

Assessing Fossil Fuel-fired Electricity

Pembina Institute comments and
recommendations

Submitted to the Impact Assessment
Agency of Canada

Regarding: The five-year review of the *Physical Activities Regulations*

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Recommendation summary

The Pembina Institute recommends the Impact Assessment Agency of Canada (IAAC):

- Continue to consider fossil fuel-fired power generating facilities under the *Impact Assessment Act's* (IAA) Project List.
- Critically examine abatement plans for all proposed major fossil fuel-fired facilities.
- Consider broadening the focus of the *Strategic Assessment of Climate Change* to incorporate Clean Electricity Regulations (CER) for the purpose of evaluating fossil fuel-fired facilities.

Context

The Pembina Institute welcomes the opportunity to provide input to the Impact Assessment Agency of Canada (IAAC) on its five-year review of the Physical Activities Regulations, also known as the Project List, of the *Impact Assessment Act* (IAA). This submission focuses on the options for consultation regarding the status of fossil fuel-fired power generating facilities under Oil, Gas and Other Fossil Fuels on the Project List.

The IAAC is considering amending the Project List for oil and gas related projects to remove fossil fuel-fired power generating facilities from the List. Currently, fossil fuel-fired facilities with a production capacity of 200 MW or more are considered designated projects under the Project List.

Discussion and recommendations

The *Information and Management of Time Limits Regulations* established under section 112 of the IAA stipulates that a project's greenhouse gas emissions be considered during the planning stage. Climate change is also one of the factors that are to be considered during the impact assessment stage (section 22) and final decision-making stage (section 63). As outlined in the

Strategic Assessment of Climate Change established under section 95 of the IAA, projects that will be operational beyond 2050 are required to provide a credible plan for achieving net-zero emissions by 2050.

Most new fossil fuel-fired facilities that come online between now and 2029 (the IAAC's next review period) will likely operate beyond 2050. There remains interest in building new gas-fired power across the country to meet growing electricity demand. The Pembina Institute's internal analysis finds there are currently 12 large (200 MW or more) gas-fired projects being planned in Alberta, Saskatchewan and Ontario.¹ It is critical that these projects, and any future fossil fuel-fired projects, are accompanied by emissions abatement technologies such as carbon capture and storage (CCS) or hydrogen blending, or plans to operate with low capacity factors, in order for Canada to meet its emissions reductions goals and net-zero targets. A lack of commitment to these technologies or plans in upcoming fossil fuel-fired projects suggests fossil fuel-fired facilities could have adverse effects in areas of federal jurisdiction, namely addressing climate change through emissions reductions. For this reason, it is prudent to keep fossil fuel-fired facilities on the Project List. We further recommend that the IAAC continue to critically examine abatement plans for all proposed major fossil fuel-fired facilities.

Consideration for the role of the upcoming federal Clean Electricity Regulations

The federal Clean Electricity Regulations (CER) are a meaningful effort by the federal government to decarbonize Canada's electricity sector by mid-century, providing policy direction and parameters for industry. The August 2023 draft indicated that all new gas-fired facilities will need to mitigate emissions starting in 2035; however, the regulations are expected to be published in 2024 following substantial stakeholder input, and with ongoing criticism from some provinces and industry groups. Once the CER is finalized, the IAAC can undertake impact assessment of future fossil-fired facilities and measure their abatement efforts against the requirements set by the CER. To do this, the IAAC can broaden the focus of the *Strategic Assessment of Climate Change* to incorporate CER for the purpose of evaluating fossil fuel-fired facilities.²

Even without formally incorporating the CER into the *Strategic Assessment of Climate Change*, retaining fossil fuel-fired facilities on the Project List once the CER has been published will

¹ To our knowledge, 3 of 12 projects have been approved without a full impact assessment by the IAAC, while 2 other projects are in the planning stage.

² The purpose of a strategic impact assessment is to assess how government policies should be operationalised in individual project assessments to ensure consistent application of the IAA. See Nichole Dusyck and Isabelle Turcotte, *A Strategic Assessment of Climate Change: Pembina Institute Comments on the Federal Draft Strategic Assessment of Climate Change* (Pembina Institute, 2019), 3. <https://www.pembina.org/pub/strategic-assessment-climate-change>

likely continue to be beneficial for limiting adverse impacts on areas of federal jurisdiction and the rights of Indigenous Peoples and ensuring public access to information for fossil fuel-fired facilities regarding land development and emissions reductions plans.

With fossil fuel-fired facilities on the Project List, valuable insight into developers' emissions abatement plans, or lack thereof, is readily available and accessible by the public. As such, removing fossil fuel-fired facilities from the Project List could restrict public access to information about new gas-fired facilities.

Conclusion

We would like to express our gratitude for the opportunity to provide written comments on the first scheduled five-year review of the IAA's Project List and reiterate the importance of keeping fossil fuel-fired facilities on the List. We look forward to continued engagement in this issue.