



meeting the challenge

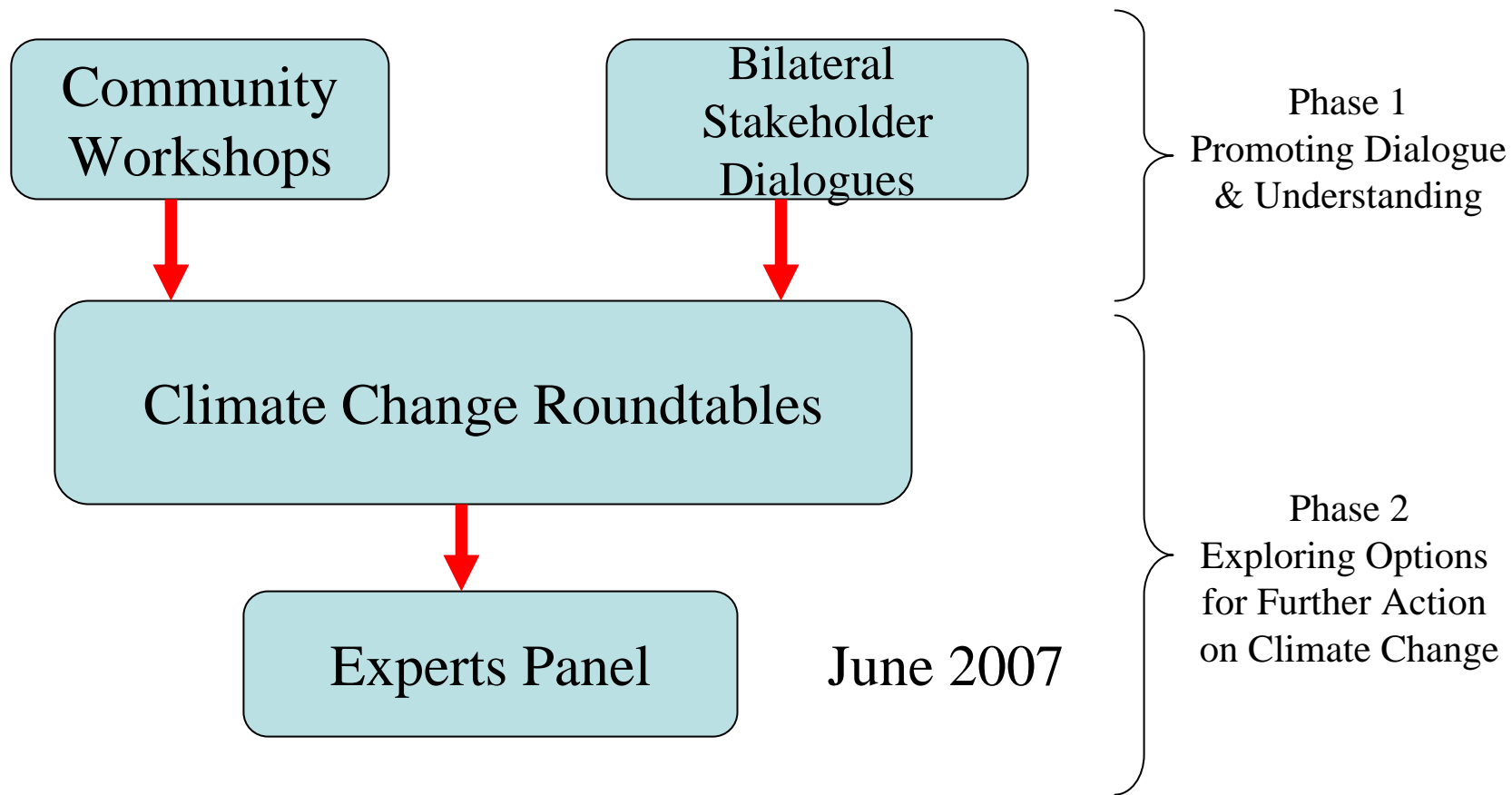
Outline

- Renewing Alberta's Climate Change Plan
- *Climate Change and Emissions Management Act*
- *Specified Gas Emitters Regulation*

