

# Tax and Revenue Administration (TRA)

## *Climate Leadership Act*

### Special Notice Vol. 11 No. 6R1

## Application of the Carbon Levy to Compressor Stations and Facilities

Last updated: February 16, 2017

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*NOTE: This special notice is intended to explain legislation and provide specific information. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this special notice and governing legislation, the legislation takes precedence.*

## Application of the Carbon Levy to Compressor Stations and Facilities

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### Overview

Under the [Climate Leadership Act](#) (Act) and [Regulation](#) (Regulation), a consumer is exempt from paying the carbon levy on fuel that is used in a production process before 2023. The term “production process” is defined in the Regulation to include an activity integral to the operation of a “compressor station or facility” (see [Special Notice Vol. 11 No. 5 for more information on the production process exemption](#)).

The intended policy of the exemption from carbon levy on fuel used in a production process is that fuel used within a production process where methane reduction policies are likely to apply, will be temporarily exempt from the carbon levy. The inclusion of compressor stations and facilities in the definition of “production process” is intended to exempt, from the carbon levy, fuel used to transport natural gas or gas liquids in a

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**TAX AND REVENUE ADMINISTRATION**  
9811 - 109 STREET, EDMONTON AB T5K 2L5

- Email: [TRA.CarbonLevy@gov.ab.ca](mailto:TRA.CarbonLevy@gov.ab.ca)
- Website: [tra.alberta.ca](http://tra.alberta.ca)
- Phone: 780-644-4300
- Fax: 780-644-4144

Note: for toll-free service in Alberta, call 310-0000, then enter the number.



pipeline from one exempt production process to another exempt production process. It is not intended to exempt fuel used to transport natural gas or gas liquids when the fuel is consumed downstream from the site of the production process.

Compressors **at a site** eligible for the production process exemption that are needed to move fuel off the production process site (e.g., into a transmission pipeline, liquids pipeline, tank car) are considered part of the production process and eligible for the exemption. Compressors that are part of the transmission pipeline or otherwise outside of an eligible production process are subject to the levy.

Compressors that are part of a gas gathering system are also eligible for the production process exemption. A gas gathering system is defined in the Act as “a system or arrangement of pipelines, **compressors**, line heaters, dehydrators, measurement or other equipment used to move raw gas or natural gas from an oil battery, oil production site, gas battery, gas well or other facility to a gas battery or gas processing facility”.

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## Definition of Compressor Station or Facility

To clarify that “compressor station or facility” only applies when transporting natural gas or gas liquids from on production process to another, the application of the exemption for “compressor stations or facility” will be administered in line with the definition below.

**“compressor station or facility”** means a facility that uses compressors or pumps to maintain flow or pressure in a pipeline used to transport natural gas liquids from a gas processing facility exclusively to a gas fractionation plant.

This definition will be applied for administrative purposes effective January 1, 2017, and will be brought forward as a regulatory amendment effective January 1, 2017, in order to clarify the application of the exemption from carbon levy on fuel used in a production process.

Fuel used to operate compressors that are used to maintain flow or pressure in any other pipeline, such as fuel used in the transport and associated storage of oil and gas products from a production process to consumers, refineries, or for export, remains subject to the carbon levy.

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## Additional Information

For additional information on the Carbon Levy, please see TRA's [Carbon Levy](#) website.

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## Contact Information and Useful Links

<b>Contact Tax and Revenue Administration (TRA):</b>	Email: <a href="mailto:TRA.CarbonLevy@gov.ab.ca">TRA.CarbonLevy@gov.ab.ca</a>
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