

WHEREAS, under the first paragraph of section 87 of the Integrity in Public Contracts Act, the Government may, before 31 March 2016, require enterprises that are party to public contracts or subcontracts, or contracts or subcontracts deemed to be public contracts or subcontracts under the law, that are in process to file an application for authorization under Chapter V.2 of the Act respecting contracting by public bodies within the time specified by the Government;

WHEREAS, under that paragraph, the Government may determine, on the date or dates it sets, the provisions of that chapter that are applicable and modify them as necessary and it may also set a different time period from that specified in section 21.19 of the Act respecting contracting by public bodies for the enterprise to be deemed to have defaulted on a contract;

WHEREAS, under the second paragraph of section 87 of the Integrity in Public Contracts Act, the Government may, for the purposes of the first paragraph of the section, target contracts or subcontracts or groups of contracts or subcontracts, whether or not they are of the same category and even if they involve an expenditure that is lower than the expenditure amount specified in section 85 of that Act or determined under section 21.17 of the Act respecting contracting by public bodies;

WHEREAS, under that second paragraph, the Government may determine special terms for the applications for authorization that enterprises must file with the Autorité des marchés financiers;

WHEREAS the Minister of Transport awarded, on 28 July 2014 and 15 August 2014, two construction contracts of \$1,420,607.50 and \$309,220.70 respectively to Ali Construction inc. for which the Government is requested to require the enterprise to file the application for authorization under Chapter V.2 of the Act respecting contracting by public bodies;

WHEREAS, under section 100 of the Integrity in Public Contracts Act, a decision of the Government under section 87 of that Act comes into force on the date of its adoption or on any later date specified in it, that the decision must be published in the *Gazette officielle du Québec* as soon as possible and that sections 4 to 8, 11 and 17 to 19 of the Regulations Act (chapter R-18.1) do not apply to that decision;

IT IS ORDERED, therefore, on the recommendation of the Minister responsible for Government Administration and Ongoing Program Review and Chair of the Conseil du trésor and the Minister of Transport:

THAT Ali Construction inc., that is party to two construction contracts of \$1,420,607.50 and \$309,220.70 respectively awarded on 28 July 2014 and 15 August 2014 with the Minister of Transport, be required to file the application for authorization under Chapter V.2 of the Act respecting contracting by public bodies (chapter C-65.1) within 21 days following the coming into force of this Order in Council;

THAT Chapter V.2 of the Act respecting contracting by public bodies apply to the contracts, with the necessary modifications, from the coming into force of this Order in Council;

THAT if Ali Construction inc. fails to provide, within 21 days following the coming into force of this Order in Council, the information and documents prescribed by the Autorité des marchés financiers in accordance with section 21.23 of the Act respecting contracting by public bodies or the information required by the Autorité des marchés financiers under section 21.35 of that Act, the enterprise is deemed to have defaulted on the contracts within the meaning of section 21.19 of that Act within 60 days following the expiry of the period of 21 days or the expiry of the time limit specified by the Autorité des marchés financiers to provide the information it requires, as the case may be;

THAT this Order in Council come into force on October 8, 2014.

JUAN ROBERTO IGLESIAS,
Clerk of the Conseil exécutif

3508

Gouvernement du Québec

O.C. 902-2014, 15 October 2014

Environment Quality Act
(chapter Q-2)

Cap-and-trade system for greenhouse gas emission allowances
— Amendment

Regulation to amend the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances

WHEREAS, under subparagraphs *b, c, d, e.1, h* and *h.1* of the first paragraph of section 31 and sections 46.1, 46.6, 46.8 to 46.12, 46.14, 46.15, 115.27 and 115.34 of the Environment Quality Act (chapter Q-2), the Government may make regulations on the matters set forth therein;

WHEREAS the Government has enacted the Regulation respecting the cap-and-trade system for greenhouse gas emission allowances (chapter Q-2, r. 46.1);

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1) and section 124 of the Environment Quality Act, a draft of the Regulation to amend the Regulation respecting the cap-and-trade system for greenhouse gas emission allowances was published in Part 2 of the *Gazette officielle du Québec* of 23 July 2014 with a notice that it could be made by the Government on the expiry of 60 days following that publication;

WHEREAS, under section 17 of the Regulations Act, a regulation comes into force 15 days after the date of its publication in the *Gazette officielle du Québec* or on any later date indicated in the regulation or in the Act under which it is made;

WHEREAS, under the first paragraph of section 18 of that Act, a regulation may come into force on the date of its publication in the *Gazette officielle du Québec* where the authority is of the opinion that the urgency of the situation requires it;

WHEREAS, pursuant to the second paragraph of section 18 of that Act, the reason justifying such coming into force must be published with the regulation;

WHEREAS, in the Government's opinion, the urgency due to the following circumstances justifies that the Regulation to amend the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances, attached to this Order in Council, come into force on the date of its publication in the *Gazette officielle du Québec*:

— The Regulation amends the rules governing auctions of emission units, including the rules governing financial guarantees, to ensure concordance with the rules prescribed by the State of California, which is a partner entity;

— An emitter or a participant registered as a bidder must, at least 12 days before the date of an auction, submit to the Minister a financial guarantee consistent with the rules prescribed by the Regulation;

— An auction of emission units will be held jointly with the State of California on 19 November 2014;

WHEREAS it is expedient to make the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of Sustainable Development, the Environment and the Fight Against Climate Change:

THAT the Regulation to amend the Regulation respecting the cap-and-trade system for greenhouse gas emission allowances, attached hereto, be made.

JUAN ROBERTO IGLESIAS,
Clerk of the Conseil exécutif

Regulation to amend the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances

Environment Quality Act

(chapter Q-2, s.31, 1st par., subpars. *b, c, d, e.1, h* and *h.1*, ss. 46.1, 46.6, 46.8 to 46.12, 46.14, 46.15, 115.27 and 115.34)

1. The Regulation respecting a cap-and-trade system for greenhouse gas emission allowances (chapter Q-2, r. 46.1) is amended in section 2

(1) by replacing “gasoline, diesel fuel, propane, natural gas and heating oil” in the part preceding subparagraph 1 of the third paragraph by “automotive gasoline, diesel fuels, propane, natural gas and heating fuel”;

(2) by replacing “marine bunker fuel” in subparagraph 1 of the third paragraph by “fuel oil for ships”.

2. Section 5 of the Regulation is amended by replacing the second paragraph by the following:

“Despite the first paragraph, where all or part of the system is delegated to a person or a body pursuant to the second paragraph of section 46.13 of the Environment Quality Act (chapter Q-2), the information and documents indicated in the notice published in accordance with the third paragraph of that section must be sent to the delegatee.”.

3. Section 6 is amended

(1) by replacing “an allocation” in subparagraph 1 by “an issuance”;

(2) by inserting the following subparagraph after subparagraph 1:

“(1.1) an allocation account, containing the emission units available for allocation without charge, calculated in accordance with Part II of Appendix C of this Regulation;”;

(3) by replacing “reserve emission units, along with any other emission allowance that must be recorded in the account in accordance with this Regulation, is intended for sale by mutual agreement by the Minister, or is used” in subparagraph 3 by “emission units intended for sale by mutual agreement by the Minister or to be used”;

(4) by adding the following subparagraph after subparagraph 5:

“(6) an invalidation account, containing offset credits issued and cancelled by a partner entity.”.

4. The first paragraph of section 7 is amended

(1) by striking out “home and” in subparagraph 2;

(2) by striking out “and home addresses” in subparagraph 6;

(3) by adding the following at the end of subparagraph 9: “and attesting that the information and documents provided are valid and that consent has been given as to their communication when necessary for the purposes of this Regulation and of the corresponding rules and regulations of a partner entity”.

5. Section 8 is amended by adding the following paragraph:

“However, a natural person employed by an emitter or a participant may not register as a participant in the system.”.

6. Section 8.1 of the French text is amended by replacing “à titre du” by “à titre de”.

7. Section 9 is amended by adding “, as well as any emitter or participant who share an account representative who also works for one of them” at the end of subparagraph 5 of the second paragraph.

8. Section 10 is amended

(1) by replacing “; and” at the end of subparagraph a of subparagraph 7 by “and the corresponding rules and regulations of a partner entity”;

(2) by inserting the following subparagraph after subparagraph a of subparagraph 7:

“(a.1) that the person consents to a judicial record verification by the Minister or a person mandated for that purpose; and”.

9. Section 11 is amended

(1) by adding the following at the end of subparagraph 5 of the third paragraph: “The declaration must also indicate the name and contact information of any other emitter or participant on whose behalf the account representative acts for that purpose”;

(2) by replacing “or, when an emitter or participant has only 2 representatives, when a new representative is designated” in the sixth paragraph by “and, when an emitter or a participant has only 2 representatives, only after a new representative has been designated”.

10. Section 12 is amended by inserting “or with the corresponding rules and regulations of a partner entity” after “with section 10” in the first paragraph.

