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#### Regulation Decision Notice:

**Title:**  
Coal Closure Regulation

**EBR Registry Number:** 010-0945

**Ministry:**  
Ministry of the Environment  
**Date Decision loaded to the**

**Registry:**  
August 24, 2007  
**Date Proposal loaded to the**

**Registry:**  
July 12, 2007

**Keyword(s):** Air | Electricity

#### Decision on Regulation:

O. Reg 496/07 was filed with the Registrar of regulations on August 24, 2007. [View O. Reg 496/07.](#)

Comments were received on the notice of proposal for the regulation and these comments were considered before making the final regulation. This regulation under the Environmental Protection Act (EPA) will ensure that coal is not used to generate electricity at the Atikokan, Lambton, Nanticoke and Thunder Bay generating stations after December 31, 2014.

#### Comments Received on the Proposal: 403

Public Consultation on the proposal for this decision was provided for 30 Days, from July 12, 2007 to August 11, 2007.

As a result of public consultation on the proposal, the Ministry received a total of 403 comments: 38 comments were received in writing and 365 were received online.

Additionally, a copy of all comments are available for public viewing by contacting the Contact person listed in this notice.

A selection of these comments are available:

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#### Effect(s) of Consultation on this Decision:

All comments received were given full consideration by the Ministry. A summary of the comments on the Notice of Proposal for Regulation and the Ministries responses, are included below.

297 respondents or 74% of the submissions were supportive of government efforts to replace coal. Some submitters while supportive of coal replacement/closure were not supportive of the proposed regulation arguing that the cessation date should be sooner than 2014.

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96 respondents or 24% of the submissions were against the regulation arguing that the coal stations should not be closed.

The Ministry received comments on the following issues:

- specifying interim reduction targets;
- setting an earlier closing date than 2014;
- prohibiting non-emergency coal exports;
- banning all coal use in Ontario;
- requiring the addition of emission controls and keeping the stations running;
- keep the northern stations open;
- adequate replacement supply for coal;
- electricity imports generated by coal/transboundary air issues;
- proposed regulation in conflict with the June 2006 Directive to the Ontario Power Authority and other legal requirements;
- reduce emission caps and limits;
- introduce a carbon tax;
- inadequate consultation.

### ***Specifying Interim Reduction Targets***

193 respondents or 48% requested that the regulation include interim reduction targets for coal.

**Response:** Since 2003, greenhouse gas emissions at Ontario's coal stations have been reduced by 29% and the Ontario Power Authority (OPA) suggests emissions will continue to be reduced on an ongoing basis through 2014. The government will continue to monitor coal replacement and consider the need for further regulations if necessary.

### ***Setting an Earlier Closing Date than 2014***

97 respondents or 24% requested that the regulation identify an earlier or immediate closure date.

**Response:** Since 2003, greenhouse gas emissions at Ontario's coal stations have been reduced by 29% and the Ontario Power Authority (OPA) suggests emissions will continue to be reduced on an ongoing basis through 2014. The government will continue to monitor coal replacement and consider the need for further regulations if necessary.

### ***Prohibiting Non-Emergency Coal Exports***

A few submissions requested the regulation be amended to ensure that non-emergency coal electricity exports are prohibited.

**Response:** Ontario operates in an internationally integrated electricity system. Electricity exchanges (imports and exports) are a key element of maintaining broader electricity system reliability.

### ***Banning All Coal Use in Ontario***

2 submissions note that the proposed regulation only addressed the four named stations and requested that the "loophole" to use coal at other generating stations be closed.

**Response:** A broader prohibition for all electricity generation (not just at the named facilities) could jeopardize the cogeneration of electricity in industrial processes and manufacturing that make use of coal. The government wants to encourage cogeneration development from industrial process waste heat for its environmental and economic benefit. These sectors will continue to be covered by existing air quality regulations.

### ***Requiring the Addition of Emission Controls and Keeping the Stations Running***

64 respondents or 16% requested that instead of introducing this regulation the province should instead install emission controls at the coal stations.

**Response:** Clean coal technology research has been underway in the U.S., Canada and Europe for many years. However, even the most modern cleaner coal technologies in commercial use do not eliminate the pollutants of concern. Neither have the required combinations of technologies been demonstrated to be economic for commercial operation.

Against these uncertainties, the government is pursuing conservation, renewable and other cleaner energy sources that have proven commercial viability and cost effective.

#### *Keep Northern Stations Open*

33 respondents or 8% requested that the province should remove the Atikokan and Thunder Bay stations from the proposed regulation because air quality in the north is significantly better than in Southern Ontario and the stations are key contributors to the local economy.

**Response:** The north will continue to benefit from investments in conservation and new cleaner supply sources throughout the region. A bio-energy research centre, associated with the Atikokan Generating Station, is currently being implemented with government support and funding. Results from the research undertaken through the research centre are expected to help OPG understand the potential issues, costs and benefits of converting the station to other fuels. That information could influence the ultimate fate of the station.

