Québec’s Cap-and-Trade System Compliance Requirements
CARB Cap-and-Trade Workshop
June 25, 2013

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
Compliance Requirements

• Compliance obligation
  ▪ ... to cover each metric tonne CO2 equivalent of the verified emissions ...

• Date of compliance obligation
  ▪ November 1\textsuperscript{st} following the end of each compliance period

• Compliance periods
  ▪ First : 2013-2014
  ▪ Second : 2015-2017
  ▪ Third : 2018-2020
Compliance Requirements

100kt + 100kt + 100kt = 300kt

Mandatory Reporting of GHG Emissions
2015  2016  2017

Free allocation (Eligible Entities Only)
(90kt + 85kt + 80kt) = 255 kt
Buy 45kt Compliance instruments at auction or on the market

Compliance Obligation
(November 1st)
Surrender 300 000 compliance instruments
Compliance Requirements

• Compliance instruments valid for surrender
  ▪ Québec Allowances, Early Reduction Credits and Offsets Credits
  ▪ California Allowances and Offsets credits (once linked)

• Order of Compliance Instruments Retirement
  1. Offset Credits : earlier vintage first (subject to 8% limit)
  2. Early Reduction Credits
  3. Allowance purchased from the Allowance Price Cost Containment Reserve
  4. Allowances : earlier vintage first
Merci!