



CARBON CONSULT GROUP
GROUPE CONSEIL CARBONE

Keys to a cost-effective
Cap-and-Trade compliance strategy – Part 4

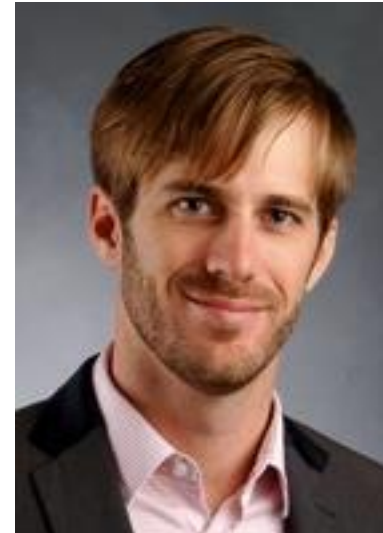
April 18th, 2017



Your hosts



Jean Paquin
Executive VP
Carbon Consult Group



David Beaudoin
Senior Project Manager
Carbon Consult Group



Our objectives

Learn from the first Ontario auction results

Understand the role of GHG offsets in the Cap and Trade and as part of your compliance strategy



Key dates

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

May 8th : 2nd Auction application deadline

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

June 6th: from 1pm to 4pm (ET): 2nd auction for Ontario participants



Our advices
for the
First Auction
were

Do participate to next auction

Place various bids

Consider future vintages

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



Ontario first auction key facts

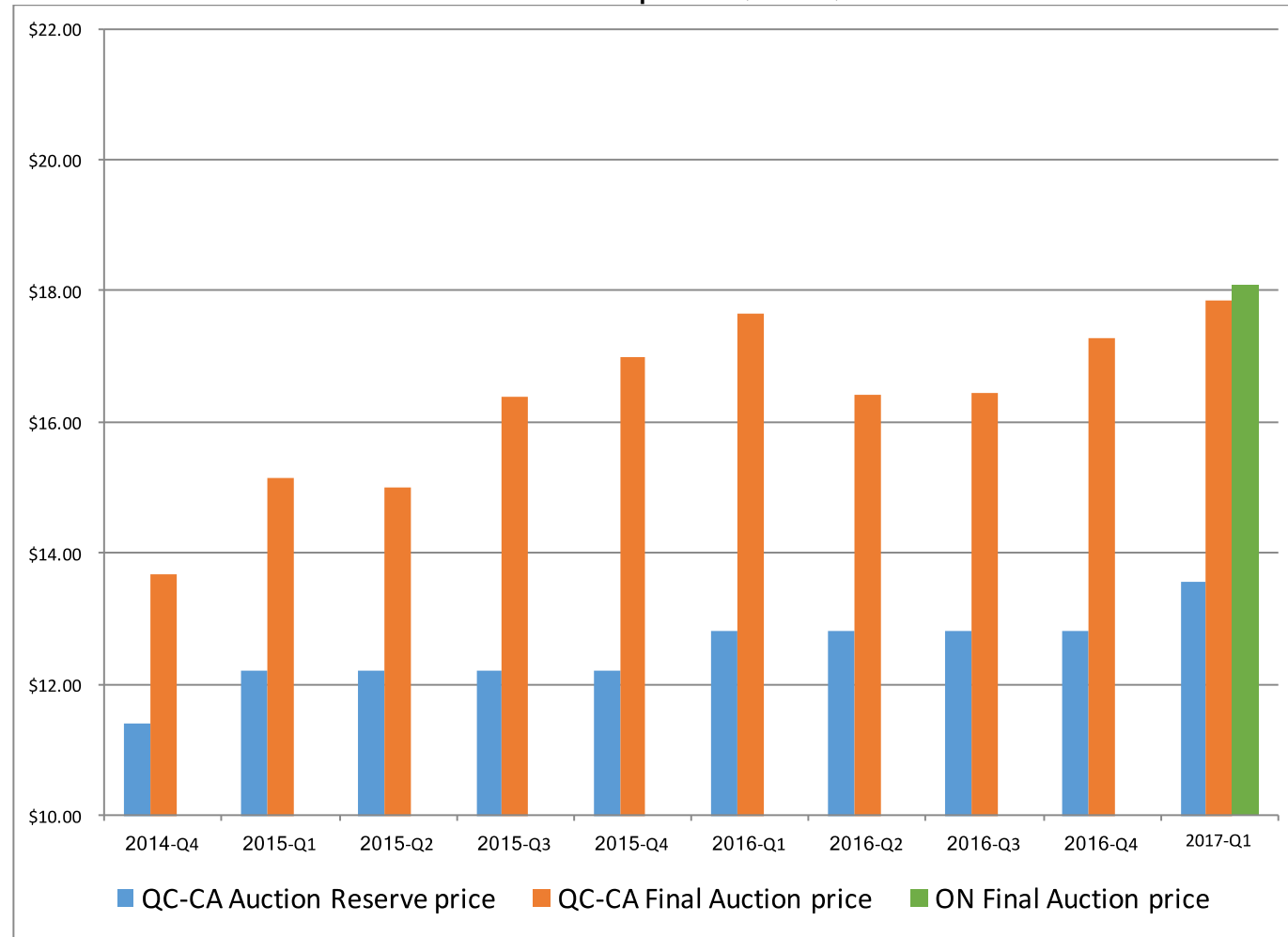
First auction	Current Auction (vintage 2017)	Advance Auction (vintage 2020)
Auction Reserve Price	18.07	18.07
Final price	\$18.08	\$18.07
Percentage of sold allowances	100%	26%
Number of vintage sold	25,296,367	812,000
Unfulfilled bids / Unsold allowances	4 millions <u>unfulfilled</u>	2.3 millions <u>unsold</u>