11. Section 14 is amended by replacing “traded or retired” in subparagraph 1 by “traded”.

12. Section 14.1 is replaced by the following:

“**14.1.** Any change to the information and documents provided pursuant to subparagraph 6 of section 10 or to section 11 must be communicated to the Minister without delay and, in the case of those provided pursuant to sections 7, 8 and 9, subparagraphs 1 to 5 and subparagraph 7 of section 10 or section 12, within 30 days from this amendment.”.

13. Section 18 is amended by replacing “being of the same vintage as the units allocated, or a previous vintage” in subparagraph 1 of the first paragraph by “, if they have a vintage, must be of the year on which they were allocated or from previous years”.

14. Section 19 is amended

(1) by replacing “visée à l’article 2” in the first paragraph of the French text by “visés à l’article 2”;

(2) by adding the following at the end of the first paragraph: “or the permanent stop in production of a reference unit if the emissions attributable to the other activities of the establishment have been below the emissions threshold for the last 3 years”;

(3) by replacing “reported emissions” in subparagraph 2 of the second paragraph by “verified emissions”;

(4) by replacing “, or the reported emissions of an emitter referred to in subparagraph 2,” in subparagraph 3 of the second paragraph by “or 2”.

15. Section 20 is amended by adding the following at the end of the first paragraph: “, except for offset credits, which may be used if they were issued in the first year following the year of expiry of the compliance period”.

16. Section 21 is amended

(1) by inserting “or, if that day is not a business day, on the first following business day, at 8:00 p.m.” after “expiry of a compliance period” in the first paragraph;

(2) by adding “, using units from categories C, B and A, in that order” at the end of subparagraph 1.1 of the second paragraph.

17. Section 22 is amended

(1) by adding “in the manner provided for in the second paragraph of section 21” at the end of the second paragraph;

(2) by inserting “and early reduction credits” after “emission units” in the part preceding subparagraph 1 of the third paragraph;

(3) by adding the following at the end of subparagraph 1 of the third paragraph: “using reserve units from categories C, B and A, early reduction credits and units identified by vintage from the least recent to the most recent, in that order”;

(4) by replacing “and emission units” in the fourth paragraph by “as well as emission units and early reduction credits”;

(5) by replacing “and emission units” in the fifth paragraph by “, emission units and early reduction credits”.

18. Section 23 is amended by replacing the second paragraph by the following:

“The emission units identified by vintage deducted following the application of the administrative sanction provided for in that section are placed in the Minister's auction account to be auctioned at a later date, and the reserve emission units and early reduction credits deducted are placed in the Minister's retirement account to be extinguished.”.

19. The following section is inserted after section 23:

“23.1. An emitter who, in accordance with section 6.5 of the Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere (chapter Q-2, r. 15), communicates a notice of correction to raise the quantity of GHG emissions reported in an emissions report filed in the previous 7 years must, for every compliance period that includes one of those years and

for which the compliance deadline has expired, cover the GHG emissions that have not been covered by an equivalent number of additional emission allowances if the situation corresponds to one of the following criteria:

Criterion 1

$$[(\text{GHG}_{\text{corr}} - \text{Allowances}_{\text{surrendered}}) / \text{Allowances}_{\text{surrendered}}] \geq 0.05$$

Criterion 2

$$(\text{GHG}_{\text{corr}} - \text{Allowances}_{\text{surrendered}}) \geq 5\,000 \text{ metric tonnes CO}_2 \text{ equivalent}$$

Where:

GHG_{corr} = Corrected GHG emissions, in metric tonnes CO₂ equivalent;

$\text{Allowances}_{\text{surrendered}}$ = Quantity of emission allowances surrendered for the compliance period to which the correction applies, expressed in metric tonnes CO₂ equivalent.

Not later than 8:00 p.m. on the 180th day following the notice of correction or, if that day is not a business day, on the first following business day, the emitter must transfer into its compliance account the additional emission allowances, which must meet the following conditions:

- (1) emission allowances identified by vintage must be from the current year or a previous year;
- (2) the offset credits used, along with the offset credits already deducted for the compliance period during which the correction is recorded, must not exceed 8% of the GHG emissions to be covered for that period.

The Minister deducts the additional emission allowances required in the manner provided for in the second paragraph of section 21 and places them in the Minister's retirement account to be extinguished.

If the additional emission allowances are not surrendered by the emitter in the time prescribed in the second paragraph, the provisions of sections 22 and 23 apply, with the necessary modifications.

No emission allowances will be reimbursed in the case of a notice of correction whose purpose is to reduce the emissions referred to in the first paragraph.”.

20. Section 25 is amended in the first paragraph

(1) by adding “, as well as the method used to determine the settlement price” at the end of subparagraph 4;

(2) by replacing subparagraph 5 by the following:

“(5) the type of emissions trading agreement, the date of signing of the agreement and the agreed upon trading date;”;

(3) by adding the following subparagraph after subparagraph 5:

“(6) where applicable, all other transactions or products covered by the agreement, a description of those transactions or products, and the name and contact information of the other parties involved.”.

21. Section 26 is amended

(1) by inserting “seller’s” after “all the” in the second paragraph;

(2) by inserting “and as soon as possible” after “on request” in the sixth paragraph.

22. Section 27.1 is amended by inserting “and as soon as possible” after “on request” in the fifth paragraph.

23. Section 32 is amended

(1) by replacing “sold by mutual agreement” in the first paragraph preceding equation 32-1 by “from the reserve account”;

(2) by replacing “soumises” in the French text of the third paragraph by “soumis”.

24. Section 35 is replaced by the following:

“**35.** The Minister posts, at least once every year, on the website of the department, a list of all emitters and participants registered for the system as well as a summary of transactions conducted the previous year.”.

25. Section 36 is amended by replacing the second paragraph by the following:

“Reserve emission units are also identified according to the categories provided for in the first paragraph of section 58, whereas other emission units as well as offset credits are also identified by vintage.”.

26. The following section is inserted after section 41:

“41.1. An emitter who, in accordance with section 6.5 of the Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere (chapter Q-2, r. 15), communicates a notice of correction to raise the number of reference units reported in an emissions report filed for a year in the current compliance period is allocated, during the next allocation of emission units, additional units equal to the difference between the quantity calculated for the first emissions report and the quantity calculated for the corrected emissions report in accordance with Part II of Appendix C.

No additional emission units are allocated for a notice of correction to an emissions report for a year in a compliance period for which the compliance deadline has expired.”

27. Section 42 is amended

(1) by replacing “units placed on reserve” in the second paragraph by “emission units”;

(2) by replacing “In the latter case,” in the third paragraph by “In the case of emission units from the reserve account referred to in the second paragraph, the category of emission unit is replaced by the same vintage of the allocation year. In addition,”.

28. Section 46 is amended by replacing the fourth paragraph by the following:

“In all cases, an emitter or a participant must update, at least 30 days before the date of each auction, the following information:

(1) all information or documents required under section 7 concerning the identity, ownership, administration and structure of the emitter's or participant's establishment or enterprise;

(2) the existence of any business relationship referred to in section 9;

(3) the allocation of the purchasing limit among the related entities;

(4) the allocation of the holding limit among the related entities.

Any change made to the information referred to in subparagraphs 3 and 4 of the fourth paragraph less than 30 days before the date of the auction, results in the the emitter or participant being refused participation in the auction.”

29. Section 48 is amended by replacing “21” in the part preceding subparagraph 1 of the second paragraph by “26”.

30. Section 49 is amended

(1) by striking out “at” in the part preceding subparagraph 1 of the third paragraph;

(2) by inserting “at” before “\$10” in subparagraph 1 of the third paragraph;

(3) by replacing subparagraph 2 of the third paragraph by the following:

“(2) for auctions conducted in any year after 2012, the price is set annually using the minimum price set for the previous year increased by 5% and adjusted in the manner provided for in section 83.3 of the Financial Administration Act (chapter A-6.001), as per the equation below:

$$MP_t = MP_{(t-1)} \times (1 + 0.05 + Ir)$$

Where:

MP_t = Minimum price set for a year;

$MP_{(t-1)}$ = Minimum price set for the previous year;

Ir = Indexation rate.”;

(2) by adding the following paragraph at the end:

“A bid submitted at less than the minimum price set in accordance with the third and fourth paragraphs will be refused.”.

31. Section 50 is amended

(1) by replacing “15%” in subparagraph 1 of the third paragraph by “20%”;

(2) by replacing the third paragraph by the following:

“The total quantity of emission units of the current or a prior vintage or of a vintage subsequent to the current year that may be purchased by the same bidder at each auction is, however, limited to:

(1) 25% of the units to be auctioned in the case of an emitter;
and

- (2) 4% of the units to be auctioned in the case of a participant.”;
- (3) by striking out the fourth and fifth paragraphs;
- (4) by replacing the sixth paragraph by the following:

“Bidders that are related entities have an overall purchasing limit. However, the purchasing limit for a group of participants related to an issuer may not exceed 4%.”;

- (5) by striking out the ninth paragraph.

