



Conventional Oil and Gas Sector TIER Fact Sheet

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 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, or imports more than 10,000 tonnes of hydrogen annually in 2023 or a subsequent year. Oil and gas facilities below these thresholds have the option to voluntarily become a regulated facility under TIER by registering as part of an aggregate facility.

Provincial and federal systems

The Government of Canada applied the federal fuel charge in Alberta beginning January 1, 2020, under the federal *Greenhouse Gas Pollution Pricing Act* (GGPPA). The GGPPA includes provisions to exempt facilities subject to provincial policies that meet the federal benchmark criteria.

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.

Refer to the Federal Fuel Charge Exemption Application TIER Fact Sheet for more information on how to apply.

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 under TIER is a group of two or more individual conventional oil and gas facilities that are treated as a single facility under the Regulation, providing those facilities emit fewer than 100,000 tonnes of CO₂e, import less than 10,000 tonnes of hydrogen annually and

share 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 or facilities transporting oil, gas or primary bitumen across provincial or international 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.
- A facility for supplying or transporting water to a conventional oil and gas facility.

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

Conventional oil and gas facilities are also eligible to opt-in to TIER under the general TIER opt-in provisions, instead of becoming regulated as part of an aggregate facility. Oil and gas facilities are encouraged to consider the differences between the opt-in approach versus the aggregate facility approach 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:

- Currently, emissions for aggregate facilities include stationary fuel combustion and flaring emissions only.
- Aggregate facilities submit a single annual compliance report rather than a report for each individual facility within the aggregate.
- Aggregate facilities are not eligible to receive support under the Regulation's compliance cost containment program.

Reduction requirements

An aggregate facility will be required to reduce its emission intensity of stationary fuel combustion emissions by 10 per cent relative to the aggregate facility's historical baseline.

Beginning in the 2023 compliance year, the stringency of aggregate facility benchmarks will increase two per cent per year similar to other types of regulated facilities.

- Flaring emissions will be included in 2023 with an initial 10 per cent reduction target, increasing at a rate of two per cent per year.
- Default benchmarking years are unchanged, and both flaring and stationary fuel combustion will be based on the same benchmarking years.
- Environment and Protected Areas will allow for re-benchmarking upon request, as outlined in the Standard.

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.
- Submission of an annual compliance report for each year under the Regulation.
- Submission of a verified facility specific benchmark application.

These submissions must be verified by a third-party 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.