

# Alberta Offset System: Webinar Update

December 18, 2017

# Overview

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- **Webinar logistics**
- **Provide brief information on the Carbon Competitiveness Incentive Regulation**
- **Provide key information around updates to the Alberta Offset System under new Regulation**
  - **Compliance flexibility (usage limits and expiry period)**
  - **Standard for Greenhouse Gas Emission Offset Project Developers**
- **Provide update on ongoing and future Alberta offset system policy and implementation considerations**
- **Upcoming stakeholder sessions**

# Carbon Competitiveness Incentive Regulation (CCIR)

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- On December 6, 2017 ACCO announced policy forming the CCIR.
- Webinar outlining key policy decisions was delivered to regulated facilities along with sector specific breakout sessions.
- Please see information located here:  
<https://www.alberta.ca/cci>
- Slides will be made available.

# CCIR - Key Policies

1. Phase-in
2. Compliance Flexibility
3. Tightening Rate
4. New Entrants
5. Opt-In/ Opt-out
6. Review Period
7. Emissions Coverage
8. Product Categories
9. Benchmarking
10. Compliance Calculation



Province of Alberta

CLIMATE CHANGE AND EMISSIONS  
MANAGEMENT ACT

**CARBON COMPETITIVENESS  
INCENTIVE REGULATION**

**Alberta Regulation XXX/2018**

Office Consolidation

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# **Compliance Flexibility and Offset System Updates**

# Compliance Flexibility

- ACCO conducted focused engagement in July/August.
  - Policy goals: Maintain functional market, enable fiscal planning, and avoid recreating credit oversupply

