

# Emission Offsets and TIER

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Alberta Environment and Parks

November 21, 2019



# Topics

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- Regulatory Updates
- Federal Fuel Charge
- Conventional Oil and Gas
- Industrial Heat
- Grid Displacement Factor
- Verifier Accreditation
- Protocol Status

# The Act and Regulation

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- *Emissions Management and Climate Resilience Act (EMCRA)* will replace the *Climate Change and Emissions Management Act (CCEMA)* on December 31, 2019.
  - Name of fund changed to Technology Innovation and Emissions Reduction Fund.
- The Technology, Innovation and Emissions Reduction (TIER) regulation replaces the Carbon Competitiveness Incentive Regulation (CCIR).
  - Effective January 1, 2020.
  - Some clauses are effective Nov. 1, 2020 to enable opt-in.
  - No changes to expiry or credit limit for EPCs and offsets.
  - EPCs and offsets are still compliance mechanisms.
  - The regulation in effect at the time of serialization is the applicable regulation (not the vintage).

# Deadlines

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- Last CCIR compliance deadline will be March 31, 2020; first TIER compliance deadline will be June 30, 2021 with no quarterly reporting.
- Projects that expired between December 31, 2018 and January 1, 2020 may apply for an extension or additional extension before March 31, 2020.
- Registry processing for registration submissions are one month prior to compliance deadline.
- General registry processing up to 10 business days.

# Aggregate Facilities

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- Opportunity for conventional oil and gas to be designated as an aggregate facility under TIER.
  - Stationary fuel combustion emissions subject to reduction target.
- Benefits: facilities can apply for an exemption from federal fuel charge.
  - Continue to generate methane offsets.
- Impacts: affects eligibility of engine fuel management offset projects.
- Visit the TIER: Conventional Oil and Gas webpage at <https://www.alberta.ca/conventional-oil-and-gas.aspx>

# Engine Fuel Management

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- Stationary fuel combustion is included in a facility's total regulated emissions.
- No longer eligible for offsets if opted in.



# Pneumatics/Vent Gas Capture

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- Venting is not included in a facility's total regulated emissions.
- Opportunity for offsets continues if designated as an aggregate.



# Industrial Heat



# Industrial Heat

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- Industrial heat exported to another regulated facility, a carbon capture offset project and/or an enhanced oil recovery offset project is accounted for at the benchmark rate (0.06299 t/GJ).
- Heat exported to an emission offset project other than a carbon capture or enhanced oil recovery project is not considered industrial heat.
  - This means that offset projects do not have to claim emissions associated with heat received from a regulated facility.



# Verification

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- Verifiers must be accredited by June 30, 2023.
- Accredited verifiers accepted beginning Jan.1, 2020 (ANSI, SCC, IAF).
- If you are not an accredited verifier you can conduct verifications until June 30, 2023 as long as you are a registered professional engineer or accountant and meet experience requirements.

# Alignment with Carbon Tax



## Jan-May 29, 2019

- Carbon levy in effect
- Offset Projects must:
  - Report on levied emissions
  - Exclude levied emissions from offset quantification
  - Update project plan by Jan. 1, 2019

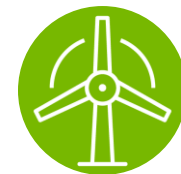
## May 30 -Dec 31 2019

- No carbon levy or federal fuel charge
- Offset Projects may:
  - Include previously levied emissions in offset quantification

## Jan. 1, 2020+

- Federal fuel charge in effect
- Offset projects must:
  - Report on emissions with fuel charge
  - Exclude emissions with fuel charge from offset quantification

# Electricity Grid Displacement Factor



Factor	tCO2e/MWh	Description
Renewable electricity generation	0.53	Project displacing grid electricity with renewable generation
Increased use of grid electricity on-site (includes line loss)	0.57	For projects that increase use of electricity in project condition
Reduction in grid electricity (includes line loss)	0.57	For energy efficiency projects that decrease electricity usage in the project condition
Distributed renewable displacement at point of use (includes line loss)	0.57	For projects displacing grid electricity with distributed renewable electricity generation at point of use

- Grid Displacement Factor effective January 1, 2020 for new projects

# Forest Carbon



Forest Carbon Technical Experts Working Group developed a policy framework document and reported to government

Government is working on finalizing a policy framework to support future protocol development

Decision making process is underway to address recommendations from the working group

# Ongoing Protocol Work



Enhanced Oil Recovery

Biogas

Agricultural Nitrous Oxide Emissions Reduction

Landfill Biocover

Super-Utilization

Conservation Cropping

- Additionality analysis complete, seeking feedback on supplemental barriers

# Flagged Protocols



Solution Gas Conservation

- Flagged because of Directive 084 and other known issues

Engine Fuel Management and Vent Gas Capture

- Flagged because of overlap with federal fuel charge and aggregate/opt-in
- Evaluating whether to withdraw or revise
- impact to crediting periods and extensions depends on whether protocol is withdrawn or revised
- New projects or subprojects need director approval