



March 15, 2024

Via email: ECD-DEC@ec.gc.ca
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Honourable Steven Guilbeault
Minister of Environment
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229 Wellington Street
Ottawa ON K1A 0A6

Honourable Jonathan Wilkinson
Minister of Energy
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Ottawa ON K1A 0A6

Re: **Clean Electricity Regulations, Update February 16, 2024**

Dear Ministers,

The Business Council of British Columbia (the Business Council) appreciates the opportunity to comment on the regulatory framework proposed in the government's Clean Electricity Regulations, Update Feb 16, 2024 (the Update). This letter affirms three previous submissions in 2022 and 2023 in which the Council articulated concerns about federal government intrusion into the provincially regulated electricity sector.

The latest regulatory framework proposed in the Update is completely different from what was outlined in the 2023 Canada Gazette, Part 1, Volume 157, Number 33. The Council is concerned the change is being advanced without sufficient consultation, with non-transparent engagement, and with limited analytical review of the new regulatory model detailed in the Update.

The Business Council remains **opposed to the electricity sector being regulated by the federal government and recommends it set aside its regulatory agenda**. Regulation of the electricity sector as envisioned in all frameworks/models that have been proposed would represent **federal overreach into provincial jurisdiction**. The most recent proposed regulatory framework remains duplicative and inefficient. Like version one, it is layered on top of robust and heavily regulated provincial electricity systems. The provinces are in a much better position to operate and understand their electricity systems. Moreover, it is our understanding that each tonne of emissions reduction achieved in the electricity sector via the proposed federal regulations will be substantially more expensive than what it would cost for a tonne of abatement in another sector of the economy.

Climate policies and regulations are quickly adding to costs and weighing on capital investment. The Business Council is very concerned about the additional regulatory burden and costs that come with the additional layer of federal regulatory intervention.

Clean Electricity Regulations, Update February 16, 2024
March 15, 2024
Page 2

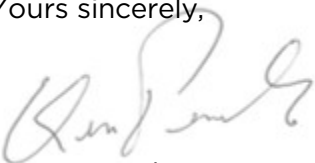
Moreover, as widely recognized by economists and greenhouse gas management policy experts, **sector-specific emission policies** are inefficient, costly, and relatively ineffective tools for reducing greenhouse gas emissions.

We understand government officials are working with some electricity sector stakeholders under non-disclosure agreements (NDAs) to better try to understand the implications of switching from the proposed electric regulation model outlined in the 2023 Canada Gazette 1 to what is described in the Update. Conversations under NDAs are required where sensitive commercial information may be discussed, which in this case would be data from electric companies required to discern impacts of different regulatory structures. However, consultation and discussion with individuals/groups under NDAs is insufficient for such important and wide-reaching public policy matters.

The Business Council is troubled by what appears to be government's intent to proceed to final regulation (Canada Gazette 2) in the fall of 2024 per comments made at the February 21, 2024, stakeholder Update session. While informed by some industry input there has been little public scrutiny of the new regulatory structure and we are unaware of any substantive analytics that support the abrupt change from the 2023 version in Canada Gazette 1 that was informed and substantiated by earlier discussion papers and framework documents. **If the federal government is going to press ahead with its intrusion into provincial jurisdiction**, ratepayers and taxpayers should be able to access complete and transparent information about the anticipated long-term effects of the proposed regulatory structure it is using to do so. The Business Council **requests government take the additional time necessary to develop and release a new Regulatory Impact Assessment Statement demonstrating the effects of the new regulatory proposal included in the Update**. Absent this more fulsome analysis, important issues pertaining to reliability, affordability, and energy security will not be sufficiently understood and it will be difficult to plan for future energy needs.

The federal government's regulatory intentions in the electricity sector conflict with the reality that electricity infrastructure and markets are regulated by the provinces. The emergence of "dual regulators" is creating uncertainty and dampening the capital investment necessary to meet future electricity requirements. More cooperation between the federal and provincial governments clarifying roles and responsibilities and better aligning objectives would provide more certainty.

Yours sincerely,



Ken Peacock
Senior Vice President
& Chief Economist



Denise Mullen
Director, Environment, Sustainability
& Indigenous Relations

cc: Honourable Anita Anand, President of the Treasury Board
Honourable David Eby, Premier of British Columbia
Honourable Josie Osborne, B.C. Minister of Energy, Mines and Low Carbon Innovation
Honourable George Heyman, B.C. Minister of Environment and Climate Change Strategy