

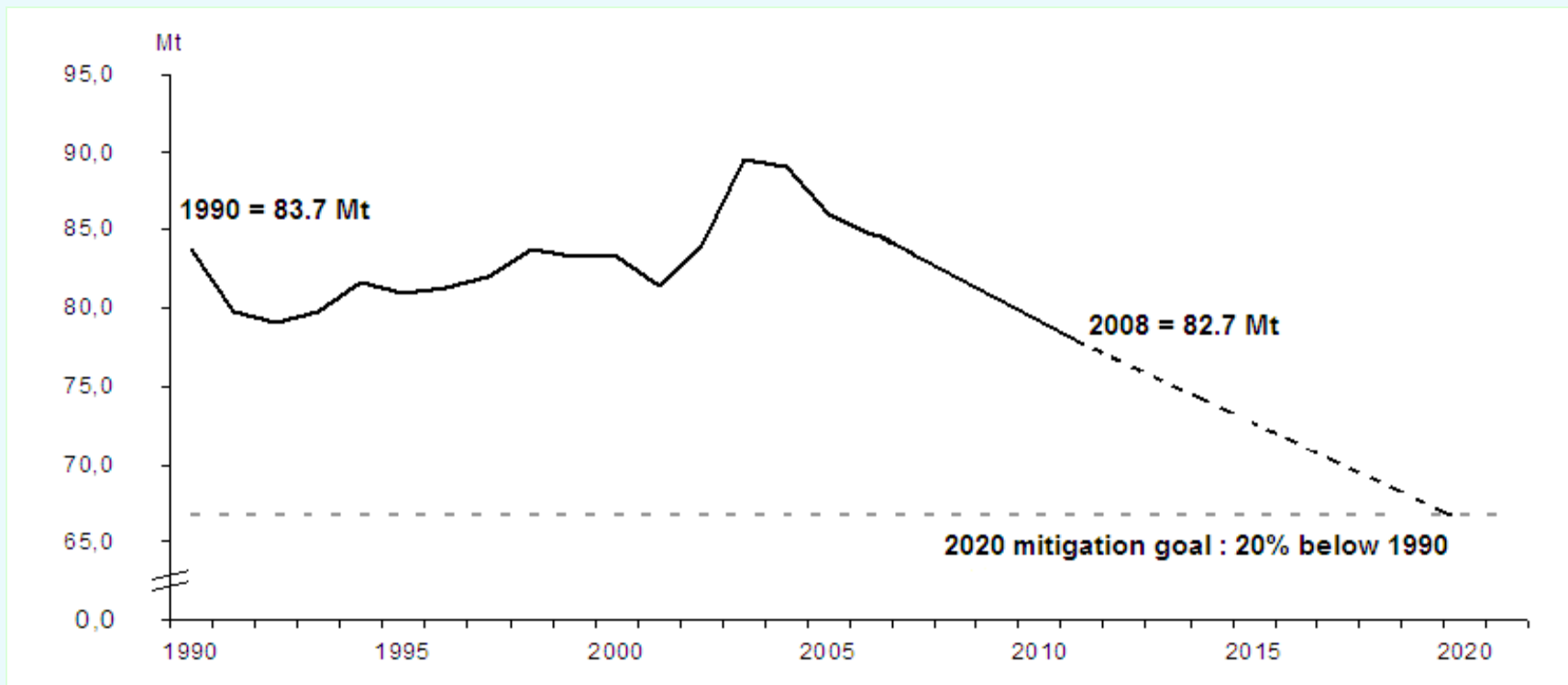
*Climate Action Reserve
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Québec Offset System

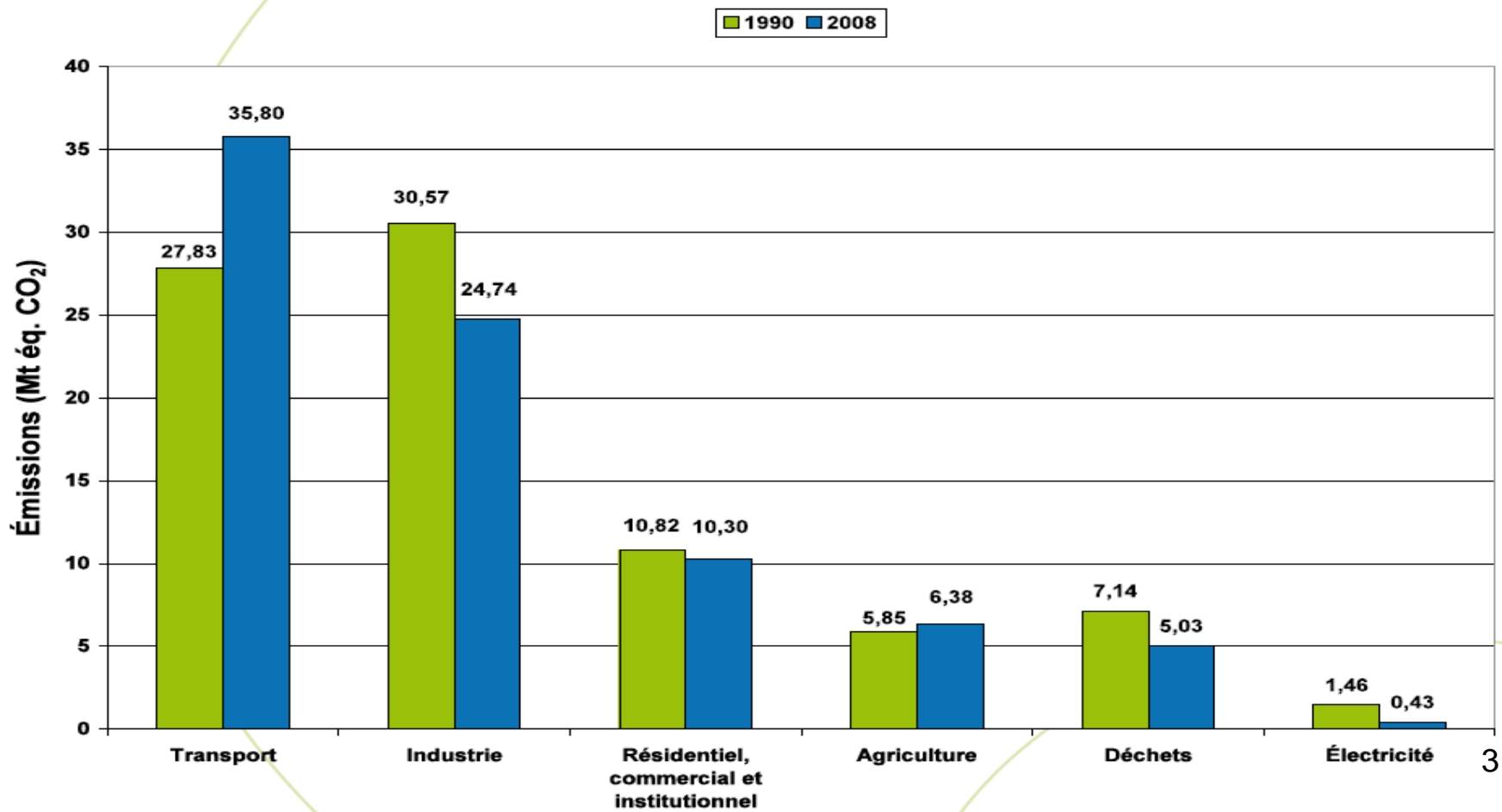
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Evolution of GHG emissions in Quebec



