

TIER Opt-In Fact Sheet

If information in this document conflicts with the Standard for Developing Benchmarks (the “Standard”), the Technology Innovation and Emissions Reduction Implementation Act (the “Act”) or the Technology Innovation and Emissions Reduction Regulation (the “Regulation”), then the Standard, Act and/or Regulation prevail over this document.

Opt-in key dates

- **November 1, 2019**
 - Facilities which are opted-in under the Carbon Competitiveness Incentive Regulation for 2019 are automatically opted-in to TIER
- **December 1, 2019**
 - Opt-out for 2020
- **January 1, 2020**
 - Federal fuel charge in force in Alberta
 - Start of TIER 2020 compliance period
- **September 1, 2020**
 - Opt-in for 2020 or 2021
 - Opt-out for 2021
 - Facility specific benchmark application for 2020
- **June 30, 2021**
 - Compliance report due for 2020
- **September 1, 2021**
 - Facility specific benchmark application for 2021
 - Opt-in/opt-out for 2022

Opt-out

If the person responsible for an opted-in facility decides that they do not want to remain regulated under the [Technology Innovation Emissions Reduction \(TIER\) Regulation](#), the facility may apply to opt-out of the Regulation. The deadline to apply for the designation as opted-in facility to be revoked

is Sept. 1 of the year preceding the year in which revocation is intended to be effective. For the 2020 year, opt-out applications can be submitted up to Dec. 1, 2019.

Facilities that have sequestered CO₂ on-site will not be eligible to opt-out.

Eligibility criteria

A facility is eligible to opt-in if it competes directly against a facility regulated under TIER or if the facility has greater than 10,000 tonnes of annual emissions and belongs to an emissions-intensive, trade-exposed (EITE) sector. Please refer to section 4 of the [Regulation](#) for further detail on eligibility criteria. There are two pathways for a facility with emissions fewer than 100,000 tonnes of CO₂e per year to opt-in to TIER:

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 CO₂e compete directly with larger facilities that are automatically subject to the Regulation. Without opting-in, these smaller facilities could 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.

If you believe your facility competes directly with a facility subject to TIER but the product your facility produces is not listed in Table 1, please contact AEP.GHG@gov.ab.ca

Pathway 2 - EITE Facilities: Facilities that belong to an EITE sector as defined in Section 4(1)(a) of TIER

and had total regulated emissions of 10,000 tonnes in any year since 2017 or is expected to exceed 10,000 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 10,000-tonne CO₂e threshold.

Table 1: Sectors and products that compete directly with facilities regulated by TIER

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
Distilling	Ethyl Alcohol	2111321
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
Food Processing	Refined Sugar	1821421
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
Natural Gas Processing	Natural Gas Liquids	143
Oil Production	Bitumen / Crude Oil	141
Power Plant	Electricity	146111
Refining	Refined Petroleum Products	261
Upgrading	Synthetic crude oil	14113

Table 2: EITE sectors that include at least one facility that meets or exceeds 10,000 tonnes

NAICS	Name
211110	Oil and Gas extraction (except oil sands) ¹
211140	Oil-sands extraction
2121	Coal mining
2211	Electric power generation, transmission and distribution
3112	Grain and oilseed milling
3113	Sugar and confectionery product manufacturing
3221	Pulp, paper and paperboard mills
3241	Petroleum and Coal Product Manufacturing
3251	Basic chemical manufacturing
3253	Pesticide, fertilizer and other agricultural chemical manufacturing
327	Non-metallic mineral product manufacturing
33111	Iron and steel mills and ferro alloy manufacturing
3314	Non-ferrous metal (except aluminum) production and processing
48621	Pipeline transportation of natural gas

Tables 1 and 2 will be updated 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 for further information and guidance.

Indirect emissions

Indirect emissions, such as those sourced from electricity imported from the grid, do not count toward the opt-in 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 TIER must register generating units and have production reported on the [Western Renewable Energy Generation Information System](#) for all electricity 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 TIER 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 TIER 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 June 30 of every year after the compliance year.

True up options

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

- Fund payment at \$30 per tonne of CO₂e
- Use of emission offsets of emissions performance credits (up to 60 per cent of obligation)
- Submission of a third party verified facility specific benchmark application, if desired, by September 1 of the year the benchmark would first apply.

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 of being subject to the federal fuel charge under the Greenhouse Gas Pollution Pricing Act (GGPPA). It should be noted that for all regulated facilities, except aggregate facilities, the Regulation covers non-fuel related emissions, such as from decomposition of waste or fugitive emissions sources.

Conventional oil and gas opt-in

Conventional oil and gas facilities are eligible to opt-in to the TIER Regulation. Alternatively, two or more conventional oil and gas facilities may apply to be designated as an aggregate facility under TIER and received aggregate treatment. Additional information about conventional oil and gas treatment under TIER and the aggregate facility approach can be found on the [Conventional Oil and Gas TIER website](#).

Additional information

For more information, visit the [TIER system webpage](#) or contact AEP.GHG@gov.ab.ca