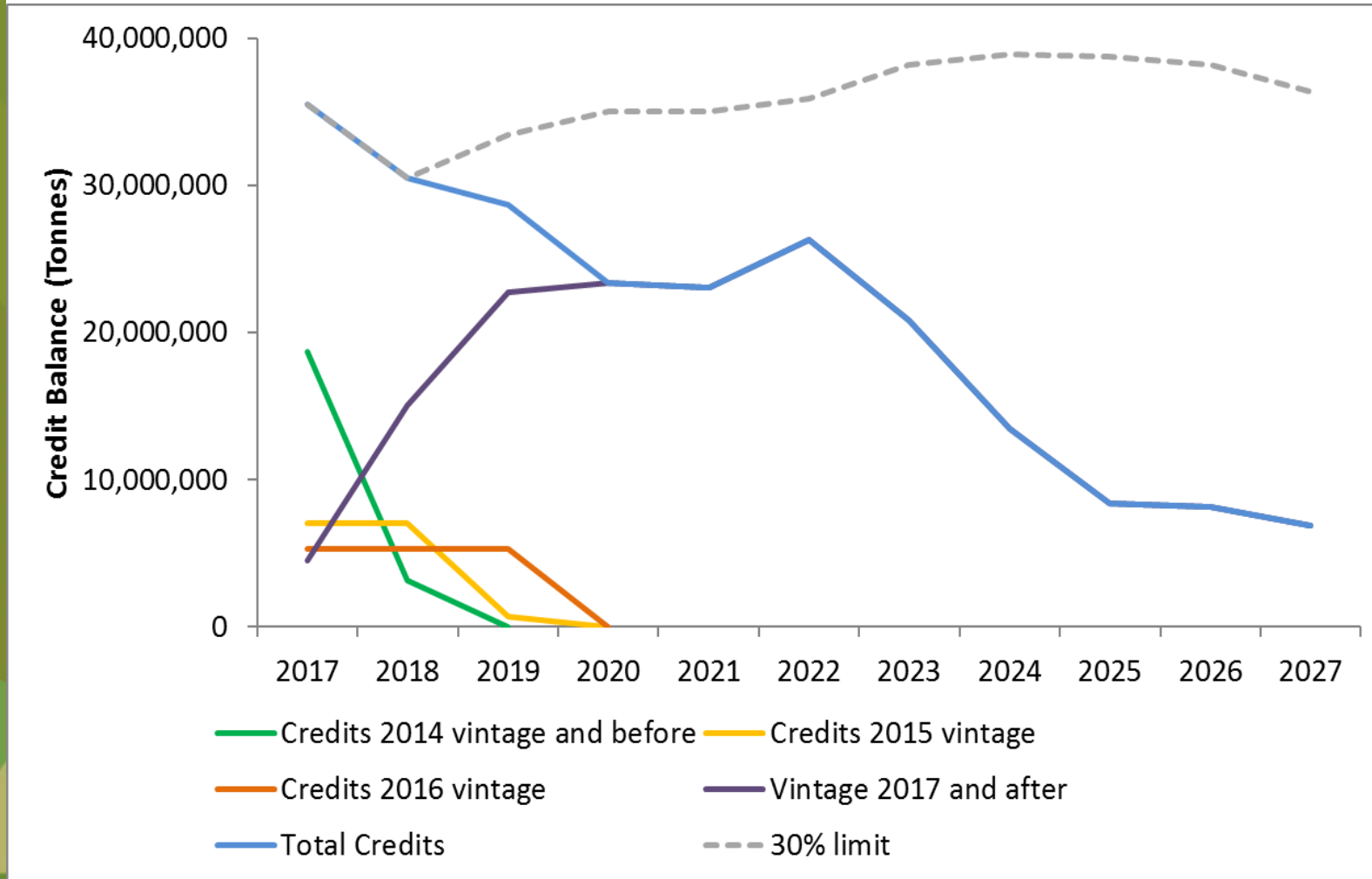
## Approach

- Revise the previous 30% to a base limit of 40% plus additional allowance for New credits starting at 10% in 2018
  - New credits are defined as 2017 vintage and newer.
  - Credits = EPCs and Offsets

Policy Option	Credit Limit on	2018	2019	2020	2021	2022
Revised Approach – based on Engagement and Policy Phase-In	New and old	40%	40%	40%	40%	60%
	New	10%	15%	20%	20%	

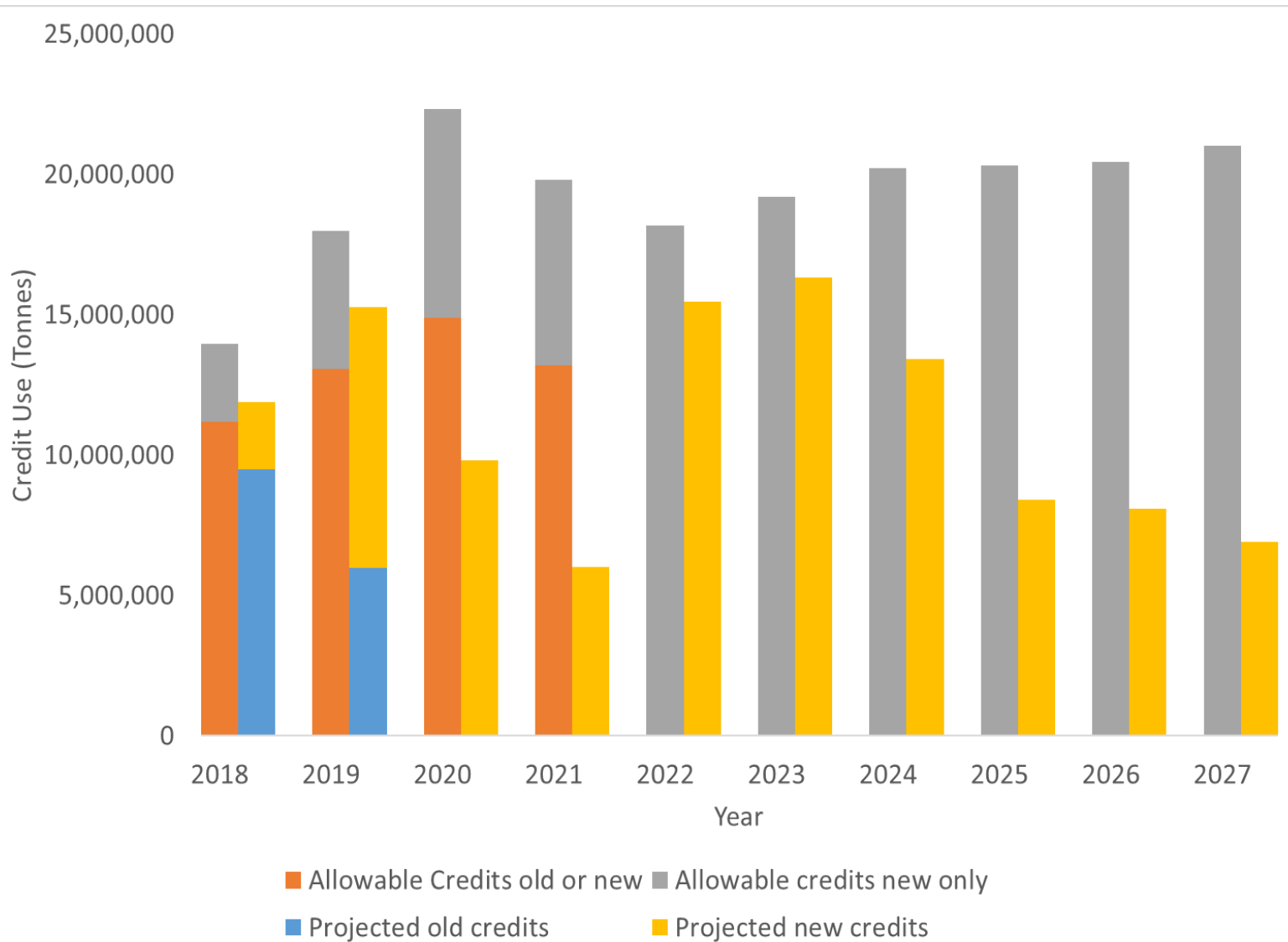
- Create an expiry period for credit vintages where:
  - credits from 2014 and older expire after 2020 compliance
  - credits from 2015 expire after 2021 compliance
  - credits from 2016 expire after 2021 compliance
  - New credits from 2017 and newer expire after 8 years.