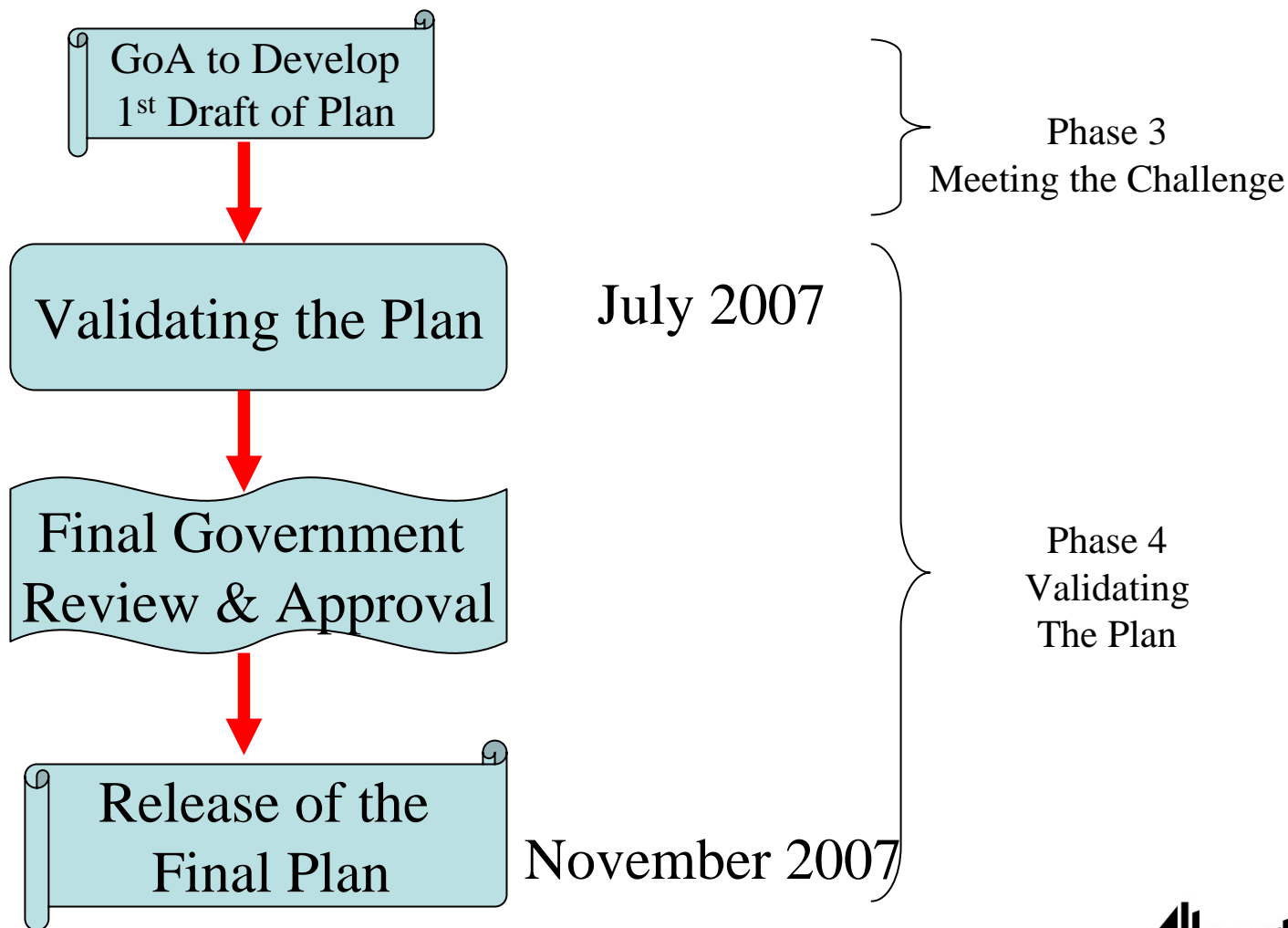
Where have we come from?