Market is up and running, but still in the learning curve



Market Dynamic

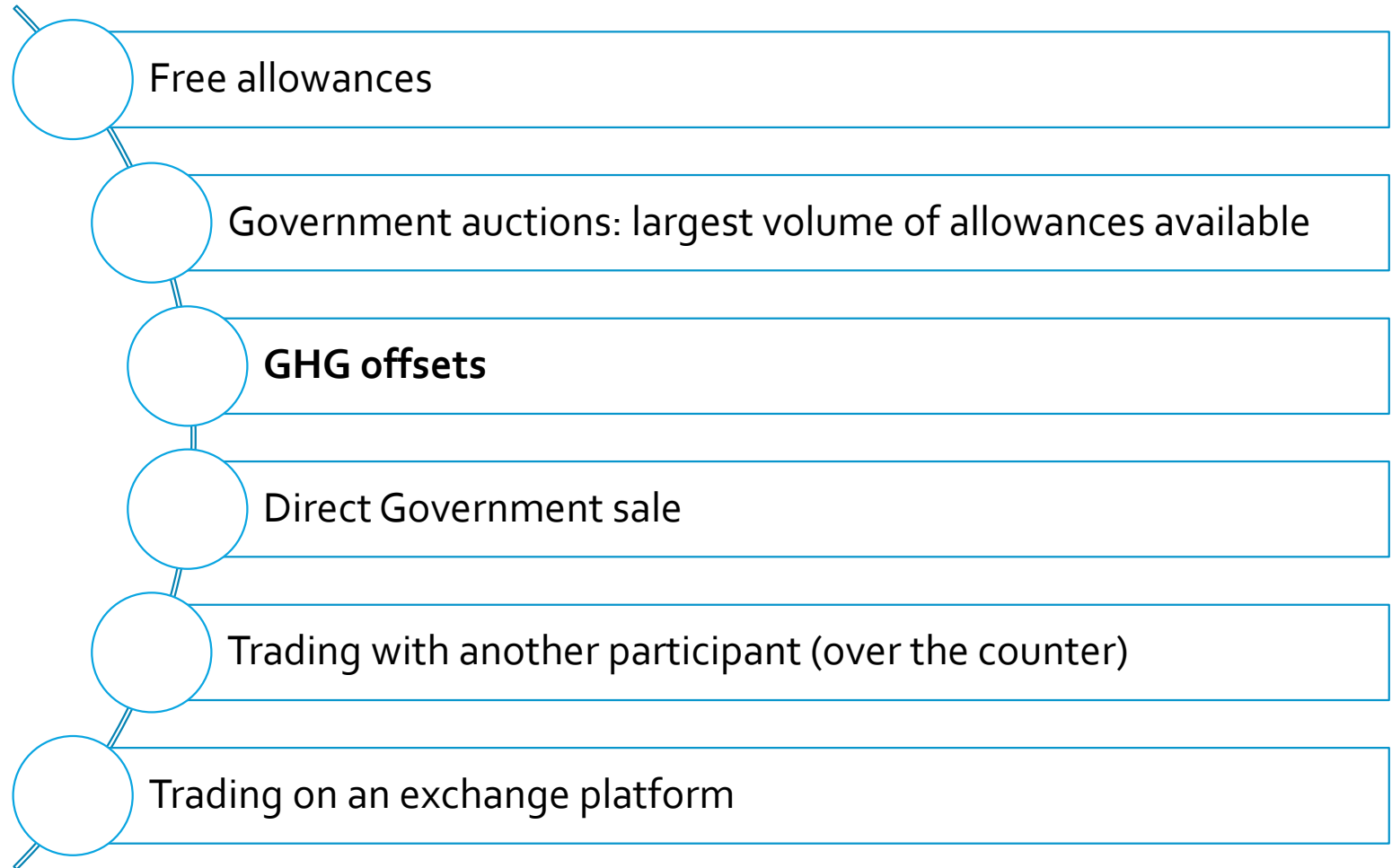
Carbon price (CAD)



Carbon prices fluctuate over time



Acquisition channels



Consider all of them for improved performance and minimal risk



GHG offset credits

- Offset credit: Used to cover 1 ton of CO₂e (just like allowance)
- Limited to cover up to 8% of total GHG emissions
- Price is usually below the price of allowances
- Limited supply

Offset credits may contribute to reduce your cost of compliance



GHG offset projects

14 Project types that reduce GHG emissions not covered by the Cap and Trade

- Landfill Gas Capture and Destruction
- Mine Methane Capture and Destruction
- Ozone Depleting Substances Capture and Destruction
- N₂O Reductions from Fertilizer Management
- Emission Reductions from Livestock (2 different protocols)
- Organic Waste Digestion
- Organic Waste Management
- Forest Project (reforestation, avoided conversion, and improved forest management)
- Afforestation
- Urban Forest Project
- Grassland
- Conservation Cropping
- Refrigeration Systems

Offsets to be on the Ontario market by 2018



Offset credits acquisition

Some recommendations:

- Be active on the market
- Get in touch with project proponents from various sectors:
 - Forestry
 - Agriculture
 - Waste management...
- Don't wait and see. Opportunities arise from nurturing relationship with project proponents or traders.



Cap and Trade Forum

Next event

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



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 build a cost-effective compliance plan



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