

Making Cents of Rising Electricity Costs



A response to amendments proposed in Bill 212 and Bill 208

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Bill 212, Public Utilities Act

I'm pleased to see that this bill puts a stop to NS Power's [Payday Loan scheme](#), in which the company made millions off of deferred fuel costs.¹

The legislation has also successfully communicated to Nova Scotia Power and Emera that its juicy profits days are numbered.

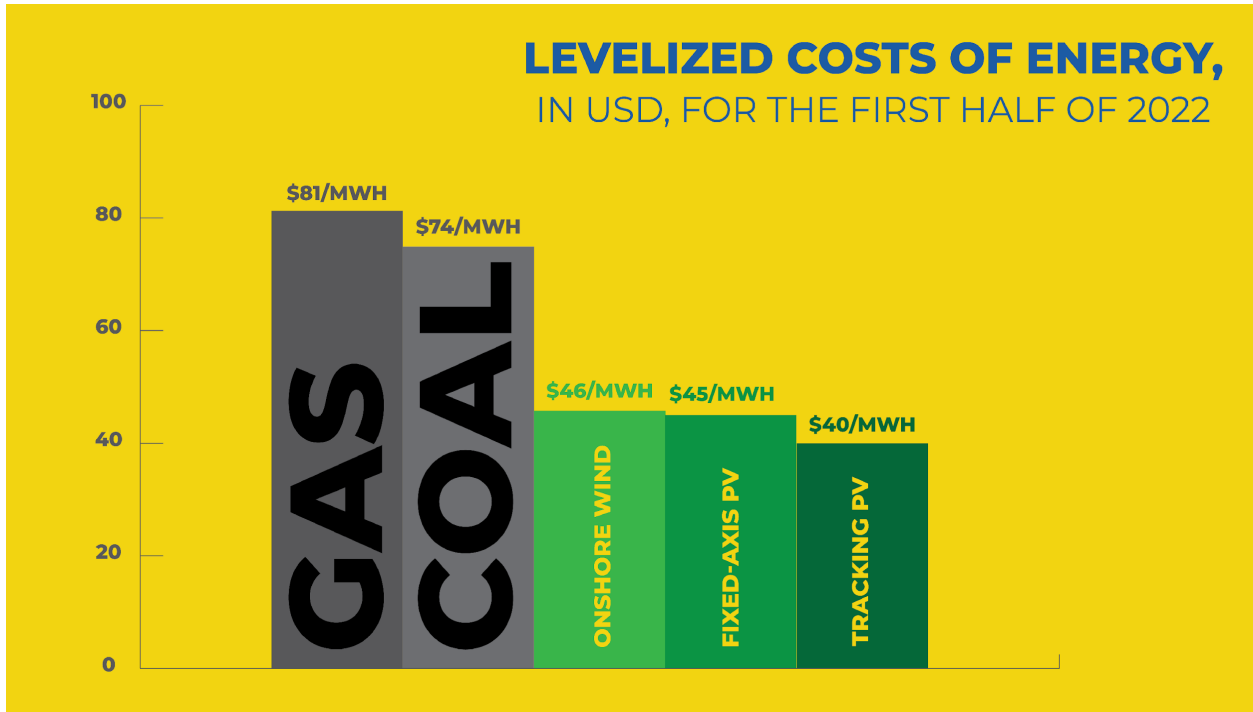
However, it does not address the high cost of fuel, which Minister Rushton says are "unavoidable."² According to NSPI, its forecasted fuel costs for 2023–24 could increase customer rates by 26 percent. They left out that little detail in their submission to the Utility and Review Board (UARB), but fortunately the Intervenors requested it.

Obviously, a 26 percent rate hike is not going to go over well with the public. In fact, those are the kind of power rate increases that cause governments to lose elections.

Whether these fuel costs are passed on in real time to customers or some of the costs are deferred (further burdening the younger generation), the fact is coal, oil, and natural gas are extraordinarily expensive.

