Overview

• 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
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

<table>
<thead>
<tr>
<th>Policy Option</th>
<th>Credit Limit on 2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Approach – based on Engagement and Policy Phase-In</td>
<td>New and old</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>New</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

• 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
Standard for Greenhouse Gas Emission Offset Project Developers

• 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

- 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

- 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

- The Offset system currently has 34 protocols
  - 15 have been identified as having potential overlap with levy
- On February 14th, 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

- 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

• 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 Competitiveness Incentive Regulation.
Questions