

# Carbon Competitiveness Incentive Regulation Opt-in Fact Sheet

*If there is any conflict between this document and the Carbon Competitiveness Incentive Regulation (the “Regulation”) or the Climate Change and Emissions Management Act (the “Act”), the Act or the Regulation prevail over this document.*

## Opt-in Key Dates

- **September 1, 2018**
  - Opt-in for 2018
  - Assigned benchmark application for 2018
- **December 31, 2018**
  - Opt-in for 2019
- **March 31, 2019**
  - Compliance report 2018
- **June 1, 2019**
  - Assigned benchmark application for 2019
  - Opt-in for 2020
  - Opt-out for 2020
- **March 31, 2020**
  - Compliance report 2019
- **June 1, 2020**
  - Assigned benchmark application for 2020
  - Opt-in for 2021
  - Opt-out for 2021

## Opt-out

Should an opted-in facility decide that they do not want to remain regulated under the Carbon Competitiveness Incentive Regulation (CCIR), the facility may apply to opt-out of the Regulation. These facilities must demonstrate that their emissions coverage is equivalent under the carbon levy or alternative regulatory system.

The deadline to apply for the designation as opted-in facility to be revoked is June 1 of the year preceding

the year in which revocation is intended to be effective.

## Eligibility Criteria

A facility is eligible to opt-in if it competes directly against a facility regulated under the CCIR or if the facility has greater than 50,000 tonnes of annual emissions and belongs to an emissions-intensive, trade-exposed (EITE) sector. Please refer to section 4 of the [CCIR](#) for further detail on eligibility criteria.

There are two pathways for a facility with emissions fewer than 100,000 tonnes of CO<sub>2</sub>e per year to opt-in to the CCIR:

- **Pathway 1: Direct Competition**
  - The intention for allowing these facilities to opt-in to the Regulation is to address situations where facilities with less than 100,000 tonnes of CO<sub>2</sub>e compete directly with larger facilities that are automatically subject to the Regulation. These smaller facilities could therefore face higher per unit carbon cost, impacting competitiveness.
  - If the facility produces a product listed in Table 1, it is eligible to opt-in through these eligibility criteria.

For a list of facilities currently regulated under the CCIR, see the [Regulated Facilities Fact Sheet](#). If you believe your facility competes directly with a facility subject to the CCIR but the product your facility produces is not listed in Table 1, please contact [AEP.GHG@gov.ab.ca](mailto:AEP.GHG@gov.ab.ca)

**Table 1: Sectors and products that compete directly with facilities regulated by the CCIR**

Sector	Product	North American Product Classification System
Agroindustry	Crude Canola Oil	182133
Agroindustry	Refined Canola Oil	182112
Agroindustry	Biodiesel Fuel	2612221
Agroindustry	Distilled Liquor	21113
Agroindustry/Chemical	Ethanol (Denatured)	2711314
Chemical	Carbon Black	2711251
Chemical	Ethanol Fuel	261213
Chemical	Ethylene	2632111
Chemical	Ethylene Glycol	2711315
Chemical	Iso-octane	2632131
Chemical	Linear Alpha Olefins	2632131
Chemical	Pentane	2632131
Chemical	Styrene Monomer	2632121
Chemical	Calcined Coke	2611112
Chemical	Hydrogen	2711115
Chemical	Methanol	2711315
Chemical	Polyethylene	2811121
Chemical	Hydrogen Peroxide	2711284
Coal Mines	Bituminous Coal	144112
Coal Mines	Sub-bituminous Coal	144121
Fertilizer	Ammonia	2721122
Fertilizer	Ammonium Nitrates	2721122
Fertilizer	Ammonium Phosphate	2721131
Fertilizer	Ammonium Sulphate	2721122
Fertilizer	Urea	2721111
Fertilizer	Urea Ammonium Nitrate	2721141
Food Processing	Live Weight of Cattle	1111111
Forest Products	Pulp	25112
Metals	Cobalt	1552321
Metals	Nickel	1531111
Mineral	Cement	465111
Mineral	Lime	4651311
Mineral	Magnesium Oxide	2911441
Natural Gas Processing	Natural Gas	142 <sup>1</sup>
Natural Gas Processing	Natural Gas Liquids	143 <sup>1</sup>
Oil Sands	Bitumen	141121
Power Plant	Electricity	146111
Refining	Refined Petroleum Products	261
Upgrading	Synthetic crude oil	14113

<sup>1</sup> Conventional oil and gas facilities exempt from the carbon levy will not be permitted to opt-in.