- *Taking Action on Climate Change* – 2002
 - Provincial 50% GHG intensity/GDP target by 2020
 - Seven thrusts, including:
 - Government Leadership
 - Energy Conservation
 - Carbon Management / Technology and Innovation
 - Renewable and Alternative Energy
 - Enhancing Carbon Sinks
 - Adaptation
- Climate Change and Emissions Management Act
 - GHG regulations on:
 - Mandatory reporting of GHGs by industry - 2003
 - Intensity targets for large facilities - 2007

Process: consultation & timelines



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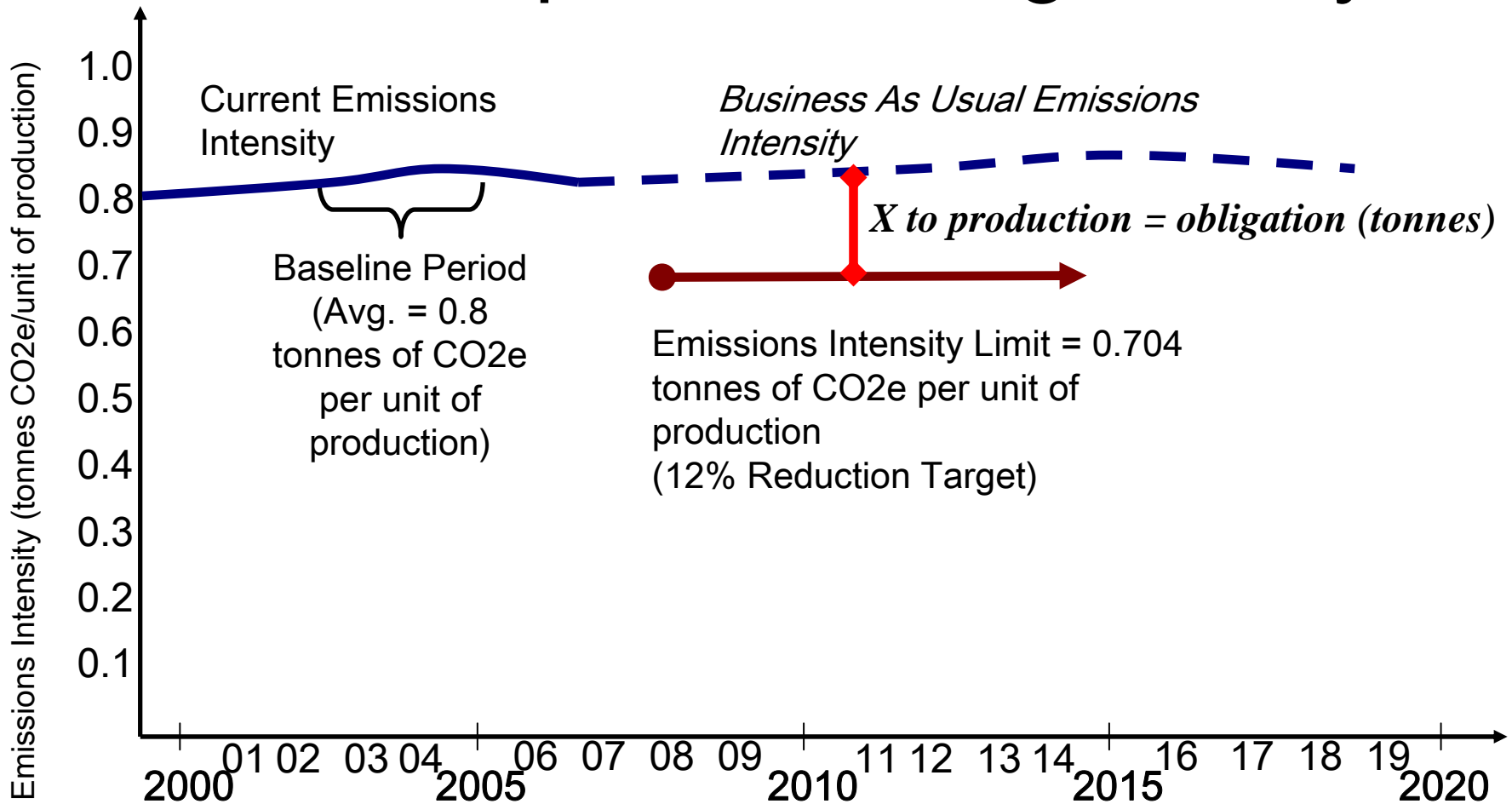
Climate Change and Emissions Management Act

