

## Market Notice

### Information concerning the assessment of the cap-and-trade system for greenhouse gas emission allowances (C&T System)

The Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs (MELCCFP) is issuing this market notice to inform the public and entities registered with the C&T System of the amendments that will be proposed to the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances. A similar [notice](#) was issued by the California Air Resources Board (CARB), which operates the Cap-and-Trade System that is linked with Québec's Cap-and-Trade Program.

The CARB and the MELCCFP started a stakeholder consultation process in June 2023. The MELCCFP held a total of 5 webcasts between June and December 2023, including two jointly with California, to receive feedback from the public and the entities registered with the C&T System on various topics. All information and documents relating to the assessment process are available on the Web page dedicated to the [assessment of the operating parameters of the Cap-and-Trade System](#).

The MELCCFP plans to publish a draft regulation in early 2025 for a 45-day public consultation period, with the intention of enacting the regulation in the spring of 2025.

It is anticipated that the following elements will be included in the draft regulation:

- Address the estimated 17.5 million emission units gap observed in Quebec between the supply of and demand for the 2013-2020 period;
- Gradually reduce the limit on the use of offset credits by 2030, and transform the offset credit component into a reduction purchase mechanism starting in 2031;
- Adjust reserve prices upwards which acts as a price ceiling mechanism;
- Revise criteria relating to corporate associations to strengthen market control mechanisms and prevent the risk of manipulation;
- Modify compliance periods to coincide with the years for which Quebec has set GHG emission reduction targets, namely 2030 and 2050;
- Apply global warming potentials of the 5<sup>th</sup> IPCC report from the start of the next compliance period, in 2027, to ensure greater consistency between the C&T System and the GHG emissions inventory;

CARB expects to publish its draft regulations in the coming weeks. Quebec's draft regulations will follow in early 2025, with the intention of enacting the regulation in the spring of 2025.

The CARB and the MELCCFP have collaborated to develop any updates pertaining to the linked carbon market.

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The objective of the approach is to ensure that the C&T System remains an effective tool that will contribute to achieving the greenhouse gas emissions reduction target by 2030 and carbon neutrality by 2050.