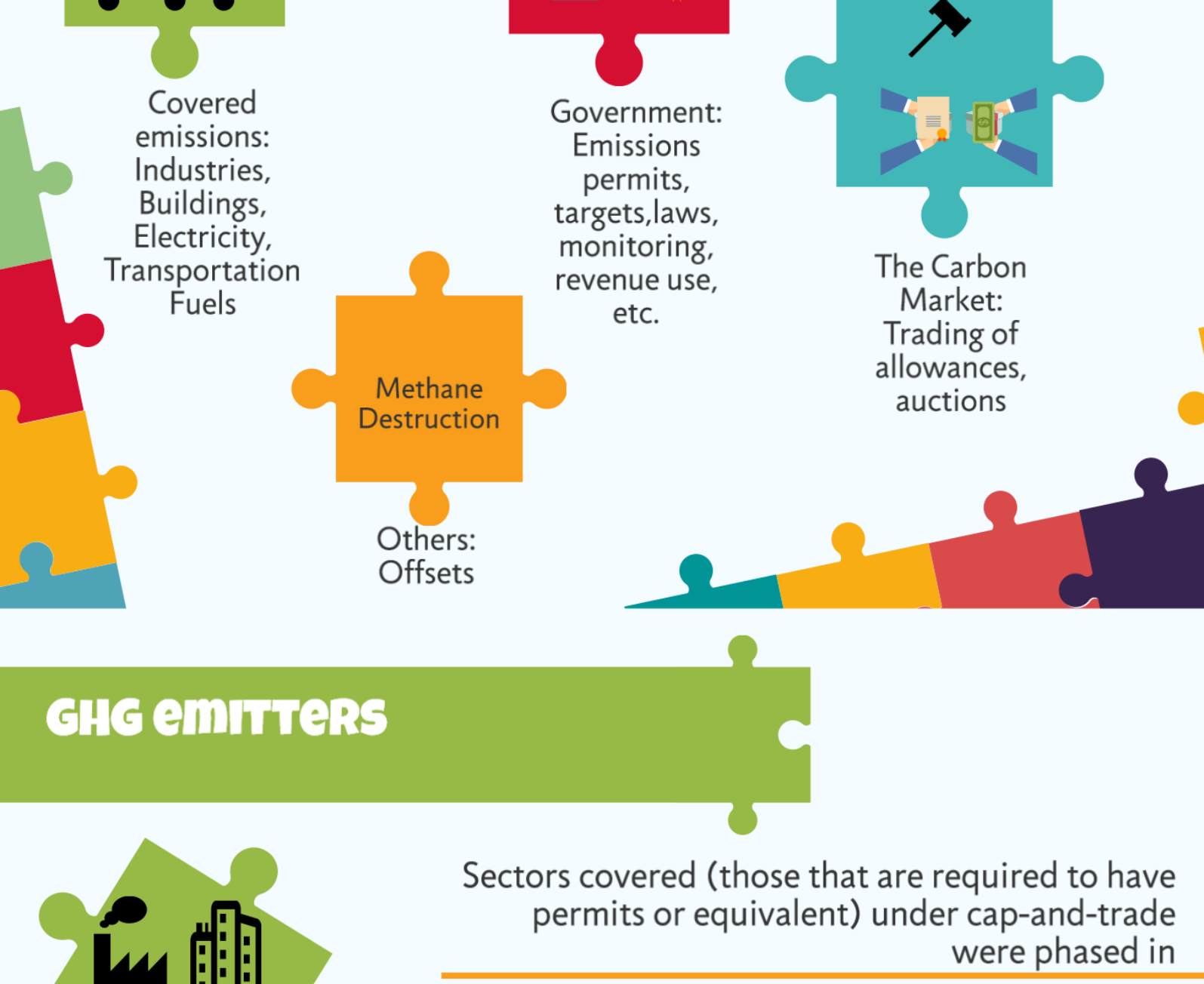


# QUEBEC CAP-AND-TRADE

## The pieces that form the QC Cap-and-Trade Puzzle

Guide to getting familiar with the cap-and-trade system that Ontario will be joining. A primer by Price Carbon Now!

## THE DIFFERENT PIECES



## GHG EMITTERS

Sectors covered (those that are required to have permits or equivalent) under cap-and-trade were phased in

**2013** All industries and electricity generators emitting over 25 kt of GHG

**2015** Distributors & importers of fuels used in transport, buildings, small and medium-sized businesses added to C&T

Aluminum, Lime, Cement, Chemical and Petrochemicals, Metallurgy, Mining and Pelletizing, Pulp and Paper, Petroleum Refining, and some others

\*In 2013-14, but will decrease 1-2% annually

1 permit = 1 tonne CO<sub>2</sub>e

Industries required to buy allowances

Industries are required to reduce GHG emissions each year

2015 2016 2017

OR buy allowances from other emitters to match the cap

2016 Industry with emissions in excess of cap 2016 Industry with emissions below cap

OR buy offset credits to match emissions that exceed the cap

2016 Industry with emissions in excess of cap

## QUEBEC GOVERNMENT

The government sets targets for emissions reductions (cap), issues emissions permits or allowances & administers and regulates the system.

Govt issues three types of emissions allowances:

- Free, auctioned off or sold by mutual agreement
- Offset credits
- Credits for early reductions

Govt sets cap on emissions, and thus, number of allowances each year

Number of allowances decrease each year after 2015

Govt decides how allowances are allocated, which sectors are covered or given free allocations

- Industries that are required to buy permits, equivalent offsets or credits
- Industries and electricity in 2013
- Transportation fuels added in 2015
- Free allocation to select sectors

Govt sets price limits for auctioned allowances

Minimum per unit price (\$10.75 in 2013)

Govt decides how revenue from auction is spent

- Auction revenue goes into the Green Fund
- The revenue is used to fund public transit, help industries transition to reduce carbon emissions, fund municipal & community mitigation/adaptation initiatives, promote renewable energy & energy efficiency in buildings

## THE CARBON MARKET

Emission allowances can be traded between firms

Joint govt. auctions of permits (with California) up to four times a year

Emitters purchase allowances by mutual agreement

2016 Industry with emissions in excess of cap 2016 Industry with emissions below cap

## CARBON OFFSETS

Approved carbon offsets:

- Methane destruction
- Destruction of ozone depleting substances

Carbon offsets have to be:

- #1 REAL
- #2 ADDITIONAL
- #3 PERMANENT
- #4 VERIFIABLE

OFFSETS CAN BE NO MORE THAN **8%** OF A COMPANY'S TARGET FOR THE YEAR

## QC CAP-AND-TRADE PUZZLE



## TAKE ACTION!

Ask the Ontario Government to invest cap-and-trade revenues into initiatives that will further reduce emissions. Please sign Environmental Defense's petition at [goo.gl/07j77M](http://goo.gl/07j77M)

Price Carbon Now, ON! FOR a BROAD, EFFECTIVE & EQUITABLE CARBON PRICE! PriceCarbonNow.org

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