

Technology Innovation and Emissions Reduction (TIER) Regulation Amendments

Ministry of Environment and Parks

Presentation to TIER Stakeholders

August 7, 2020



Agenda

- Background
- Summary of Amendments to TIER
- Forms and Resources
- Questions

Background

TIER Regulation

Background: TIER Regulation

- The TIER Policy was introduced in fall 2019 and took effect January 1, 2020. It regulates greenhouse gas emissions from Alberta's industrial facilities.
- Feedback received from regulated stakeholders since the implementation of the TIER regulation:
 - alignment of opt in criteria more closely with federal requirements,
 - reduce administrative burden for regulated conventional oil and gas facilities,
 - administrative challenges related to covid-19 pandemic.

Background: TIER Amendments

- AEP developed changes to TIER to increase competitiveness, reduce administrative burden and make other regulatory improvements through a series of amendments to the TIER regulation.
- Amendments came into force and effect on July 28, 2020.
 - Detailed in Order in Council 233/2020 available on the Queen's Printer website or the TIER website.
- Amendments address stakeholder feedback while maintaining integrity of the TIER framework, equivalency with the federal approach and expected environmental outcomes.

Summary of Amendments

TIER Regulation Amendments

TIER Amendment Categories

1. Amendments to TIER voluntary opt-in eligibility.
2. Amendments to administrative requirements for the conventional oil and gas facilities regulated under TIER.
3. Other administrative amendments to reduce regulatory burden and further implement the TIER regulatory framework.

Amendment 1: TIER Opt-in Eligibility

- **Previously:**
 - EITE Opt In: Facilities required to be in a **high** emissions-intensive trade-exposed industry and over 10,000 tonnes CO₂e annually to opt-in to enter the TIER Regulation.
 - Some sectors unable to receive exemption to the fuel charge relative to competitors in other provinces where the OBPS applies.
- **Amendment:**
 - Amended EITE opt-in eligibility to allow more sectors and facilities to voluntarily enter the TIER Regulation and apply for a federal fuel charge exemption.
 - Facilities in sectors considered **medium** EITE or just **very high** trade exposure and over 10,000 tonnes CO₂e may voluntarily opt in.
 - Change takes effect through update to the definition of “emissions-intensive-trade-exposed” industry in the TIER Regulation.

Amendment 1: TIER Opt-in Eligibility

Additional Sectors Designated 'EITE'	NAICS Code
Greenhouse, nursery and floriculture production (except cannabis)	1114
Non-metallic mineral mining and quarrying	2123
Fruit and vegetable preserving and specialty food manufacturing	3114
Other food manufacturing	3119
Wineries and distilleries	3121
Sawmills and wood preservation	3211
Veneer, plywood and engineered wood product manufacturing	3212
Resin, synthetic rubber, and artificial and synthetic fibres and filaments manufacturing	3252

Amendment 1: TIER Opt-in Eligibility

How to Apply:

- If applying for 2021 and onwards (not for 2020):
 - Prepare and submit an opt-in application form to AEP.GHG@gov.ab.ca by September 1, 2020.
 - If first time being regulated under TIER or previous industrial climate polices, strongly encouraged to submit a benchmark application form, before September 1, 2021.
 - Carefully review requirements within the applicable program standards.
 - All necessary forms, standards and information resources on the TIER website.
- If applying for 2020 and onwards:
 - Prepare and submit opt in application to AEP.GHG@gov.ab.ca by November 1, 2020.
 - Department will work with applicant to confirm data needs for benchmark setting.
- Should you have questions about the opt in process or requirements, please contact AEP.GHG@gov.ab.ca .

Amendment 2: Conventional Oil and Gas

- **Previously:**
 - “Person responsible” for a conventional oil and gas facility based on EPEA approval holder, AER authorization or ownership.
 - Stakeholder feedback suggested significant administrative burden in cases where operation of a regulated facility is leased to a third-party.
- **Amendment:**
 - Aligned ‘person responsible’ for a conventional oil and gas facility with the facility operator (entity reporting to the AER/Petrinex).
 - In cases where an ‘operator’ does not exist as per the regulation, person responsible defaults to EPEA approval holder, AER approval holder or ownership.

