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LAW OF CLIMATE CHANGE IN CANADA

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This text provides an in-depth description and analysis of the complex and ever-expanding array of domestic and international laws and initiatives addressing climate change in Canada. Containing comprehensive coverage of provincial and federal legislation and policy developments from across Canada, *The Law of Climate Change in Canada* also describes in detail some of the many emerging climate change law subdisciplines, including: Carbon finance; Litigation; Real property; Tax and Securities law and Disclosure.

This release features updates to the case law and commentary in Chapter 12 (Carbon Finance).

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Highlights:**§ 12:7 Sunset on the Kyoto Project-Based Mechanisms**

Market—The Standard for Methodologies... establishes the cumulative requirements for an activity to establish additionality, which go beyond the requirements that applied in the CDM. To establish additionality, an activity must establish: (a) benefits of the mechanism, i.e. how the PACM can benefit from the activity; (b) acceptable regulatory analysis, i.e. that the activity represents mitigation that exceeds any mitigation that is required by law or regulation unless the law or regulation refers to or formally integrates the mechanism as an instrument for implementation; (c) avoidance of lock-in, i.e. a demonstration that the proposed activity avoids locking in levels of emissions, technologies or carbon-intensive practices incompatible with the rulebook of Article 6.4, including through an assessment of the scale, lifetime, and emissions intensity of the activity; and (d) financial additionality.

§ 12:10 The Regional Greenhouse Gas Initiative—Key reforms that will be implemented, subject to enabling legislation in each participating state include:

- **A tightened emissions cap:** In a striking acceleration compared to the modifications adopted in 2017, the regional emissions cap will be reduced to about 69.8 million tons of CO₂ in 2027. From 2027 to 2033, the cap will decline by an average of about 8.5 million tons of CO₂ each year, and from 2034 to 2037, it will decline by about 2.4 million tons annually. This trajectory is projected to reduce the regional power sector emissions to just under 10 million tons by 2037.
- **An expanded CCR:** From 2027, the CCR will be enlarged to about 11.75 million allowances per year (up from 10 million in the previous single-tier structure) and split into two price tiers, each with its own trigger price. In 2027, the trigger prices of the two tiers will be set at USD 19.50 and USD 29.25 respectively, before rising incrementally to USD 38.36 and USD 57.53 by 2037. The inclusion of this two-tier structure, and the increase in the number of allowances available, is expected to provide a “soft cap” on prices, allowing for a phased release of additional allowances to mitigate price strikes.
- **An increased minimum reserve price:** Elimination of the ECR mechanism and replacement by an increased Minimum Reserve Price for auctions which will rise to USD 9.00 in 2027 (up from USD 2.62 in 2025), increasing 7% annually thereafter. This will provide a strong established price floor, with the expectation that it will continue to incentivize

continued investment in emissions reductions and clean energy technologies.