32. Section 51 is amended by replacing the part preceding subparagraph 1 of the first paragraph by the following:

“**51.** A bidder or participant must not disclose whether or not it is taking part in an auction, or any other confidential information relating to its participation in an auction, including:”.

33. Section 52 is amended

- (1) by replacing the first and second paragraphs by the following:

“**52.** At the close of the auction, when the total bids submitted by a bidder exceed that bidder's holding limit determined in accordance with sections 32 and 33 or its purchase limit determined in accordance with section 50, the Minister removes from the bidder's bids the quantity of excess lots, beginning with the lots awarded at the lowest price.”;

- (2) by replacing “second paragraph” in the third paragraph by “first paragraph”;

- (3) by replacing “fourth paragraph” in the fifth paragraph by “third paragraph”.

34. Section 53 is amended by replacing “third paragraph” in the third paragraph by “second paragraph”.

35. Section 54 is amended by replacing the first paragraph by the following:

“**54.** Emission units of the vintage of the current or a previous year that remain unsold after an auction may be put up for sale as soon as the final sale price of the emission units has been above the minimum price for 2 auctions.”.

36. Section 58 is amended by replacing “emission units placed on reserve” in subparagraphs 1, 2 and 3 of the first paragraph by “reserve emission units”.

37. Section 59 of the Regulation is amended

- (1) by replacing “21” in subparagraph 3 of the first paragraph by “26”;
- (2) by replacing the third paragraph by the following:

“In all cases, an emitter must update, at least 30 days before the date of each sale by mutual agreement, the following information:

- (1) all information or documents required under section 7 concerning the identity, ownership, administration and structure of the emitter’s establishment or enterprise;
- (2) the existence of any business relationship referred to in section 9;
- (3) the allocation of the holding limit among the related entities.

Any change is made to the information referred to in subparagraph 3 of the third paragraph less than 30 days before the date of the sale by mutual agreement, results in the the emitter being refused participation in the sale.”.

38. Section 61 is amended by replacing “emission units placed on reserve” in the first and second paragraphs by “reserve emission units”.

39. Section 70.1 is amended by replacing “project plans, project reports, validation and verification reports” by “the name of the promoter’s enterprise, information related to the project submitted with the application for registration, project reports and verification reports”.

40. Section 70.2 is amended by replacing “same period as the initial period” in the third paragraph by “period applicable to this type of project”.

41. Section 70.3 is amended by replacing subparagraph 13 by the following:

“(13) the activities carried out under the project must meet all the applicable requirements for the type of project and the place where it is carried out.”.

42. Section 70.5 is amended

(1) by replacing the part preceding subparagraph 1 of the first paragraph by the following:

“**70.5.** A promoter wishing to be issued offset credits for a project must, not later than 18 months after the project begins but not exceeding the date of

submission of the first report for the project referred to in the second paragraph, apply to the Minister for the project to be registered in the register of offset credit projects by submitting the promoter's name and professional contact information, the name of the promoter's enterprise, the promoter's account numbers and the following project information:

- (1) where applicable, the name and contact information of the person responsible for the promoter's activities;
- (2) the title and a summary description of the project;
- (3) the protocol applicable to the project, referred to in Appendix D;
- (4) if the application is for a new project or is an application for renewal;
- (5) if the application is for a single project and, if so, the location of the project site;
- (6) if the application is for an aggregation of projects and, if so, the number of projects involved;
- (7) an estimate of the annual and total GHG emissions to be reduced in accordance with this Regulation and the applicable protocol, in metric tonnes CO₂ equivalent;
- (8) the duration of the project and the estimated project commencement date;
- (9) the signature of the promoter and the date of the application for registration as well as a declaration attesting that the information provided is accurate.

Not later than 18 months after the project begins, the promoter must submit a first project report to the Minister covering the first project reporting period, complying with sections 70.14 to 70.19 and including, in addition to those stipulated in section 70.14, the following information and documents:";

- (2) by striking out subparagraphs 1, 4, 8, 11, 14 and 15 of the first paragraph;
- (3) by replacing "will be" in subparagraph 5 of the first paragraph by "is";

(4) by striking out “or, if authorization has not yet been granted, a copy of the application for authorization” in subparagraph 9 of the first paragraph;

(5) by replacing “2 year” in the second paragraph by “3 years”.

43. Section 70.6 is amended by replacing “The application for registration referred to in section 70.5 or 70.7” in the part preceding subparagraph 1 by “the first project report referred to in the second paragraph of section 70.5”.

44. Section 70.7 is amended

(1) by replacing “submit to the Minister an application for registration for an aggregation of projects of the same type carried out” in the first paragraph by “carry out an aggregation of the projects of the same type on”;

(2) by replacing “An application for registration for an” in the part preceding subparagraph 1 of the second paragraph by “The application for registration referred to in the first paragraph of section 70.5 must, in such a case, also include the list of members of the aggregation for which the project is carried out and their contact information, and the first project report for the”;

(3) by replacing “referred to in” in subparagraph 1 of the second paragraph by “referred to in the second paragraph of”;

(4) by striking out subparagraph 2 of the second paragraph.

45. Section 70.8 is amended by replacing “along with the validation report referred to in section 70.9” in the first paragraph by “and the project report submitted immediately after the project is added must include, for the added project, the information and documents referred to in the second paragraph of section 70.5”.

46. Section 70.9 is revoked.

47. Section 70.10 is amended by replacing “70.9” by “70.8”.

48. Section 70.11 is replaced by the following:

“70.11. Where an application for registration is submitted for a project in accordance with the first paragraph of section 70.5, the Minister registers the project in the register of offset credit projects.”.

49. Section 70.12 is amended by replacing “validated project plan” in the second paragraph by “the first project report submitted in accordance with the second paragraph of section 70.5”.

50. Section 70.14 is amended

(1) by replacing “second paragraph of section 70.5” in the first and third paragraphs by “third paragraph of section 70.5”;

(2) by adding the following subparagraph after subparagraph c of subparagraph 8 of the second paragraph:

“(d) the information and documents provided are complete and accurate.”;

(3) by inserting the following subparagraph after subparagraph 8 of the second paragraph:

“(8.1) any information relating to financial assistance received for the project under a GHG emission reduction program.”;

(4) by inserting the following paragraph after the third paragraph:

“Despite the second paragraph, if, for a single project or for each project in an aggregation of projects, GHG emission reductions of less than 25,000 metric tonnes CO₂ equivalent have been achieved during a period covered by a project report, the promoter may postpone the submission of the project report for that period to the following year, provided the promoter notifies the Minister in writing within the time prescribed in the second paragraph. The promoter must, however, submit a project report every 2 years and the information must be presented separately for each project reporting period.”.

51. Section 70.15 is amended

(1) by replacing “The project report referred to in section” in the first paragraph by “Every project report referred to in section”;

(2) by striking out subparagraph 2 of the second paragraph;

(3) by replacing the fourth paragraph by the following:

“Despite the first paragraph, until 31 December 2017, a verification report of a project report may be conducted by a verification organization in the process of being accredited, on the condition that the organization receives accreditation in the year following the verification of the project.

If the organization fails to receive accreditation within the time prescribed in the fourth paragraph, the promoter must, not later than 6 months after the end of the prescribed time, send the Minister a new verification report on its project report, conducted by an accredited organization in accordance with the first paragraph.

No offset credits may be issued for the year covered by a verification report of a project report until the organization has been accredited.”.

52. Section 70.17 is amended

(1) by inserting the following subparagraph after subparagraph 2 of the first paragraph:

“(2.1) a description of the activities executed by the verifier to ensure the project complies with this Regulation;”;

(2) by adding “and on the percentage of error referred to in subparagraph 6” at the end of subparagraph 5 of the first paragraph.

53. Section 70.19 is amended by inserting the following paragraph before the first paragraph:

“A verification report of a project report is deemed positive if the verifier can attest with reasonable assurance that the percentage of error committed in applying quantification, surveillance or measurement conditions, calculated in accordance with section 70.18, is not above 5% and that the other conditions of this Regulation are met.”.

54. Section 70.20 is amended

(1) by replacing “, within the meaning of paragraph 5 of section 70.14, for” in the first paragraph by “reported in accordance with subparagraph 5 of the first paragraph of section 70.14 for”;

(2) by striking out the third paragraph.

55. Section 70.21 is amended

(1) by replacing “issued to the promoter” in the part preceding subparagraph 1 of the first paragraph by “issued for eligible GHG emission reductions reported in accordance with subparagraph 5 of the first paragraph of section 70.14”;

(2) by adding the following subparagraph after subparagraph 2 of the first paragraph:

“(3) where the project was not carried out in accordance with the provisions of this Regulation.”;

(3) by replacing the second and third paragraphs by the following:

“The Minister notifies the promoter who must, within 30 days of receiving the notice, place in its general account an emission allowance for each illegitimate offset credit that must be replaced.

