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IETA 2021 Business Briefs
Presentation: Where Next for Emissions Trading Around the World?

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Canada Carbon Markets

June 1, 2021
• Ontario and New Brunswick provincial systems approved (EPS and NB-OBPS)

• New carbon price trajectory – $170 by 2030

• CFS draft regs published – final regs expected Late 2021

• Federal GHG Offset System draft regs published – final regs expected Fall 2021

• Supreme Court rules federal carbon pricing constitutional

• Opposition Conservatives embrace carbon pricing for first time – full political consensus
  • OBPS to remain, CFS to be amended, carbon price to reduce

• First compliance deadline for OBPS – April 15th; post-2022 design underway
Federal GHG Offset System Timeline
• Draft regs published March 2021
• Final regs expected Fall 2021

Priority Protocols (to be developed throughout 2021)
• Advanced Refrigeration Systems
• Improved Forest Management
• Landfill Methane Management
• Enhanced Soil Carbon

Alberta / BC Offset Systems approved
• Five protocols from Alberta
• Zero from BC as of yet – two potential protocols under development
• Saskatchewan developing offset system – potential for additional Recognized Units
Market hit hard by COVID, with CCA prices dipping as low as US$12 after hitting record highs pre-pandemic; May-20 & Aug-20 auctions undersubscribed and at floor price.

Market recovers (very) slowly, Nov-20, Feb-21 & May-21 auctions fully subscribed, above floor.

April 2021 brings big market upswing – Earth Day conference, economic reopening, higher-than-expected inflation all contribute – financial speculation biggest factor.

CCA prices close to US$19.40; Front-Month reached record high of US$19.48 on May 18th.

CCA/CCO spread at record highs as well.

Post-2024 amendments now being decided – big implications for market (free allocation, caps, etc.).
• Federal government
  • New carbon price trajectory (up to $170 by 2030), new 2030 emission target
  • Update of stringency criteria – provincial programs to clear higher bar?
  • OBPS amendments
  • Election this year? Conservative Party plan

• Alberta – noted to be looking at options

• Saskatchewan – Prairie Resilience Plan

• Manitoba – judicial review, carbon tax proposal

• Ontario – new EPS program to start January 1, 2022, EPS amendments published May 2021

• New Brunswick – retroactive start date of January 1, 2021 for provincial OBPS

• Nova Scotia – looking at options post-2022
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