

Linking Cap-and-Trade Systems

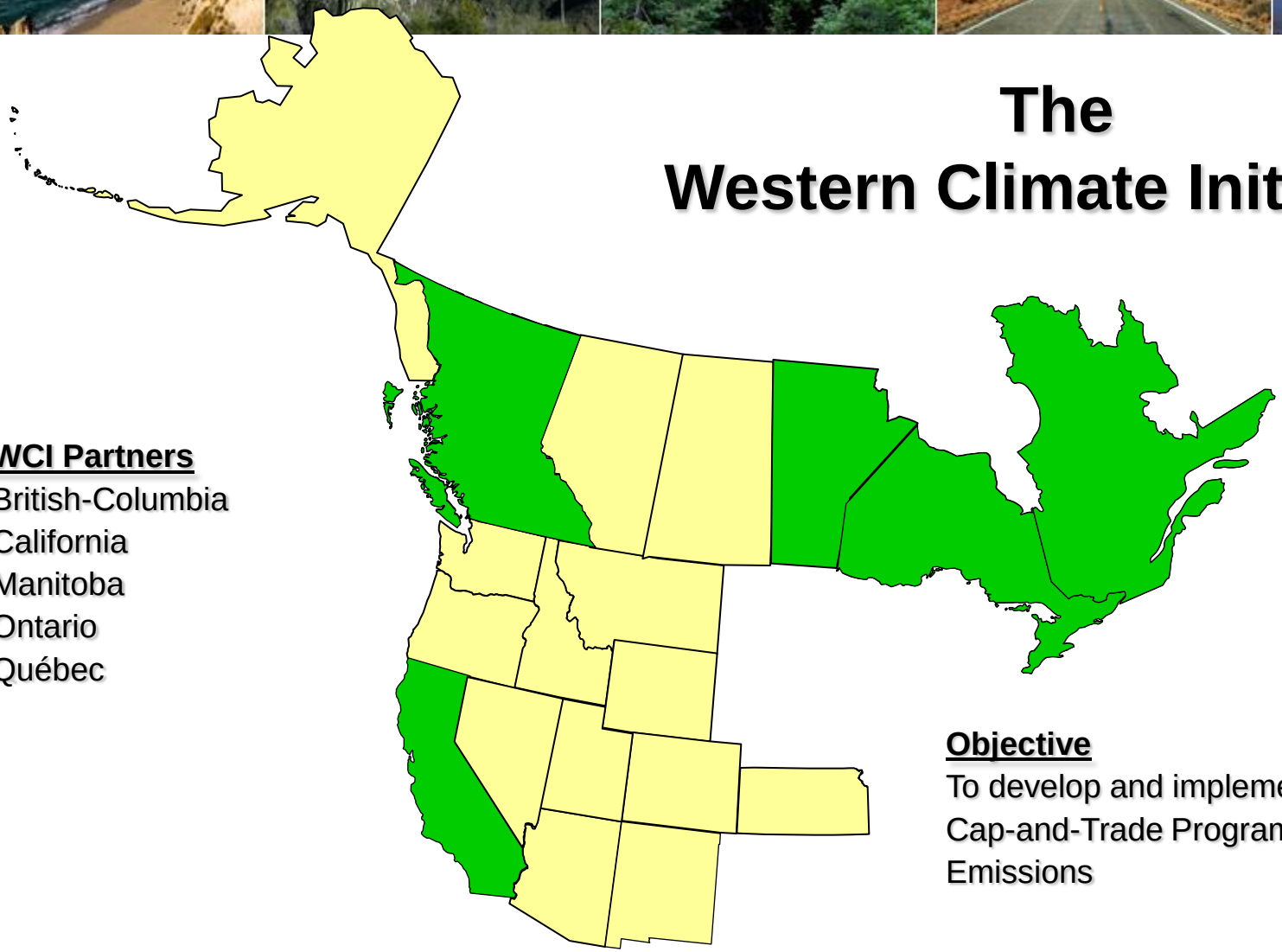
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The Western Climate Initiative



WCI Partners

British-Columbia
California
Manitoba
Ontario
Québec

Objective

To develop and implement a Regional Cap-and-Trade Program to reduce GHG Emissions



Linking Agenda

- WCI Design Recommendation (2008, 2010)
- California Cap & Trade regulation (December 2010)
- WCI Inc. (October 2011)
- Québec Cap & Trade regulation (December 2011)
- CA and QC Draft linking regulation (May/June 2012)
- Next steps:
  - CA and QC to adopt their linking regulation
  - CA and QC to sign a linking agreement (mandatory by QC legislation)



WCI makes linking easier...

Common set of rules:

- Draft Design Recommendations (2008) : Scope, Cap Setting, ...
- Reporting Guidelines and Protocols (2008, 2009, 2010)
- Detailed Program Design (2010): Model Rule
- Offset System Essential Elements (2010): Recommendation paper on Offset Criteria

Others :

- WCI Inc. : Common Registry, Auction Platform, Market Monitoring Services, Help Desk, ...



... but not that easy !

Review and Harmonize Regulations :

- Compare regulations “line-by-line”
  - What needs to be identical : auction, reserve sale, floor price, ...
  - What needs to be consistent : registration requirements, reporting (a ton is a ton), allowance distribution (competitiveness issues), ...
  - What can be different : early reductions, allowance distribution (no competitiveness issues), ...
- Amend existing regulations based on findings

Approach to linking :

- Quebec : (1) linking regulation and (2) linking agreement
- California : (1) Governor’s review of QC regulation and (2) linking regulation



Linking with other Systems

Potential barriers and issues to consider

- Mitigation Goal
- Scope
- Approach to allowance distribution and auctioning
- Market price and price containment mechanisms
- Market infrastructures : registries, auction platforms, ...
- Reporting regulation
- Offset regulation



Informations

WCI

www.westernclimateinitiative.org

www.wci-inc.org

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