The Minister, after being notified that the promoter has placed the credits in the general account, deducts the replacement emission allowances designated by the promoter and places them in the retirement account to be extinguished. The Minister also transfers the offset credits paid into the environmental integrity account for the project into the retirement account to be extinguished.”;

(4) by replacing “replace the offset credits” in the fourth paragraph by “surrender the replacement emission allowances”.

56. The following section is inserted after section 70.21:

“70.21.1. If a partner entity cancels offset credits held in the account of an emitter or a participant registered pursuant to this Regulation, the Minister notifies the emitter or participant of his intention to cancel the offset credits, in accordance with the second paragraph of section 46.12 of the Environment Quality Act (chapter Q-2). After the offset credits concerned have been cancelled, they are transferred into the Minister’s invalidation account to be surrendered to the partner entity.

If a partner entity cancels offset credits that were used for emitter compliance purposes, the Minister notifies the emitter, who must, within 6 months after receiving the notice, replace the cancelled offset credits by placing an equivalent number of emission allowances in its compliance account. The emission allowances are deducted in the order prescribed in section 21 and placed in the Minister’s retirement account to be extinguished. The cancelled offset credits recorded in the Minister’s retirement account are transferred into the Minister’s invalidation account and surrendered to the partner entity.

If the emission allowances required under the second paragraph are not surrendered by the emitter within the prescribed time, the provisions of sections 22 and 23 apply, with the necessary modifications, and the year of issue of the emission allowances is not taken into account.”.

57. Section 71 is amended by replacing subparagraph 1 by the following:

“(1) contravenes section 4, 9 or 12, the second paragraph of section 13, section 14.1, the second paragraph of section 18 or 19, the sixth paragraph of section 26, the fifth paragraph of section 27.1, the second paragraph of section 33 or 51, section 53, 62, 70.5, 70.13 or 70.14, the first, third or fifth paragraph of section 70.15 or section 70.22;”.

58. Section 72 is amended by striking out “, 70.9”.

59. Section 73 is amended

(1) by replacing subparagraph 1 by the following:

“(1) contravenes section 7 or 17, the first or third paragraph of section 19, section 20, the first paragraph of section 21, the first or second paragraph of section 23.1, the first paragraph of section 24, section 28, 29, 30 or 31, the second paragraph of section 37, the first paragraph of section 51 or the second paragraph of section 70.21 or 70.21.1;”;

(2) by replacing “the second paragraph of section 18” in subparagraph 2 by “subparagraph 2 of the first paragraph of section 18”.

60. Section 74 is amended by replacing the part preceding subparagraph 1 of the first paragraph by the following:

“**74.** A person who contravenes section 4, 9 or 12, the second paragraph of section 13, section 14.1, the second paragraph of section 18 or 19, the sixth paragraph of section 26, the fifth paragraph of section 27.1, the second paragraph of section 33 or 51, section 53, 62, 70.5, 70.13 or 70.14, the first, third or fifth paragraph of section 70.15 or section 70.22 is guilty of an offence and is liable,”.

61. Section 75 is amended by striking out “, 70.9”.

62. Section 75.1 is amended by replacing the part preceding subparagraph 1 by the following:

“**75.1.** A person who contravenes section 7 or 17, the first paragraph of section 24, the second paragraph of section 37, the fourth paragraph of section 41, the first paragraph of section 51 or the second paragraph of section 70.21 is guilty of an offence and is liable,”.

63. Section 75.3 is amended by inserting “contravenes section 28, 29, 30 or 31 or who” after “who” in the part preceding subparagraph 1 of the first paragraph.

64. Section 75.4 is amended by replacing “paragraph of section 19, 20 or 21, or the fourth paragraph of section 22” by “or third paragraph of section 19, section 20, the first paragraph of section 21, the fourth paragraph of section 22, the first or second paragraph of section 23.1 or the second paragraph of section 70.21.1”.

65. Appendix C is amended

(1) in Table B of Part I:

(a) by replacing the fifteenth row corresponding to the sector “Other²” and the type of activity “Soya and canola oil production” by the following:

“

Other ²	Soya and canola oil production (year 2013)	Metric tonne of soya and canola oil
Other ²	Oilseed processing (year 2014 and following)	Metric tonne of processed oilseeds

”;

(b) by inserting the following row after the forty-seventh row corresponding to the sector “Mining and pelletization” and type of activity “Nickel concentrate production”:

“

Mining and pelletization	Nickel concentrate and copper concentrate production	Metric tonne of nickel and copper produced
--------------------------	--	--

”;

(2) by inserting the following paragraph after subparagraph 8 of the fourth paragraph of Division D of Part II:

“To be considered in the calculation of emission units allocated without charge, any change to the information set out in subparagraph 4 of the first paragraph of section 7 and provided by the emitter when registering for the system must be sent to the Minister, along with all supporting documents, not later than

(1) 1 June 2015, in the case of an emitter operating an establishment covered as of 2013;

(2) 1 June following the end of the first compliance period for which the emitter is required to cover its GHG emissions, in the case of an emitter operating an establishment covered after 2013.”;

(3) by adding “**or production of a new reference unit**” at the end of the heading of Division 6.5 of Division D of Part II;

(4) in Division 6.5 of Division D of Part II:

(a) by inserting “or of the production of any new reference unit” after “covered establishments” in the part preceding subparagraph 1;

(b) by adding “or where the new reference unit is produced” at the end of subparagraph 1;

(5) by adding the following Division after Division 6.5.2 of Division D of Part II:

“6.5.3. Production of a new reference unit

The quantity of GHG emission units allocated without charge to an emitter to take into account the production of a new reference unit at a facility of one of its covered establishments must be calculated

(1) in the case of a facility that is not considered on a sectoral basis, using equations 4-1 to 4-8;

(2) in the case of a facility considered on a sectoral basis, using equations 5-1 and 5-2.

For the application of the equations set out in the first paragraph, factors *d* and *i* are replaced by the following:

d = First year of production of the new reference unit;

i = Years *d*-2, *d*-1 and *d*+1, where available, excluding the first year of production of the new reference unit.”.

66. Protocol 1 of Appendix D is amended

(1) by inserting “fixed” before “CH₄” in the second paragraph of Division 1 of Part I;

(2) in Division 4.1 of Part I:

(a) by replacing equation 2 by the following:

“Equation 2

$$GHG_{project} = GHG_{dest\ flare} - GHG_{combustion\ flare} + GHG_{dest\ other} - GHG_{combustion\ other}$$

Where:

GHG_{project} = Gross reduction in GHG emissions attributable to the project during the project reporting period, in metric tonnes CO₂ equivalent;

$GHG_{\text{dest flare}}$ = Lesser of the CH₄ emissions destroyed at flare during the project reporting period and 90% of the emissions from an uncovered manure storage facility, calculated using equation 3, in metric tonnes CO₂ equivalent;

$GHG_{\text{combustion flare}}$ = N₂O emissions attributable to combustion of captured gas at flare during the project reporting period, calculated using equation 6, in metric tonnes CO₂ equivalent;

$GHG_{\text{dest other}}$ = Lesser of the CH₄ emissions destroyed by a destruction device other than a flare during the project reporting period and 90% of the emissions from an uncovered manure storage facility, calculated using equation 7, in metric tonnes CO₂ equivalent;

$GHG_{\text{combustion other}}$ = N₂O emissions attributable to combustion of captured gas by a destruction device other than a flare during the project reporting period, calculated using equation 8.1, in metric tonnes CO₂ equivalent;”;

(b) by replacing equation 6 by the following:

“Equation 6

$$GHG_{\text{combustion flare}} = \sum_{j=1}^n [Q_{\text{gas cov}} \times EFF_{\text{flare}} \times C_{CH_4}]_j \times (0.049 \times 310) \times 0.000001$$

Where:

$GHG_{\text{combustion flare}}$ = N₂O emissions attributable to combustion of captured gas at flare during the project reporting period, in metric tonnes CO₂ equivalent;

n = Number of days on which gas is produced during the project reporting period;

j = Day on which gas is produced at the manure storage facility vent;

$Q_{\text{gas cov}}$ = Quantity of gas available for burning on day j measured at the capture system before delivery to the flare, in cubic metres at standard conditions;

EFF_{flare} = Flare burning efficiency rate, namely:

- for an open flare, a rate of 0.96 when the flare is operated in accordance with the method “General control device and work practice requirements” in Part 60.18 of Title 40 of the Code of Federal Regulations published by the U.S. Environmental Protection Agency (USEPA), or a rate of 0.5 in other cases;
- for an enclosed flare, a rate of 0.98 when the gas retention time in the stack is at least 0.3 seconds, or a rate of 0.9 in other cases;