- Act was introduced but not proclaimed in 2002
- Sections proclaimed in 2003 to introduce *Specified Gas Reporting Regulation*
- Act amended to provide compliance ladder similar to *Environmental Protection and Enhancement Act* - proclaimed

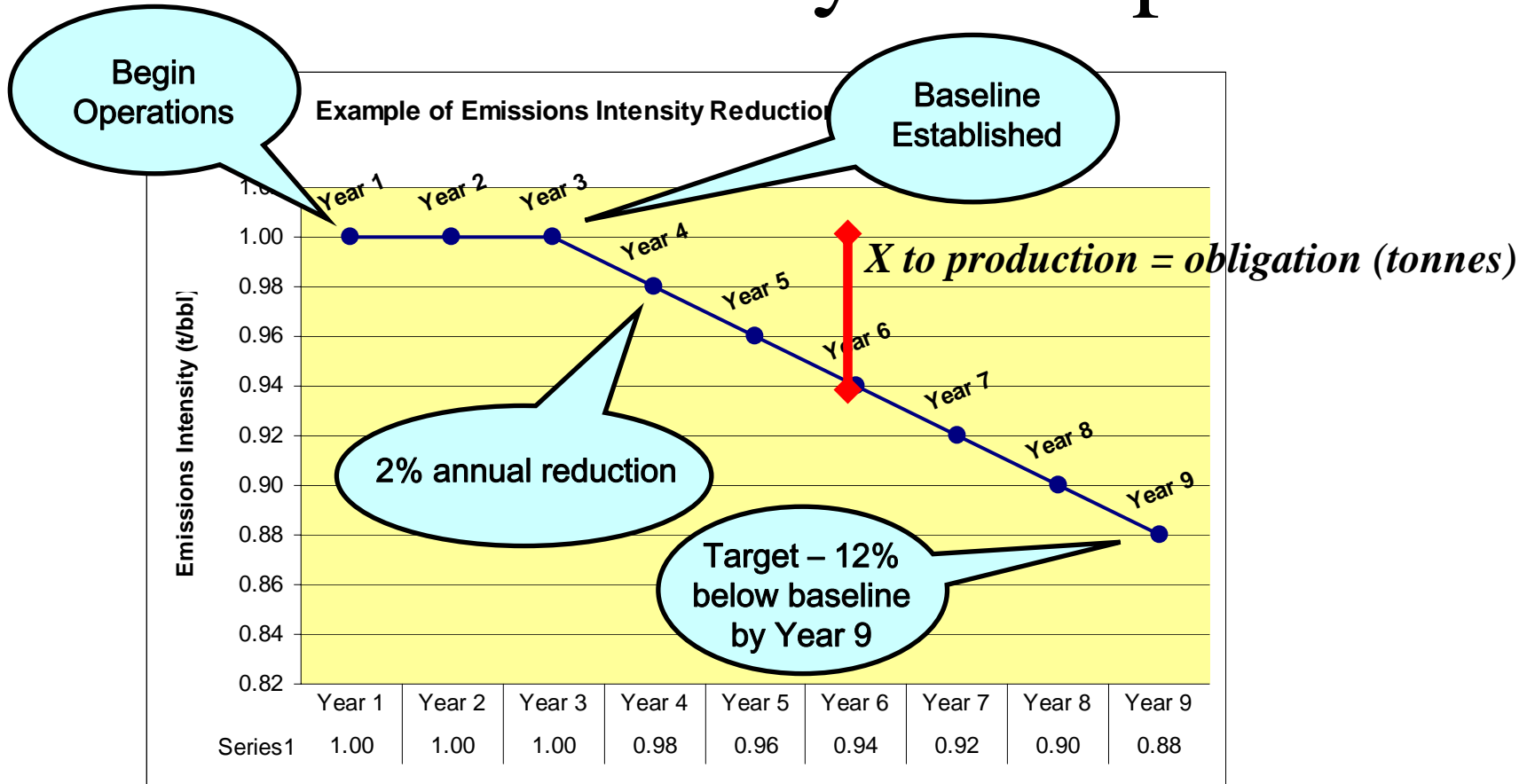
Emission Intensity Limits – The Demand

- Applies to all facilities in Alberta that produce over 100,000 tonnes of CO₂E (*Specified Gas Reporting Regulation*)
 - 101 existing and new facilities in 2005
- Intensity Limits
 - Existing Facilities (pre-2000)
 - Must not exceed 88% of the baseline emissions intensity
 - New Facilities (post-2000)
 - Graduated targets depends on year of commercial operation, ramping up to 12%
- Intensity limits apply July 1, 2007 – true up March 31, 2008

Example – Existing Facility



New Facility Example



Options to Achieve Targets

- Fund Credits
 - Invest in the Climate Change and Emissions Management Fund at \$15/tonne – funds used to develop or invest in Alberta based technologies, programs, and other priority areas (as per CCEMA)
 - Fund credits must be used in the year they are acquired
 - Can only be used once
 - Currently no cap on use of fund credits
- Climate Change and Emissions Management Fund
 - Is a separate stand alone fund
 - Governance of fund yet to be established

Options To Achieve Targets (cont'd)

- Emission Performance Credits
 - These are credits for better than target performance
 - Investment in upgrading facility that reduces GHG intensity (less than the facility's baseline)
 - Can be banked
 - Can be traded
 - Purchase emission performance credits from another Alberta based facility who has created emission performance credits

Options To Achieve Credits (cont'd)

- Emission Offsets
 - Action (project) must be taken on or after January 1, 2002
 - All actions must occur in Alberta
 - Must be quantifiable and measurable
 - Not otherwise required by law
 - Must be verified by 3rd party
 - Protocols - underway
 - Guidance document under development – tentative release June 2007

Compliance Reports

- Submitted to the Department by March 31 of the following year
- Information and data as prescribed by the Director
- Must contain:
 - Information on compliance to achieve emissions intensity
 - May also be requesting “credit” for performance better than target
 - Must be verified by a third party auditor
 - Department will also audit a portion of the reports, request additional information, etc.