Evolution of GHG emissions by sector



Implementation Timeline

- December 2011 Adoption of Cap-and-trade regulation
- Spring 2012 Publication of QC draft regulation concerning cap-and-trade system, including linking modifications and addition of offset system :
60 days public consultation period
- Fall 2012 Adoption of regulation, including linking modifications and offset system
- Fall 2012 On line Registration of offsets projects
- Continuous Work with other WCI Partners to harmonize and develop common protocols
- 2013 Issuance of first Québec offset credits

Compliance obligation under the cap-and-trade system

- On November 1st following the end of each compliance period (2015, 2018, 2021)
 - compliance account must contain a number of allowances that equals the total amount of GHG emissions reported and verified during the compliance period
 - 3 options to meet compliance obligation:
 - **Reduce GHG emissions**
 - **Buy allowances at auctions or on the market**
 - **Buy offsets (use of offset credits limited to 8 % of compliance obligation)**

WCI cap-and-trade coverage and potential offset sectors and project types

Cap-and-trade system Emitters over 25 kt CO2 eq. <ul style="list-style-type: none">• Industry;• Electricity (includes importations);• Fuels :<ul style="list-style-type: none">– Transportation;– Buildings.	Offset system <u>Sectors:</u> <ul style="list-style-type: none">• Agriculture;• Waste;• Forest;• ODS. <u>Project Types for Review:</u> <ul style="list-style-type: none">•Manure Management;•Small Landfills;•Coal Mine Methane;•ODS
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Note : Not all project types will be eligible in the offset system

Objective :

Avoid double counting of reductions : cap-and-trade and offsets

Offset Protocols in QC draft regulation

- 1- CH₄ Destruction from manure storage facilities (for projects located in Québec only);
 - 2- CH₄ Destruction from small Landfills (for projects located located in Québec only);
 - 3- ODS destruction in Canada or in US from appliances foams (originating in Canada/US)
- ▶ QC will issue offset credits only for projects using protocols included in its regulation. Offset credits issued in the voluntary market will not be recognized.

Some Eligibility Criteria for Offsets

- **Proponent must demonstrate ownership of the reductions**
- **Proponent must be domiciled or have an establishment in Québec**
- **Additional**
 - Performance standard includes regulations and common practices
 - Project began after January 1st, 2007
- **Permanent reductions**

Evaluation of Potentials for Québec offset protocols

- ODS: 100 kt CO₂ eq. / year (QC only)
500 kt CO₂ eq. / year (Canada wide)
- Small Landfills :100 kt CO₂ eq./year (QC only)
- Livestock : 10 kt to 50 Kt CO₂ eq./year (QC only, small farms)

Other protocols to be reviewed by WCI

Québec Offset Process

- Identification of project corresponding to a protocol included in QC regulation and drafting of a **project plan**
- **Validation:** must be consistent with ISO 14064-3, carried out by a validation body accredited ISO 14065, by a member of the International Accreditation Forum and following ISO 17011 program, specific to the project sector
- **Application** and registration of project to the Minister (project plan + validation report)
- **Project implementation** and quantification : following protocol specifications

Québec offset process

- **Project reports** : must be submitted on an annual basis and verified
- **Verification** :
 - done consistently with ISO 14064-3 by a verification body accredited ISO 14065, by a member of the International Accreditation Forum and following ISO 17011 program, specific to the project sector
 - Verification required annually, except for projects under 25 kt CO₂ eq. (every second year)
- **Offset credits issuance by the Minister**

Thanks!

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<http://www.mddep.gouv.qc.ca/index.asp>

<http://www.westernclimateinitiative.org/>