C_{CH₄} = Average CH₄ content in the gas burned on day *j*, determined in accordance with Part III, in cubic metres of CH₄ per cubic metre of gas;

0.049 = N₂O emission factor attributable to flare burning, in grams of N₂O per cubic metre of gas burned;

310 = Global Warming Potential factor of N₂O;

0.000001 = Conversion factor, grams to metric tonnes;”;

(c) by replacing equation 8 by the following:

“Equation 8

$$GHG_{other} = Q_{gas\ cov} \times [(C_{CH_4} - C_{dest-CH_4}) \times 0.667 \times 21] \times 0.001$$

Where:

GHG_{other} = CH₄ emissions destroyed by a destruction device other than a flare during the project reporting period, in metric tonnes CO₂ equivalent;

Q_{gas cov} = Quantity of gas available for destruction during the project reporting period, measured at the capture system prior to destruction, in cubic metres at standard conditions;

C_{CH₄} = Average CH₄ content in the gas before entering the destruction device during the project reporting period, determined in accordance with Part III, in cubic metres of CH₄ per cubic metre of gas;

C_{dest-CH₄} = Average CH₄ content in the gas leaving the destruction device during the project reporting period, determined in accordance with the method in Part V, in cubic metres of CH₄ per cubic metre of gas;

0.667 = Density of CH₄, in kilograms per cubic metre at standard conditions;

21 = Global Warming Potential factor of CH₄;

0.001 = Conversion factor, kilograms to metric tonnes;

Equation 8.1

$$GHG_{\text{combustion other}} = Q_{\text{gas cov}} \times (C_{\text{dest-N}_2\text{O}} \times 1.84 \times 310) \times 0.001$$

Where:

GHG_{combustion other} = N₂O emissions attributable to combustion of captured gas by a destruction device other than a flare during the project reporting period, in metric tonnes CO₂ equivalent;

Q_{gas cov} = Quantity of gas available for destruction during the project reporting period, measured at the capture system prior to destruction, in cubic metres at standard conditions;

C_{dest-N₂O} = Average N₂O content in the gas leaving the destruction device during the project reporting period, determined in accordance with the method in Part V, in cubic metres of N₂O per cubic metre of gas;

1.84 = Density of N₂O, in kilograms per cubic metre at standard conditions;

310 = Global Warming Potential factor of N₂O;

0.001 = Conversion factor, kilograms to metric tonnes.”;

(3) in Division 5.2 of Part I:

(a) by adding “(other than a flare)” at the end of “CH₄ content leaving the destruction device” and “N₂O content leaving the destruction device” in the “Parameter” column of Figure 5.1;

(b) by replacing subparagraph 2 of the second paragraph by the following:

“(2) the CH₄ content in the gas entering the destruction device, determined in accordance with the applicable method in Part III;

(3) the CH₄ and N₂O content in the gas leaving the destruction device, determined in accordance with the applicable method in Part V, when a destruction device other than a flare is used.”;

(c) by striking out the fifth paragraph;

(4) by replacing subparagraph 3 of the first paragraph of Division 5.3 of Part I by the following:

“(3) calibrated by the manufacturer or by a third person certified for that purpose, every 5 years or according to the manufacturer's specifications, whichever is more frequent”;

(5) by replacing, in Table 1 of Part II:

(a) emission factor “27.6” in the first row by “27.8”;

(b) emission factor “3.5” in the third row by “3.3”;

(c) emission factor “3.3” in the fourth row by “3.2”;

(d) emission factor “2.6” in the fifth row by “2.4”;

(6) by replacing the headings of the fifth and sixth columns of the monitoring grid in Part IV by the following:

“

GHG _{flare} or GHG _{other} in CO ₂ equivalent, using equation 4 or 8	GHG _{combustion flare} or GHG _{combustion other} in CO ₂ equivalent, using equation 6 or 8.1
---	---

”;

(7) in Part V:

(a) by replacing “**the destruction device**” in the heading by “**a destruction device other than a flare**”;

(b) by inserting “or N₂O” after “a continuous CH₄” in the first paragraph;

(8) by adding “or N₂O” after “CH₄” in subparagraph 4 of the first paragraph of Part VI.

67. Part I of Protocol 2 of Appendix D is amended

(1) in the part preceding Division 1.1 of Division 1:

(a) by replacing “at the time of registration” in subparagraphs 1 and 2 of the second paragraph by “on the date of application for registration”;

(b) by adding the following paragraph at the end:

“The provisions of subparagraph 1 of the second paragraph of this Division and those of Division 1.2 do not apply to a landfill site of a pulp and paper mill, a sawmill or an oriented strandboard manufacturing plant.”;

(2) by striking out Division 1.1;

(3) by replacing “**at the time of registration**” in the heading of Division 1.2 and “at the time of registration” in the part preceding subparagraph 1 of this Division by “**on the date of application for registration**” and “on the date of application for registration” respectively;

(4) by striking out subparagraph 1 of Division 1.2;

(5) by replacing “**and quantity of CH₄ emitted by**” in the heading of Division 3 by “**captured from**”;

(6) by replacing “project plan” in subparagraph 1 of the second paragraph of Division 6.1 and in the last paragraph of Division 7.2 by “first project report”.

68. Protocol 3 of Appendix D is amended

(1) by replacing “**REMOVED FROM REFRIGERATION AND FREEZER APPLIANCES**” in the heading of the protocol by “**OR USED AS REFRIGERANTS REMOVED FROM REFRIGERATION, FREEZER AND AIR-CONDITIONING APPLIANCES**”;

(2) in the part preceding Division 1 of Part I:

(a) by inserting the following subparagraph after subparagraph 3:

“(3.1) “foam”: insulating foam removed from refrigeration or freezer appliances;”;

(b) by inserting “contained in foam” after “ODS” in subparagraph 4;

(c) by adding the following after subparagraph 4:

“(5) “ODS used as refrigerants”: ozone depleting substances of the following types:

(a) CFC-11;

(b) CFC-12;

(c) CFC-13;

(d) CFC-113;

(e) CFC-114;

(f) CFC-115;

(6) “ODS”: ODS contained in foam and ODS used as refrigerants;

(7) “substitute refrigerants”: refrigerants used to replace refrigerants destroyed by a project.

For the purposes of this protocol, chlorofluorocarbons (CFC) and hydrochlorofluorocarbons (HCFC) are greenhouse gases.”;

(3) by replacing the first and second paragraphs of Division 1.1 of Part I by the following:

“This offset credit protocol covers projects for all activities associated with the destruction of ODS contained in foam or used as refrigerants removed from refrigeration, freezer or air-conditioning appliances recovered in Canada.

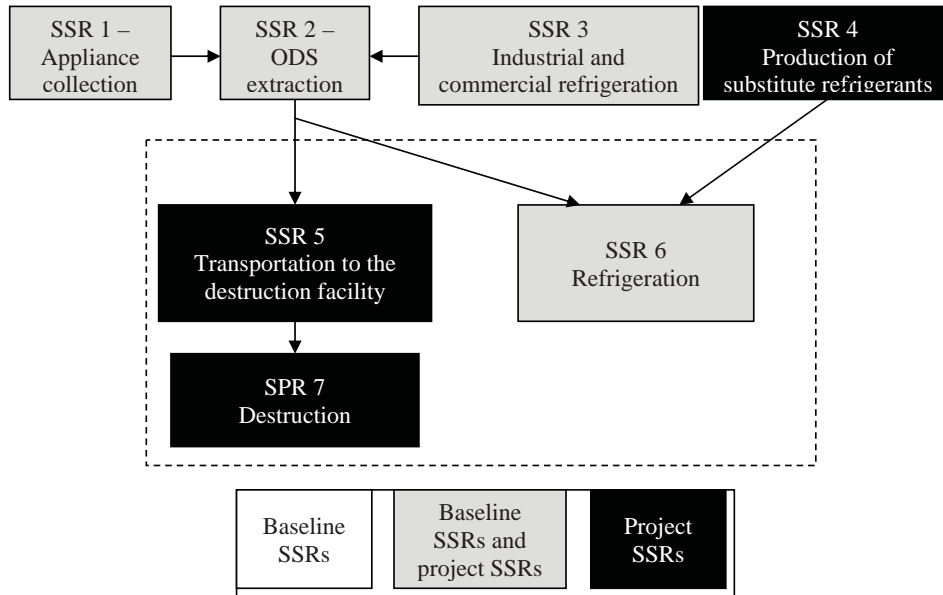
Ozone depleting substances contained in foam removed from refrigeration or freezer appliances and ODS used as refrigerants removed from equipment, systems or appliances from industrial, commercial, institutional or residential sources or removed from ODS stored by such sources for their future use or their disposal, and used for refrigeration, freezing and air conditioning are admissible for the purposes of this protocol.

