

September 2025

NOVA SCOTIA OBPS AT A GLANCE

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|-----------------------------------|--|
| Years in operation | Began in January 2023 replacing former Cap and Trade System |
| Overall cap and trajectory | <p>Nova Scotia's OBPS regulates industrial and power-sector facilities that emit $\geq 50,000$ tCO₂e/year; facilities emitting 10,000–50,000 tCO₂e/year may opt in voluntarily if they meet program requirements</p> <p>Emissions limits are based on historical production and emissions data, applying sector- and product-specific Performance Standards Reduction Factors (PSRFs) which tighten over eight "reduction periods" (2023–2030+). A subset of electricity generators (coal-fired, oil-fired, and both existing and new natural gas-fired units) are subject to specific fuel-based tCO₂e/GWh emission limits as listed in Table 3 of the Reporting and Compliance Regulations.</p> <p>For emissions-intensive and trade-exposed products, PSRFs start at 99% of baseline in Period 1 and decrease by 1 percentage point each period to 92% by Period 8; non-EITE products begin at 98.5% and tighten to 88% by Period 8</p> <p>Facilities emitting below their benchmarks earn performance credits that can be banked or traded, whereas those exceeding must surrender credits or purchase fund credits at the federal carbon price (CAD 95/tCO₂e in 2025).</p> |
| Emissions reduced to date | No data available |
| Target(s) | <p>Supports the province's goal of reducing emissions:</p> <ul style="list-style-type: none"> • 53% reduction below 2005 levels by 2030 • Net-Zero by 2050 |
| Sectors covered | Nova Scotia's OBPS applies only to "industrial facilities" as defined in Section 112R(1) of the Environment Act. |
| GHGs covered | <p>Greenhouse gases are listed in Table 1 of Nova Scotia's Output-Based Pricing System Reporting and Compliance Standard</p> <ul style="list-style-type: none"> • Carbon dioxide (CO₂) — excluding biomass sources • Methane (CH₄) • Nitrous oxide (N₂O) • Sulphur hexafluoride (SF₆) • Hydrofluorocarbons (HFCs) • Perfluorocarbons (PFCs) |
| Number of covered entities | ~15 |
| Allocation method | Production and emissions data from three approved consecutive baseline years, selected by each facility from the five years preceding its first compliance period are averaged to calculate each facility's baseline emissions intensity for each regulated product (baseline emissions ÷ baseline production). Emission limits for each compliance period are then set equal to that facility's baseline intensity multiplied by its actual production and tightened over time via the applicable Performance Standards Reduction Factors. |

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| Trading rules | <p>A facility can achieve compliance through the following two options:</p> <ol style="list-style-type: none"> 1) Purchasing fund credits via direct payments into the Nova Scotia Climate Change Fund for each tonne of emissions above its annual performance standard at the federal backstop price (CAD 95/tCO₂e in 2025, rising by CAD 15 each year). Fund credits are only usable for the compliance period in which they're purchased. 2) Surrendering performance credits (whether earned by under-performing the standard, banked from prior periods, or purchased from other regulated facilities) to cover excess emissions. Performance credits expire after 7 years. <p>Although the regulations provide for the future use of offset credits, they are not currently enabled; banking and secondary trading of performance credits are permitted, whereas borrowing of credits is prohibited</p> |
| Use of offsets and linking | Under Nova Scotia's OBPS, the regulations include provisions for offset credits and external linkages, but neither is currently enabled in the system |
| Penalties for non-compliance | If a facility fails to submit the required compliance units by the annual deadline, it must pay the amount of the obligation shortfall into the Nova Scotia Climate Change Fund. Any amount that remains unpaid will bear interest at the rate set out in subsection 3(1) of the Revenue Act Regulations made under the Revenue Act, in accordance with subsection 112ZC(6) of the Environment Act. |
| Use of revenue | <p>Revenues are directed to the Nova Scotia Climate Change Fund, which supports a variety of GHG-reduction programs and low-carbon innovation projects.</p> <p>Detailed protocols for allocating these proceeds are still under development and will be reviewed in the province's 2025 Climate Change Plan progress report under the Environmental Goals and Climate Change Reduction Act.</p> |

PROGRAMME DETAILS

As of January 1, 2023, Nova Scotia's Output-Based Pricing System (OBPS) is in effect, replacing the former cap-and-trade program and aligning with the federal carbon price path. It was enacted through Bill 208 amendments to the Environment Act and three key regulations—the Registration and Opt-in Regulations (OIC 2023-35), the Reporting and Compliance Regulations, and the Reporting and Compliance Standard.

