

## **Market Notice**

### **The California Air Resources Board investigation of Livestock Methane Destruction Project**

Issued November 18, 2019

Québec's cap-and-trade system (C&T system) for greenhouse gas (GHG) emissions is linked with California's C&T system since January 1, 2014. Since then, emission units and offset credits issued by both governments are fully fungible and can therefore be transferred by entities registered with the ministère de l'Environnement et de la Lutte contre les changements climatiques or with the California Air Resources Board (CARB).

This notice intends is to inform market participants that the CARB has initiated an investigation into whether offset credits issued for livestock methane destruction events that took place at the Scenic View Dairy in Holland, Michigan may have been generated while the facility was not in compliance with the health and safety rules of the Michigan Department of Environment, Great Lakes, and Energy.

The table below provides issuance details of the offsets under investigation.

<b>CARB Project ID number</b>	<b>Reporting Period Start Date</b>	<b>Reporting Period End Date</b>	<b>Vintage Year</b>	<b>CARB Offset Credits Issued</b>	<b>Date of Issuance</b>	<b>Invalidation Timeframe</b>	<b>Start of Invalidation Timeframe</b>
CALS5040-C	2016-02-01	2017-01-31	2017	20,421	2017-06-13	3 years	2017-01-31
CALS5040-D	2017-02-01	2018-01-31	2018	15,697	2019-04-23	8 years	2018-01-31

The CARB has contacted the parties affected by this investigation to give them the opportunity to provide additional information that will allow CARB to make a final determination as to whether the offset credits should be invalidated.

CARB notified all parties affected by this investigation on November 18, 2019. All affected parties have 25 calendar days from that date to provide additional information to assist in the investigation. Once all information has been submitted, the CARB has 30 calendar days to make a final determination whether to invalidate any offset credits under investigation. The release of the final determination will be noticed ahead of time to ensure all market participants receive the information simultaneously.

Until the final determination is made, trading of the offset credits currently under investigation is suspended. Some of the offset credits under investigation were previously used for compliance and are located in the Retirement Account.

Once CARB makes the final determination publicly available, trade of offset credits determined to be valid will be allowed to resume.

**If the offset credits under investigation are invalidated**, all affected parties will be notified and the offset credits under investigation will be removed permanently from CITSS. These offset credits will no longer be valid and cannot be transferred to any other entity or used for compliance.

**If the offset credits under investigation are found to be valid**, all affected parties will be notified and the offset credits under investigation will be unsuspending in the CITSS accounts of the affected parties.

#### **For additional information**

Link to the [CARB's Market Notice](#).

Link to the [CARB's FAQ](#).

Link to [Québec's offset credits program](#).

If you have questions or comments, contact the Registrar of the Québec Carbon Market:

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