

## **Schedule A**

### **Description of the Services**

#### **A. Background**

##### Department of Environment

Nova Scotia's Department of Environment is responsible for delivering effective and efficient regulatory management for the protection of the province's environment. Among the areas that the department is responsible for are: air quality, drinking water, solid waste, climate change, and parks and protected areas.

##### Nova Scotia Cap and Trade Program

In November 2016, Nova Scotia announced its intention to develop a cap and trade program to support the continued reduction of greenhouse gas emissions. Nova Scotia's program launched in January 2019. The program only includes Nova Scotia greenhouse gas emission allowances and is not linked with other jurisdictions.

##### 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 the 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 administration 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 administrated 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, and provides a framework that can be expanded as more jurisdictions implement their respective programs.

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

WCI, Inc. agrees to provide Nova Scotia, as a member jurisdiction, with participation in WCI, Inc. with access to the major components of their service:

1. Implementing a tracking system for monitoring all emissions allowances issued by Nova Scotia and providing the services associated with using and operating the system, including but not limited to:
  - creating, hosting and operating the tracking system;
  - ensuring the system's security.

2. Conducting the monitoring of transactions of emission allowances and any other system operation in collaboration with Nova Scotia authorities;
3. Implementing an auction system and providing services associated with using and operating the system, including but not limited to:
  - creating, hosting and operating the auction system;
  - ensuring the system's security.

WCI, Inc. acknowledges that Nova Scotia released a set of regulations in Fall of 2018 to regulate its cap and trade program. Any changes to the Services may be initiated through the change order process to be mutually agreed to between the parties during the project's initiation. Services provided by **WCI, Inc.**, should provide for any linking with another jurisdiction designated by Nova Scotia.

The parties to the Agreement acknowledge and agree that in addition to the aforementioned Services, WCI, Inc., also undertakes such activities necessary for the administration and operation of the corporation ("**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 Nova Scotia. Nova Scotia further acknowledges and agrees that the Payment Amounts set forth in Schedule B of the Agreement will be used, in part, to cover these Administrative Services and that WCI, Inc. does not and will not separately itemize or report to Nova Scotia the Payment Amounts attributable to any Administrative Services (whether individually or jointly).

**Schedule B  
Financial Contribution**

Nova Scotia will provide a financial contribution to WCI, Inc. according to the following schedule:

Payment Dates	Payment Amount
June 30, 2018	\$104,543
September 30, 2018	\$104,542
December 31, 2018	\$104,542
March 31, 2019	\$57,106
June 30, 2019	\$110,674
September 30, 2019	\$110,674
December 31, 2019	\$110,674

**Amendment to Funding Agreement 2018-2019**

Addition of \$160,704 USD for auction onboarding, which is listed as Item 3 in Schedule A. The cost is divided evenly between Q2, Q3 and Q4 payments.