When ODS used as refrigerants targeted by a project are removed from refrigeration, freezer or air-conditioning appliances that also contain ODS contained in foam, the project must also, for any destruction activity taking place after 22 October 2015, provide for the extraction and destruction of the ODS contained in the foam in accordance with this protocol.”;

- (4) in Division 2 of Part I:
 - (a) by replacing “**Project plan**” in the heading by “**First project report**”;
 - (b) by replacing “project plan” in the part preceding paragraph 1 by “first project report”;
 - (c) by inserting “or refrigerants” after “removing foam” in subparagraph 1 and “or refrigerants” after “remove foam” in subparagraph 4;
 - (d) by striking out “-containing foam” in subparagraph 3;
 - (e) by inserting “and according to whether the ODS are contained in the foam or are used as refrigerants” after “type of ODS” in subparagraph 5;
- (5) by inserting the following after “United States” in Division 3 of Part I: “However, removal of the foam and refrigerants from the appliances and extraction of the ODS from the foam must be carried out in Canada.”;
- (6) by adding “of this protocol” at the end of Division 4 of Part I;
- (7) in Division 5 of Part I:
 - (a) by replacing “the ODS must” in subparagraph 1 by “ODS contained in foam must”;
 - (b) by replacing “the ODS must” in subparagraph 2 by “all ODS must”;
 - (c) by replacing subparagraph 3 by the following:
 - “(3) All ODS must be destroyed in concentrated form in an ODS destruction facility meeting the requirements in Division 10 of this protocol.”;
- (8) in Division 6 of Part I:
 - (a) by replacing “6.1 and 6.2” in the part preceding Figure 6.1 by “6.1 to 6.3”;

(b) by inserting the following figure after Figure 6.1:

“Figure 6.1.1. Chart showing the reduction project process for ODS used as refrigerants



”;

(c) by replacing the title of Figure 6.2 by **“Reduction project SSRs targeted in the calculation of GHG emissions under the baseline scenario and project scenario for ODS contained in foam”**;

(d) by adding the following figure after Figure 6.2:

“Figure 6.3. SSRs targeted in the calculation of GHG emissions under the baseline scenario and project scenario for ODS used as refrigerants

SSR #	Description	Type of emission	Relevant to project baseline scenario (B) and/or Project (P)	Include or Excluded	
1	Appliance collection	Fossil fuel emissions attributable to the collection and transportation of end-of-life appliances	CO ₂	B, P	Excluded
			CH ₄	B, P	Excluded
			N ₂ O	B, P	Excluded
2	ODS extraction	Emissions of ODS attributable to the extraction and collection of refrigerants from end-of-life equipment or equipment undergoing maintenance	ODS	B, P	Excluded
		Fossil fuel emissions attributable to the extraction and collection of refrigerants from end-of-life equipment or equipment undergoing maintenance	CO ₂	B, P	Excluded
			CH ₄	B, P	Excluded
			N ₂ O	B, P	Excluded
3	Industrial and commercial refrigeration	ODS emissions attributable to equipment leakage and maintenance	ODS	B, P	Excluded
		Fossil fuel emissions attributable to the operation of refrigeration and air-conditioning equipment	CO ₂	B, P	Excluded
			CH ₄	B, P	Excluded
			N ₂ O	B, P	Excluded
4	Production of substitute refrigerants	Substitute refrigerant emissions during production	CO ₂ e	P	Excluded
		Fossil fuel emissions during the production of substitute refrigerants	CO ₂	P	Excluded
			CH ₄	P	Excluded
			N ₂ O	P	Excluded

5	Transportation to the destruction facility	Fossil fuel emissions attributable to the transportation of ODS from the point of origin to the destruction facility	CO ₂	P	Included
			CH ₄	P	Excluded
			N ₂ O	P	Excluded
6	Refrigeration	Emissions of ODS attributable to leakage and maintenance during the continuous operation of equipment	ODS	B	Included
		Substitute refrigerant emissions attributable to leakage and maintenance during the continuous operation of equipment	CO ₂ e	P	Included
		Indirect emissions attributable to the use of electricity	CO ₂	B, P	Excluded
			CH ₄	B, P	Excluded
			N ₂ O	B, P	Excluded
7	Destruction	Emissions of ODS attributable to incomplete destruction at the destruction facility	ODS	P	Included
		Emissions from the oxidation of carbon contained in the destroyed ODS	CO ₂	P	Included
		Fossil fuel emissions attributable to the destruction of ODS in a destruction facility	CO ₂	P	Included
			CH ₄	P	Excluded
			N ₂ O	P	Excluded
		Indirect emissions attributable to the use of electricity	CO ₂	P	Included
			CH ₄	P	Excluded
			N ₂ O	P	Excluded

»;

(9) by replacing Division 7 of Part I by the following:

“7. Calculation method for total GHG emission reductions attributable to a project

In calculating the GHG emission reductions attributable to a project for the destruction of ODS, the promoter must calculate the reductions attributable to the destruction of ODS contained in foam separately from those attributable to the destruction of ODS used as refrigerants.

The promoter must calculate the total GHG emission reductions using equation 1:

Equation 1

$$ER_T = ER_F + ER_R$$

Where:

ER_T = Total GHG emission reductions attributable to the project during the project reporting period, in metric tonnes CO₂ equivalent;

ER_F = Total GHG emission reductions attributable to the destruction of ODS contained in foam during the project reporting period, calculated using equation 2, in metric tonnes CO₂ equivalent;

ER_R = Total GHG emission reductions attributable to the destruction of ODS used as refrigerants during the project reporting period, calculated using equation 6.2, in metric tonnes CO₂ equivalent.

For the purposes of the equations, the promoter must use the global warming potential of ODS shown in Figure 7.1:

Figure 7.1. Global warming potential of ODS

Type of ODS	Global warming potential (metric tonnes CO ₂ equivalent per metric tonne of ODS)
CFC-11	4,750
CFC-12	10,900
CFC-13	14,400
CFC-113	6,130
CFC-114	10,000
CFC-115	7,370
HCFC-22	1,810
HCFC-141b	725

7.1. Calculation method for GHG emission reductions under a project for the destruction of ODS contained in foam

The promoter must calculate GHG emission reductions under a project for the destruction of ODS contained in foam using equation 2:

Equation 2

$$ER_F = BE_F - PE_F$$

Where:

ER_F = Total GHG emission reductions attributable to the project for the destruction of ODS contained in foam during the project reporting period, in metric tonnes CO₂ equivalent;

BE_F = Baseline emissions attributable to the destruction of ODS contained in foam during the project reporting period, calculated using equation 3, in metric tonnes CO₂ equivalent;

PE_F = GHG emissions under the project for the destruction of ODS contained in foam during the project reporting period, calculated using equation 5, in metric tonnes CO₂ equivalent.

7.1.1. Calculation of GHG emissions under the baseline scenario under a project for the destruction of ODS contained in foam

The promoter must calculate GHG emissions under the baseline scenario attributable to ODS-containing foam using equations 3 and 4:

Equation 3

$$BE_F = \sum_{i=1}^n [BA_{mit,i} \times EF_{F,i} \times GWP_i]$$

Where:

BE_F = Baseline emissions attributable to the destruction of ODS contained in foam during the project reporting period, in metric tonnes CO₂ equivalent;

i = Type of ODS;

n = Number of types of ODS;

$BA_{init, i}$ = Initial quantity of ODS of type i contained in foam prior to removal from appliances, calculated using equation 4, in metric tonnes of ODS of type i ;

$EF_{F, i}$ = GHG emission factor for ODS of type i contained in foam, as indicated in the table in Figure 7.2;

GWP_i = Global warming potential of ODS of type i as indicated in the table in Figure 7.1, in metric tonnes CO₂ equivalent per metric tonne of ODS of type i ;

Equation 4

$$BA_{init, i} = BA_{final, i} + \left(BA_{final, i} \times \left(\frac{1 - EE}{EE} \right) \right)$$

Where:

$BA_{init, i}$ = Initial quantity of ODS of type i contained in foam prior to removal from appliances, in metric tonnes of ODS of type i ;

$BA_{final, i}$ = Total quantity of ODS of type i extracted and sent for destruction, determined in accordance with Division 9, in metric tonnes of ODS of type i ;

EE = Extraction efficiency of the ODS extraction process, calculated in accordance with the method in Part II;

i = Type of ODS.

