

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 Technology Innovation and Emissions Reduction Implementation 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 will replace the Carbon Competitiveness Incentive Regulation on January 1, 2020. It will automatically apply 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 under this threshold have the option to voluntarily become a regulated facility under TIER by becoming an aggregate facility.

Benefits of being regulated

The Government of Canada will apply the federal fuel charge in Alberta beginning January 1, 2020 under the *Greenhouse Gas Pollution Pricing Act* (GGPPA). The charge will apply to all fossil fuels used 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, while achieving emissions reductions using an approach that is cost-efficient and tailored to Alberta’s industries and priorities.

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.

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, as long as those facilities emit fewer than 100,000 tonnes CO₂e 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.

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:

- At this time, emissions for aggregate facilities include stationary fuel combustion emissions only.
- The annual one per cent tightening rate does not apply to aggregate facility benchmarks.
- 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.

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.

Associated 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 assurance provider hired by the person responsible of 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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