



TIER Opt-In Fact Sheet

If information in this document conflicts with the Standard for Developing Benchmarks (the Standard), *the Emissions Management and Climate Resilience Act* (the Act) or the Technology Innovation and Emissions Reduction Regulation (the Regulation), then the Standard, Act and/or Regulation prevail over this document.

Background

The Technology Innovation Emissions Reduction (TIER) Regulation enables Alberta facilities to opt into the regulation and thereby become exempt from the federal fuel charge. This allows competing facilities to receive the same treatment regardless of size.

Opt-in key dates

- **January 1**
 - Start of TIER annual compliance period
- **September 1**
 - Opt-in or opt-out application deadline for following year
 - Facility-specific benchmark application for current year
- **June 30**
 - Compliance report due for previous year

Opt-out

The person responsible for an opted-in facility may apply to opt-out of the Regulation. The deadline to apply for the designation as opted-in facility to be revoked is September 1 of the year preceding the year in which revocation is intended to be effective.

Facilities that have sequestered CO₂ on site will not be eligible to opt-out.

Eligibility criteria

Please refer to [section 4 of the TIER regulation](#) for further detail on eligibility criteria. There are two pathways to opt-in to TIER:

Pathway 1: Direct competition

Facilities can opt-in to the Regulation to address situations where they compete directly with larger facilities that are automatically subject to the Regulation. Without opting-in, these smaller facilities could face higher per unit carbon cost, impacting competitiveness. If the facility produces a product listed in Table 1 in section 3.1.1 of the Standard for Developing Benchmarks, it is eligible to opt-in through these eligibility criteria. If you believe your facility competes directly with a facility subject to TIER but the product your facility produces is not listed in Table 1, please contact AEP.GHG@gov.ab.ca

Pathway 2: Emissions-intensive, trade-exposed (EITE) sector facilities

Facilities that belong to an EITE sector as defined in Section 4(1)(a) of TIER and had total regulated emissions of 2,000 tonnes in 2017 or a subsequent year, or is expected to exceed 2,000 tonnes in its third year of commercial operation are eligible to opt-in. Table 2 in section 3.1.2 of the Standard provides a list of EITE sectors.

Tables 1 and 2 in the Standard will be updated as facilities entering the Regulation change. Facilities that do not produce a product listed in Table 1 or belong to a sector listed in Table 2 and believe they meet the criteria for opting-in to the Regulation, should provide evidence to support this claim in an opt-in application. These facilities may also contact AEP.GHG@gov.ab.ca for further information and guidance.

Indirect emissions

Indirect emissions, such as those sourced from electricity imported from the grid, do not count toward the opt-in threshold and shall not be included in the opt-in application.

Renewable electricity facilities

Renewable electricity facilities are eligible to opt-in, unless any of the following criteria applies to the facility:

- The facility has a total nominal capacity of less than 5 megawatts.

- The facility has entered into a renewable electricity support agreement under section 7(4) of the *Renewable Electricity Act*.
- An economic benefit is being provided under a program or other scheme that is attributable to the electricity produced at the facility having been produced from a renewable energy resource.

Renewable electricity facilities subject to TIER must register generating units and have production reported on the [Western Renewable Energy Generation Information System](#) for all electricity that will be claimed as production under the regulation.

Renewable electricity certificates associated with claimed production for the year must be retired according to instructions provided separately. Please refer to Part 2, Section 6.1 of the Standard for Completing Greenhouse Gas Compliance and Forecasting Reports for more information regarding the retirement of renewable attributes.

Third party verification

There is no third-party verification required for the opt-in application. The opt-in application must include a statement of certification signed by a certified official who has the authority to bind the company.

Associated costs

Opted-in facilities under TIER have all the obligations of the Regulation for the year they are opting-in to and subsequent years. This includes, but is not limited to, submission of a third party verified annual compliance report by June 30 of every year after the compliance year.

True-up options

Facilities are required to meet their true-up obligation through various avenues of compliance, which can include:

- Fund payment at the annual TIER fund price, and/or
- Use of emission offsets, emissions performance credits, and/or sequestration credits (up to the limit defined in Section 13 (9) (c) of the TIER regulation).

Facilities considering opting-in are strongly encouraged to develop their own cost estimates of compliance with the regulatory requirements such as the costs of completing compliance reports and third-party verifications compared with costs of being subject to the federal fuel charge under the *Greenhouse Gas Pollution Pricing Act (GGPPA)*. For all regulated facilities, except aggregate facilities, the Regulation covers non-fuel related emissions, such as from decomposition of waste or fugitive emissions sources.

Conventional oil and gas opt-in

Conventional oil and gas facilities are eligible to opt-in to the TIER regulation. Alternatively, two or more conventional oil and gas facilities may apply to be designated as an aggregate facility under TIER and receive aggregate treatment.

Additional information about conventional oil and gas treatment under TIER and the aggregate facility approach can be found on the [Conventional Oil and Gas TIER website](#).