



Keys to a cost-effective  
Cap-and-Trade compliance strategy

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# Your hosts



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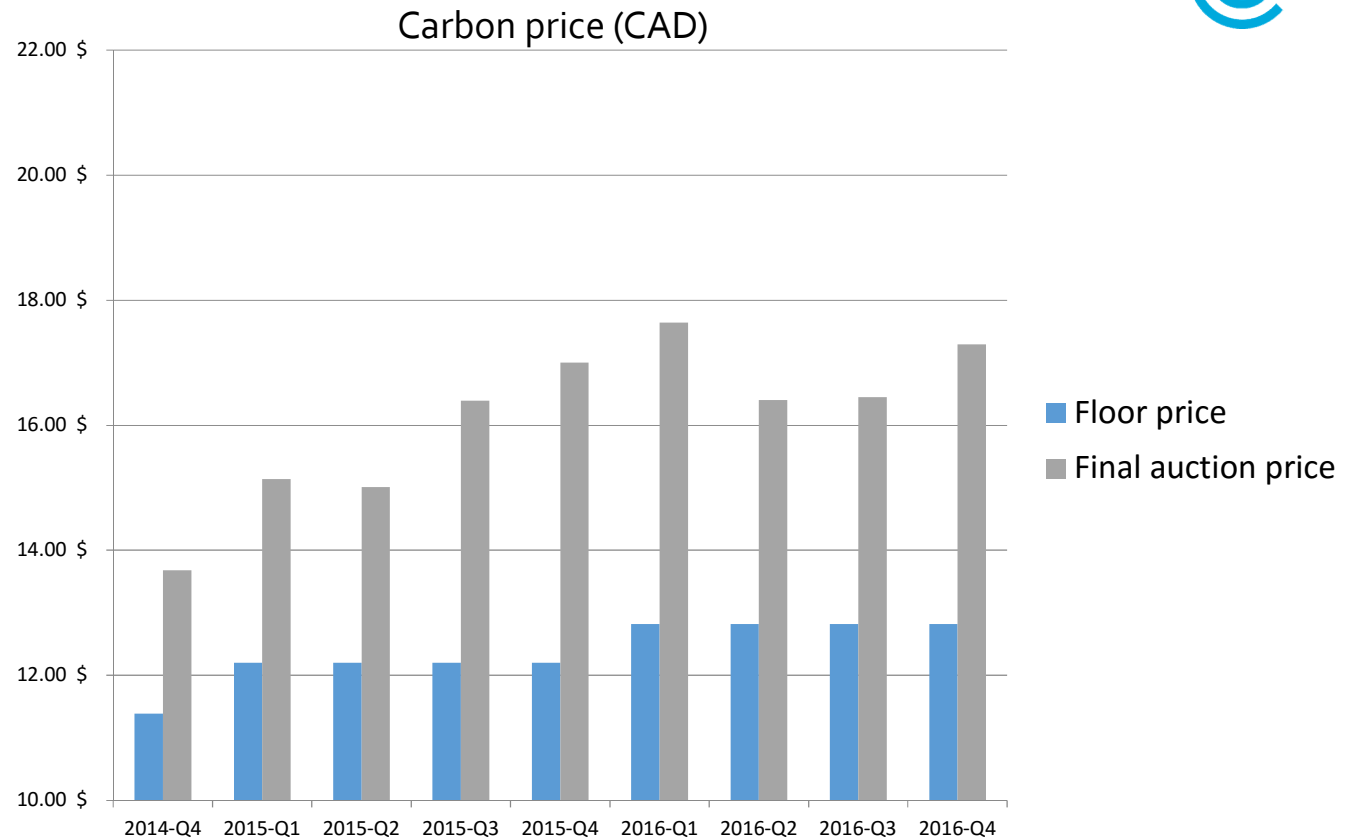
## Our objectives

Understand how main market drivers influence the price of carbon allowance

Know the different acquisition channels and why they should be part of your strategy

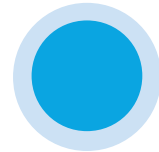
Illustrate the benefits of an active portfolio management

# Market Dynamic



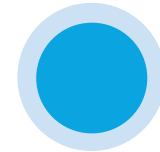
Carbon prices fluctuate over time

# Market Dynamic: Supply and Demand



## Supply

- Provincial Cap (creation of allowances)
- Offset credits availability
- Link with other Jurisdictions (larger market)



