Frequently asked question:

Technology Innovation and Emissions Reduction (TIER) 2023 Revisions

The TIER Regulation was updated effective January 1, 2023. Some common stakeholder questions are addressed in this FAQ.

What happens after 2030?	The changes to TIER come into force for the 2023 compliance year, and run until 2030, with a federally-mandated review in 2026. There is currently no set policy post-2030.
Can CCUS credits be stacked with the federal Clean Fuels Regulation?	Yes, the new CCUS credits (Sequestration Credit and Capture Recognition Tonnes) are able to be stacked with credits generated under the federal Clean Fuel Regulation.
For CCUS credits, does the sequestration have to occur at regulated facility?	The CO2 needs to originate from a TIER regulated facility. The sequestration would occur within an offset project.
Who receives ownership of Sequestration Credits?	Sequestration Credits are created at the request of, and initially belong to, the offset project developer.
Can Sequestration Credits and Capture Recognition Tonnes be traded?	Capture Recognition Tonnes may only be used by the facility that initiated the capture of CO2, they may not be traded. Sequestration credits may be banked or traded similar to EPCs
What types of offsets can be converted into Sequestration Credits?	Projects under the Enhanced Oil Recovery and CO2 capture and Permanent Storage in Deep Saline Aquifer protocols.
Have benchmarking years for FSBs changed?	The default benchmark years are not changing. Selection of other benchmark years is described in the Standard for Developing Benchmarks

Will the 10% flaring reduction in 2023 be based on 2022 reported flared volumes?	The benchmarking year(s) would be aggregate facility specific and based on the set of benchmarking years requested by the aggregate facility owner and subject to the Department's approval.
What years will the flaring reduction target be calculated from?	Both flaring and stationary combustion emissions will be based on the same reference years.
Will Environment and Protected Areas allow re-benchmarking of the baseline FSB for aggregate facilities now that flaring is included?	EPA will allow for re-benchmarking upon a request from the organization.
For the 2022 compliance period, does the aggregate facility need to report its flaring emissions?	No, the changes enacted come into force for the 2023 compliance year.
Why does the oil sands sector have 4% tightening in 2029 and 2030	The 4% tightening in oil sands in situ, mining and upgrading sectors was helped to ensure TIER system stringency is sufficient to balance credit generation starting in 2029. The federal government accepted this approach under their approval of the TEIR system for the 2023-2030 period.
Why is the H2 HPB is tightening at less than 2%	The tightening rate is not applied to industrial process emissions. When developing the hydrogen HPB, historical industrial process emissions were taken into consideration.
Is there a plan for a carbon price floor or carbon contract for different to incentive and de-risk CCS investments?	Carbon contracts for difference are not part of the TIER system at this time however we do understand contracts for difference may in scope for the Canada Growth Fund.
Will Global Warming Potentials (GWPs) be updated for 2022 reporting?	Updated GWPs in TIER take effect for 2023 compliance reporting.

Does previous expiry periods apply to offsets/EPCs serialized before January 1 2023?

Emission offsets serialized for 2023 or after have a 6 year expiry from the year of the reduction occurred (vintage). Emission offsets occurring in 2017-2022 have a 9 year expiry from the year the reduction occurred (vintage).

EPCs issued for 2023 or after have a 5 year expiry after the year the EPC vintage. EPCs issued in 2017-2022 have an 8 year expiry after the EPC vintage.

Will the crediting period for an Emission Offset Project already initiated in January 2023 automatically be extended from 8 years to 10 years? Will the offset end date on the AEOR project listing be updated?

Yes, we will work with the Registry to ensure that the crediting period is 10 years for projects initiated on or after January 1, 2023.

Does a renewable electricity offset project commissioned in 2024 lock in for 10 years at the 2024 rate or does it reduce each year based on the published schedule?

For projects that are initiated in 2023, they can use a constant electricity grid displacement factor (EDGF) for the duration of the project, provided no sub-projects are added. If sub-projects are added, the entire project will align with the EDGF schedule from the year the sub-project was added until the end of the project period. For example, a project initiated in 2023 will receive a EDGF of 0.5200 for the entirety of the project period, provided no sub-projects are added. If a sub project is added in 2026, for example, the entire project will then receive a 2026 EDGF of 0.4303, and will follow the table below for the rest of the project (i.e. EDGF of 0.4005 in 2027, 0.3706 in 2028, etc.)

For projects initiated in 2024 or later, the EDGF used will follow the annual EDGF schedule (reproduced below). For example, a project initiated in 2024 will use an EGDF of 0.4901 in 2024 and 0.4602 in 2025 etc.

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Electricity Benchmark (tCO2e/MWh)	0.3700	0.3626	0.3552	0.3478	0.3404	0.3330	0.3256	0.3182	0.3108
EGDF (tCO2e/MWh)	0.5300	0.5200	0.4901	0.4602	0.4303	0.4005	0.3706	0.3407	Matches HPB Onward

Can you please provide an example how the sequestration credit and Capture recognition tonne

Capture recognition tonnes are the result of an emission offsets created under the Enhanced Oil Recovery, and CO2 capture and Permanent Storage in Deep Saline Aquifer protocols being first converted to a Sequestration Credit, transferred either directly or indirectly to the person responsible for the facility

system would work at a facility where carbon was being captured and then transferred to another facility for use or sequestration	that captured the CO2 and then converted by the person responsible into a Capture Recognition Tonne. Sufficient use of Capture Recognition Tonnes may result in EPCs for the facility. TIER also accounts for CO2 transferred between regulated facilities, where imported CO2 is deducted from the total regulated emissions of the importing facility. This may result in EPCs for a facility importing CO2 and using or sequestering it on site..
On electricity, how does this align with the Clean Electricity Regulations which will likely recquire a much lower bench mark than what is planned for 2030 or post 2030 if 2% tightening is continued (likely the CER will recquire ~0.037 by 2035)?	The federal Clean Electricity Regulation (CER) was not included in the TIER assessment that resulted in regulatory amendments. However we anticipate the interaction between TIER and the CER, as well as other federal polices currently under development, will be considered as part of TIER review set to occur in 2026.