

**Notification of Environmental Measure for the
Agreement on Internal Trade**

1. Jurisdiction

Government of Québec

2. Notification status

Public consultation on a draft regulation.

3. Closure date for comments

August 4, 2011

4. Effective date

The regulation is expected to take effect on January 1, 2012.

5. Issue

The draft *Regulation respecting a cap-and-trade system for greenhouse gas emission allowances* sets rules for the operation of the cap-and-trade system for greenhouse gas emission allowances established pursuant to section 46.5 of the Environment Quality Act. For that purpose, the Draft Regulation determines which emitters are required to cover their greenhouse gas emissions, the terms and conditions for covering emissions, and the terms and conditions on which emitters and other participants may register for the system.

The draft Regulation specifies which emission allowances can be validly used in the system and the terms and conditions for using and trading allowances. It also specifies the conditions and calculation methods for determining the quantity of emission units that may be allocated without charge, auctioned or sold by mutual agreement by the Minister, and the conditions governing the issue of early reduction credits. Lastly, the Regulation lists the information and documents that must be provided by emitters and other participants in the system.

6. Official name

Draft Regulation respecting a cap-and-trade system for greenhouse gas emission allowances

7. Key words

Greenhouse gases, cap-and-trade system for emission allowances, carbon market, Western Climate Initiative.

8. Legal framework

Regulation respecting a cap-and-trade system for greenhouse gas emission allowances

Environment Quality Act (R.S.Q., c. Q-2, s.31, 1st par., subpars. b, c, d, e.1, h and h.1, ss.46.1, 46.5, 46.6, 46.8 to 46.16)

http://www.mddep.gouv.qc.ca/changements/plan_action/projet-reglement/droits-emission-ges_an.pdf

9. Category

Draft regulation.

10. Contact person

Guylaine Bouchard
Climate Change Bureau
Ministry of Sustainable Development, Environment and Parks
675 René Lévesque Blvd. East, 6th floor
Quebec City, Quebec G1R 5V7
Tel.: (418) 521-3813, ext. 4626
Fax: (418) 646-4920
Email: guylaine.bouchard@mddep.gouv.qc.ca

11. Summary

The Draft *Regulation respecting a cap-and-trade system for greenhouse gas emission allowances* sets rules for the operation of the cap-and-trade system for greenhouse gas emission allowances established pursuant to section 46.5 of the Environment Quality Act. This system is based on the detailed rules for the operation of such systems published by the Western Climate Initiative in July 2010.

The system is set to begin on January 1, 2012, with a one-year transition to enable emitters and other participants to familiarize themselves with the way the system works. Starting in 2013, the operators of mainly industrial and electricity generation sites whose annual GHG emissions are equal to or greater than the annual threshold of 25 Kt of equivalent CO₂ will be subject to capping and reducing their GHG emissions. Starting in 2015, the system will also apply to operators of businesses that import or distribute fuel and other combustibles within Québec whose annual GHG combustion emissions reach or exceed the annual threshold of 25 Kt of equivalent CO₂. The delivery terms for GHG emission allowances have been defined for the three initial compliance periods, the first of which starts on January 1, 2013, and the third of which ends on December 31, 2020.

12. Notification date

July 7, 2011