



CARBON CONSULT GROUP
GROUPE CONSEIL CARBONE

Keys to a cost-effective Cap-and-Trade compliance strategy – Part 3

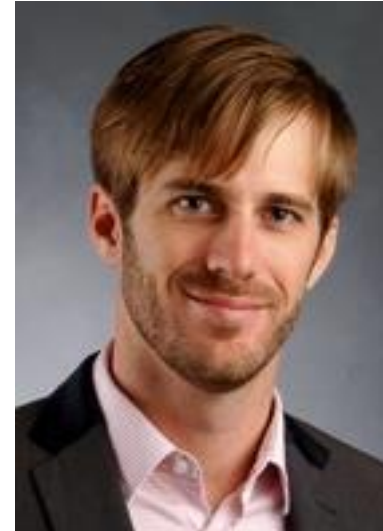
March 7th, 2017



Your hosts



Jean Paquin
Executive VP
Carbon Consult Group



David Beaudoin
Senior Project Manager
Carbon Consult Group



Our objectives

Highlight the role of participating at auction as part of the overall Cap-and-Trade Strategy

Discuss carbon prices and recent CA/Qc auction results

Provide high-level recommendations of why and how to participate



Key dates

March 10th : Bid guarantees due to Financial Services Administrator

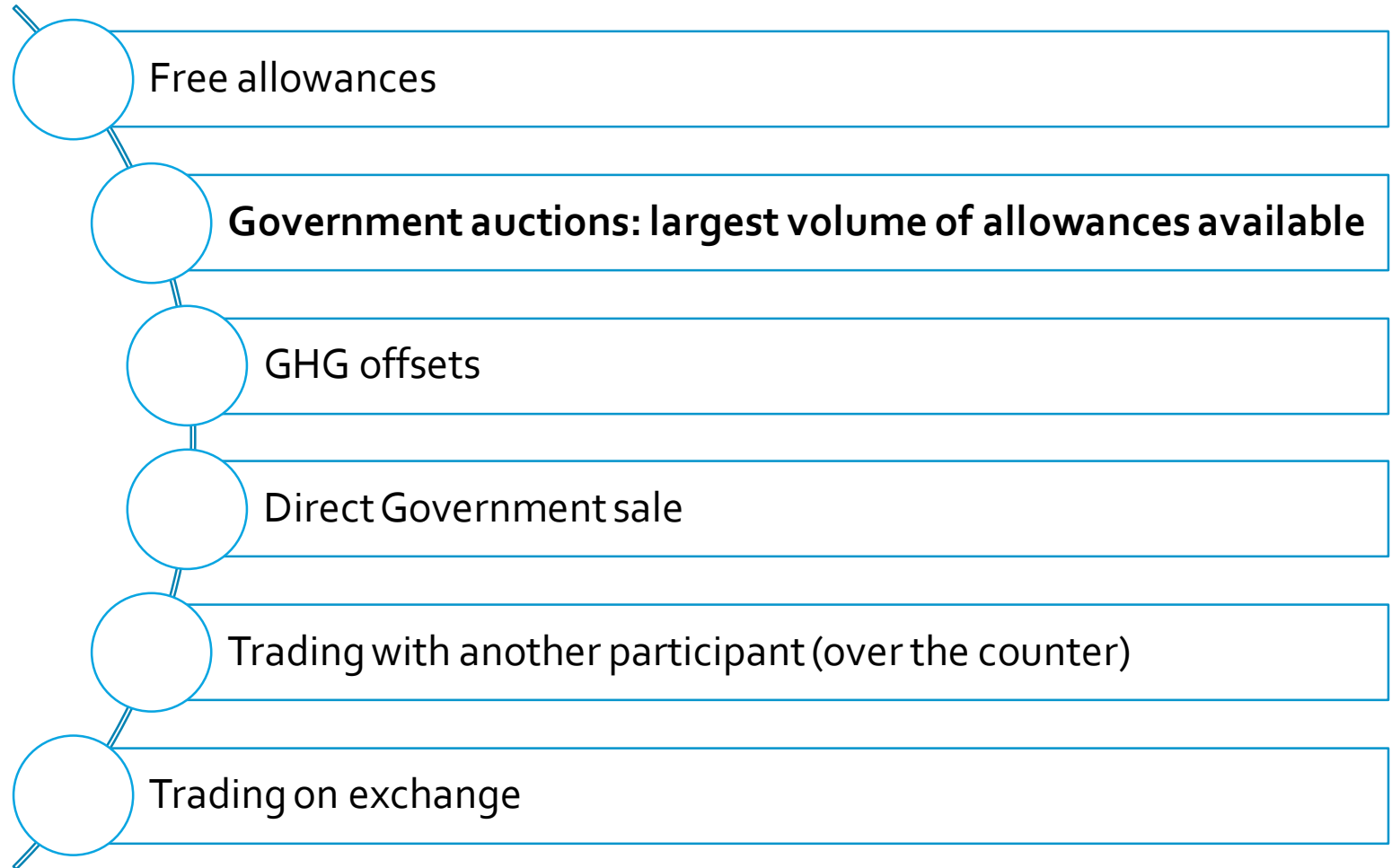
March 22nd: from 1pm to 4pm (ET): First auction for Ontario participants