## Demand

- Use for cap and trade compliance purposes
- Other purposes (e.g. speculation; retiring for environmental benefits)
- Holding and Purchase limits

Price of Carbon responds to some market drivers

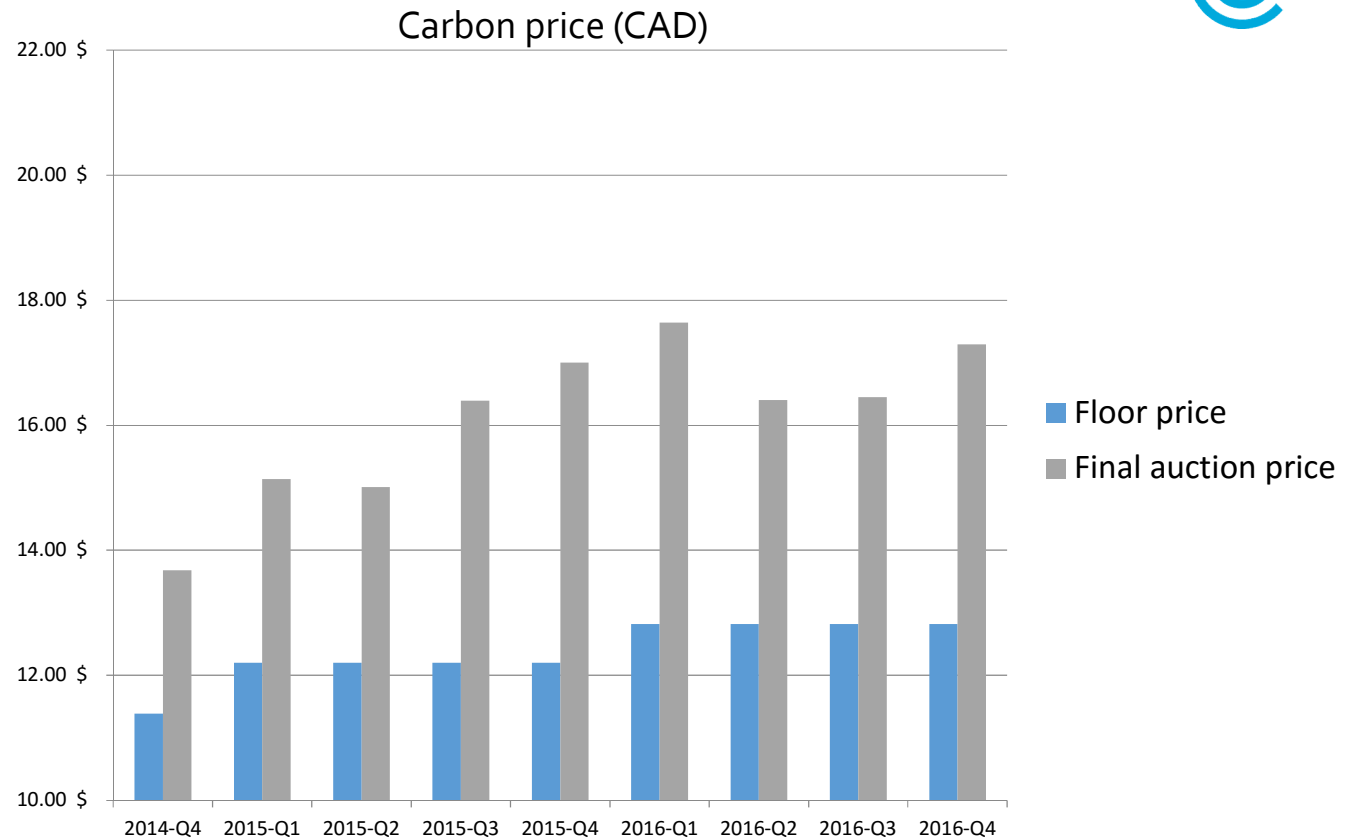


## Market Dynamic: main drivers

- Production Levels
- Annual Auction Reserve Price
- USD/CAD Exchange Rate
- Price of Energy
- Interest Rates
- Economic Situation
- Regulations and Policies Environment
- Situation in Other Legislations
- Climate

