2017 SGER Compliance Workshop

January 12, 2018
# Agenda

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Time</th>
</tr>
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<tbody>
<tr>
<td>Introduction / Overview</td>
<td>9:00 – 9:15</td>
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<tr>
<td><strong>2017 Compliance Overview</strong></td>
<td></td>
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<tr>
<td>• Distinction between 2017 vs 2018</td>
<td>9:15 – 10:20</td>
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<tr>
<td>• Standard highlights</td>
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<td>• Verification report template</td>
<td></td>
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<td>• Opted-In facilities</td>
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<tr>
<td>Break</td>
<td>10:20 – 10:30</td>
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<tr>
<td>Results / Learnings from government audit</td>
<td>10:30 – 10:50</td>
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<tr>
<td><strong>Update on Offset System</strong></td>
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<td>• Key Initiatives</td>
<td>10:50 – 11:10</td>
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<tr>
<td>• Standard</td>
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<tr>
<td><strong>2017 Compliance Form Review</strong></td>
<td>11:10 – 11:40</td>
</tr>
<tr>
<td>Closing remarks / Upcoming sessions / Reminders</td>
<td>11:40 – 12:00</td>
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Overview

• Session / Webinar logistics

• Purpose of workshop
  – 2017 SGER compliance and 2018 offset registration

• Upcoming stakeholder sessions

• Reminder comment period for quantification methodology chapters
## Organization Offsets/SGRR/SGER

Justin Wheler Executive Director Regulatory and Compliance

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<thead>
<tr>
<th>Rob Hamaliuk</th>
<th>Offsets</th>
<th>Amanda Bambrick</th>
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<td>Amanda Stuparyk</td>
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<td>Bryan Adkins</td>
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<td>Yury Potapovich</td>
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<td>Reporting / Inventory, Scott MacDougall</td>
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<th>John Storey-Bishoff</th>
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<td>Karla Alsop</td>
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<td>Ana Miranda</td>
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<td>Gustavo Hernandez</td>
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2017 Compliance Overview
2017 SGER versus 2018 CCIR

• This session focus is 2017 compliance reporting requirements under the SGER.
• March 31st last compliance reporting period under the SGER.
• Based on existing reporting methodologies and assigned baselines.
• Includes all facilities subject to the SGER based on total direct emissions or which have opted in to the regulation for 2017.
• 20 percent reduction target and $30 dollar fund price for 2017.
• No limit on credit use.
2017 vs 2018 Regulation
Application

• There are changes in the criteria for who is automatically captured by the regulation:
  • Still emissions based threshold for automatic application.
  • 2017 SGER based on total direct emissions of 100,000 tonnes or more in or after 2003 (includes biomass CO2)
  • 2018 CCIR based on total regulated emissions of 100,000 tonnes or more in or after 2003 (does not include biomass CO2).

• First compliance year
  • SGER year 4 of commercial operation.
  • CCIR year 2 of commercial operation.
2017 vs 2018 Regulation Information

• Information and materials related to 2017 SGER compliance filing can be found here

• Information related to the Carbon Competitiveness Incentive Regulation is available here
  • [https://www.alberta.ca/carbon-competitiveness-incentive-regulation.aspx](https://www.alberta.ca/carbon-competitiveness-incentive-regulation.aspx)

• Self subscription mailing list is shared
Standard for Completing GHG Compliance Reports

• Standard applies for 2017
• Changes from draft to final
  – Fuel and feedstock usage
  – SOC and SOV
  – Clarity on captured carbon dioxide
• Includes binding Part 1
  – Compliance report certification requirements
  – Requirements for verification
  – Required contents of compliance report package
Standard for Completing GHG Compliance Reports

- Technical guidance in Part 2
  - Reduction obligation
  - Compliance options
  - Phased expansion
  - Materiality threshold
  - Quantification Methodology Document
  - Fuel and feedstock usage
Compliance Report Submission – covered in part 1