Figure 7.2. Emission factor for each type of ODS contained in foam removed from appliances

Type of ODS	Emission factor for each type of ODS contained in foam removed from appliances ($EF_{F, i}$)
CFC-11	0.44
CFC-12	0.55
HCFC-22	0.75
HCFC-141b	0.50

7.1.2. Calculation of GHG emissions under a project for the destruction of ODS contained in foam

The promoter must calculate GHG emissions under a project for the destruction of ODS contained in foam using equations 5 to 6.1:

Equation 5

$$PE_F = BA_{pr} + (Tr + DEST)_F$$

Where:

PE_F = GHG emissions under a project for the destruction of ODS contained in foam during the project reporting period, in metric tonnes CO₂ equivalent;

BA_{pr} = Total quantity of ODS contained in foam that are emitted during extraction, calculated using equation 6, in metric tonnes CO₂ equivalent;

$(Tr + DEST)_F$ = GHG emissions attributable to the transportation and destruction of ODS contained in foam, calculated using equation 6.1, in metric tonnes CO₂ equivalent;

Equation 6

$$BA_{pr} = \sum_{i=1}^n [BA_{init,i} \times (1 - EE_F) \times GWP_i]$$

Where:

BA_{pr} = Total emissions attributable to the extraction of ODS contained in foam removed from appliances, in metric tonnes CO₂ equivalent;

i = Type of ODS;

n = Number of types of ODS;

$BA_{init,i}$ = Total quantity of ODS of type i contained in foam removed from appliances prior to extraction, calculated using equation 4, in metric tonnes of ODS of type i ;

EE_F = Extraction efficiency of the extraction process for ODS contained in foam, determined for the project using the method in Part II;

GWP_i = Global warming potential of ODS of type i as indicated in the table in Figure 7.1, in metric tonnes CO₂ equivalent per metric tonne of ODS of type i ;

Equation 6.1

$$(Tr + DEST)_F = BA_{final} \times 7.5$$

Where:

$(Tr + DEST)_F$ = GHG emissions attributable to the transportation and destruction of ODS contained in foam, in metric tonnes CO₂ equivalent;

BA_{final} = Total quantity of ODS contained in foam sent for destruction under the project, calculated using equation 10, in metric tonnes of ODS;

7.5 = Default emission factor for ODS transportation and destruction, in metric tonnes CO₂ equivalent per metric tonne of ODS.

7.2. Calculation method for total GHG emission reductions under a project for the destruction of ODS used as refrigerants

The promoter must calculate GHG emission reductions under a project for the destruction of ODS used as refrigerants using equation 6.2:

Equation 6.2

$$ER_R = BE_R - PE_R$$

Where:

ER_R = Total GHG emission reductions attributable to the project for the destruction of ODS used as refrigerants during the project reporting period, in metric tonnes CO₂ equivalent;

BE_R = Baseline emissions attributable to the destruction of ODS used as refrigerants during the project reporting period, calculated using equation 6.3, in metric tonnes CO₂ equivalent;

PE_R = GHG emissions under the project for the destruction of ODS used as refrigerants during the project reporting period, calculated using equation 6.4, in metric tonnes CO₂ equivalent.

7.2.1. Calculation of GHG emissions under the baseline scenario under a project for the destruction of ODS used as refrigerants

The promoter must calculate GHG emissions under the baseline scenario under a project for the destruction of ODS used as refrigerants using equation 6.3:

Equation 6.3

$$BE_R = \sum_{i=1}^n (Q_i \times EF_{R,i} \times GWP_i)$$

Where:

BE_R = Emissions under the baseline scenario attributable to the destruction of ODS used as refrigerants during the project reporting period, in metric tonnes CO₂ equivalent;

i = Type of ODS;

n = Number of types of ODS;

Q_i = Total quantity of ODS of type i used as refrigerants recovered and sent for destruction, determined in accordance with Division 9, in metric tonnes of ODS of type i ;

$EF_{R,i}$ = GHG emission factor for ODS of type i used as refrigerants, as indicated in the table in Figure 7.3

GWP_i = Global warming potential of ODS of type i as indicated in the table in Figure 7.1, in metric tonnes CO₂ equivalent per metric tonne of ODS of type i ;

Figure 7.3. Emission factor for each type of ODS used as a refrigerant

Type of ODS	Emission factor for each type of ODS used as a refrigerant ($EF_{R,i}$)
CFC-11	0.89
CFC-12	0.95
CFC-13	0.61
CFC-113	0.89
CFC-114	0.78
CFC-115	0.61

7.2.2. Calculation of GHG emissions under a project for the destruction of ODS used as refrigerants

The promoter must calculate total GHG emissions under a project for the destruction of ODS used as refrigerants using equations 6.4 to 6.7:

Equation 6.4

$$PE_R = Sub + (Tr + Dest)_R$$

Where:

PE_R = GHG emissions under the project for the destruction of ODS used as refrigerants during the project reporting period, in metric tonnes CO₂ equivalent;

Sub = Total GHG emissions attributable to substitute refrigerants, calculated using equation 6.5, in metric tonnes CO₂ equivalent;

$(Tr + DEST)_R$ = GHG emissions attributable to the transportation and destruction of ODS used as refrigerants, calculated using equation 6.6, in metric tonnes CO₂ equivalent;

Equation 6.5

$$Sub = \sum_{i=1}^n (Q_i \times EFS_i)$$

Where:

Sub = Total GHG emissions attributable to substitute refrigerants, in metric tonnes CO₂ equivalent;

i = Type of ODS;

n = Number of types of ODS;

Q_i = Total quantity of ODS of type i used as refrigerants recovered and sent for destruction, determined in accordance with Division 9, in metric tonnes of ODS of type i ;

EFS_i = Emission factor for substitutes for ODS of type i as indicated in the table in Figure 7.4, in metric tonnes CO₂ equivalent per metric tonne of ODS;

Figure 7.4. Emission factors for substitute refrigerants

ODS used as refrigerants	Emission factors for substitute refrigerants (EFS _i)
CFC-11	223
CFC-12	686
CFC-13	7,144
CFC-113	220
CFC-114	659
CFC-115	1,139

Equation 6.6

$$(TR + Dest)_R = Q \times 7.5$$

Where:

$(Tr + DEST)_R$ = GHG emissions attributable to the transportation and destruction of ODS used as refrigerants, in metric tonnes CO₂ equivalent;

Q = Total quantity of ODS used as refrigerants recovered and sent for destruction, calculated using equation 6.7, in metric tonnes of ODS;

7.5 = Default emission factor for ODS transportation and destruction, in metric tonnes CO₂ equivalent per metric tonne of ODS;

Equation 6.7

$$Q = \sum_{i=1}^n Q_i$$

Where:

Q = Total quantity of ODS used as refrigerants recovered and sent for destruction, in metric tonnes of ODS;

i = Type of ODS;

n = Number of types of ODS;

Q_i = Total quantity of ODS of type *i* used as refrigerants recovered and sent for destruction, determined in accordance with Division 9, in metric tonnes of ODS of type *i*.”;

(10) in Division 8 of Part I:

(a) by inserting “, indicating separately the information pertaining to ODS contained in foam and that pertaining to ODS used as refrigerants” after “section 70.14” in the part preceding subparagraph 1 of the first paragraph of section 8.1;

(b) by inserting the following subparagraph after subparagraph a of subparagraph 5 of the first paragraph of Division 8.1:

“(a.1) the number of appliances containing refrigerants from which ODS have been extracted;”;

(c) by replacing “the table in Figure 8.1” in the part preceding Figure 8.1 of Division 8.2 by “the tables in figures 8.1 and 8.2”;

(d) by replacing “an ODS destruction project” in the title of Figure 8.1 of Division 8.2 by “a project for the destruction of ODS contained in foam”;

(e) by replacing “ODS extraction process” at the end of the third row of the first column of Figure 8.1 of Division 8.2 by “process for the extraction of ODS contained in foam”;

(f) by inserting “contained in foam” after “Total quantity of ODS of type *l*” in the seventh row of the first column of Figure 8.1 of Division 8.2;

(g) by adding the following figure after Figure 8.1 of section 8.2:

“Figure 8.2. Parameters for the surveillance of a project for the destruction of ODS used as refrigerants

Parameter	Factor used in equations	Measurement unit	Method	Measurement frequency
Mass of each container filled with ODS used as refrigerants	N/A	Metric tonne	Measured	Each project reporting period
Mass of each empty container for projects to destroy ODS used as refrigerants	N/A	Metric tonne	Measured	Each project reporting period
Quantity of ODS used as refrigerants, in each container	N/A	Metric tonne	Calculated	Each project reporting period

Concentration of each type of ODS used as a refrigerant, in each container	N/A	%	Analyzed in a laboratory	Each project reporting period
Quantity of each type of ODS used as a refrigerant, in each container	N/A	Metric tonne of ODS of type i	Calculated	Each project reporting period
Total quantity of ODS of type i used as refrigerants removed and sent for destruction	Q_i	Metric tonne of ODS of type i	Calculated	Each project reporting period
Total quantity of ODS used as refrigerants removed and sent for destruction	Q	Metric tonne of ODS	Calculated	Each project reporting period
Total quantity of GHG emissions from substitute refrigerants	Sub	Metric tonne CO ₂ equivalent	Calculated	Each project reporting period
Emissions attributable to the transportation and destruction of ODS used as refrigerants	$(Tr + DEST)_R$	Metric tonne CO ₂ equivalent	Calculated	Each project reporting period

”
”

(11) by replacing Division 9 of Part I by the following:

“9. Extraction and analysis of ODS extracted in concentrated form from foam removed from appliances and of ODS used as refrigerants

In the case of ODS contained in foam, the promoter must use the same procedure during project implementation as that used to calculate extraction efficiency using the method in Part II of this protocol.