Amendment 2: Conventional Oil and Gas

- **Implementation:**
 - Modifying existing aggregate facilities to reflect new ‘person responsible’ definition is elective/by application for the 2020 compliance year, but becomes mandatory for 2021-onwards.
 - Information webinar for regulated conventional oil and gas stakeholders on August 12 on the amendment and implementation process. Instructions for attending in the stakeholder notification email.
- **Other conventional oil and gas updates:**
 - Deadline to apply to opt-in conventional oil and gas facilities for 2020 extended from September 1 to November 1, 2020.
 - Created ability to add existing individual conventional oil and gas facilities to an existing aggregate facility within a compliance year.

Amendment 3: Other Administrative Amendments

- **Description:**

- Other administrative amendments to reduce regulatory burden and further implement the TIER regulatory framework.

Hydrogen Definition Update

- Definition of hydrogen updated to allow implementation of benchmarks for refining and upgrading.
- Allows refining and upgrading facilities to receive emissions allocations for on-site useful hydrogen production.

Amendment 3: Other Administrative Amendments

Exemption for federally-levied fuels

- Avoid double counting third-party fuel volumes used at a regulated facility to ensure they are not subject to both the federal fuel charge and TIER compliance.

Offset use for compliance in year serialized

- Corrected unintended consequence of regulatory drafting that meant offset credits could not be used for compliance in the same year they are serialized.

2020 Opt-in deadline extension

- Extended the deadline to apply to opt into the TIER regulation for facilities opting in for the 2020 compliance year-onwards from Sept 1 to Nov. 1, 2020.
- Facilities applying to opt in for 2021-onwards will still need to apply by Sept 1, 2020.

Forms & Resources

TIER Regulation Amendments

Resources

- An updated version of the TIER Regulation was published on July 29, 2020.
- All associated and updated versions of Standards and Forms can be found on the [TIER website](#).
- We would like to highlight the notable updates to forms that have been made.

Updated Benchmark Application Forms for Large Emitters and Opted-in Facilities

- Benchmark application forms and instruction videos now available at the website under the benchmark setting section

Benchmark Setting

The IIEB regulation makes use of both facility specific and high performance benchmarks. Details of the benchmark setting process are available here:

- [Standard for Developing Benchmarks](#) 

For large emitter and opt-in facilities applying for benchmarks the following form can be used for facilities with one product or facilities with multiple products including facilities with self-generation of electricity:

- [Single-Product Benchmark Form](#)  (XLS, 1.9 MB)
- [Multi-Product Benchmark Form](#)  (XLS, 2 MB)
- [Self-Generation Form for Multi-Product Facilities](#)  (XLS, 274 KB)

The following instructional videos provide a step-by-step overview for filling out the forms.



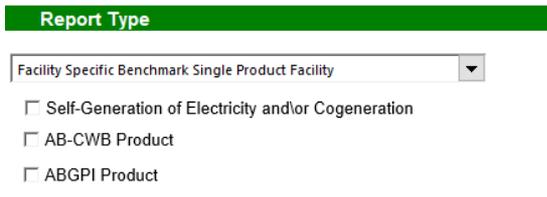
Updated Benchmark Application Forms for Large Emitters and Opted-in Facilities

- Changes From Previous Versions
 - Facility must choose report type according to number of products
 - Single Product Facility: facility produces only one product (apart from electricity and heat)
 - Multiproduct Facility: facility produces more than one product (apart from electricity and heat)



The screenshot shows a form titled "Submission Information" with a green header. Below it is a section titled "Report Type" also with a green header. A dropdown menu is open, showing four options: "Facility Specific Benchmark Single Product Facility", "Facility Specific Benchmark Single Product Facility", "Facility Specific Benchmark Multi-product Facility", and "Data Report". The second option is highlighted in blue. Below the dropdown, the text "AB-CWB Product" is partially visible.