- Compliance report form
- Quantification Methodology Document
- Process flow diagram
- Third party verification Report
- Signed Statement of Certification
- Signed Statement of Verification
- Signed Statement of Qualification
- Signed Conflict-of-Interest
- Confidentiality request (optional)
- Submit by March 31, 2018
Opt-In

• Allows facilities that emit less than 100,000 tonnes CO2e of emissions to opt into the regulation to address situations where smaller facilities compete directly with larger facilities that are currently subject to the regulation

• Opt-in for 2017 only, but does not automatically result in opt-in for 2018 under new Regulation

• 23 facilities (~1.1 million tCO2e) applied to opt in

• Considerations:
  – Carbon levy vs. fund price under SGER
  – Regulated facilities cannot generate offsets
Verification Report Template

- Currently 2 Verification Report Template Versions
  - For emission offset project reports
  - For SGER facility reports
  - Coming Soon - A CCIR version for facility reports

- Differences include:
  - For Emission Offset Projects (and later CCIR)
    - 3 Verification Opinions
  - For SGER Reports
    - 6 Verification Opinions – no change
Verification Report Template

Verification Report for:
Facility Name and CRXX or XX Application Number

Proponent:
Click here to enter text.

Prepared by:
Click here to enter text.

Prepared for:
Click here to enter text.

Version:
Choose an item.

Date:
January 12, 2018

Results / Learning from Government re-verifications
2016 Government re-verifications

- 12 facilities re-verified
- 6 offset projects

- Risk based approach used to select sites/projects for re-verification as well as random selection

- Participation rates have been low for credit usage in the past two cycles. Expectation of more projects used for compliance in 2017.
2016 Government Re-verification

• Lessons learned:
  – Quality assurance of data and calculations remains crucial in preventing errors in submissions
  – Potential for prescribed quantification methodology to reduce error rates.
  – Issues of transparency around categorizing certain emissions types (SFC, flaring etc.)
  – Retention/availability of data and records to support verification
  – Changes in ownership of facility or offset project need ensure transfer of materials required for re-verification
2017 Government Re-verification

- Similar re-verification program anticipated for 2017 compliance submissions
  - Nature of audit selection
  - Selection of re-verifiers
  - Timing of re-verification

- As always reasonable access to data, the facility and personal expected to be afforded to re-verifiers.

- Will also be working towards closing off as many audit follow up requirements under SGER as possible in 2018.
Offset System Update
Standard for Greenhouse Gas Emission Offset Project Developers

• The draft standard was posted for public comment in February 2017

• The standard has been published and came into effect on 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 and Verification Report Template for project reports submitted on or after January 1, 2018
    • Project reports, project plans, and other requests received prior to December 31, 2017 will be processed under the Specified Gas Emitters Regulation and guidance
Standard for GHG Emission Offset Project Developers

• Vocabulary changes:
  – Credit period = offset crediting period
  – Revoked = cancelled
  – Regulated facility = large final emitter
  – Removals/reduction = Reduction or Sequestration
  – Spatial locator template = Aggregated Project Planning Sheet, Master Planning Sheet (conservation cropping), Aggregated Project Reporting Sheet
  – Audit = re-verification
  – Project creation = Project initiated

• New Project Plan Form and Project Report Form
• New statutory declaration
• GHG Assertion is included in the project report
  – No longer a separate document
Standard for GHG Emission Offset Project Developers

• Offset Reporting Period
  – No overlapping reporting period
  – Project developer must not report on the same or any portion of the same reporting period as any other project report

• Offset Project Extensions
  – Project developer must apply for an extension
    • No sooner than 6 months before the end of the offset crediting period
    • No later than 30 days before the end of the offset crediting period

• Offset Start Date
  – The day on which the project plan is posted on the Registry
  – Jan. 1 for Conservation Cropping projects (but project plan and master planning sheet needs to be submitted by April 30)
Standard for GHG Emission Offset Project Developers

