

Report on the Net Flow of Compliance Instruments between Québec and California for the Period 2013-2023

This document presents the net flow of compliance instruments between Québec and California as calculated using the [accounting mechanism](#) jointly developed by the jurisdictions pursuant to Article 8 of the [Agreement on the Harmonization and Integration of Cap-and-Trade Programs for Reducing Greenhouse Gas Emissions](#).

Net Flow of Compliance Instruments

For each jurisdiction, the inter-jurisdictional compliance instrument net trade flow is calculated as follows:

- The total number of domestic compliance instruments retired by another jurisdiction; minus
- The total number of compliance instruments issued by another jurisdiction that were retired domestically.

For a bilateral linkage, if jurisdiction A retires more compliance instruments issued by jurisdiction B than jurisdiction B retires from jurisdiction A, then jurisdiction A will have a negative net flow of compliance instruments. This, in turn, means that jurisdiction A has acquired instruments from jurisdiction B on a net basis, which means it is a net acquirer of compliance instruments – and vice versa.

The accounting mechanism attributes compliance instruments retired at the end of each compliance period to the annual emissions for which they were retired. This attribution of allowance retirements to a specific year enables the jurisdictions to calculate *annual* inter-jurisdictional net trade flows that are used to determine corresponding adjustments as discussed in [Corresponding Adjustments Pursuant to Article 8 of the 2017 Linkage Agreement](#). See the [Accounting Mechanism for Article 8 of the 2017 Linkage Agreement](#) for further description of the method.

Tables 1-3 present annualized results of the official net flows of compliance instruments traded between California and Québec and retired in the WCI linked carbon market. The official net flows are calculated using confidential transfer data from the Compliance Instrument Tracking System Service (CITSS). The official net flows can be approximated using public data as demonstrated in the [Article 8 Accounting Mechanism Example](#). The example with public data does not reflect administrative transfers, voluntary retirements, or return of allocation, which are confidential and represent a small portion of total market supply and retirements. The example also does not incorporate adjustments related to Ontario's temporary linkage. The 2013-2020 data have been updated in accordance with the revised compliance reports for this period.

Table 1. Annualized Net Flow of Compliance Instruments (Allowances and Offset Credits)

Emission Year	California Annual Net Flow of Compliance Instruments	Québec Annual Net Flow of Compliance Instruments
2013	-1,077,457	1,077,457
2014	-2,055,530	2,055,530
2015	5,033,496	-5,033,496
2016	8,001,620	-8,001,620
2017	10,162,084	-10,162,084
2018	9,707,995	-9,707,995
2019	10,379,376	-10,379,376
2020	11,422,568	-11,422,568
2021	7,378,826	-7,378,826
2022	10,022,010	-10,022,010
2023	9,566,567	-9,566,567

Table 2. Annualized Net Flow of Allowances

Emission Year	California Annual Net Flow of Allowances	Québec Annual Net Flow of Allowances
2013	-1,228,037	1,228,037
2014	-2,204,334	2,204,334
2015	3,227,922	-3,227,922
2016	6,171,522	-6,171,522
2017	8,274,144	-8,274,144
2018	5,257,533	-5,257,533
2019	5,826,170	-5,826,170
2020	7,282,873	-7,282,873
2021	2,960,760	-2,960,760
2022	5,509,549	-5,509,549
2023	5,221,104	-5,221,104

Table 3. Annualized Net Flow of Offset Credits

Emission Year	California Annual Net Flow of Offset Credits	Québec Annual Net Flow of Offset Credits
2013	150,580	-150,580
2014	148,804	-148,804
2015	1,805,574	-1,805,574
2016	1,830,098	-1,830,098
2017	1,887,940	-1,887,940
2018	4,450,462	-4,450,462
2019	4,553,206	-4,553,206
2020	4,139,695	-4,139,695
2021	4,418,066	-4,418,066
2022	4,512,461	-4,512,461
2023	4,345,463	-4,345,463