April 26th -27th : Cap-and-Trade Forum (in Toronto)

June 1st: deadline for submitting your GHG emissions report covering 2016



Acquisition channels



Participating at auctions should be part of your strategy



Participation at auctions

Direct participation

- Prepare your own strategy
- Great flexibility on volumes and price of bids

Delegate to a third party

- One size fits all approach
- Admin cost and commission
 - Simplicity
- Usually adequate for small volumes

Whatever your specific situation, it is worth assessing your best option



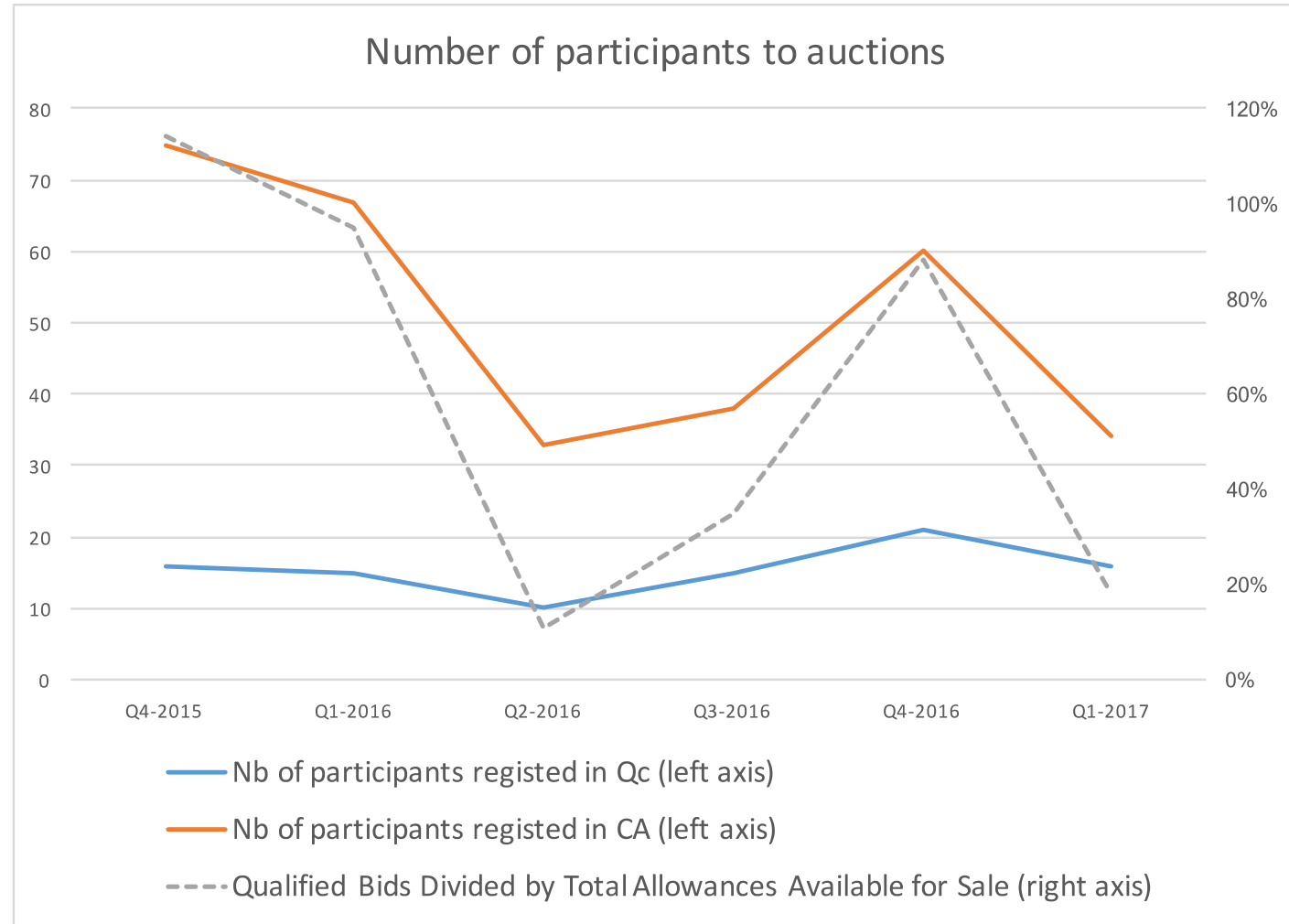
Qc/CA last auction key facts

Feb.22nd joint auction	Current vintage	Future vintage
Final price	17.84	17.84
