

Provinces balk at proposed federal coal rules - (Globe & Mail -- 24 September).

Ottawa is facing a backlash over proposed coal regulations that would force provinces that depend most heavily on the fossil fuel to close their coal-fired power plants.

Nova Scotia and Alberta have served notice to Environment Minister Peter Kent that they want to see major changes to the draft regulations, which would require them to begin shutting down the plants starting in 2016.

“We need to be able to provide some flexibility,” Alberta Environment Minister Rob Renner said in an interview Friday. “We need to be able to encourage companies to become creative and look at ways of achieving the overall outcomes but not in such a prescriptive way.”

Nova Scotia Environment Minister Sterling Belliveau said the federal rules would cost his province \$1-billion over the next 20 years – four times the figure calculated by Environment Canada.

“We are concerned the impacts are going to be a financial burden on Nova Scotia and we do not agree with the federal analysis on the impact to our province,” Mr. Belliveau said in an interview Friday, after his officials met their federal counterparts this week in Ottawa.

Mr. Kent has said Ottawa is willing to consider proposed changes during the 60-day comment period that followed the release of the draft regulations at the end of August. However, some of the provincial objections go to the heart of the regulatory approach.

The federal government has widely touted its plans to phase out coal-fired power, and is already counting on the resulting emission reductions as it aims to meet a target of cutting Canada’s greenhouse gas emissions by 17 per cent from 2005 levels by 2020.

The federal regulations are expected to drive up costs to electricity consumers, with ramifications for several publicly traded energy companies, including Halifax-based Emera Inc. (EMA-T31.700.802.59%) and Calgary’s TransAlta Corp. (TA-T21.810.261.21%)

Mr. Belliveau said he has specific objectives to the draft regulations, as well as concerns that Ottawa’s overall approach is inconsistent with Nova Scotia’s own aggressive emission-reduction plan.

Under its proposed rules, Environment Canada has set a fixed “end of commercial life” date for every coal-fired plant in the country, which takes effect 45 years after they were commissioned. After that, each unit would have to meet strict new emission standards – achievable only through capturing the carbon dioxide and sequestering it – or be shut down.

Those rules ignore the often-significant investments made by utilities to extend the life of their coal plants, the Nova Scotia minister said.

He added that Ottawa’s insistence on a plant-by-plant regulation regime is inconsistent with the province’s own effort to reduce emissions from the sector by 25 per cent over the next 10 years. Nova

Scotia would keep some older coal plants running, while increasing its reliance on renewables, energy efficiency, and power from the planned Lower Churchill hydro project being pursued by Emera Inc. and Newfoundland's Nalcor Energy Corp.

Alberta's Mr. Renner also criticized the federal approach, saying the plant-by-plant performance standard could block efforts to develop carbon-capture-and-storage technology.

He said a power company may be willing to make the investments required to dramatically cut emissions in one plant, while keeping two other coal-fired units running. But it couldn't pursue that strategy under the current draft regulations.

"One of the things that we're very concerned about is that we don't lose an opportunity through this process to develop and commercialize, in a significant way, clean-coal technology, carbon capture and storage," Mr. Renner said.