

April 30, 2008

Alberta industries comply with pivotal climate change legislation

First-of-its-kind law moves Alberta forward on path of practical emission reductions

Edmonton... Alberta has reached a significant landmark in its efforts to cut greenhouse gas emissions from large industry.

For the first time in North America, oil sands facilities, coal-fired power plants and others met a requirement to reduce the intensity of their greenhouse gas emissions by 12 per cent. Companies had until March 31, 2008, to comply with the Alberta law, which came into effect July 1, 2007.

“Our action is resulting in real benefits for Alberta,” said Premier Ed Stelmach. “We are encouraging the creation of innovative low-carbon technology in this province and our offset system is encouraging emission reductions in other sectors ranging from farming to alternative energy producers.”

Alberta gave companies three options for meeting the reduction: improve the energy efficiency of their operations, buy carbon credits in the Alberta-based offset system or pay \$15 into the Climate Change and Emissions Management Fund for every tonne over their reduction target. Facilities could also choose a combination of the options.

Preliminary results indicate companies made 2.6 million tonnes of actual reductions through operational changes and practices - including better use and re-use of energy - and investing in verified offsets created by other Alberta projects. The reduction is equivalent to taking 550,000 vehicles off the road in a year.

“This is one more step we are taking on the path to more significant emission reductions in the province, but it is a critical step nonetheless,” said Environment Minister Rob Renner. “This new system puts Alberta in the company of just a few on the world stage that are moving beyond just talk.”

Companies also chose to pay approximately \$40 million into the Climate Change and Emissions Management Fund, which will invest in projects and technology to reduce greenhouse gas emissions in Alberta.

Alberta Environment will conduct comprehensive technical reviews of the compliance data and will release more details later this year.

For more details on Alberta’s 2008 climate change strategy, please visit www.environment.alberta.ca.

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See attached backgrounder

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Approach gives industry three options to meet reductions

Industries in Alberta have three options to meet the province's 12 per cent reduction requirement in emissions intensity.

Climate Change and Emissions Management Fund

- Companies can pay \$15 for every tonne of emissions that exceeds their reduction target.
- Money will be directed to strategic projects or transformative technology in Alberta that will reduce greenhouse gas emissions in the province.
- This spring, Alberta Environment will introduce an amendment to the *Climate Change and Emissions Management Act* to establish a not-for profit organization to administer the fund.

Alberta-based credits

- A carbon offset or credit results from actions or projects that reduce the amount of greenhouse gases emitted overall. To be valid, offsets have to reduce emissions over and above what would have occurred under business as usual scenarios, including beyond what is otherwise required by law.
- A facility can purchase credits from large emitters that have reduced their emissions intensity beyond their 12 per cent target. They can also purchase credits from facilities or operations whose emissions are below the 100,000-tonne threshold but are voluntarily reducing their emissions.
- Alberta has specific protocols outlining how offsets need to be quantified and to verify emission reductions for different types of projects.
- The majority of offsets for July 1 to Dec. 31, 2007 were for projects in the agricultural sector, including how reducing cultivation of farm land can store more carbon in the soil.

Improvements to operations

- Facilities can make improvements to their operations that will result in reductions. For example, a facility could install a more efficient boiler or more effectively use energy such as steam that would otherwise be released by the facility.

These options give affected sectors flexibility to meet the reductions. They promote made-in-Alberta solutions to climate change that bolster the provincial economy and encourage investment in technology that will support larger reductions in the future.

The requirement applies to about 100 large facilities which emit more than 100,000 tonnes of greenhouse gases a year. Those facilities account for about 70 per cent of Alberta's industrial greenhouse gas emissions and approximately half of total provincial emissions. Sectors covered include oil sands, refining, electricity generation, gas, heavy oil, fertilizer, forest products, pipelines, cement, coal mining, lime, landfill and metal manufacturing.

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