ORDER IN COUNCIL

Approved and ordered:

The Lieutenant Governor in Council makes the Carbon Competitiveness Incentive Amendment Regulation set out in the attached Appendix.

FILED UNDER
THE REGULATIONS ACT
as ALBERTA REGULATION 193/2018
ON November 20, 2018

REGISTRAR OF REGULATIONS

For Information only

Recommended by: Minister of Environment and Parks

Authority: Climate Change and Emissions Management Act (sections 5 and 60)
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>
<thead>
<tr>
<th>Product</th>
<th>Established benchmark for 2018 (tonnes of CO\textsubscript{2}e per benchmark unit)</th>
<th>Established benchmark for 2019 (tonnes of CO\textsubscript{2}e per benchmark unit)</th>
<th>Established benchmark for 2020 (tonnes of CO\textsubscript{2}e per benchmark unit)</th>
<th>Established benchmark for 2021 (tonnes of CO\textsubscript{2}e per benchmark unit)</th>
<th>Established benchmark for 2022 (tonnes of CO\textsubscript{2}e per benchmark unit)</th>
<th>Established benchmark for 2023 and subsequent years (tonnes of CO\textsubscript{2}e per benchmark unit)</th>
<th>Benchmark unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonia</td>
<td>1.942</td>
<td>1.942</td>
<td>1.935</td>
<td>1.928</td>
<td>1.921</td>
<td>*BE = **BE\textsubscript{Y-1} - ***0.007 Tonne</td>
<td>Tonne</td>
</tr>
<tr>
<td>Ammonium nitrate</td>
<td>0.3260</td>
<td>0.3260</td>
<td>0.3250</td>
<td>0.3240</td>
<td>0.3230</td>
<td>BE = BE\textsubscript{Y-1} - 0.0010 Tonne</td>
<td>Tonne</td>
</tr>
<tr>
<td>Bituminous coal</td>
<td>0.07053</td>
<td>0.07053</td>
<td>0.06982</td>
<td>0.06911</td>
<td>0.06840</td>
<td>BE = BE\textsubscript{Y-1} - 0.00071 Tonne</td>
<td>Tonne</td>
</tr>
<tr>
<td>Cement</td>
<td>0.7853</td>
<td>0.7853</td>
<td>0.7823</td>
<td>0.7793</td>
<td>0.7763</td>
<td>BE = BE\textsubscript{Y-1} - 0.0030 Tonne</td>
<td>Tonne</td>
</tr>
<tr>
<td>Electricity</td>
<td>0.3700</td>
<td>0.3700</td>
<td>0.3663</td>
<td>0.3626</td>
<td>0.3589</td>
<td>BE = BE\textsubscript{Y-1} - 0.0037 Tonne</td>
<td>Megawatt hour</td>
</tr>
<tr>
<td>Ethylene glycol</td>
<td>0.4946</td>
<td>0.4946</td>
<td>0.4921</td>
<td>0.4896</td>
<td>0.4871</td>
<td>BE = BE\textsubscript{Y-1} - 0.0025 Tonne</td>
<td>Tonne</td>
</tr>
<tr>
<td>Hardwood kraft pulp</td>
<td>0.2032</td>
<td>0.2032</td>
<td>0.2012</td>
<td>0.1992</td>
<td>0.1972</td>
<td>BE = BE\textsubscript{Y-1} - 0.0020 Tonne</td>
<td>Air dry metric tonne</td>
</tr>
<tr>
<td>High value chemicals</td>
<td>0.4850</td>
<td>0.4850</td>
<td>0.4801</td>
<td>0.4752</td>
<td>0.4703</td>
<td>BE = BE\textsubscript{Y-1} - 0.0049 Tonne</td>
<td>Tonne</td>
</tr>
<tr>
<td>Hydrogen</td>
<td>9.068</td>
<td>9.068</td>
<td>8.977</td>
<td>8.886</td>
<td>8.795</td>
<td>BE = BE\textsubscript{Y-1} - 0.091 Tonne</td>
<td>Tonne</td>
</tr>
<tr>
<td>Industrial heat</td>
<td>0.06299</td>
<td>0.06299</td>
<td>0.06236</td>
<td>0.06173</td>
<td>0.06110</td>
<td>BE = BE\textsubscript{Y-1} - 0.00063 Gigajoule</td>
<td>Gigajoule</td>
</tr>
<tr>
<td>Oil sands in situ bitumen</td>
<td>0.3504</td>
<td>0.3504</td>
<td>0.3469</td>
<td>0.3434</td>
<td>0.3399</td>
<td>BE = BE\textsubscript{Y-1} - 0.0035 m3 of bitumen</td>
<td>m3 of bitumen</td>
</tr>
<tr>
<td>Oil sands mining bitumen</td>
<td>0.1954</td>
<td>0.1954</td>
<td>0.1934</td>
<td>0.1914</td>
<td>0.1894</td>
<td>BE = BE\textsubscript{Y-1} - 0.0020 m3 of bitumen</td>
<td>m3 of bitumen</td>
</tr>
<tr>
<td>Refining</td>
<td>3.831</td>
<td>3.831</td>
<td>3.793</td>
<td>3.755</td>
<td>3.717</td>
<td>BE = BE\textsubscript{Y-1} - 0.038 Alberta complexity weighted barrel (in thousands)</td>
<td>Alberta complexity weighted barrel (in thousands)</td>
</tr>
<tr>
<td>Softwood kraft pulp</td>
<td>0.3015</td>
<td>0.3015</td>
<td>0.2985</td>
<td>0.2955</td>
<td>0.2925</td>
<td>BE = BE\textsubscript{Y-1} - 0.0030 Air dry metric tonne</td>
<td>Air dry metric tonne</td>
</tr>
</tbody>
</table>

Note: The values in the columns for 2020, 2021 and 2022 reflect the application of an annual 1% tightening rate.

*BE = the established benchmark for the year.
**BE\textsubscript{Y-1} is the established benchmark for the previous year.
*** is the tightening rate.