- Facilities may also check options as applicable for:
 - Self-Generation of Electricity and/or Cogeneration
 - AB-CWB Product
 - ABGPI Product



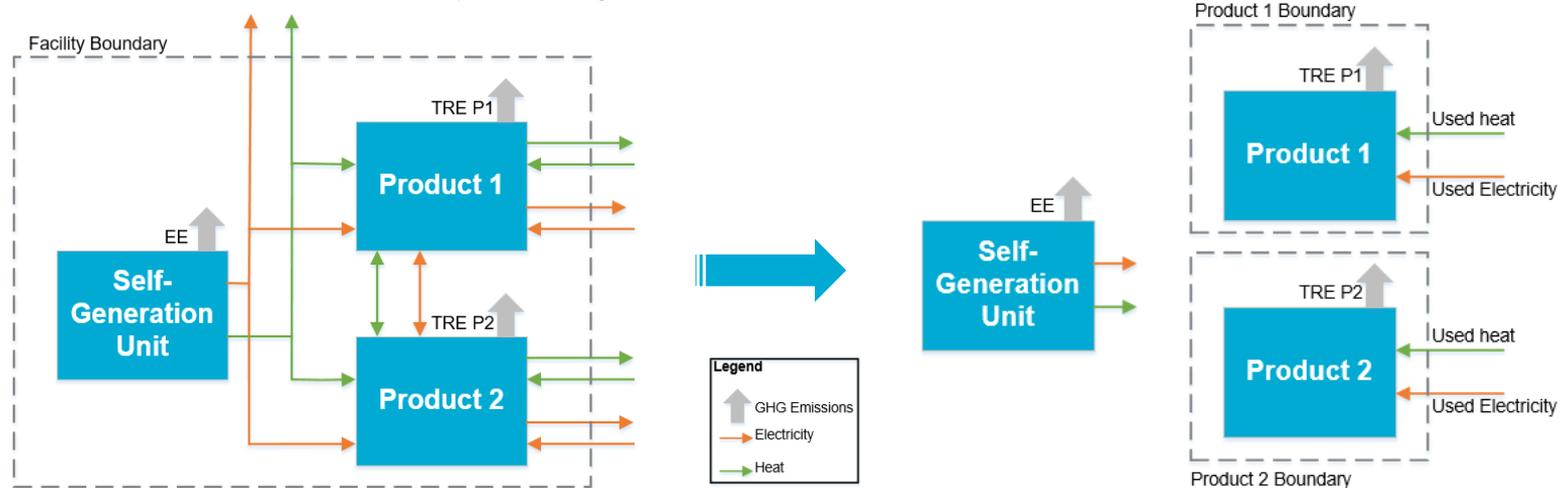
The screenshot shows a form titled "Report Type" with a green header. Below it is a dropdown menu with the text "Facility Specific Benchmark Single Product Facility". Underneath the dropdown are three checkboxes with labels: "Self-Generation of Electricity and/or Cogeneration", "AB-CWB Product", and "ABGPI Product".

Benchmark Application Forms for Large Emitters and Opted-in Facilities

- Changes From Previous Versions
 - Electronic Signature feature for SoC (version 20.2)
 - Signature of the lead verifier required for CoI, SoQ and SoV for cases where the lead verifier is not the same person as the designated signing authority

Benchmark Application Forms for Large Emitters and Opted-in Facilities

- Changes From Previous Versions
 - Multi-Product facilities with self-generation of electricity and/or cogeneration:
 - Are required to complete the Self-Generation Form for Multi-Product Facilities.
 - Should exclude emissions from self-generation in Sections B1 and use the information from the Self-Generation Form to complete Sections B4 EE of the Benchmark Application Forms for each product for which the facility is seeking benchmarks.



Quantification Methodologies for Benchmarking

- Quantification methodologies for 2020 based on CCIR requirements – anticipate draft posting for stakeholder feedback in the Fall
- Benchmark typically based on historic periods:
 - Mandatory quantification methodologies apply for 2020 and subsequent years
 - Previously reported SGER or CCIR data (i.e. emissions, production) are typically used and acceptable for benchmarking
 - If new data (not previously reported) is used for benchmarking, prescribed quantification methodologies should be applied, where possible