

Frequently Asked Questions (FAQ)

Greenhouse Gas & Air Quality Emissions Regulations

Q: Why are you amending the *Greenhouse Gas Emission Regulations*?

A: The greenhouse gas (GHG) reduction targets for 2010-2020 in the current *Greenhouse Gas Emission Regulations* were the first step to transforming our electricity sector to cleaner sources of energy. It was always Nova Scotia's plan to continue regulating emissions after 2020. The province is currently amending its GHG regulation to incorporate GHG reductions for 2021 to 2030 as a condition of the Canada-Nova Scotia equivalency agreement for coal-fired electricity.

Q: What is the draft equivalency agreement?

A: Canada and Nova Scotia released a draft equivalency agreement regarding coal-fired electricity for public consultation in September 2012. This agreement, once finalized, will ensure that the province's GHG regulations apply in Nova Scotia instead of Canada's new coal-fired electricity regulations. Under the agreement, Nova Scotia's current GHG regulations will apply until 2020, and we are amending these regulations to require additional GHG reductions to 2030. The full draft equivalency agreement is available online at:
<http://www.ec.gc.ca/lcpe-cepa/default.asp?lang=En&n=1ADECED-1>

Q: What does the draft equivalency agreement mean for Nova Scotians?

A: The equivalency agreement gives Nova Scotia the flexibility to meet or exceed the GHG reductions that would have resulted from the federal coal regulation, at the lowest cost to ratepayers. We originally estimated that implementation of the federal coal regulation would cost Nova Scotians about \$1 billion. Since then the federal government has relaxed some of the requirements of their regulation, but we still expect the equivalency agreement to save ratepayers hundreds of millions.

Q: How will Nova Scotia's electricity sector achieve the GHG reductions outlined in regulation?

A: The electricity sector can meet the GHG targets using the combination of approaches that is most cost-effective to ratepayers, including more renewable sources, cleaner fossil fuels, and investments in energy efficiency. The regulated reductions are part of a larger, comprehensive strategy to transform our electricity sector to cleaner energy sources and create economic opportunities in the province. This strategy includes Nova Scotia's commitment to increase renewable electricity to 25% of total electricity sales by 2015 and 40% by 2020. Policies such as the community feed-in-tariff (COMFIT), demand-side management, development of tidal energy, and greater use of natural gas also support the reduction of GHGs from electricity.

Q What are compliance periods?

A A compliance period is a multi-year period for which an overall emission cap has been established. It provides the flexibility to cope with changes in supply and demand conditions, while meeting environmental outcomes.

Q Why are the new GHG emission targets only out to 2030? What happens after 2030?

A In response to the new federal coal-fired electricity regulation, the province is amending its GHG regulation to incorporate GHG reductions for 2021 to 2030 as a condition of the Canada-Nova Scotia equivalency agreement for coal-fired electricity. After 2030, the Province of Nova Scotia will need to evaluate whether there is a need to extend the Equivalency Agreement or revert to federal regulation. Regardless of the path chosen, it is prudent to assume that further GHG emission reductions will be required after 2030.

Q The federal regulations only cover coal. What about natural gas?

A The draft equivalency agreement deals with federal regulations for coal-fired electricity. However, Nova Scotia's *GHG Emissions Regulations* encompass the entire electricity sector regardless of generation type. It is expected that the federal government will develop regulations requiring reduction of GHG emissions from natural-gas-fired electricity. Nova Scotia Environment continues to work with Environment Canada to ensure that the new natural-gas-fired electricity regulations are appropriate to the Nova Scotia context.

Q How will the proposed air pollution amendments affect power rates?

A The air pollutant regulations were designed to take advantage of the opportunity created by the renewable energy and GHG reduction drivers and thus will result in negligible additional cost to ratepayers. For example, the incremental cost over the *entire decade* ranges from \$15 million to less than \$90 million.

Q How does Nova Scotia currently compare to the rest of North America for regulating air pollution from the electricity sector?

