

## Appendix E – Amending Agreement No. 2

### **Amending Agreement No. 2**

This Amending Agreement (“**Amendment No. 2**”), made in duplicate, to support the operations of the Western Climate Initiative, Inc. is effective as of October 15, 2018 (“**Amending Agreement No. 2 Effective Date**”),

Between:

**Her Majesty the Queen in Right of Ontario**  
**as represented by the Minister of the Environment, Conservation and Parks**  
(formerly the Ministry of the Environment and Climate Change)

(referred to as the “**Ministry**”)

And:

**Western Climate Initiative, Inc.**  
a body corporate constituted under the General Corporation Law  
(Delaware Code, Title 8, Chapter 1) of the State of Delaware

(referred to as “**WCI, Inc.**”)

**WHEREAS** the Ministry and WCI, Inc. entered into an agreement with the effective date of January 1, 2016 (the “**Original Agreement**”);

**AND WHEREAS** the Ministry conducted a number of Ontario-only auctions for emission allowances in 2017;

**AND WHEREAS** the Ministry entered into a linking agreement with the California Air Resources Board and the Gouvernement du Québec, with an effective date of January 1, 2018, which allowed for Ontario’s Cap and Trade Program to be linked with the joint program of Quebec and California, and as a result, the parties amended the Original Agreement to extend the Expiry Date and set out the costs for related services to be provided to Ontario, effective January 1, 2018 (“**Amending Agreement No. 1**”);

**AND WHEREAS** the Original Agreement as amended by Amending Agreement No. 1 is hereby referred to collectively as the “**Agreement**”;

**AND WHEREAS** effective July 3, 2018, the Province of Ontario revoked its cap and trade regulation by Ontario Regulation 386/18, which prohibits all trading of emission allowances and credits under the Ontario Cap and Trade Program (O. Reg. 386/18);

**AND WHEREAS** on July 25, 2018, the Province of Ontario introduced Bill 4: the *Cap and Trade Cancellation Act, 2018* which will, if passed, formally end the Cap and Trade Program in Ontario;

**AND WHEREAS** the Ministry is required to take steps to wind down its Cap and Trade Program, including ending Ontario's participation in WCI, Inc. as a Participating Jurisdiction;

**AND WHEREAS** the Ministry and WCI, Inc. wish to amend the Agreement on the following terms and conditions;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Capitalized terms used but not defined in this amending agreement ("**Amending Agreement No. 2**") have the meanings ascribed to them in the Agreement.
2. As of the Amending Agreement No. 2 Effective Date, "Environment and Climate Change" is hereby deleted and replaced with "Environment, Conservation and Parks" on the first page of the Agreement, and in the definition of "Ministry Address" and "Ministry Representative" in Section 1.01 of the Agreement.
3. The definition of "Expiry Date" in Section 1.01 of the Agreement is hereby replaced in its entirety with the following:

**"Expiry Date"** means November 30, 2018.

4. Section 5.01 (OPS Confidential Information) of the Agreement is hereby amended by adding the following sentence to the end of Section 5.01, "In addition to and notwithstanding any other term or condition of this Section 5.01, WCI, Inc. may keep a copy of the OPS Confidential Information for the use by WCI, Inc. and the other participating jurisdictions only if such use is consistent with the use of such OPS Confidential Information by such entities during the Term."
5. Schedule A of the Agreement is hereby replaced in its entirety with Attachment 1 to this Amending Agreement No. 2.
6. Schedule B of the Agreement is hereby replaced in its entirety with Attachment 2 to this Amending Agreement No. 2.
7. Amending Agreement No. 2 shall be effective as of the Amending Agreement No. 2 Effective Date.

8. Except for the amendments provided for in Amending Agreement No. 2, all provisions in the Agreement shall remain in full force and effect.
9. Amending Agreement No. 2 may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Amending Agreement No. 2 may be validly executed and delivered by means of transmission of signed facsimile or by email transmission of an electronically scanned original signature (such as PDF file format).

