

THE QUÉBEC-CALIFORNIA CARBON MARKET

- The world's only carbon market designed, developed and operated exclusively by subnational governments in different countries.
- A population of over 48 million and a GDP of 3,600 billion Canadian dollars
- Many economic and environmental advantages for each of the WCI's partners.
- Upcoming development of a transparent mechanism for tracking internationally transferred mitigation outcomes among partners in conjunction with article 6 of the Paris Agreement.

A successful example of collaboration

A combination of vision, political will, ongoing collaboration and a trusting relationship made the harmonization and linking of Québec's and California's cap-and-trade systems possible. The many successes achieved include:

- The harmonization of regulatory frameworks;
- A multilingual operating environment (French and English);
- Several joint auctions, the proceeds of which were reinvested in the fight against climate change;
- Two successful compliance periods.

A broader partnership

2008-2010: WCI members agree on the regional system's principles and operating rules.

2012: The cap-and-trade regulations are amended to allow the linking of the Québec and California systems.

2013 (January): The Québec and California cap-and-trade systems enter into force.

2013 (September): Québec and California sign a linking agreement that is unanimously approved by the Québec National Assembly.

2014: Québec and California link their respective cap-and-trade systems and hold their first joint auction.

2015: On the sidelines of the April 2015 Québec Climate Change Summit, Ontario announces its intention to set up a cap-and-trade system and link it to the Québec-California carbon market.

2015-2016: Québec assists Ontario in carrying out this process.

2017 (January): Ontario's cap-and-trade system begins operations.

2017 (September): Québec, California and Ontario sign an agreement paving the way to harmonizing and integrating their respective cap-and-trade systems beginning on January 1, 2018.

2018 (January): Ontario joins the WCI regional carbon market with Québec and California.

2018 (May): Nova Scotia joins WCI, Inc., in order to obtain administrative and technical support for the development and management of its cap-and-trade program.

2018 (July): Ontario repeals its cap-and-trade Program Regulation on July 3. Smooth and productive collaboration persists between Québec and California.

Next steps

Building on its successful partnership with California, and temporarily with Ontario, Québec is continuing to work with other North American governments to foster carbon pricing and broaden the WCI market. The WCI cap-and-trade system model is flexible enough to allow for various types and degrees of linkage. It can accommodate different economic circumstances and priorities, as well as specific GHG emission and industrial profiles.

In the future, the WCI carbon market could expand by linking with similar markets around the globe. Indeed, the larger the reach of WCI's carbon market, the more effective and better positioned it will be to contribute to the global effort to fight climate change.