# Projected Credit Balance





# Credit Use vs. Allowable



# Standard for Greenhouse Gas Emission Offset Project Developers

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- **The draft standard was posted for public comment in February 2017. Changes include:**
  - **Offset crediting start date is defined as the date the project plan is posted to the Registry**
  - **Clarified subproject tracking requirements**
- **The standard will be published with the new regulation and will be effective January 1, 2018.**
  - **New and existing projects will be required to follow the requirements beginning January 1, 2018**
  - **This means using the new project report form for project reports submitted after January 1, 2018**
  - **Project reports, project plans, and other requests received prior to December 31, 2017 will be processed under the current Regulation and guidance**

**Other current and future work within the  
Alberta offset system**

# Technical Guidance for Offset Protocol Development & Revision

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- **Anticipate posting for 30-day public comment in near future**
- **Will include guidance on protocol revision (was previously just development of new protocols)**
- **Introducing an integrated selection process for developing new protocols and revising existing protocols**
- **Will include reference to the revised additionality assessment process**

# Additionality Policy Review

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- **Additionality is a key piece of ensuring offsets represent actions that are beyond business as usual.**
- **A review of Alberta's approach was initiated in 2017**
  - **to increase transparency and add more standardized approaches to the maturing system.**
- **The review has included seeking technical input from stakeholders.**
- **The review is ongoing and will be completed in 2017, including a jurisdictional scan and recommendations for changes to the current tool.**
- **The revised draft approach will be posted for 30-day comment period early in 2018.**

# Alignment with Carbon Levy

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- **The Offset system currently has 34 protocols**
  - 15 have been identified as having potential overlap with levy
- **On February 14<sup>th</sup>, 2017, the department issued a Memo outlining that these protocols will be flagged and reviewed for alignment with carbon levy**
- **Protocols are being revised for alignment with the carbon levy.**
  - Expert technical review sessions held throughout 2017
  - Draft protocols being posted for 30 day public comment
- **Memo released on October 30, 2017 indicates approach to alignment for new and existing projects**
  - All memos are posted on our website

# Alberta Offset System – 2018 items

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- **Protocol development and revision**
  - **Agricultural Nitrous Oxide Emission Reduction protocol review**
  - **Forestry sector review**
  - **Enhanced Oil Recovery protocol review**
  - **Solution Gas Conservation protocol review**
  - **Completion of protocol alignment with levy**
- **Review of grid electricity displacement factor**
- **Continue analysis of emissions trading system**
  - **System supply study to inform analysis**

# Future Webinars / Stakeholder Sessions

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- **Tentatively Jan 12, 2018 – 2017 Compliance Workshop**
  - Will review changes to offset, regulatory and reporting requirements for 2017 compliance period.
- **Week of Jan 24, 2018 – 2018 Compliance and Offset Workshop**
  - Discuss standards, regulations and other considerations for regulated facilities and offset system participants under the Carbon Competiveness Incentive Regulation.



# Questions