A Nova Scotia has made significant reductions in air pollution from the electricity sector, but needs to do more to catch up with the rest of North America. Our proposed amendments are striving to get Nova Scotia closer to our provincial and state counterparts by taking a time-phased approach that achieves good environmental outcomes over time without large impacts on power rates.

Q Is there a federal requirement coming for air pollutants like there is for GHG emissions?

A The federal government, through the Air Quality Management System (AQMS), has signaled its interest in developing standards for air pollution management for the electricity sector. We don't know what the federal regulations will look like, but we do know that our targets make us better positioned for whatever the federal government might propose.

Q Why do we need new legislative targets for air pollutants? Won't the emitters just do these reductions as a consequence to the opportunity created by renewables and GHG reductions or by shutting coal plants?

A We need new air pollution targets to realize the reduction opportunities that are created by reducing GHGs. By putting the targets in regulation, we will ensure that the reductions occur. We are creating certainty for all Nova Scotians and the utility.

Q How will Nova Scotia's electricity sector achieve the new air pollution requirements?

A Nova Scotia's plan to increase renewable energy along with our proposal to reduce GHGs has created an opportunity to also regulate air pollution reductions after 2020 in a way that does not significantly impact ratepayers. A recent study¹ indicates that our proposed air pollution targets after 2020 can be met with minimal measures beyond the province's efforts to reduce GHG and increase renewable energy.

Q How is the mechanism for proposed post-2020 air pollution amendments for sulphur dioxide (SO₂) and nitrogen oxides (NO_x) different than the fleet caps currently in regulation?

A Starting in 2021, SO₂ and NO_x emissions will be subject to a total emission cap spanning four-year periods that correspond to the compliance periods for GHGs. The multi-year emissions cap allows facilities to emit different amounts of air pollutants on a yearly basis as long as the total amount of emissions does not exceed the cap for the four-year period. Multi-year compliance periods allow the utility to respond to volatile fuels markets and price pressures. To prevent the electricity sector from stockpiling the majority of emissions to a single year within the four-year period, the regulation also includes yearly maximums to protect air quality and the health of our citizens.

Q If you add up the SO₂ and NO_x yearly maximums, they exceed the compliance period total. Why?

A The electricity sector must meet the overall emissions cap for the four-year compliance period, while also keeping emissions below each yearly maximum. The multi-year compliance period provides flexibility to the electricity sector to take advantage of market prices for fossil fuels to the benefit of ratepayers, while yearly maximums ensure continual reductions.

Q By requiring lower SO₂ emissions from Nova Scotia Power (NSP), what does that mean for the overall total provincial SO₂ fleet cap that regulates all large emitters (>90 tonnes per year) in the province as per section 6(1) in the Air Quality Regulations?

A Nova Scotia Environment will reduce the overall provincial SO₂ cap by an amount equivalent to the NSP reductions.

Q What is the new local protection measure proposed for after 2020?

A The amount for SO₂ emitted at an individual thermal unit now will be capped. These measures protect our local communities by ensuring that one community does not receive the bulk of the emissions. It is especially important as power plants start closing in the future.

Q Why does mercury have a new cap proposed in 2030 only?

A A significant reduction for mercury is already scheduled for 2020. Further reductions are challenging due to the limits of technology and fuel mix. By 2030, the transformation of the fuel mix driven by the proposed GHG regulations allow for additional reduction in mercury.

Q How can I comment on the proposed changes to the regulations?

A You can comment on the proposed changes by submitting via an online consultation form at <http://novascotia.ca/nse/regulation-change/>.

Written comments can be sent via mail to:

Greenhouse Gas and Air Pollutant Regulation Comments

Nova Scotia Environment

Policy Division

5151 Terminal Road

P.O. Box 442

Halifax, NS

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Comments can also be sent via e-mail to policy@gov.ns.ca.

To request a printed copy of this paper, please call 1-902-424-8253.

¹ Power Advisory, April 17, 2013. Updated Analysis of Proposed Development of the Maritime Link and Associated Energy from Muskrat Falls Relative to Alternatives