Amending Agreement No. 1

This Amending Agreement (the “Amendment #1”), made in duplicate, to support the operations of the Western Climate Initiative, Inc. is effective as of January 1, 2018 (“Effective Date”),

Between:

Her Majesty the Queen in Right of Ontario
as represented by the Minister 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 “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 allows for Ontario’s cap and trade program to be linked with the joint program of Quebec and California;

AND WHEREAS the Ministry amended Ontario Regulation 144/16 The Cap and Trade Program to link Ontario’s cap and trade program with the joint program of Quebec and California;

AND WHEREAS the Ministry wishes to extend the Agreement for another two years and set out the Ministry’s financial contribution with respect thereto;

AND WHEREAS the initial approval for the Ministry to enter into the Agreement from the Supply Chain Leadership Council (“SCLC”) allowed for one 2-year extension (and one further 1-year extension) but required the Ministry to report back to SCLC before executing any contract extensions;

AND WHEREAS the Ministry reported back to SCLC on December 4, 2017 and received support to extend the Agreement for another 2 years;
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. 1") have the meanings ascribed to them in the Agreement.

2. The definition of “Expiry Date” in the Agreement is hereby replaced in its entirety with the following:

   "Expiry Date" means December 31, 2019.

3. The definition of “Ministry Address” and “Ministry Representative” in the Agreement is hereby replaced in its entirety with the following:

   "Ministry Address" and "Ministry Representative" mean:

   Cap and Trade Branch
   Climate Change Directorate
   Ontario Ministry of the Environment and Climate Change
   40 St. Clair Avenue West, 4th Floor
   Toronto, Ontario, Canada M4V 1M2

   Ministry Representative: Tom W. Johnson
   Telephone: (416) 325-8395
   Facsimile: (416) 314-4160
   E-mail: tom.w.johnson@ontario.ca

4. Section 7.07 (Expiry and Extension of Contract) of the Agreement is hereby amended by deleting the word “original”.

5. Schedule A of the Agreement is hereby replaced in its entirety with Attachment 1 to this Amending Agreement No. 1.

6. Schedule B of the Agreement is hereby amended by extending the chart (Financial Contribution) therein to include the following additional payment dates and amounts:
<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2018</td>
<td>$311,055.40</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>$311,055.40</td>
</tr>
<tr>
<td>September 30, 2018</td>
<td>$311,055.40</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>$311,055.40</td>
</tr>
<tr>
<td>March 31, 2019</td>
<td>$307,729.59</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>$307,729.59</td>
</tr>
<tr>
<td>September 30, 2019</td>
<td>$307,729.59</td>
</tr>
<tr>
<td>December 31, 2019</td>
<td>$307,729.59</td>
</tr>
</tbody>
</table>

7. Amending Agreement No. 1 shall be effective as of the Effective Date.

8. Except for the amendments provided for in Amending Agreement No. 1, all provisions in the Agreement shall remain in full force and effect.

9. Amending Agreement No. 1 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. 1 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).

- SIGNATURE PAGE FOLLOWS -
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 and Climate Change

Signature: Signature on File
Name: Paul H. Evans
Title: Deputy Minister, Ontario Ministry of the Environment and Climate Change

Western Climate Initiative, Inc.

Signature: Signature on File
Name: Greg Tamblyn
Title: Executive Director

I have authority to bind WCI, Inc.
A. **Background**

**Ministry of the Environment and Climate Change**

The Ministry is responsible for protecting Ontario’s air, water and land by developing and implementing legislation, policies and programs in support of its vision of a healthy environment for a strong Ontario.

To help mitigate climate change, Ontario passed the *Climate Change Mitigation and Low-carbon Economy Act, 2016*, which received Royal Assent on May 18, 2016.

On May 19, 2016, the two regulations that form the backbone of Ontario’s cap and trade program were filed - the Cap and Trade Program Regulation (O. Reg. 144/16), and the Quantification, Reporting and Verification of Greenhouse Gas Emissions Regulation (O. Reg. 143/16).

**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 Cap and Trade Program**

In April 2015, Ontario announced its intention to link its cap and trade program with similar programs in California and Quebec.

Ontario’s program is anticipated to include the following:
• Ontario-only auctions of carbon allowances prior to linking with California and Quebec
• linked auctions with California and Quebec, at a frequency to be determined; and
• Reserve sales of carbon allowances, on a frequency to be determined.

On September 22, 2017, Ontario, Quebec and California signed an agreement to link Ontario’s cap and trade program with Quebec and California’s joint program, and announced the intention for the linkage to be effective January 1, 2018. Regulatory amendments were filed for the link to take effect on January 1, 2018.

The linked program will include, but is not limited to, the following:

• Program participants from any linked jurisdiction are able to purchase and trade allowances and credits from any other linked jurisdiction, and use those allowances and credits for compliance;
• Four joint auctions per year, where auction participants purchase allowances from a pool of allowances supplied by all linked jurisdictions; and
• Reserve sales of carbon allowances, on a frequency to be determined.

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); development and administration of an allowance auction platform; coordinated auction financial administration; and analyses supporting market monitoring performed by each jurisdiction of allowance auctions and allowance and offset credit trading.

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 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 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).