

APPENDIX

Climate Change and Emissions Management Act

CARBON COMPETITIVENESS INCENTIVE AMENDMENT REGULATION

1 The *Carbon Competitiveness Incentive Regulation* (AR 255/2017) is amended by this Regulation.

2 Section 7 is amended

(a) by adding the following before subsection (1):

(0.1) In this section,

- (a) “Class III well” means a well that is classified as a Class III well under Directive 051: Injection and Disposal Wells – Well Classifications, Completions, Logging and Testing Requirements, published by the Alberta Energy Regulator, as amended from time to time;
- (b) “raw gas” means raw gas as defined in the *Oil and Gas Conservation Act*.

(b) in subsection (2)

- (i) in the formula by adding “ECF -” after “DE -”;**
- (ii) by adding the following after the description of variable “DE”:**

ECF is the amount of specified gases released from the combustion of clear fuel, as defined in the *Climate Leadership Act*, for the reporting period, expressed in tonnes on a CO₂e basis;

(iii) by repealing the description of variable “ICO₂” and substituting the following:

ICO₂ is the amount of carbon dioxide expressed in tonnes imported by the facility during the



reporting period from a different facility to which this Regulation applies, excluding any carbon dioxide removed from raw gas and disposed of, as an acid gas stream, to an underground formation through a Class III well in a scheme approved under section 39(1)(d) of the *Oil and Gas Conservation Act*;

(iv) by repealing the description of variable “ECO₂” and substituting the following:

ECO₂ is the amount of carbon dioxide expressed in tonnes exported from the facility during the reporting period, excluding any carbon dioxide removed from raw gas and disposed of, as an acid gas stream, to an underground formation through a Class III well in a scheme approved under section 39(1)(d) of the *Oil and Gas Conservation Act*;

3 Section 35 is amended

(a) by repealing subsection (1) and substituting the following:

Transitional

35(1) Notwithstanding section 4(3)(c), in the case of an application under section 4(2) for a facility to be designated as an opted-in facility for 2019, the application must be received by the director on or before December 31, 2018.

(b) by repealing subsection (4.1) and substituting the following:

(4.1) Notwithstanding section 34.2(2)(f), in the case of an application under section 34.2(1) for a cost containment designation to be issued in respect of a facility for 2018 or

2019, the application must be received by the Minister on or before December 31, 2018.

4 Schedule 2 is amended

(a) in section 1(1)

(i) by adding the following after clause (b):

(b.1) “ethylene glycol” means

- (i) monoethylene glycol,
- (ii) diethylene glycol,
- (iii) triethylene glycol,
- (iv) an ethylene glycol, other than polyethylene glycol, that is heavier than triethylene glycol, or
- (v) a combination of 2 or more glycols, other than polyethylene glycol, referred to in subclauses (i) to (iv);

(ii) by adding the following after clause (c):

(c.01) “high value chemicals” means all ethylene and associated by-products, other than hydrogen, that result from the ethylene production process, including, without limitation, propylene, butadiene and benzene;

(iii) in clause (c.1) by striking out “means hydrogen exported” and substituting “means, except in clause (c.01), hydrogen that is exported”;

(b) by repealing the Table and substituting the following:



Table Established Benchmarks for Products									
Product	Established benchmark for 2018 (tonnes of CO ₂ e per benchmark unit)	Established benchmark for 2019 (tonnes of CO ₂ e per benchmark unit)	Established benchmark for 2020 (tonnes of CO ₂ e per benchmark unit)	Established benchmark for 2021 (tonnes of CO ₂ e per benchmark unit)	Established benchmark for 2022 (tonnes of CO ₂ e per benchmark unit)	Established benchmark for 2023 and subsequent years (tonnes of CO ₂ e per benchmark unit) is determined as follows:	Benchmark unit		
Ammonia	1.942	1.942	1.935	1.928	1.921	*BE = **BE _{Y-1} - ***0.007	Tonne		
Ammonium nitrate	0.3260	0.3260	0.3250	0.3240	0.3230	BE = BE _{Y-1} - 0.0010	Tonne		
Bituminous coal	0.07053	0.07053	0.06982	0.06911	0.06840	BE = BE _{Y-1} - 0.00071	Tonne		
Cement	0.7853	0.7853	0.7823	0.7793	0.7763	BE = BE _{Y-1} - 0.0030	Tonne		
Electricity	0.3700	0.3700	0.3663	0.3626	0.3589	BE = BE _{Y-1} - 0.0037	Megawatt hour		
Ethylene glycol	0.4946	0.4946	0.4921	0.4896	0.4871	BE = BE _{Y-1} - 0.0025	Tonne		
Hardwood kraft pulp	0.2032	0.2032	0.2012	0.1992	0.1972	BE = BE _{Y-1} - 0.0020	Air dry metric tonne		
High value chemicals	0.4850	0.4850	0.4801	0.4752	0.4703	BE = BE _{Y-1} - 0.0049	Tonne		
Hydrogen	9.068	9.068	8.977	8.886	8.795	BE = BE _{Y-1} - 0.091	Tonne		
Industrial heat	0.06299	0.06299	0.06236	0.06173	0.06110	BE = BE _{Y-1} - 0.00063	Gigajoule		
Oil sands in situ bitumen	0.3504	0.3504	0.3469	0.3434	0.3399	BE = BE _{Y-1} - 0.0035	m3 of bitumen		
Oil sands mining bitumen	0.1954	0.1954	0.1934	0.1914	0.1894	BE = BE _{Y-1} - 0.0020	m3 of bitumen		
Refining	3.831	3.831	3.793	3.755	3.717	BE = BE _{Y-1} - 0.038	Alberta complexity weighted barrel (in thousands)		
Softwood kraft pulp	0.3015	0.3015	0.2985	0.2955	0.2925	BE = BE _{Y-1} - 0.0030	Air dry metric tonne		

Note: The values in the columns for 2020, 2021 and 2022 reflect the application of an annual 1% tightening rate.
 *BE is the established benchmark for the year.
 **BE_{Y-1} is the established benchmark for the previous year.
 *** is the tightening rate.

