Linking Québec and California Cap-and-Trade Systems

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

WCI Partners
- British-Columbia
- California
- Manitoba
- Ontario
- Québec

Objective
To develop and implement a Regional Cap-and-Trade Program to reduce GHG Emissions
Québec’s C&T System : Scope

• Since January 1\textsuperscript{st} 2013
  ▪ Electricity and Industry (about 80 facilities)
  ▪ Threshold : 25,000 tonnes CO\textsubscript{2}

• Beginning January 1\textsuperscript{st} 2015
  ▪ Fuel distribution (about 50 distributors)
  ▪ Threshold : 25,000 tonnes CO\textsubscript{2}
Québec’s C&T System

• January 1st, 2013: beginning of 1st compliance period

• April 2013: Pilot Auction

• May 2013: First Distribution of Allowances

• November 2013: First Auction

• January 1st, 2014: Linked market with California
Linking Milestones

- Initial California Cap & Trade regulation (December 2010)
- WCI Inc. (October 2011)
- Initial Québec Cap & Trade regulation (December 2011)
- Québec Linking Regulation (December 2012)
- California Linking Regulation (June 2013)
Next Steps to linking

• Linking Agreement (signature expected in September 2013)

• California Air Resources Board Report on Linking to the Governor (by November 1st, 2013)

• Linking becomes into effect (January 1st, 2014)
WCI makes it easier...

**Common set of rules:**
- Draft Design Recommendations (2008): Scope, Cap Setting, ...
- Detailed Program Design (2010): Model Rule

... but not that easy

**Review and Harmonize Regulations:**
- Compare regulations “line-by-line”
- Amend existing regulations based on findings
WCI Inc. makes it easier...

Common Infrastructures and Service Providers:
- Tracking System (SRA)
- Auction Platform (Markit)
- Financial Service Administrator (Deutsche Bank)
- Help Desk (ICF International)
- Market Monitor (Monitoring Analytics)

... but not that easy
- Compare Procedures “Step-by-Step”
- Develop New Common Procedures
- Update/Modify infrastructures to support linking
Linking with other systems

Elements to consider

- Reporting regulation
- Approach to allowance distribution and auctioning
- Market price and price containment mechanisms
- Market infrastructures: compatibility of registries, auction platforms, ...
Merci !