• **Pathway 2: EITE Facilities**

- Facilities that belong to an EITE sector as defined in Section 4(1)(b) of the [CCIR](#) and had total regulated emissions of 50,000 tonnes in any year since 2013 or is expected to exceed 50,000 tonnes in its third year of commercial operation are eligible to opt-in.
- Table 2 provides a list of EITE sectors that include at least one facility that met or exceeded the 50,000-tonne CO<sub>2</sub>e threshold.

**Table 2: EITE sectors that include at least one facility that meets or exceeds 50,000 tonnes**

NAICS	Name
211110	Oil and Gas extraction (except oil sands) <sup>1</sup>
211140	Oil-sands extraction
212100	Coal mining
221100	Electric power generation, transmission and distribution
311200	Grain and oilseed milling
311300	Sugar and confectionery product manufacturing
322100	Pulp, paper and paperboard mills
324100	Petroleum and Coal Product Manufacturing
325100	Basic chemical manufacturing
325300	Pesticide, fertilizer and other agricultural chemical manufacturing
327000	Non-metallic mineral product manufacturing (including Lime and Cement and Concrete Product Manufacturers)
331110	Iron and steel mills and ferro alloy manufacturing
331400	Non-ferrous metal (except aluminum) production and processing
486210	Pipeline transportation of natural gas

*Tables 1 and 2 will be updated occasionally as facilities enter the Regulation change. Facilities that do not produce a product listed in Table 1, or belong to a sector listed in Table 2 and believe that they meet the criteria for opting-in to the Regulation, should provide evidence to support this claim in an opt-in application. These facilities may also contact [AEP.GHG@gov.ab.ca](mailto:AEP.GHG@gov.ab.ca) for further information and guidance.*

## Indirect Emissions

Indirect emissions such as those coming from electricity imported from the grid do not count toward the threshold and shall not be included in the opt-in application.

## Renewable Electricity Facilities

Renewable electricity facilities are eligible to opt-in, **unless** any of the following criteria applies to the facility:

- The facility has a total nominal capacity of less than 5 megawatts.
- The facility has entered into a renewable electricity support agreement under section 7(4) of the Renewable Electricity Act.
- An economic benefit is being provided under a program or other scheme that is attributable to the electricity produced at the facility having been produced from a renewable energy resource.

Renewable electricity facilities subject to the CCIR must register generating units and have production reported on the Western Renewable Energy Generation Information System for all megawatt hours that will be claimed as production under the regulation.

Renewable electricity certificates associated with claimed production must be retired to a sub-account named "Alberta CCIR EPC." Please refer to Part 2, Section 6.1 of the [Standard for Completing Greenhouse Gas Compliance and Forecasting Reports](#) for more information regarding the retirement of renewable attributes.

## Third Party Verification

There is no third party verification required for the opt-in application. The opt-in application must include a Statement of Certification signed by a certified official who has the authority to bind the company.

## Associated Costs

Opted-in facilities under the CCIR will have all the obligations of the Regulation for the year that they are opting-in to, and subsequent years. This includes, but is not limited to, submission of a third party verified annual compliance report by March 31 of every year after the compliance year.

Facilities are required to meet their true-up obligation through various avenues of compliance which can include:

- Fund payment at \$30 per tonne of CO<sub>2</sub>e
- Submission of a third party verified assigned benchmark application, if required, by September 1, 2018 for facilities opting into the Regulation for 2018 or June 1, 2019 for facilities opting into the Regulation for 2019.

Information on the Regulation, Standard for Establishing and Assigning Benchmarks and Standard for Completing Greenhouse Gas Compliance and Forecasting Reports can be found at [alberta.ca](http://alberta.ca)

Facilities considering opting in are strongly encouraged to develop their own cost estimates of compliance with the regulatory requirements such as the costs of completing compliance reports and third party verifications compared with costs under the carbon levy. It should be noted that the Regulation covers non-fuel related emissions, such as from decomposition of waste or fugitive emissions sources.

## Carbon Levy

Facilities regulated under the CCIR are not subject to the carbon levy. Upon approval of the opt-in application, facilities can submit a request to Alberta Treasury Board and Finance to receive an exemption to the carbon levy, as well as to receive a rebate for carbon levy already paid for during the year.