#### *Negative Economic Impacts*

63 respondents or 16% requested that the regulation not be pursued due to negative economic impacts including increased electricity rates

**Response:** The OPA analyzed potential rate and bill impacts in its Integration Power System Plan discussion paper and included the impact of all government directives (conservation, renewable energy, coal replacement, etc.) and a growing economy. They found that:

"Based on initial estimates and reasonable ranges of projected costs, the cost of energy will increase by up to 15 percent by 2025 in real terms. While per kilowatt hour costs will rise, Ontario electricity customers who take advantage of conservation opportunities will experience a decrease in their bills. A household that takes advantage of conservation can see bills going down by as much as 12 percent by 2025."

#### *Adequate Replacement Supply for Coal*

45 respondents or 11% requested that the regulation not be pursued due to either inadequate replacement supply, or concerns about pursuing additional nuclear or natural gas capacity.

**Response:** The government has taken action related to the IPSP to ensure that coal can be replaced by 2014. The OPA has undertaken a number of initiatives to secure new cleaner generation sources and a number of these facilities are already operating. The government has also given direction to ensure that conservation and efficiency options become a greater part of the mix. Actions have been set in motion to ensure that adequate and cost effective replacement resources to coal will be in place by 2014. Increased emphasis on conservation and cleaner supply sources will ensure that both the environmental and cost implications of replacement sources will be minimized.

#### *Electricity Imports Generated by Coal/Transboundary Air Issues*

A few submissions suggested that removing coal fired generation in Ontario would promote imports of coal fired generation from dirtier coal fired generation stations in the United States. They also argued that eliminating coal from the four remaining coal generating stations will not have a significant impact on the air quality in Ontario since most of the air pollution originates from the United States.

**Response:** The Ontario government is working with partners to combat transboundary air pollution. For example, it is participating in proceedings to oppose proposals that might weaken US environmental protection at coal fired generating stations in the United States. Ontario's regulation will demonstrate the strength of Ontario's commitment to reduce transboundary air pollution.

#### *Proposed Regulation in Conflict with the June 2006 Directive to the Ontario Power Authority and other Legal Requirements*

A few submitters suggested that the proposed regulation is in conflict with the June 2006 Minister of Energy directive to the OPA to develop an Integrated Power System Plan, and other legal requirements.

**Response:** The regulation will create a legal requirement that no coal may be used to generate electricity at any of the OPG coal fired generation facilities in Ontario, after Dec 31, 2014. The proposed regulation provides the force of law to a long standing government commitment to replace coal as an electricity supply fuel. The Minister of Energy's June 2006 Directive to the OPA requires that the OPA prepare an IPSP which includes a schedule for the replacement of coal fired electricity generation in Ontario. Both instruments offer key policy direction from government.

### *Reduce Emission Caps and Limits*

A number of submissions both supportive and opposed to the proposed regulation, requested that emission caps for all fossil generation be reduced.

**Response:** The Government will consider what other regulatory steps need to be taken between now and 2014 to support its clean air and climate change goals.

### *Introduce a Carbon Tax*

One submission suggested that the regulation be amended to introduce a \$100/tonne carbon tax to replace clauses requiring the proposed coal cessation clause.

**Response:** The Government will consider what other regulatory steps need to be taken between now and 2014 to support its clean air agenda.

### *Inadequate Consultation*

Several submissions argue that the proposed regulation consultation process is inadequate.

**Response:** The proposed regulation provides the force of law to a long standing government commitment to replace coal as an electricity supply fuel. The government has provided significant direction and has met with a wide range of stakeholders over the last number of years as it has moved to implement its clean air agenda and replace coal with cleaner energy sources and conservation. The government has provided many opportunities for public and stakeholder comment.

### *Regulate the Transportation Sector Rather than Stop Coal Use*

Several submissions argue that vehicle efficiency standards, reductions in speed limits and other transportation initiatives should be pursued because they would deliver greater air quality benefits than replacing coal stations (particularly in the north).

**Response:** The government has pursued a number of transportation initiatives including public transit investment, incentives for manufacturing more efficient vehicles, the drive clean program, transportation truck speed limiters and will continue to explore further opportunities. The Government will consider what other regulatory steps need to be taken between now and 2014 to support its clean air agenda.

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**Environmental Protection Act  
Loi sur la protection de l'environnement**

**ONTARIO REGULATION 496/07**

**CESSATION OF COAL USE — ATIKOKAN, LAMBTON, NANTICOKE AND THUNDER  
BAY GENERATING STATIONS**

**Consolidation Period:** From August 24, 2007 to the e-Laws currency date.

No amendments.

*This Regulation is made in English only.*

**Cessation of coal use at certain generating stations**

1. (1) The owner and the operator of each of the following generating stations shall ensure that coal is not used to generate electricity at the generating station after December 31, 2014:

1. Atikokan Generating Station, located on Highway 622 in the Township of Atikokan.
2. Lambton Generating Station, located on St. Clair Parkway in the Township of St. Clair.
3. Nanticoke Generating Station, located on Regional Road 55 South in Haldimand County.
4. Thunder Bay Generating Station, located on 108th Avenue in the City of Thunder Bay. O. Reg. 496/07, s. 1 (1).

(2) Subsection (1) applies in respect of each generating station named in that subsection even if the generating station's name or ownership changes. O. Reg. 496/07, s. 1 (2).

2. Omitted (provides for coming into force of provisions of this Regulation). O. Reg. 496/07, s. 2.

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