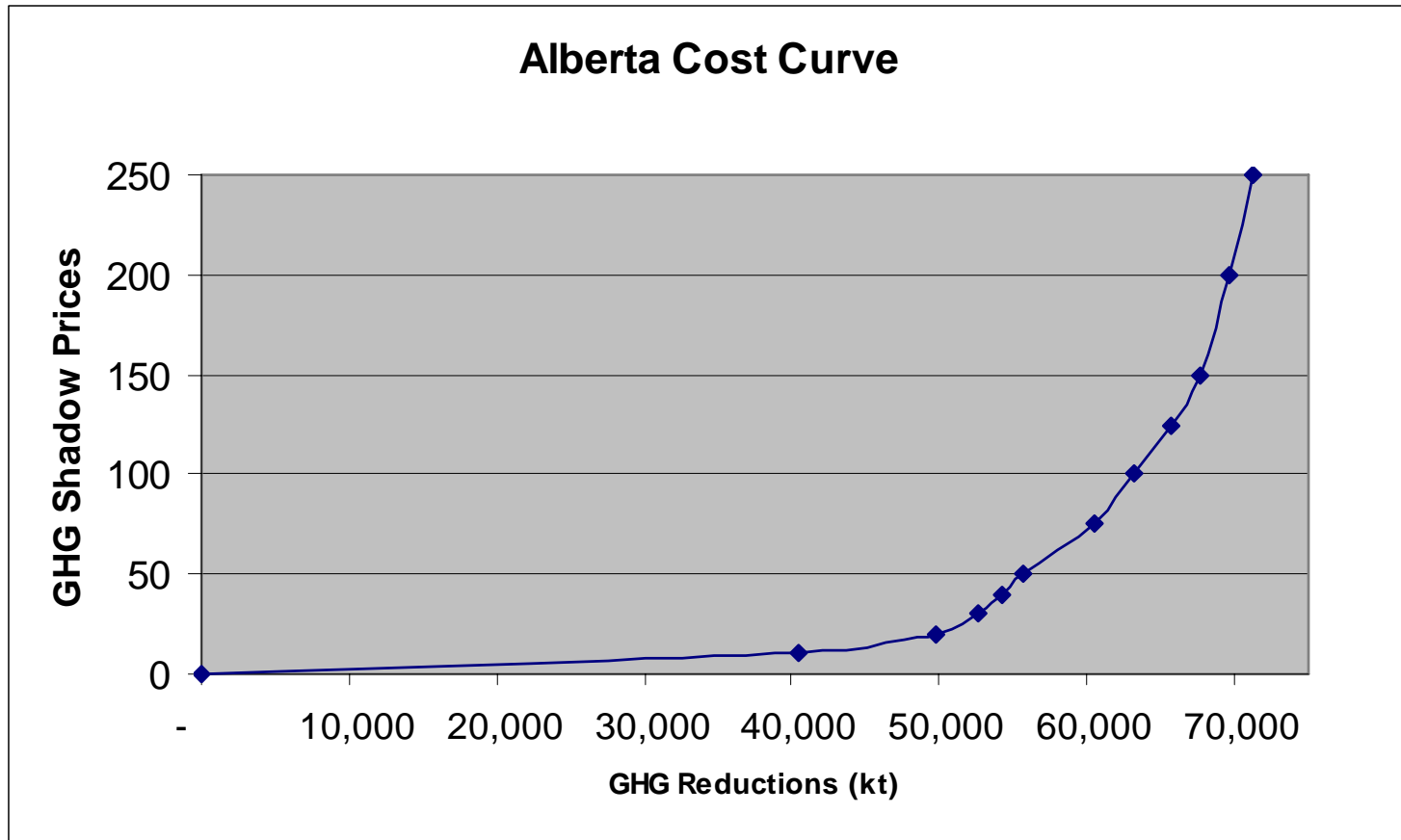
Penalties

- Failure to comply
 - \$200 tonne of CO₂E for every tonne that exceeds the compliance obligation
- Guilty of an offense
 - Fine of up to \$50,000 for individual
 - Fine of up to \$500,000 for corporation
- Due diligence defense – person took all reasonable measures to comply
- Provides for administrative penalties
 - Right to appeal to Environmental Appeals Board

Additional Comments

- Alberta is not creating a carbon market with this system
 - Start of a system - essentially a carbon compliance system
 - Provide additional flexibility
 - Inform national policy
 - Begin to reduce administration costs
- Being informed by significant learnings
 - over 10 years, tens of millions of tonnes
 - GERT, PERRL, ‘Clean as Gas’
- Desire to highlight nationally and internationally the roll of offsets (environmental integrity)

The Supply



time →

Next Steps

- Stakeholder discussions on regulatory program
- Baseline Workshops
 - May
 - Edmonton/Calgary
- Compliance Workshops
 - Fall 2007
 - Edmonton/Calgary
- **Offset Guidance**
 - Protocols – April/May
 - System Document and workshops - June
- Governance Structure of Fund
 - Fall 2007

Alberta/Federal Coordination

- About the management of provincial resources - Alberta regulates Alberta industries
- Committed to working with federal government towards a harmonized system
 - Not interested in duplication, overlap and inconsistencies – perspective shared provincially and federally
 - Building off the experience with mandatory reporting and offsets