Percentage of sold allowances	18%	7%
Number of vintage sold	11,673,000	701,000

Very low participation rate for this auction



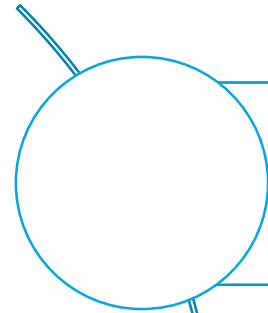
History of auction participation



California significantly influenced recent final auction prices

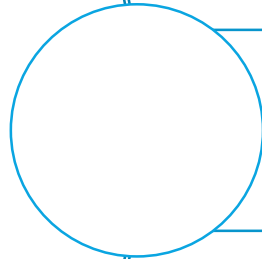


Potential explanations



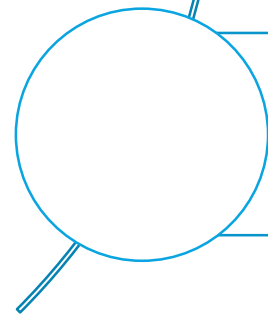
Uncertainty

- CA participants are afraid that market could collapse due to a lawsuit



Oversupply of allowances

- Participants may have already enough allowances in their account



Unfavorable exchange rate

- Qc companies may expect a better exchange rate

It is likely a combination of these 3 reasons that explains the results of the last auctions