¹ [News release](#): Legislation Addresses Power Rates, Profits, October 19, 2022: "financing for any deferred costs is limited to the current Bank of Canada police rate plus 1.75 percent."

² Ibid



[BloombergNEF, June 30, 2022](#)

Every day that NS Power delays the transition to low-cost wind and solar power means that Nova Scotia Power's customers are faced with skyrocketing power bills, even though *we know* clean renewable energy is much cheaper.

So why am I harping on this? Because this legislation really does nothing to compel Nova Scotia Power and Emera to accelerate the transition to lower-cost, renewable energy. Some of you may be thinking that the amendments to the Environment Act in Bill 208 will address that. I'll get to that in a moment.

First, I want to highlight NSPI's 10-Year Systems Outlook,³ which the company released at the end of June – so 4 months ago.

In 2024-2025, NSPI intends to convert one of its units at Point Tupper from coal to gas (150 MW); it refers to gas generation as “combustion turbines” (it’s not unlike referring to cars that use gas—i.e., fuel—as internal combustion engine vehicles)

In 2025-2026, NSPI says it will add 150 MW of gas generation

In 2026-2027 +50 MW of gas-generation

In 2027-2028 +200 MW of gas generation

³ 2022 10-Year System Outlook, Nova Scotia Power Inc, June 30, 2022, pgs 19–20

In 2027-2028 +250 MW of gas generation

2030-2031 +50 MW of gas generation

In 2029-2030, NSPI says it will import 550 MW of electricity via the Atlantic Loop

Yet the Atlantic Loop does not have the necessary agreements or funding in place to begin construction. There's no plan B in the event the plan falls through—for example, if Emera's CEO has a meltdown and says he's pressing pause on the Loop, or if it's not possible to get an agreement with all parties involved, including First Nations in all four provinces.

According to the 10-Year System Outlook, NSPI plans to add wind and battery storage. However, that's not going to undo the **high cost of adding 850 MW of gas generation** to the grid.

There's also the environmental impact of bringing more gas onto the grid. Last year, the International Energy Agency (IEA), which is normally a pretty conservative body, released its groundbreaking report, [Net Zero by 2050: A Roadmap for the Global Energy Sector](#).

The Executive Director of the IEA, who is also one of the world's foremost energy economists, [summed up](#) the key takeaway from the report: "If governments are serious about the climate crisis, there can be no new investments in oil, gas and coal, from now – from this year."

That was a year and a half ago (May 2021). The Agency has now released its [2022 Energy Outlook Report](#), in which it says, "The environmental case for clean energy needed no reinforcement, but the economic arguments in favour of cost-competitive and affordable clean technologies are now stronger – and so too is the energy security case."

NSPI claims that gas is a "bridge" fuel and that gas does not "significantly contribute to greenhouse gas emissions."⁴

The science and data behind gas tell us otherwise. [Oil Change International](#) reports: "The myth of gas as a 'bridge' to a stable climate does not stand up to scrutiny. While much of the debate to date has focused on methane leakage, the data shows that the **greenhouse gas emissions just from burning the gas itself are enough to overshoot climate goals.**"

⁴ Nova Scotia Power 2020 Integrated Resource Plan, p. 22

Bill 208, Environment Act

Let's segue now to Bill 208, which proposes an output-based pricing system that will put a price on carbon emissions for large industrial emitters in the province, notably NSPI.

Minister Halman says "this places a compliance cost on industry," and that it is *not* a tax.⁵ Presumably, this government is holding out this new compliance cost as a carrot, rather than a stick.

So the idea is to create a financial incentive for large emitters like NSPI to reduce their greenhouse gas emissions.

