Québec’s Cap-and-Trade System
Compliance Requirements
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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 1st 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)
- 2015
- 2016
- 2017
(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!