



CARBON CONSULT GROUP
GROUPE CONSEIL CARBONE

Keys to a Cost-Efficient Compliance Strategy in Ontario

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Your hosts



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Our objective

At the end of this webinar you will know:

- ✓ what Cap-and-Trade regulation is
- ✓ how it affects you
- ✓ Understanding of the importance to PLAN AHEAD and have a Cap-and-Trade Compliance Strategy
- ✓ Understanding of how you can minimize the cost and reduce the risks



Cap-and-Trade highlight

Cap-and-Trade regulation is a mechanism that puts a price on emissions

It is used in Quebec and California since 2013

It raises government revenues for green programs

Cap-and-Trade is a proven market mechanism



Regulation Summary

- O. Reg. 143/16:
- QUANTIFICATION, REPORTING AND VERIFICATION OF GREENHOUSE GAS EMISSIONS

- O. Reg. 144/16:
- THE CAP AND TRADE PROGRAM

- ≥ 200 Litres (Import in Ontario)
- Quantity previous year emissions
- Report GHG emissions by June 1st
- Have the report verified

- Registration as a Mandatory Participant by November 30th 2016
- **“Cover” emissions with carbon allowances at the end of compliance period**
- Open an emitter account with CITSS

Two intertwined regulations



Emissions from petroleum products are attributed to importers

Importers must “COVER” all Carbon Emissions at the end of a “Compliance Period” (1st in 2020)

One allowance used to “cover” one ton of CO₂

1 million liters of gasoline
= 2,300 tons of CO₂
= 2,300 allowances
=\$41,000 CAD (more or less)

Compliance costs depends on the market and on your strategy

Cap-and-Trade
is not a tax



If you plan to import fuel in 2016 onwards,
you are a mandatory participant

You have to comply with both regulations

Fuel importers

Fuel importers are mandatory participant to Cap-and-Trade



Types of allowances

Government allowances

Project offsets

Early reduction credits

Means of acquisition

Government auctions

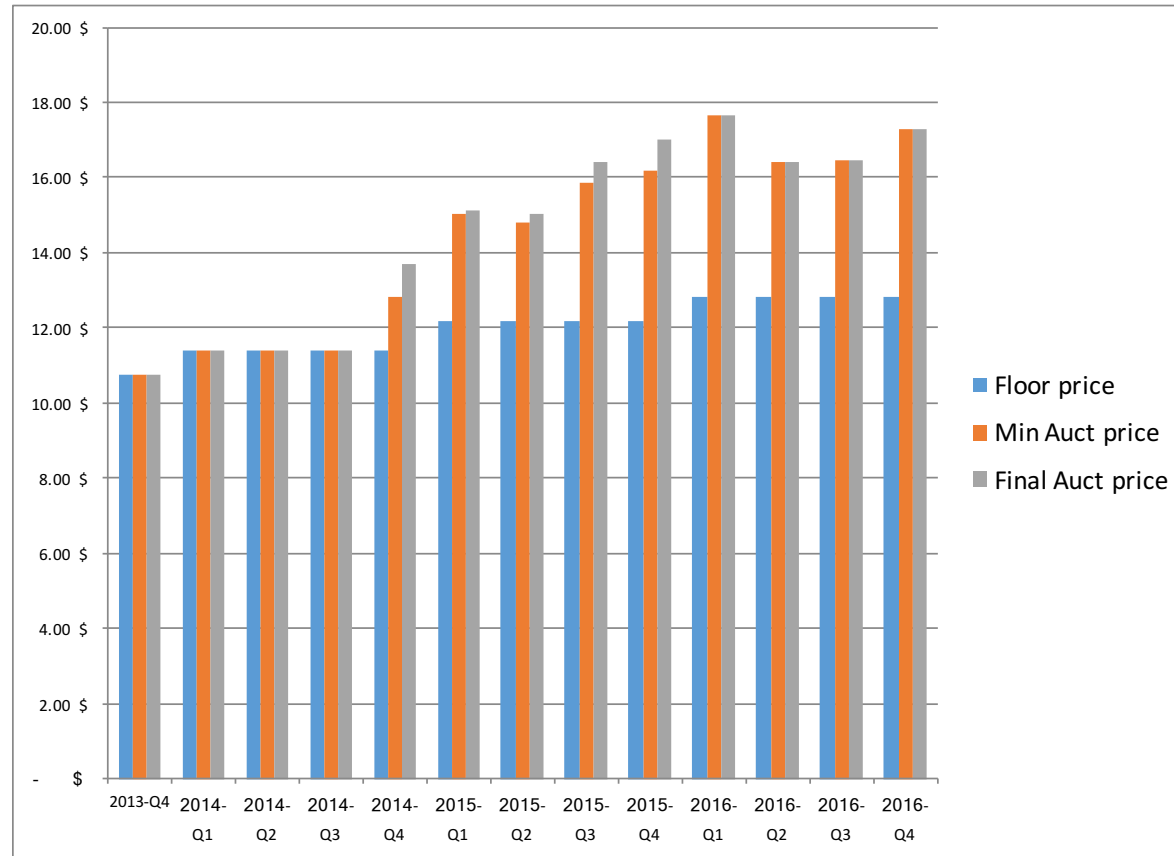
Direct Government sale

Trading with another participant

Options to comply

There are various ways to cover your emissions

Reducing costs



Waiting will be more expensive than acting now



Risk and opportunities

☐ Legal risks

- Various deadlines
- Complex tasks (e.g. Registration, Auctions, CITSS Accounts,..)
- Penalties may apply

Be aware and Plan ahead



Risk and opportunities

□ Financial risks

- Comes from Price Fluctuations (\$ Carbon Allowances)
- Pass this cost onto customers BUT



Understand the risk, Assess it, Have a Strategy



Keys to a cost-effective compliance strategy

- Look at ALL possible options to comply
- Draw a timeline with key dates and deadlines
- Get in touch with Market Participants
 - Share experiences
 - Possible transaction as buyer or seller
- Network with Offset Credits proponents
- Monitor market signals
- PLAN AHEAD !!
 - Know what you will need
 - Look at market trends

Opportunities arise from Smart Planning/Strategy



Benefits of working with CCG

- We do all the above!
 - Combines experience of above 20 years on carbon markets...worldwide
 - CCG knows your reality
 - CCG's priority: taking your compliance costs down!
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- Compliance is no longer an issue**
 - Bring your compliance cost down!**

CCG can help you to build a cost effective compliance plan



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