There are several fatal flaws with this approach:

- Incentives make sense when you're dealing with stuff that you'd like to bring about but can live without. For example, you might come up with incentives to go on a diet. But it doesn't make sense to take an incentive-based approach with something as essential as electricity. Part of what's essential is that electricity needs to be affordable and reliable, which is no longer possible with fossil fuels.
- Not all large greenhouse gas polluters in the province are included under this bill. For example, the Donkin coal mine, which reopened last month in Cape Breton, is exempt.

In 2019, Kameron Coal, which operates the mine, reported CO₂ emission-equivalents of 423,000 tonnes,⁶ making it one of the largest greenhouse gas emitters in the province. It shut down operations at the end of March 2020, but even though it wasn't producing coal for most of 2020 the company reported 371,000 tonnes of CO₂ emission-equivalents.⁷ What's more, methane (CH₄) accounted for most of those emissions. Methane is a supercharged greenhouse gas: a tonne of methane is equivalent to between 84 and 87 tonnes of CO₂ over a 20-year timeframe (see International Energy Agency's [World Energy Outlook 2017](#), p. 405).

The Donkin mine is the largest methane producer in the province, yet it's currently allowed to self-report its emissions to the government. It's also not covered under the province's cap-and-trade agreement, which is supposed to apply to industries that exceed 50,000 tonnes of CO₂ equivalents. In short, the Donkin mine polluted big time, is still doing so, and is getting off scot-free.

⁵https://nslegislature.ca/legislative-business/hansard-debates/assembly-64-session-1/house_22oct19#HPage3687

⁶ [Kameron Coal Community Liaison Committee- Meeting Minutes](#), June 8, 2022

⁷ Go to <https://climate-change.canada.ca/facility-emissions/> and enter 2020 and Nova Scotia to pull up a data list that includes the Donkin mine (Kameron Collieries).

- The Donkin mine isn't the only large carbon emitter that will continue to fall through the giant cracks in the carbon accounting system—and Bill 208 does not resolve that.

Will Bill 208—and Bill 212—succeed in getting Nova Scotia Power (and its parent company, Emera Inc.) to transition to lower-cost, clean renewable energy, thereby protecting Nova Scotia customers? Not likely.

The country of Dominica didn't think so, either, so in March of this year, Dominica regained majority ownership of its power utility from Emera Caribbean.⁸ The government did so because it wanted to transition to clean renewable energy, and it simply wasn't possible under Emera's ownership. The country's geothermal capacity is particularly strong,⁹ yet under Emera's ownership, the country was entirely dependent on expensive imported oil for electricity.

The Prime Minister of Dominica announced in March, "As part of our vision for a Dynamic Dominica, we are pursuing greater efficiency in electricity generation to meet our national target of 100 percent clean, carbon-neutral energy by the year 2030."¹⁰

The Nova Scotia government stands at a crossroads. It can continue with sticks and carrots to try to coax NSPI and Emera along, but it will never resolve the fundamental conflict of interest at the heart of the transition to affordable clean energy: Emera shareholders come first. Emera and Nova Scotia Power are doing what corporations do—maximizing profit. And there's simply not as much profit in building wind and solar infrastructure.

Affordable energy means clean renewable energy. Energy security means local renewable energy. Energy reliability means decentralized and diversified renewable energy. Bills 208 and 212 are talking around the problem, but they aren't fundamentally addressing it.

We need a thoughtful and democratic pathway forward, one that respects the science on climate change, the economics on fossil fuels and renewable energy, and the technology that exists today.¹¹

We need energy democracy.¹²

⁸ [Emera Caribbean Announces Sale of Its Majority Shareholding in Dominica Electricity Services Limited; Dominica regains majority ownership of DOMLEC - CNW Network](#)

⁹ [Islands Energy Snapshot - Dominica \(Fact Sheet\)](#)

¹⁰ [Dominica regains majority ownership of DOMLEC - CNW Network](#)

¹¹ For a comprehensive discussion of today's energy technologies, see [What if the wind doesn't blow?](#), with Stanford Professor Mark Jacobson

¹² [Energy Democracy - Beyond Climate Promises](#)