

Joint Letter: Securing Robust Clean Electricity Regulations

October 27, 2022

Delivered on behalf 46 organizations across Canada

Dear Ministers Guilbeault and Wilkinson,

We are writing to express our support for your government's goal of establishing a robust Clean Electricity Regulation (CER), a key priority in each of your mandate letters. We are also writing to share our views on changes needed to ensure this regulation fulfills the intent of achieving 100 per cent net-zero emitting electricity across Canada by 2035.

In addition to reducing emissions from electricity generation, CER will also facilitate emissions reductions in other sectors through increasing electrification. As you know, a net-zero electricity grid will serve as the backbone for achieving Canada's overall climate goals, while ensuring economic competitiveness in a decarbonizing global marketplace.

While emissions in the electricity sector have decreased in recent years due to the successful retirement of coal facilities, without near-term intervention **current projections show that gas-fired generation in Canada will increase by 70 per cent by 2050**. Just this month, Ontario's IESO has announced it will procure up to 1,500 MW of new natural gas capacity between 2025-2027. According to the International Energy Agency (IEA), meeting a decarbonized electricity grid by 2035 requires that we have "*no new investments in oil, gas and coal, from now – from this year.*" Consequently, the projected growth in fossil fuel generation in Canada must be avoided and all emissions from electricity generation brought close to zero. Although supporting policies will be instrumental, a robust Clean Electricity Regulation is the best tool with which to avoid new fossil fuel generation and achieve net-zero electricity by 2035. Important changes are needed to the current policy trajectory to achieve the intent of this regulation.

Given this context, we have specific concerns around the policy design elements presented in the [Proposed Frame for the Clean Electricity Regulations](#) released in July 2022 and we offer the below recommendations:

- **Ensure net-zero performance standards for all electricity generation by 2035.**
The Clean Electricity Regulation must not allow existing or new emitting generation assets to operate beyond 2035 without meeting the net-zero emissions standard, and should avoid exemptions. The "end of prescribed life" consideration in the *proposed framework* must be short enough to mitigate this risk of emissions beyond 2035 in the vast majority of cases. Anything beyond marginal emissions post-2035 would fundamentally undermine achievement of a net-zero electricity grid in Canada by 2035.

- **Set interim standards and targets prior to 2035.**
Given the scale of new natural gas capacity in various stages of development across Canada, there needs to be clear early signals in place to avoid investments in new emitting electricity generation prior to 2035. These new assets present increased stranded asset risk, harm the resilience of this regulation, and can result in avoidable costs to taxpayers and ratepayers. Interim targets starting shortly after publication of the CER should be introduced into the design of the CER in order to send a clear enough signal to avoid investment in new emitting generation, and to ensure that Canada's target of a 90% non-emitting grid by 2030 is also met.
- **Ensure offset mechanisms for residual emissions are credible and limited in use.**
Residual emissions should be minimized to reduce the need for any offsets in the electricity sector. When residual emissions do persist within the CER, full accounting of emissions through credible offsets should be mandated. Carbon pricing alone as a compliance mechanism for residual emissions is not sufficient and does not ensure a net-zero grid.

We believe that the shared work toward a net-zero electricity grid by 2035 must achieve emission reductions, while not sacrificing system reliability and affordability for electricity consumers.

Clean energy solutions such as renewables, storage, and demand side measures are more cost-effective than fossil-fuel generation. Decoupling Canada's grid from emitting forms of generation, such as gas-fired power, also helps to shield consumers from the price volatility of an electricity grid that is tied to global fossil fuel markets. In regions where affordability concerns remain, we recommend leveraging supporting investments and policy measures that Canada can implement to protect affordability and access, rather than compromising the integrity of the CER. Incorporating these elements with a keen focus on achieving a net-zero grid by 2035 can provide the necessary impetus for system planners, regulators and utilities to orient themselves and their investment towards this goal. We believe that Canada can get this right, and provide the clarity and support needed for provinces to overcome barriers to greater inter-provincial cooperation on best practices and inter-regional transmission needed to build a reliable and affordable net-zero grid.

We look forward to continuing this important work with you, your staff, and department officials to develop a robust Clean Electricity Regulation that can deliver significant emissions reductions while preserving the reliability and enhancing the affordability of Canada's electricity system.

Sincerely,

The below group of 46 organizations:

Binnu Jayakumar, Pembina Institute
Stephen Thomas, David Suzuki Foundation
Brenna Walsh, Ecology Action Centre
Louise Comeau, Conservation Council of New Brunswick
Robb Barnes, Canadian Association of Physicians for the Environment
Evan Pivnick, Clean Energy Canada
Katie Perfitt, 350 Canada
Larry Dobson, 350 Ottawa
Emiko Newman, BC Climate Emergency Campaign
Roland Montpellier, Below2C
Naolo Charles, Black Environmental Initiative
Robert Tremblay, Calgary Climate Hub
Hadrian Mertins-Kirkwood, Canadian Centre for Policy Alternatives
Theresa McClenaghan, Canadian Environmental Law Association
Kim Perrotta MHSoc, Canadian Health Association for Sustainability and Equity (CHASE)
Adrienne Brown, Chemainus Climate Solutions
Sue Cairns, Citizens Climate Lobby - East Kootenay Chapter
Cathy Orlando, Citizens' Climate Lobby Canada
Gabriella Kalapos, Clean Air Partnership
Michael Barkley, Climate Action for Lifelong Learners (CALL)
Sue McKenzie, Climate Action Muskoka
Caroline Brouillette, Climate Action Network - Réseau action climat Canada
Alex Lidstone, Climate Caucus
Seth Klein, Climate Emergency Unit
Mark Bigland-Pritchard, Climate Justice Saskatoon
Hannah Muhajarine, Climate Reality Project Canada
Gail Wylie, Coalition for Responsible Energy Development - New Brunswick
Mary Ann Shannon, Council of Canadians Terrace Chapter

Laurel Circle, Council of Canadians,. Duncan
Adrienne Brown, Cowichan Climate Hub
Lorraine Green, Grand(m)others Act to Save the Planet (GASP)
Jim Emberger, New Brunswick Anti-Shale Gas Alliance, Inc.
Brian Gifford, Affordable Energy Advocate
Angela Bischoff, Ontario Clean Air Alliance
Salome Waters, Saanich Eco Advocates
Adam Scott, Shift Action for Pension Wealth and Planet Health
Jens Wieting, Sierra Club BC
Tynette Deveaux, Sierra Club Canada Foundation
Jane Devonshire, South Island Climate Action Network
Sam Arnold, Sustainable Energy Group - Carleton
Terry A. Dyck, Sustainable Environment Network Society
Colleen Lynch, Toronto350
Katherine Maas, Victoria Climate Action Team
Laura Sacks, West Kootenay Climater Hub
Peter McCartney, Wilderness Committee
Brent Kopperson, Windfall Ecology Centre