

Quebec to Join CA in Carbon Allowance Auction

As if to prove that reports of its death have been exaggerated, the remaining partners in the Western Climate Initiative held a Jan. 12 stakeholders' meeting in San Francisco and announced that California and Quebec expect to jointly conduct the initial auction of carbon allowances this coming August.

What remains for that to happen is the enacting of a "linkage" agreement between the two jurisdictions and technical work to ensure allowance equivalency across the trading platform such that buyers and sellers will be transacting a common commodity.

The linking agreement is planned for late spring or early summer, said Quebec's WCI representative Robert Noel du Tilly. California may have to rush through a public process for amending CARB's trading rules to accommodate Quebec's involvement, as a 45-day administrative procedural review will be required.

Last week's meeting also sought to clarify WCI's future, including its expected relationship with the recently formed WCI, Inc., not-for-profit organization established in November.

According to James Goldstene, California Air Resources Board executive officer and WCI co-chair, the creation of WCI, Inc., has not completely superseded the need for continued policy and logistical collaboration among participating governments.

WCI, Inc. is to provide administrative and technical services to the partners under a set of contracts, he said, with some of the major services performed by other entities on a competitive basis.

California and just four Canadian Provinces—Quebec, Ontario, Manitoba, and British Columbia—remain as participants in WCI's effort to create a North American carbon market based on cap-and-trade designs approved by the Air Board and a still-evolving market being created in Quebec.

The non-profit WCI, Inc., will administer the quarterly allowance auctions, will coordinate market oversight and monitoring activities, and establish the planned allowance/offset tracking system, among other tasks, Goldstene said. He would not reveal any specifics about funding for the

new entity, except that it will be shared by participants, which currently include only California, Quebec, and B.C., according to the new www.wci-inc.org website.

A search for an executive director is currently underway, and a deputy director is expected to be resident in Canada.

Goldstene said that he was pleased with a high-level of interest in the executive position, but the recruitment committee had not yet forwarded recommendations or a short list of candidates. In the meantime, WCI also is looking for proposals for running the tracking system, which is being designed by government analysts.

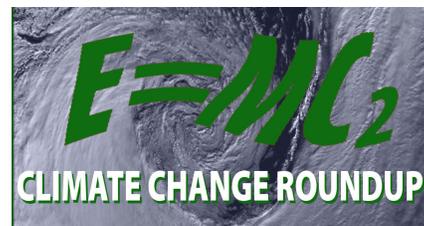
Other tasks to be completed include finalizing the process for issuing offsets, and harmonizing offset protocols among jurisdictions. The partners hope to have four or five common protocols in effect this year—well in advance of the actual compliance phase of cap-and trade.

WCI members took pains to emphasize that market enforcement responsibility is to remain with each jurisdiction, not WCI, Inc. Thus, its exact market oversight role may need to be clarified.

B.C. has not fully committed to a cap-and-trade market, but is reviewing the costs and benefits of various options to reduce carbon and greenhouse gas emissions, said Tim Lesiuk, the province's chief negotiator and director of its Climate Action Secretariat.

The WCI partners also described the role of the North America 2050 effort, which former WCI members revealed when they defected from the continental market design effort last year. NA 2050 is essentially a continuation of working groups among the initial WCI partners, the members of the Regional Greenhouse Gas Initiative and the Midwest Governors group to explore greenhouse reduction strategies. Goldstene said California remains in that group to explore "all kinds of climate actions besides cap-and-trade" programs.

—Arthur O'Donnell



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