

A NEW NORTH AMERICAN CARBON MARKET

Linking Québec and California's cap-and-trade systems

- Established on January 1st, 2014
- Born from a partnership between Québec and California through the linking of their respective cap-and-trade systems
- Largest carbon market in North America
- Only one in the world to have been designed and to be run by sub-national governments from different countries
- Economically and environmentally beneficial for both partners

A successful example of collaboration

Vision, political will, on-going collaboration and a trusting relationship made the linking of Quebec and California's cap-and-trade system possible. Several challenges were successfully overcome to create a unified, fully fungible, carbon market:

- Comparing and harmonizing regulatory frameworks;
- Supporting different languages (French and English);
- Operating in different legal environments (civil code and common law);
- Respecting different sets of environmental regulations and public consultation processes.

2008-2010: Guidelines and operating rules designed by WCI partners

2012: Amendments to cap-and-trade regulations to allow the linking of the systems

2013: Implementation of the Quebec & California C&T systems

Linking agreement between Quebec and California (Unanimous approval of this agreement by the Québec National Assembly)

2014: Linking of the C&T systems

First joint auction: November 25, 2014

Next steps

Having created a winning partnership model with California, Québec is now actively reaching out to other governments within North America. The WCI cap-and-trade model is flexible enough to allow for different types and degrees of linking. It can accommodate different economic circumstances and priorities, as well as particular GHG emission and industrial profiles.

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