Price of Carbon responds to some market drivers

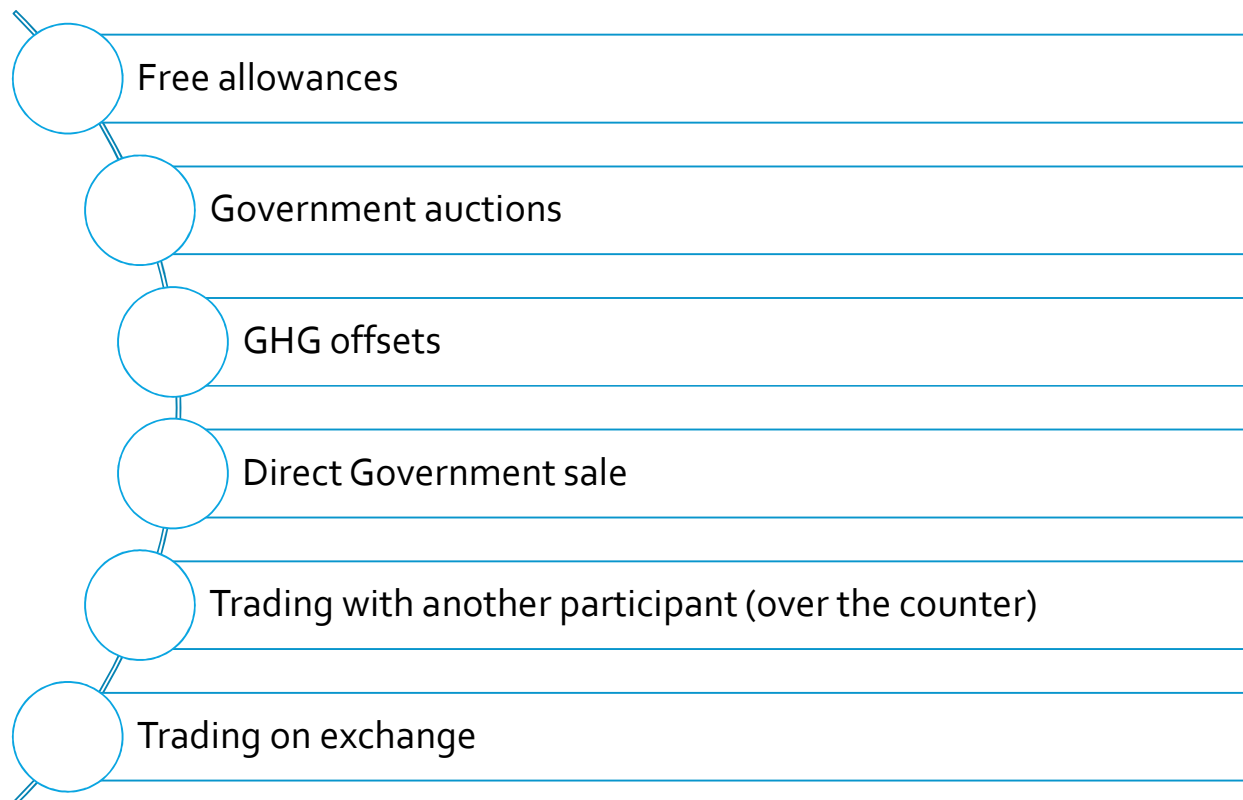
# Market Dynamic



Carbon prices fluctuate over time



# Acquisition channels



Auction is only one of the various ways to obtain allowances



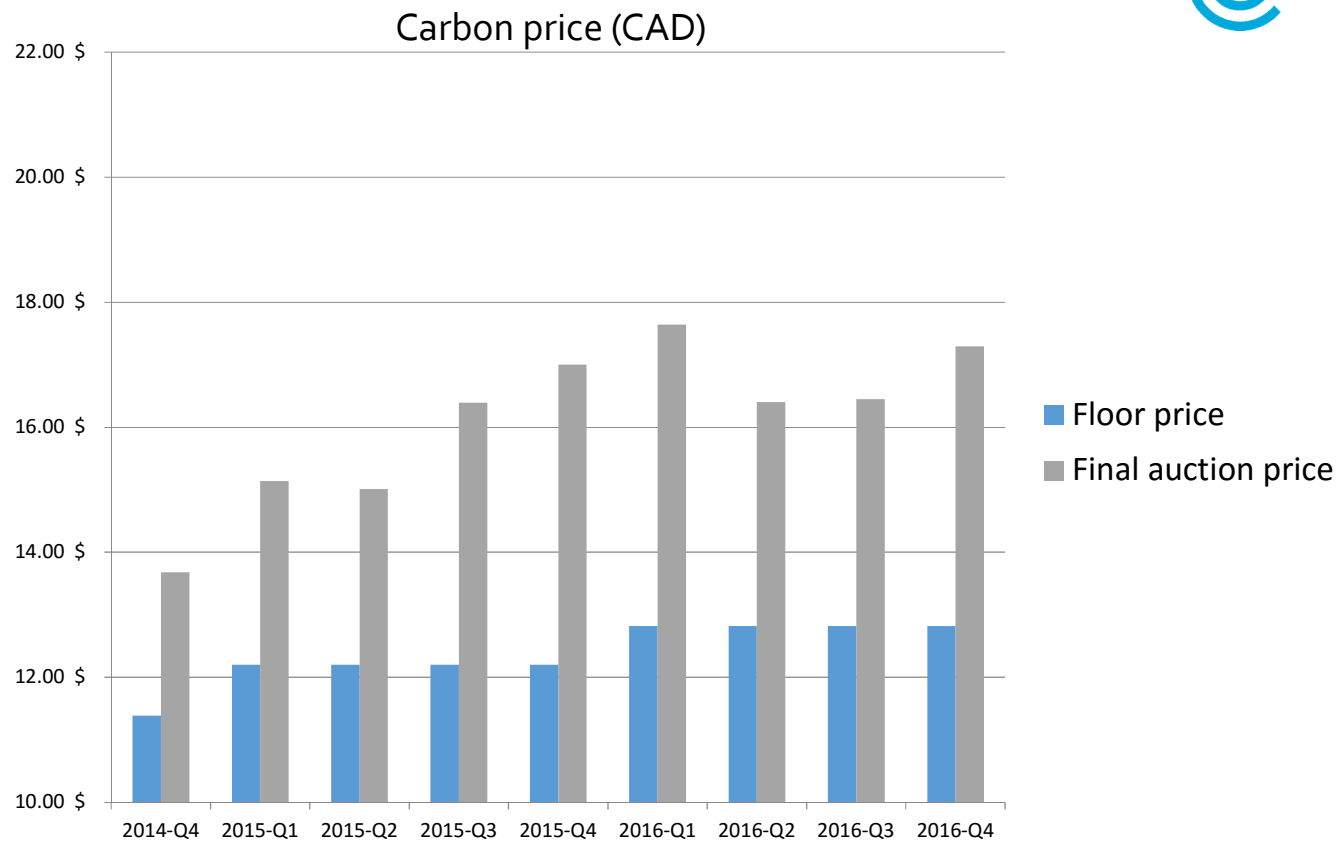


# Example: Portfolio management

Event	price	Company A (need 60kt/y)		Company B (need 60kt/y)	
		volume	total	volume	total
Q1 auction	\$ 15.00	10000	\$ 150,000.00	15000	\$ 225,000.00
Q2 auction	\$ 14.80	10000	\$ 148,000.00	15000	\$ 222,000.00
Q3 auction	\$ 16.20	20000	\$ 324,000.00	10000	\$ 162,000.00
Q4 auction	\$ 16.95	20000	\$ 339,000.00	2000	\$ 33,900.00
OTC trade (before Q1)	\$ 14.00	-	-	15000	\$ 210,000.00
Offsets acquisition	\$ 14.05	-	-	3000	\$ 42,150.00
	TOTAL	60000	\$ 961,000.00	60000	\$ 895,050.00
	AVG		\$ 16.02		\$ 14.92
				<b>SAVINGS</b>	<b>65,950.00 \$</b>

Cost-cutting opportunities occur from active carbon portfolio management

# Market Dynamic



Carbon prices fluctuate over time



# Keys to an effective compliance strategy

Look at ALL possible options to comply

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



## What we do

- Educate so that you can take best decisions for your organization
- Work with your personnel to establish and implement the right strategy
- Continuous market monitoring and Active Portfolio management
- Market representation

## Benefits for you

- No more compliance and legal risks
- Reduced cost of compliance



CCG can help you to build a cost-effective compliance plan



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