**Q. Please provide an update as to any communications that have taken place as between the CEA and Environment Canada since the May 11, 2010 letter referred to in the previous question, and please indicate when a reply to the CEA proposal is expected.**

A. There has been no written response from Environment Canada to CEA concerning the November 13th, 2009 letter. At this time the Company has no indication as to when Environment Canada will respond to CEA's submission.

On July 16th, 2010 CEA sent a subsequent letter to Environment Canada requesting that Environment Canada consider amending the Canadian PCB regulations with end-of-life criteria for certain PCB equipment similar to that used in the United Kingdom.[1]

A copy of CEA's letter of July 16th, 2010 is included as Attachment A.

[1] The July 16th, 2010 CEA proposed end-of-use criteria differs from a November 13th, 2009 CEA proposal for an amendment to allow the use of certain equipment until 2025. Given the average age of the Company's power transformers and oil circuit breakers is 40 years, this difference is not expected to materially affect the required replacement schedule. Should an end-of-life criteria be accepted by Environment Canada, companies who have been granted an end-of-use extension would still be obligated to continue to identify PCB equipment as part of regular maintenance activities (see July 16th, 2010 letter from CEA to Environment Canada in Attachment A).

**Letter from Canadian Electricity Association**
**dated July 16, 2010**

Canadian Electricity Association | Association canadienne de l'électricité

July 16, 2010

Ms. Cynthia Wright
A/Assistant Deputy Minister
Environmental Stewardship Branch
Environment Canada

RE: PCB – International Regulations: Statutory Instrument 2000 No. 1043

The Canadian Electricity Association (CEA) is committed to participating in the action plan for the gradual phase-out of polychlorinated biphenyl (PCB) in Canada. In order to accomplish such a goal, it is crucial that CEA companies have appropriate time to ensure proper management of PCB equipment in an effective, reliable and economically feasible manner. The information below is provided per the request from Environment Canada during our meeting on August 20, 2009 to evaluate international commitments in PCB management.

According to the current PCB regulations, bushings and instrument transformers (IT) having a PCB concentration equal to or greater than 500 parts-per-million (ppm) were due to be removed from service by December 31, 2009 unless an end-of-use extension was granted by the Minister. The maximum extension period ends on December 31, 2014. The granted extensions have allowed CEA members to comply with the PCB regulations as currently written, and are grateful for Environment Canada's effort in working with CEA to complete and approve these applications.

CEA members however, currently face operational and technical difficulties in meeting the extended end-of-use deadline of December 31, 2014. This deadline does not provide sufficient time to address the large inventory of equipment involved (as described by CEA members during the extension application process). As such, CEA is proposing an amendment to the current PCB regulation that would ascribe bushing and instrument transformers (ITs) an end-of-use date beyond 2014. This will allow time for utilities to minimize operational impacts by optimizing resources and securing capital stock required in undertaking the tasks of testing and replacing this equipment.

It should be noted that companies who have been granted an end-of-use extension continue to seek and identify PCB equipment as part of their regular activities. The extension will in no way diminish the environmental integrity of the management of PCB equipment nor will it compromise the environmental responsibilities of our members. Companies continue to maintain the environmental safeguards described in the end-of-use extension requirements.

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CEA has emphasized the cost associated with replacing PCB equipment that has not reached the end of its economic life and the subsequent impact on consumers. CEA has also described the challenges of providing a reliable supply of electricity to the public while scheduling outages to access equipment in efforts to meet the current deadlines. CEA recognizes the ongoing international efforts regarding the elimination of PCB, such as the Stockholm Convention on Persistent Organic pollutants (POPs), to which many developed countries, including the United Kingdom and Canada, are signatories. In May 2000, the UK implemented a statutory instrument (UK Statutory Instrument 2000 no. 1043) to fulfill its obligations under the Stockholm Convention. Excerpts of the instrument can be found below and are submitted to demonstrate support for the proposed amendment to Canada's PCB Regulation.

According to the UK instrument, equipment that is known to be over 500 mg/kg must be decontaminated to below 50 ppm PCB. There is no stipulation of a time limit in the instrument that would force sampling of the equipment; rather PCB equipment must be dealt with as it is discovered. Equipment below 500 ppm may be used until the end of its useful life. See Table 1 below for additional detail.

**Table 1**

| **Legislation** | **Reference within Legislation** | **Details** |
|---|---|---|
| UK Statutory Instrument 2000 no. 1043 | Section 2(1) | "contaminated equipment" means any equipment that contains PCBs other than equipment that contains a total volume not exceeding 5dm$^3$ (or approximately 5 Litres). |
| | Section 2 (1) | "PCBs" means polychlorinated biphenyls, polychlorinated terphenyls, monomethyl-dibromo-diphenyl methane, monomethyl-dichloro-diphenyl methane, monomethyl-tetrachlorodiphenyl methane, or any mixture of the above in concentration of more than 50 ppm. |
| | Section 4 (3) | Equipment <500 ppm can be used until end of its useful life |
| | Section 4(4) | Equipment >500 ppm must be decontaminated to <50 ppm levels. |

The UK Statutory Instrument regarding the elimination of PCBs allows for the phase-out of PCB equipment while maintaining international commitments under the Stockholm Convention and does so in an economically feasible manner that allows for capital stock turnover and testing in a reasonable timeframe.

CEA supports equipment end-of-life as the end-of-use criteria for PCB elimination for managing PCB bushings and ITs in the electricity sector and hopes Environment Canada will consider amending the Canadian PCB regulations with similar end-of-life criteria for certain PCB equipment as in the UK instrument. CEA reemphasizes the need for a regulatory amendment to address the large amount of equipment that would require inspection, testing and potentially removal in such a short timeframe.

The full text of the UK Statutory Instrument is attached for your review and can be found at the following URL: http://www.opsi.gov.uk/SI/si2000/20001043.htm. Thank you for the opportunity to provide this information, and I look forward to continuing this dialogue to determine the best path forward.

Regards,

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cc. Mr. Randall Meades – Director General, Public and Resources Sectors

Mr. Timothy Gardiner – Director, Waste Reduction and Management

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