



# Québec's Cap-and-Trade System Cost Containment Mechanisms

CARB Cap-and-Trade Workshop

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Jean-Yves Benoit  
Director - Carbon Market Division  
Climate Change Office  
Government of Québec

# Status Update

- Cap & Trade Legislation (2009)
- 2020 Mitigation Goal (2009)
- Initial Cap & Trade Regulation (December 2011)
- Amendment to the C&T Regulation (December 2012)
  - Allow linking with California & other jurisdictions
  - Introduce Offset Regulation
- Québec and California linked Program : January 2014

## Flexibility and Cost Containment Mechanisms

- Multi-years compliance periods
  - First : 2013-2014
  - Second : 2015-2017
  - Third : 2018-2020
- Free allocation
  - Eligible Trade Exposed Sectors
  - Allocation = (Intensity target) x (Real Output)
- Offsets
  - Usage Limit : 8% of compliance

## Flexibility and Cost Containment Mechanisms

- Minimum Auction Price
  - CAN\$10 in 2012
  - Increase annually by 5% plus inflation
- Reserve Sales (Sales by Mutual Agreement)
  - Restricted to Québec's covered entities
  - General account must not contain any compliance instruments for a current compliance period
  - Categories: A (CAN\$40), B (CAN\$45) and C (CAN\$50) in 2013
  - Prices increase annually by 5% plus inflation
  - Bid guarantee required, lots of 1000 units

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**Merci!**