• Protocol Deviation Requests
  – Deviations from protocols will be considered
  – Deviation approvals must be included in the project plan and project report

• Flagged Protocols
  – Project developers must receive written approval from Director to initiate a project under a flagged protocol
  – Approval to use flagged protocol must be in project plan and project report

• Using more than one protocol
  – Project developers must receive written approval from Director to use more than one protocol for the same project
Standard for GHG Emission Offset Project Developers

• Aggregated projects
  – Must include the Aggregated Project Planning Sheet with the project plan listing all subprojects
  – Conservation cropping project must submit a Master Planning Sheet with the project plan listing all subprojects
  – Projects must submit a Aggregated Project Reporting Sheet
    • If a subproject is not listed in the planning (or master planning) sheet and is listed in the reporting sheet it will not be allowed to generate emission offsets
  – Project planning and reporting sheets will not be posted publicly to the registry
Standard for GHG Emission Offset Project Developers

• Adding Subprojects
  – Mechanism to add subprojects is to submit an updated Aggregated Project Planning Sheet to the Registry
    • This will be used to ensure transparent start dates for each subproject
  – If a subproject is added part way through the offset crediting period it will have the same end date as the rest of the project
    • The start date for the subproject added part way through is the date the updated planning sheet is submitted to the Registry
    • The subproject crediting start date cannot be before the date it is submitted to the registry
Standard for GHG Emission Offset

Project Developers

• Protocol withdrawn
  – If protocol is withdrawn because the reduction activity becomes required by law the offset crediting period ends
  – If the protocol is withdrawn for any other reason the director will prescribe the duration of the offset crediting period or extension

• Protocol withdrawn and replaced with new protocol
  – Project developers may choose to continue using the old protocol to then end of the current crediting period or may choose to use the new protocol
  – If project developer is using the new protocol they will be required to update the project plan
Standard for Verification

- Applies to verification of emission offsets in 2018
- Not applicable to 2017 SGER facility verifications
- Includes binding part 1
  - Lists requirements for Designated Signing Authority and Peer Reviewer including:
    - 4 years verification experience
    - ISO 14064-3 training – successfully completed
    - Technical knowledge of the quantification methods for the sector
  - Requirements for Conflict of Interest, records retention & site visits
  - Required content of report and Statement of Verification
  - Materiality of 2% for offset projects generating 500,000 tonnes or more of emission offsets per vintage year
Standard for Verification

• Guidance in part 2:
  – Describes the assertion and typical verification flow,
  – Detailed list of:
    • Verification team roles
    • Verification plan
  – Modifications to Statement of Verification
    • Positive Opinion
    • Qualified Opinion
    • Adverse Opinion
  – Termination of re-verification (formerly Gov’t audit) for:
    • Access to site
    • Required information
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 approach to the maturing system.
• The review has included seeking technical input from stakeholders.
• The expert consultant report has been received along with recommendations, ACCO is now in process of policy development and approval of draft.
• The revised draft approach will be posted for 30-day comment period early in 2018 (likely end of January).
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
- Review of grid electricity displacement factor
- Continue analysis of emissions trading system
  - System supply study to inform analysis/improvement
2017 Compliance Form Review

Key Differences

- Clearer layout of fuel/feedstock quantities reporting in B9
- Box in SoV to indicate confirmation of fuel usage information
- Additional text on SoC related to fuel usage information
- Minor modifications of conclusion box on SoV
Closing Remarks / Upcoming Sessions
Future Webinars / Stakeholder Sessions

• Jan 16 – Opt-in to the CCIR
  – Description of criteria for facilities to opt-in, and opt-out of the Carbon Competitiveness Incentive Regulation.

• Jan 18 – Benchmarking and Phase-in
  – Explores benchmarking and phase-in components of the Carbon Competitiveness Incentive Regulation.

• Jan 23 – Indirect Emissions and Co-Generation
  – Explores treatment of indirect emissions and co-generation under the Carbon Competitiveness Incentive Regulation.

• Week of Jan 24 – 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