

Annual Green Fund Report, 2020-21

Introduction

Nova Scotia's Cap-and-Trade Program started on January 1, 2019. The Green Fund was established in the Environment Act (the "Act") as the mechanism to receive and disburse proceeds generated from Nova Scotia's Cap-and-Trade Program.

The Act requires that investments made from the Green Fund meet one or more of the following:

- financing measures to reduce, limit or avoid greenhouse gas emissions;
- financing the research and development of innovative technology to reduce, limit or avoid greenhouse gas emissions;
- financing measures to mitigate the economic and social impact of measures to reduce, limit or avoid greenhouse gas emissions;
- financing public awareness campaigns respecting climate change or measures to reduce, limit or avoid greenhouse gas emissions;
- financing adaptation to climate change;
- financing the development of, and the participation of the Government of the Province in, regional and international initiatives respecting climate change.

Subsection 112P (2) of the Act requires the Minister of Environment and Climate Change to table a report on the use of the Green Fund no later than July 31st each year. This report fulfills this obligation.

Revenue

The Cap-and-Trade program's first auction of emission allowances occurred on June 10th, 2020 and resulted in the sale of 640,000 allowances at a settlement price of \$24.00 per allowance. Total revenue from the auction was \$15,360,000.

The second auction of emission allowances was held on December 2nd, 2020 and resulted in the sale of 542,000 allowances at a settlement price of \$24.70 per allowance. Total revenue for the auction was \$13,387,400.

In addition to allowance sales, \$11,908 in interest was accrued.

In 2020, total revenue in the Green Fund was \$28,759,308 which was fully invested as of March 31st, 2021

More information on the auction results can be found here: <https://climatechange.novascotia.ca/cap-trade-regulations>

Investments

In 2020/21, Nova Scotia used the Green Fund to invest in renewable energy and energy efficiency programs, youth employment in environment and climate change fields, climate change adaptation and program administration. Each initiative is described further below. Funding amounts are rounded to the nearest hundred.

Solar Homes- Efficiency One (\$5,500,000 for 3 years)

The Solar Homes program was launched in 2018 and offers incentives to single-family homes (detached, semi-detached, townhouses, rowhouses, and mobile homes) to install solar photovoltaic (PV) systems. The rebate makes solar PV more affordable, saves participants money on their electricity bills and reduces greenhouse gas emissions.

HomeWarming- Efficiency One (\$4,750,000 for 1 year)

HomeWarming provides energy efficiency home upgrades at no charge to eligible Nova Scotian homeowners. To qualify for the program, the total household income must be within the Low-Income Cut-off figures set by Statistics Canada plus an additional 15%. The Green Fund investment in the HomeWarming program will be for non-electrically heated homes.

Affordable Multi-Family Housing- Efficiency One (\$11,450,000 for 5 years)

The Affordable Multi-Family Housing Program offers financial incentives to owners of affordable rental units and non-profit organizations to complete efficiency upgrades. These upgrades will help Nova Scotians living on lower incomes save money on their monthly energy bills and make their homes more comfortable. Efficiency Nova Scotia arranges no-cost energy audits and works with participants to prioritize upgrades and ensure the work meets auditor recommendations. Participants work with the contractor of their choice and receive rebates.

Small Business and Not-for-Profit Energy Solutions - Efficiency One (\$3,521,300 for 3 years)

The Small Business and Not-for-Profit Energy Solutions Program offers rebates for energy saving measures for small business, not-for-profit, and institutional customers in Nova Scotia that heat using electricity. Those who heat with propane, natural gas, diesel, or furnace oil are now eligible because of the Green Fund investment.

The Green Fund investment expanded the current program to include non-electrically heated small businesses and not-for-profits. Incentives would be available for energy audits and products, such as heat pumps, that reduce the use of non-electric fuels in businesses and not-for-profit organizations.

Clean Leadership Program- Clean Foundation (\$2,000,000 for 5 years)

The Clean Leadership Program works to inspire and develop committed youth leaders in environmental fields through subsidized summer internships within host organizations in Nova Scotia. The program is run by the Clean Foundation. Interns participate in 15-week or 9-week placements where they gain practical work experience, support environmental projects, gain tools for future success in their chosen fields and gain insight into potential career paths. The program supports small and medium-sized employers through the wage subsidy and offers assistance with human resources and payroll support.

The Green Fund investment established a climate change cohort of interns within the Clean Leadership Program over the next 5 years. The climate change cohort will place trained, talented students and young professionals in summer internships working on clean-growth and climate adaptation ventures that are tied to complex sustainability challenges.

Climate Adaptation Leadership Program- Nova Scotia Environment and Climate Change (\$318,900)

The Climate Adaptation Leadership Program is a skills-development, capacity-building program designed to enhance department, industry, and community preparedness for climate change. Through a structured process and supportive training, teams within and across whole sector value chains are supported in developing and implementing department and sector climate adaptation plans. The program is currently supporting 5 provincial departments and 7 sectors.

Green Fund contributions have been dedicated to program monitoring and evaluation, training and the salaries required for overall program implementation.

Climate Change Risk Assessment- Nova Scotia Environment and Climate Change (\$200,500)

The climate change risk assessment will provide reliable information that the Government of Nova Scotia and others (e.g., municipalities, businesses, communities) can use to better understand and address risks, take advantage of opportunities, and adapt to the changing climate.

The risk assessment will consider Nova Scotians' wellbeing when assessing climate change risks, including identifying risks to communities, environment, economy, and infrastructure, as well as exploring social, economic, and geographic differences.

Western Climate Initiative- Nova Scotia Environment and Climate Change (\$923,000)

The Western Climate Initiative (WCI) is a non-profit organization that provides technical and administrative support for cap-and-trade programs, including Nova Scotia's program. WCI delivers the following services to Nova Scotia:

- Implementing a registry for participants to sign up and manage their greenhouse gas emission allowances;
- Conducting independent market monitoring and oversight; and
- Administering auction and reserve sale events, including financial administration services.

Green Fund Coordinator- Nova Scotia Environment and Climate Change (\$78,600)

The Green Fund Coordinator is housed in the Department of Environment and Climate Change and is responsible for the day to day operations of the Green Fund. The position's salary is covered by the Green Fund.

Green Fund Audit (\$17,000)

Nova Scotia Environment and Climate Change commissioned Grant-Thornton LLP to provide a third party compiling/auditing of prepared financial statements showing the Statement of Operations of the Green Fund and the receipts and expenditures of the Fund for fiscal year ending March 31, 2021.

The auditor reviewed all financial records associated with the Fund in accordance with Generally Accepted Auditing Standards.

Summary

Investment Name	Actuals rounded to '00	Term
Solar Homes	\$5,500,000	2021/22 – 2023/24
HomeWarming	\$4,750,000	2021/22
Affordable Multi-Family Housing	\$11,450,000	2021/22 – 2025/26
Small Business and Not-for-Profit Energy Solutions Program	\$3,521,300	2021/22 – 2023/24
Clean Leadership Program	\$2,000,000	2021/22 – 2025/26
Climate Adaptation Leadership Program	\$318,900	2020/21
Climate Change Risk Assessment	\$200,500	2020/21
Western Climate Initiative	\$923,000	2020/21
Green Fund Coordinator	\$78,600	2020/21
Green Fund Audit	\$17,000	2020/21
Total Disbursement from the Green Fund	\$28,759,300	