signed an Equivalency Agreement on coal-fired electricity emissions in 2014
  - Covers the period 2015 to 2029
  - Stood down Canada's requirement for coal units to 'retire' at the end of their economic life (50 years)
  - Nova Scotia's Greenhouse Gas Emissions Regulations achieve equivalent or better GHG reductions
  - Nova Scotia continues a pathway from coal to cleaner electricity
- In 2018, Canada updated their regulation to require coal units to retire at the end of their economic life (50 years) or by the end of 2029 - whichever is earlier

# Current Situation

- The existing Equivalency Agreement (2015-2029) expires in December 2019 and must be **renewed** for another 5 year period
  - While the agreement itself is assessed over a 15 year period, the Canadian Environmental Protection Act (CEPA) limits agreements to 5 years
  - Process requires the agreement to be published in Canada Gazette I for a 60-day consultation
- The revisions to the federal coal-fired electricity regulation require a **new** Equivalency Agreement to enable a transition off coal post-2030
  - A new agreement will cover the years 2015-2040
  - Nova Scotia will need to place new GHG emission limits on the electricity sector from 2031 to 2040
  - Process takes a longer period of time (12-18 months)

# Current Situation

- The **renewal** of the existing Equivalency Agreement for the next five-year period has been drafted and published in Canada Gazette I
- Nova Scotia's regulation will result in less GHG emissions than federal coal-fired electricity regulations (2015-2029)
  - Federal policy GHG emissions = 108.7 Mt CO<sub>2</sub>e cumulative
  - Provincial policy GHG emissions = 100.8 Mt CO<sub>2</sub>e cumulative
- An assessment of the 2015-2040 period has also been published in Canada Gazette I. Equivalent GHG emissions can be achieved if Nova Scotia amends the Greenhouse Gas Emissions Regulations to include an electricity sector limit of 3.5Mt CO<sub>2</sub>e in 2040
  - Federal policy GHG emissions = 142.9 Mt CO<sub>2</sub>e cumulative
  - Provincial policy GHG emissions = 142.4 Mt CO<sub>2</sub>e cumulative

# Equivalency Agreement Limits for 2010-2030

Calendar Year	Compliance Period Limit (Mt CO <sub>2</sub> e) cumulative
2010 2011	19.22
2012 2013	18.5
2014 2015 2016	26.32
2017 2018 2019	24.06
2020	7.5
2021 2022 2023 2024	27.5
2025	6
2026 2027 2028 2029	21.5
2030	4.5

- No change to electricity sector GHG emission “caps” for the renewed equivalency agreement
- Nova Scotia Power has complied with caps

# Equivalency Agreement Benefits

## ➤ **Renewed Equivalency Agreement (2015-2029)**

- Less GHG emissions than would be seen under the federal coal-fired electricity regulation while avoiding new costs to ratepayers.
- ECCC analysis estimates this additional cost would be \$950 million by 2029.

## ➤ **New Equivalency Agreement (2015-2040)**

- Nova Scotia invested in the transition to a cleaner energy future.
- Without a new equivalency agreement, Nova Scotia Power would need to close coal units and construct new natural gas units in addition to the clean energy investments already in place.
- A new agreement allows NS to use the coal units to facilitate a transition to cleaner electricity, while delivering equivalent or better GHG reductions than the federal coal-fired electricity regulation.

# Timeline

## ➤ **Renewed Equivalency Agreement (2015-2029)**

- Mar. 30, 2019: Canada Gazette I 60-day consultation period (includes modeling analysis that assesses the 2015-2040 period)
- Spring 2019: Canada and Nova Scotia sign the renewed Equivalency Agreement

## ➤ **New Equivalency Agreement (2015-2040)**

- Nova Scotia will amend the Greenhouse Gas Emissions Regulations to include new limits for 2031-2040
- Canada will publish draft agreement in Canada Gazette I
- Canada will publish final agreement in Canada Gazette II
- 12-18 month process

# Outcomes

- Nova Scotia is a national leader in GHG reductions
- Our approach to reducing GHGs from electricity started in 2009 and includes:
  - Hard caps on GHG emissions (2010-2030)
  - Renewable energy targets (40% by 2020)
  - Energy efficiency programs
- The agreement recognizes that Nova Scotia can deliver equivalent or better GHG reductions than the federal coal closure regulation in a more cost-effective way.
- This approach also facilitates a transition from coal to cleaner energy, rather than a shift from one fossil fuel to another.



# Questions?