Our advice

Do participate to next auction

Place various bids

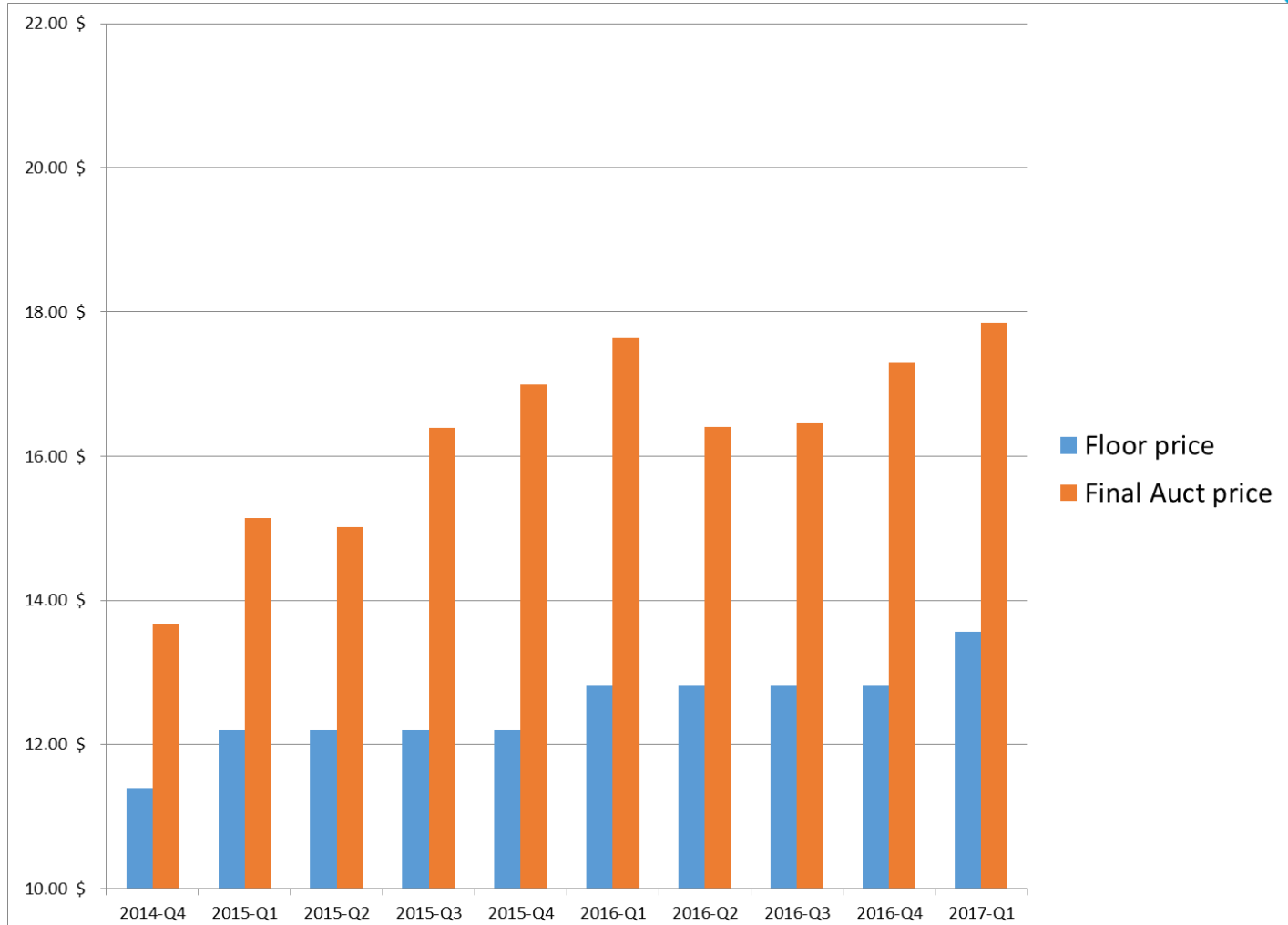
Consider future vintage

A good plan for the auction is an important part of your overall compliance strategy



Market Dynamic

Carbon price (CAD)



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



Next events

Cap and Trade Forum

- April 26-27 2017
- CCG will be chair of a panel on Lessons learned from Qc
- An Overview of Company Concerns and Strategies for Compliance
- 20% discount with CCG registration code **"carbonconsult20"**
- <http://capandtrade.canadianclean.com>

CCG next webinar

- April 4th, 2017



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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