

Market Notice

California Air Resources Board Compliance Offset Investigation of Livestock Methane Destruction Project

Issued June 10, 2020

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).

The California Air Resources Board (CARB) has initiated an investigation into whether compliance offset credits issued for livestock methane destruction events that took place at the Central Sands Dairy in Nekoosa, Wisconsin may have been generated while the facility was not in compliance with the State of Wisconsin's Pollutant Discharge Elimination System (WPDES) permit requirements. 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 compliance offset credits should be invalidated.

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

CARB Project ID number	Reporting Period Start Date	Reporting Period End Date	Vintage Year	CARB Offset Credits Issued	Date of Issuance	Invalidation Timeframe	Start of Invalidation Timeframe
CALS5123-D	2017-04-01	2018-03-31	2018	15 002	2018-10-23	8 years	2018-03-31

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 June 5, 2020. All affected parties have 25 calendar days from that date to provide additional information to assist CARB in the investigation. CARB may also request any additional information that may aid in the investigation. CARB's Executive Officer has 30 calendar days from the day that all the information is received to make a final determination whether to invalidate any compliance 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.

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 [CARB's](#) FAQ.

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

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

Phone : 418 521-3868, ext. 7074, ou 1 800 561-1616, ext. 7074

Email : registraireqc-spede@environnement.gouv.qc.ca.