For each container, the promoter must use the method in this Division to calculate, on a mass basis, the total quantity of ODS of type i sent for destruction under the project, namely the factor $BA_{final,i}$ for projects for the destruction of ODS contained in foam and the factor Q_i for projects for the destruction of ODS used as refrigerants.

9.1. Determination of the quantity of ODS in each container

The quantity of ODS destroyed must be determined at the destruction facility by an authorized person, by weighing each container when it is full of ODS prior to destruction and after it has been emptied and its contents have been destroyed.

The quantity of ODS is equal to the difference between the mass of the container when full and when empty.

Each ODS container must be weighed at the destruction facility:

- (1) using a single scale to generate both full and empty weight tickets;
- (2) ensuring that the scale has been calibrated by the manufacturer or by a third person certified for that purpose less than 3 months before the weighing, to an accuracy of $\pm 5\%$;
- (3) weighing the full container not more than 2 days prior to commencing the destruction of the ODS;
- (4) weighing the empty container not more than 2 days after the destruction of the ODS.

Despite the first paragraph, until 31 December 2014, the containers may be weighed in a place other than the destruction facility provided it is less than 5 km from the facility.

Despite subparagraph 2 of the third paragraph, scales used prior to 31 December 2012 and subject to the Weights and Measures Act (R.S.C., 1985, c. W-6) may have been calibrated at the frequency specified by Measurement Canada provided that frequency does not exceed 2 years. However, if the first calibration after a weighing indicates that the weight of the ODS destroyed was overestimated, the promoter must correct the weight by deducting the error percentage recorded during the calibration.

9.2. Circulation of mixed ODS

For each sample that does not contain over 90% of the same type of ODS, the promoter must, in addition to the conditions provided for in Division 9.1, also meet the following conditions concerning mixed ODS.

The circulation of the ODS mixture must be conducted at the destruction facility or prior to delivery of the ODS to such a facility, by a person who is independent of the promoter and of the destruction facility and who is properly trained to carry out this task.

The promoter must include the procedures used to analyze the ODS mixture in the project report.

Prior to sampling, the ODS mixture must be circulated in a container that meets all of the following conditions:

- (1) the container has no solid interior obstructions other than mesh baffles or other interior structures that do not impede circulation;
- (2) the container was fully evacuated prior to filling;
- (3) the container has ports to sample liquid and gas phase ODS;
- (4) the sampling ports are located in the middle third of the container and not at one end or the other;
- (5) the container and associated equipment can circulate the mixture through a closed loop system from the bottom to top.

If the original mixed ODS container does not meet these requirements, the mixed ODS must be transferred into a compliant temporary container.

The mass of the ODS mixture transferred into the temporary container must be calculated and recorded. In addition, transfers of ODS between containers must be carried out at a pressure that meets the applicable standards for the place where the project is located.

Once the mixed ODS are in a container that meets the above criteria, they must be circulated as follows:

- (1) liquid mixtures must be circulated from the liquid port to the vapour port;
- (2) a volume of the mixture equal to 2 times the volume in the container must be circulated;
- (3) circulation must occur at a rate of at least 114 litres per minute unless the liquid mixture has been circulating continuously for at least 8 hours;
- (4) the start and end times must be recorded.

9.3. Sampling

Sampling must be conducted for each ODS container:

- (1) in the case of pure ODS, 1 sample must be taken at the destruction facility;
- (2) in the case of ODS mixtures that have been circulated at the destruction facility, a minimum of 2 samples must be taken during the last 30 minutes of circulation and the samples must be taken from the bottom liquid port;
- (3) in the case of ODS mixtures that have been circulated prior to delivery to the destruction facility, a minimum of 2 samples must be taken in accordance with subparagraph 2, and 1 additional sample must be taken at the destruction facility.

If more than one sample is taken for a single container, the promoter must use the results from the sample with the weighted ODS concentration with the least global warming potential.

The sampling must be conducted in accordance with the following conditions:

- (1) the samples must be taken by a person who is independent of the promoter and of the destruction facility and has the necessary training to carry out this task;
- (2) the samples must be taken with a clean, fully evacuated sample bottle with a minimum capacity of 0.454 kg;
- (3) each sample must be taken in a liquid state;
- (4) a minimum sample size of 0.454 kg must be drawn for each sample;
- (5) each sample must be individually labeled and tracked according to the container from which it was taken;
- (6) the following information must be recorded for each sample:
 - (a) the time and date of the sample;
 - (b) the name of the promoter for whom the sampling is conducted;

- (c) the name and contact information of the technician who took the sample, and of the technician's employer;
- (d) the volume of the container from which the sample was drawn;
- (e) the ambient air temperature at the time of sampling;
- (f) the chain of traceability of each sample, from the point of sampling to the accredited laboratory.

Despite subparagraph 3 of the first paragraph, in the case of ODS mixtures circulated before 31 December 2012, a minimum of 1 sample must be taken in accordance with subparagraph 2 of the first paragraph and 1 extra sample must be taken at the destruction facility.

9.4. Analysis of samples

The quantity and type of ODS must be determined by having a sample from each container analyzed by one of the following laboratories:

- (1) the Centre d'expertise en analyse environnementale du Québec of the department;
- (2) a laboratory that is independent of the promoter and of the destruction facility and accredited for analysis of ODS by the Air-Conditioning, Heating and Refrigeration Institute in accordance with the most recent version of AHRI 700 of that organization.

All the ODS samples for the project must be sampled to determine the following:

- (1) the type of each ODS;
- (2) the quantity, in metric tonnes, and concentration, in metric tonnes of ODS of type *i* per metric tonne of gas, in each type of ODS in the gas, using gas chromatography;
- (3) the moisture content of each sample;
- (4) the high boiling residue from the ODS sample, which must be below 10% of the total mass of the sample.

If the moisture content determined under subparagraph 3 of the second paragraph is above 75% of the saturation point for the ODS, the promoter must dry the ODS mixture, take the sample again and analyze it in accordance with

the method in Division 9.2 or deduct the weight of the water, which includes the weight of the layer of free water floating on the ODS and the amount of dissolved water in the ODS.

In the case of ODS mixtures, the analysis must determine the weighted concentrations of the ODS on the basis of their global warming potential for samples taken in accordance with subparagraph 2 of the first paragraph of Division 9.3.

A certificate of the sampling results must be issued by the laboratory that conducted the analysis and a copy of the certificate must be included with the project report.

9.5. Determination of the total quantity of ODS of type i contained in foam extracted and sent for destruction ($BA_{\text{final}, i}$) and the total quantity of ODS of type i used as refrigerants extracted and sent for destruction (Q_i)

Based on the mass of the ODS in each container and the concentration of each sample, the promoter must

(1) calculate the quantity of each type of ODS in each container, by deducting the weight of the water if the moisture content is above 75% of the saturation point and the ODS has not been dried, and deducting the weight of the high boiling residue;

(2) add together the quantities of each type of ODS in each container to obtain the factor $BA_{\text{final}, i}$, namely the total quantity of ODS of type i contained in the foam, or the factor Q_i , namely the total quantity of ODS of type i used as refrigerants extracted and sent for destruction under the project.”;

(12) in Division 10 of Part I:

(a) by striking out the first paragraph;

(b) by replacing “In addition, each” in the second paragraph by “Each”;

(13) in Division 1.2 of Part II:

(a) by striking out “and of the destruction facility” in the part preceding subparagraph *a* of subparagraph 1;

(b) by striking out “insulating” in the part preceding subparagraph *i* of subparagraph *b* of subparagraph 4.

69. Every natural person who, on 22 October 2014, obtained, in accordance with section 10 of the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances (chapter Q-2, r. 46.1), an identifier to have access to the electronic system must send the Minister, not later than 21 November 2014, the declaration provided for in subparagraph *a.1* of subparagraph 7 of that section, as inserted by subparagraph 2 of section 8 of this Regulation.

70. The first paragraph of section 19 of the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances (chapter Q-2, r. 46.1), as amended by paragraphs 1 and 2 of section 14 of this Regulation, also applies to any emitter operating an establishment that permanently ceases the production of a reference unit prior to 1 January 2014 and for which the emissions attributable to its other activities were below the emissions threshold for the 3 preceding years. The emitter is required to cover its emissions only until 31 December 2013.

71. The provisions of Chapter IV of Title III and the protocols in Appendix D concerning the project plan and its validation, as they read on 21 October 2014, continue to apply to any offset credit project for which an application for registration was submitted not later than that date, up to the date on which the project ends.

72. This Regulation comes into force on 22 October 2014, except for section 20 and subparagraphs 2 to 4 of section 31, which come into force on 1 January 2015.