



# **CARBON PRICING CHALLENGES FOR REGULATORS**

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# CHALLENGES FOR REGULATORS

- 1. Current uncertainty about the fundamentals of the regulatory system. – Informing Policy**
- 2. \$100/MWH or \$5/gj on gas is undeniably rate shock. This will be a huge challenge for regulators.**



# CHALLENGES FOR REGULATORS

- 3. Regional dislocations in a province like mine where 70% of the electricity is generated from coal: - The challenge will be enormous.**
- 4. The poor - \$100/MWH or \$5/gj will submerge any current efforts on lifeline rates or other mechanisms to assist the poor.**



# CHALLENGES FOR REGULATORS

- 5. Who will regulate - The absence of a national regulator makes regulation of the cap and trade system enormously complicated. Not only is there a North America challenge, there is an inter-provincial challenge.**



# CHALLENGES FOR REGULATORS

- 6. If a tax is imposed on carbon, regulators are used to allowing the recovery of that by utilities – a far more complex issue is whether purchasing credits or worse still incurring a carbon penalty for non-compliance is a just and reasonable expense in providing service.**



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- 7. Utilities will purchase offset costs – how will regulators determine they are reasonable?**