2023 Compliance Snapshot

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| Covered facilities | 15 |
| Total reported emissions | 5,250,823 tCO ₂ e |
| Total compliance obligation | 429,943 tCO ₂ e |
| Fund credits purchased | 268,096 |
| Performance credits issued | 163,509 |
| OBPS revenue collected | C\$17,426,240 |

Performance Standards Reduction Factors (PSRFs)

| Reduction Period | C1 | C2 | C3 | C4 | C5 | C6 | C7 | C8 |
|-------------------|-------|-----|-------|-----|-------|-----|-------|-----|
| EITE products | 99% | 98% | 97% | 96% | 95% | 94% | 93% | 92% |
| Non-EITE products | 98.5% | 97% | 95.5% | 94% | 92.5% | 91% | 89.5% | 88% |

Note: Electricity generation follows fuel-specific intensity standards (tCO₂e/MWh).

Compliance Price (Fund Credits)

| Year | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|------------------------|------|------|------|-------|-------|-------|-------|-------|
| C\$/tCO ₂ e | \$65 | \$80 | \$95 | \$110 | \$125 | \$140 | \$155 | \$170 |

MAJOR DEVELOPMENTS

- Bill 208 received Royal Assent in November 2022, repealing cap-and-trade provisions and establishing the OBPS framework effective January 1, 2023.
- On October 22, 2024, the Minister of Environment and Climate Change approved an updated Reporting and Compliance Standard, refining verification and reporting requirements.
- In 2023, the Green Fund transitioned to the Nova Scotia Climate Change Fund — now the repository for OBPS revenues supporting clean-growth initiatives — with its first annual report due under the Environmental Goals and Climate Change Reduction Act in fall 2025.

MARKET COMMENTARY

Nova Scotia's market is small and dominated by electricity-sector emissions. In 2023, ~62% of obligations were met via fund credits at the compliance price, with the remainder largely covered by performance credits. Liquidity will depend on the pace of opt-ins, electricity sector decarbonization, and future recognition of offset credits.

USEFUL LINKS

Nova Scotia OBPS Overview (Climate Change Nova Scotia) – <https://climatechange.novascotia.ca/output-based-pricing-system>

Environment Act (SNS 1994–95, c. 1) – Part XIB (Output-Based Pricing System) – <https://www.canlii.org/en/ns/laws/stat/sns-1994-95-c-1/latest/sns-1994-95-c-1.html>

Bill 208 (Environment Act Amendments) – https://nslegislature.ca/legc/bills/64th_1st/1st_read/b208.htm

OBPS Registration and Opt-in Regulations (N.S. Reg. 32/2023) – <https://novascotia.ca/just/regulations/regs/envoutput.htm>

OBPS Reporting and Compliance Regulations (N.S. Reg. 24/2024) – <https://novascotia.ca/just/regulations/regs/2024-024.pdf>

OBPS Reporting and Compliance Standard (Oct 22, 2024) – <https://climatechange.novascotia.ca/sites/default/files/uploads/output-based-pricing-system-reporting-and-compliance-standard.pdf>

Nova Scotia Climate Change Fund Overview – <https://climatechange.novascotia.ca/climate-change-fund>

Annual Progress Report (2023 Compliance Year) – <https://climatechange.novascotia.ca/sites/default/files/obps-annual-progress-report-2024.pdf>

REFERENCES

Environment Act (SNS 1994–95, c. 1), Part XIB – Output-Based Pricing System.
<https://www.canlii.org/en/ns/laws/stat/sns-1994-95-c-1/latest/sns-1994-95-c-1.html>

Bill 208 – An Act to Amend Chapter 1 of the Acts of 1994–95, the Environment Act (Royal Assent November 9, 2022).
https://nslegislature.ca/legc/bills/64th_1st/1st_read/b208.htm

Registration and Opt-in Regulations (N.S. Reg. 32/2023) made under Part XIB of the Environment Act.
<https://novascotia.ca/just/regulations/regs/envoutput.htm>

Reporting and Compliance Regulations (N.S. Reg. 24/2024) made under Part XIB of the Environment Act.
<https://novascotia.ca/just/regulations/regs/2024-024.pdf>

Output-Based Pricing System Reporting and Compliance Standard (October 22, 2024), Nova Scotia Environment and Climate Change.
<https://climatechange.novascotia.ca/sites/default/files/uploads/output-based-pricing-system-reporting-and-compliance-standard.pdf>

Environmental Goals and Climate Change Reduction Act (EGCCRA), S.N.S. 2021, c. 28.
<https://nslegislature.ca/sites/default/files/legc/statutes/environmental%20goals%20and%20climate%20change%20reduction.pdf>

Nova Scotia Environment and Climate Change – Nova Scotia Climate Change Fund (Program Description).
<https://climatechange.novascotia.ca/climate-change-fund>

Nova Scotia Environment and Climate Change – *Annual Progress Report* (2023 compliance period).
<https://climatechange.novascotia.ca/sites/default/files/obps-annual-progress-report-2024.pdf>

International Carbon Action Partnership (ICAP) – *Nova Scotia's Output-Based Pricing System for Industry – Factsheet* (latest update 2024).
<https://icapcarbonaction.com/en/ets/canada-nova-scotia-output-based-pricing-system-industry>

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