

Nova Scotia Cap-and-Trade Program

Guidance for Allowance Consignment to Auction

Background

The *Cap-and-Trade Program Regulations* provide all entities with the opportunity to sell their allowances through consignment at a government-run auction.

Allowance Consignment Requirements

An entity may consign allowances for sale at an auction only by transferring allowances from their Limited Use Holding Account to the Nova Scotia Auction Holding Account.

There are two transfers required to consign allowances for sale at an auction: (1) request to Nova Scotia Environment and Climate Change staff to transfer allowances from the entity's General Account to their Limited Use Holding Account and (2) In CITSS, transfer allowances from the Limited Use Holding Account to the Nova Scotia Auction Holding Account.

Transferring Allowances from an Entity's General Account to its Limited Use Holding Account

To transfer emission allowances from the General Account to the Limited Use Holding Account, an entity's account representative must submit a transfer request to Nova Scotia Environment and Climate Change staff, signed by a 2nd account representative of the entity, that sets out:

- the program participant's General Account number.
- the program participant's Limited Use Holding Account number.
- the total number of emission allowances to be transferred.
- the vintage for each emission allowance to be transferred.

The transfer from a General Account to the Limited Use Holding Account occurs in CITSS and the transfer request must be received by Nova Scotia Environment and Climate Change staff at least 63 days prior to an auction for the allowances to be offered for sale at the next scheduled auction.

Transfer requests of allowances from a General Account to the Limited Use Holding Account that are completed in CITSS between the last auction consignment deadline and the close of business (11:59 PM Atlantic Time) on the day of the current consignment deadline will be consigned to the next scheduled auction. Allowances transferred in CITSS cannot be designated for consignment to a later auction.

Transferring Allowances from an Entity's Limited Use Holding Account to the Nova Scotia Auction Holding Account

CITSS transfers from a Limited Use Holding Account to the Nova Scotia Auction Holding Account are completed in two steps: (1) proposal and (2) approval. The Primary Account Representative (PAR) or one of the Alternate Account Representatives (AARs) of the consigning entity must propose the transfer request in CITSS by following the steps listed below:

1. Select the "View" button (right side) for the Limited Use Holding Account on the "My Accounts" pane of the CITSS Home Page.
2. Select the "Initiate Transfer" button for the allowance vintage to be consigned in the Holdings tab to access the Propose Consignment Transfer: Limited Use Holding Account page.
3. Follow the instructions on the page to propose the consignment transfer.

A second account representative (PAR or AAR) of the consigning entity must log into CITSS and select the same entity account to approve the proposed transfer request within two days of the proposal or the transfer request will expire in CITSS.

Follow the steps listed below to approve the transfer.

1. Select the Transfer ID of the pending consignment transfer in the "Pending Transfers" pane of the CITSS Home Page to access the Compliance Instrument Transfer Detail page.
2. Follow the instructions on the page to approve or deny the proposed transfer.

A transfer is completed only if it is approved prior to expiring. CITSS transfers that have expired will require a new transfer proposal and approval prior to the consignment deadline in order to consign allowances to the next scheduled auction.

Consigning allowances to the Nova Scotia Auction Holding Account is a permanent and irreversible action. The consignment will be complete and final when the transfer is approved by the second account representative of the transferring entity.

Provide or Confirm Wiring Instructions in CITSS

Every consigning entity is required to provide wiring instructions or confirm existing wiring instructions in CITSS for the payment of auction proceeds every time allowances are consigned to auction.

Entities provide or confirm consignment wiring instructions by following the steps listed below:

1. Select the "View" button (right side) for the Limited Use Holding Account on the "My Accounts" pane of the CITSS Home Page.
2. Select the "Wiring Instructions" button on the Limited Use Holding Account page to access the Wiring Instructions Detail page.

3. To propose new wiring instructions, select the “Edit” button on the top right portion of the Wiring Instructions Detail page.
 - a. To verify proposed wiring instructions, a second account representative must log into CITSS, select the same entity account, access the Wiring Instructions Detail page, and complete the “Verify Wiring Instructions” pane.
4. To confirm existing wiring instructions, select the “Confirm” button in the “Existing Fedwire Wiring Instructions” pane on the Wiring Instructions Detail page.

Account representatives will be prompted to indicate whether wiring instructions are current or require an update when a consignment transfer is proposed and again when the proposed transfer is approved. If the representatives indicate that the instructions are accurate, the Financial Services Administrator (FSA) will be notified and no further action is required by the representatives. If the representatives indicate that the instructions are not accurate, they will be prompted to update the information prior to the auction. The consignment transfer will be completed upon approval, regardless of the status of the wiring instructions.

Allowances consigned to auction that remain unsold at auction will be returned to the entity. If an entity consigned allowances to a previous auction that remain unsold and the entity has not consigned additional allowances to the next scheduled quarterly auction, that entity is required to confirm existing wiring instructions or provide new wiring instructions in CITSS following the steps outlined above. Wiring instructions should be confirmed or provided no later than the date the auction is held as listed in the Auction Schedule in the Auction Notice.

Auction Consignment and Participation

Consigning Only

If an entity is only consigning to an auction and has no intention of participating in that auction to purchase allowances, an auction application should not be submitted in CITSS. Entities that are consigning allowances to an auction but do not intend to apply to participate in the auction should still select the “Auction and Reserve Sale Information” box under the “Auction” tab in CITSS no later than one day prior to the end of the application period for that auction. Selecting the “Auction and Reserve Sale Information” box under the “Auction” tab in CITSS ensures that the entity’s current account representative contact information is sent to the FSA to conduct the consignment process.

Consigning and Participating in an Auction

An entity that consigns allowances for an auction that also wishes to apply to participate in the auction must complete all required actions to participate in the auction, including submitting an auction application or confirming an intent to bid in CITSS and submitting a bid guarantee.

Additional Information

For additional information on the Cap-and-Trade Program, please visit Nova Scotia Environment’s website at <https://climatechange.novascotia.ca/cap-trade-regulations>

If you have any questions regarding the consignment of allowances, please contact Michelle Miller at (902) 456-0286 or Andrew Webber at (902) 221-2126 or andrew.webber@novascotia.ca

If you have any questions on wiring instructions the Financial Services Administrator (Deutsche Bank) may be contacted (714) 247-6167 or db.wcisupport@db.com