

# Statement of intent - Cooperation on market based mechanisms between the Government of Ontario and the Gouvernement du Québec

The Government of Ontario and the Gouvernement du Québec (hereinafter referred to as “the Two Parties”),

**Recognize** that immediate actions are needed to prevent global temperatures from rising beyond the dangerous threshold of 2° Celsius and that the window of opportunity to achieve this is shrinking rapidly;

**Acknowledge** that market based mechanisms, and more specifically Cap-and-Trade systems, are among the most effective ways to achieve real GHG emissions reductions and that an international movement in this regard is growing stronger;

**Pursue** the Memorandum of Understanding between the Two Parties concerning concerted climate change actions of November 2014 (the MOU), which recognized the necessity of developing a coherent and integrated vision for the fight against climate change, including carbon pricing, to sustain a fair and competitive economy while achieving net reductions in greenhouse gases (GHG) emissions;

**Note** that our provinces represent 62 per cent of the Canadian population and together make up the fourth largest economic zone in North America, with a Gross Domestic Product (GDP) of nearly \$1 trillion per year;

**Celebrate** the close collaboration between Ontario and Québec, including the desire to strengthen and deepen the dynamic cooperation between our provinces and work within the Western Climate Initiative (WCI), through which we have positioned ourselves as leaders in North America in the fight against climate change; and

**Affirm** our commitment to develop and pursue a joint vision on the fight against climate change that will facilitate the achievement of our ambitious 2020 and post-2020 GHG emissions reduction targets;

**Do therefore** intend to cooperate as follows:

- Ontario and Québec will collaborate on climate change approaches to strengthen competitiveness and facilitate the transition to a low carbon economy.
- Ontario will work with Québec with the intention of developing a market based mechanism that will be compatible and coherent with the Québec and California carbon market.
- The two provinces then intend to link their cap and trade systems, consistent with the methods and the internal processes of WCI Inc. and its partners, in order to improve market stability, minimize implementation costs and provide a consistent approach for emitters in the region.

At the next joint meeting of Cabinet Ministers, Ontario and Québec will amend their MOU on climate change to reflect Ontario's intention to move forward on cap and trade, supporting further collaboration in the approach to carbon pricing.

April 13, 2015