**IN WITNESS WHEREOF** the parties hereto have executed the Agreement effective as of the date first above written.

**Her Majesty the Queen in Right of Ontario as  
represented by the Minister of the Environment,  
Conservation and Parks**

Signature: **signature on file**

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Name: Paul H. Evans

Title: Deputy Minister, Ontario Ministry of the Environment  
and Climate Change

**Western Climate Initiative, Inc.**

Signature: **signature on file**

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Name: Greg Tamblyn

Title: Executive Director

I have authority to bind WCI, Inc.

## Attachment 1

### **Schedule A Description of the Services**

#### **A. Background**

Ministry of the Environment, Conservation and Parks (formerly the Ministry of the Environment and Climate Change)

The Ministry is responsible for protecting Ontario's air, land and water to ensure healthy communities, ecological protection and sustainable development for present and future generations of Ontarians.

Western Climate, Initiative Inc. (WCI, Inc.)

WCI, Inc. was incorporated in 2011 as a non-profit corporation to provide technical and scientific advisory services to States of the United States and Provinces and Territories of Canada in the collaborative implementation of their respective greenhouse gas emissions trading programs.

WCI, Inc. provides coordinated administrative and technical support to member state and provincial governments implementing emission trading programs to reduce GHG emissions. By coordinating support across jurisdictions, WCI, Inc. enables cap and trade programs to be administered at a lower cost than would be possible with independent administration by each jurisdiction. Coordinated administrative support ensures that all programs maintain the highest level of security, enhances market oversight, reduces the potential for fraud and malfeasance, allows for linking of programs, and provides a framework that can be expanded as more jurisdictions implement their respective programs.

Ontario's Cap and Trade Program

On June 15, 2018, the incoming government signaled its intention to withdraw from WCI, Inc. as well as the September 2017 joint agreement with California and Québec.

On July 3, 2018, the Province of Ontario revoked its cap and trade regulation by Ontario Regulation 386/18, which prohibits all trading of emission allowances and credits under the Ontario Cap and Trade Program.

On July 25, the Province of Ontario introduced [Bill 4: the Cap and Trade Cancellation Act, 2018](#), which will, if passed, formally end the Cap and Trade Program in Ontario.

#### **B. Description of the Services**

WCI, Inc. agrees to provide Ontario, as a member jurisdiction, with participation in WCI, Inc. with access to administrative systems being developed and administered to support the implementation of state and provincial greenhouse gas trading programs (stand-alone or linked). Ontario will be provided access to administrative systems including development and administration of the Cap-and-Trade Compliance Instrument Tracking System Service (CITSS) at the level of access that was previously provided to Ontario prior to linking to California and Quebec. Other than what is described in Schedule A, WCI, Inc. shall not undertake or allow WCI, Inc. service providers to undertake any further activities which would result in any additional costs to the Ministry without prior written consent from the appropriate Ministry Representative.

The parties to this Contract acknowledge and agree that in addition to the aforementioned Services, WCI, Inc. also undertakes such activities necessary for the administration and operation of WCI, Inc. ("**Administrative Services**"). The Administrative Services also may include other services requested by any participating jurisdiction and approved by the WCI, Inc. Board of Directors. These Administrative Services are to the benefit of all WCI, Inc. participating jurisdictions, including Ontario. The Ministry further acknowledges and agrees that the Payment Amounts set forth in Schedule B of this Contract will be used, in part, to cover these Administrative Services and that WCI, Inc. does not and will not separately itemize or report to the Ministry the Payment Amounts attributable to any Administrative Services (whether individually or jointly). Ontario shall not be responsible for any additional costs for Administrative Services over and above what is included in the Payment Amounts set forth in Schedule B to this Contract without the prior written consent of the Ministry Representative.

## Attachment 2

### **Schedule B Financial Contribution**

The Ministry will provide a financial contribution to WCI, Inc. according to the following schedule:

Payment Dates	Payment Amount (USD)
March 31, 2016	\$387,110
June 30, 2016	\$300,000
September 30, 2016	\$300,000
December 31, 2016	\$300,000
March 31, 2017	\$398,745
June 30, 2017	\$350,000
September 30, 2017	\$350,000
December 31, 2017	\$350,000
March 31, 2018	\$311,055.40
June 30, 2018	\$311,055.40
November 30, 2018	\$316,084