

Conventional Oil and Gas Sector TIER Fact Sheet

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

Overview

The Technology Innovation and Emissions Reduction (TIER) Regulation replaced the Carbon Competitiveness Incentive Regulation on January 1, 2020. It automatically applies to facilities that emitted 100,000 tonnes or more of carbon dioxide equivalent (CO₂e) greenhouse gases (GHGs) in 2016, or any subsequent year. Oil and gas facilities below this threshold have the option to voluntarily become a regulated facility under TIER by registering as part of an aggregate facility.

Benefits of being regulated

The Government of Canada applied the federal fuel charge in Alberta beginning January 1, 2020 under the *Greenhouse Gas Pollution Pricing Act* (GGPPA). The charge applies to all fossil fuels combusted in Alberta, including those in the conventional oil and gas sector. Alberta is challenging the constitutionality of this legislation in court.

The GGPPA includes provisions to exempt facilities subject to provincial policies that meet the federal benchmark criteria. TIER meets federal requirements and protects regulated facilities from the full costs of complying with the GGPPA.

TIER reduces emissions using an approach that is cost-efficient and tailored to Alberta’s industries.

A facility regulated under TIER may apply for an exemption from the federal GGPPA requirements and would only be subject to the compliance requirements of the provincial TIER system. Please refer to the Federal Fuel Charge Exemption Application TIER Fact Sheet for more information on how to apply for an exemption.

Becoming a regulated facility

Aggregate Facility Application

Conventional oil and gas facilities may enter the TIER regulation by applying to be designated as an aggregate facility. An aggregate facility is a group of two or more individual conventional oil and gas facilities that are treated as a single facility under the Regulation, as long as each facility emits fewer than 100,000 tonnes CO₂e and shares the same person responsible. There is no minimum emission threshold to become part of an aggregate facility.

Aggregate Facility Approach

Allowing operators to aggregate multiple facilities simplifies the reporting, verification and compliance process and reduces administrative costs for operators and for government.

Eligibility

Under TIER, a conventional oil and gas facility includes all facilities that produce oil and gas, and conventional facilities producing primary bitumen, including the following:

- A facility for extracting, from an underground geological deposit or reservoir, gas, oil, or primary bitumen.
- A facility for processing gas.
- A facility for the primary processing of oil or primary bitumen.
- A facility for disposing of waste, in an underground geological formation.
- A facility for transporting, in a pipeline, gas, oil or primary bitumen (except local gas distribution systems and facilities transporting oil, gas, or bitumen across Alberta's borders).
- A facility for storing gas, oil or primary bitumen in the course of the gas, oil or primary bitumen being transported by a facility.

Facilities that produce oil sands in situ bitumen and oil sands mining bitumen are excluded from being a part of an aggregate facility.

Individual conventional oil and gas facilities are also eligible to be opted-in facilities, instead of becoming part of an aggregate facility. Oil and gas facilities are encouraged to consider the differences between the opt-in treatment versus the aggregate facility treatment before entering the Regulation.

Treatment

An aggregate facility has different treatment than other types of regulated facilities under TIER (large emitters or opted-in facilities), as outlined below:

- At this time, regulated emissions for aggregate facilities include stationary fuel combustion emissions.
- The annual one per cent tightening rate does not apply to aggregate facility benchmarks.
- Aggregate facilities submit a single compliance report rather than a report for each individual facility within the aggregate.
- Aggregate facilities are not eligible to receive support under the TIER compliance cost containment program.

Reduction Requirements

Aggregate facilities are required to reduce the emission intensity of stationary fuel combustion emissions by 10 per cent relative to the aggregate facility specific benchmark.

An aggregate facility's reduction target will stay at 10 per cent and will not become more stringent over time. Alberta Environment and Parks will also develop high performance benchmarks for the sector at a later date.

Costs

Regulated facilities under TIER will have regulatory obligations starting the year they enter TIER. Facilities considering becoming regulated are strongly encouraged to estimate the costs of compliance with the regulatory requirements, relative to the costs associated with remaining subject to the federal fuel charge. This includes, but is not limited to:

- Costs associated with complying with the emission reduction obligation.
- Costs of preparing annual compliance reports.
- Costs of preparing a facility specific benchmark application.

Compliance reports and benchmark applications must be verified by a third-party assurance provider hired by the person responsible for the facility.

Additional information

Oil and gas operators looking to learn more about TIER and what it means for their facilities can visit [the TIER website](#) or contact AEP.GHG@gov.ab.ca

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