



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada

REGULATORY PROPOSAL

for the *Output-Based Pricing System
Regulations* under the *Greenhouse
Gas Pollution Pricing Act*



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REGULATORY PROPOSAL FOR THE OUTPUT-BASED PRICING SYSTEM REGULATIONS UNDER THE GREENHOUSE GAS POLLUTION PRICING ACT

Environment and Climate Change Canada (ECCC) has developed a proposal for regulations pursuant to Part 2 of the *Greenhouse Gas Pollution Pricing Act* (GGPPA) to implement the Output-Based Pricing System (OBPS) that will apply to facilities carrying out certain industrial activities. This regulatory proposal sets out the proposed rules with respect to the OBPS for the purpose of receiving comments from stakeholders to inform the regulatory process. Comments are due by February 15, 2019 and should be emailed to:

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CONTEXT

A price on carbon pollution is an essential Part of Canada's plan to fight climate change and grow the economy. Pricing carbon pollution is the most efficient way to reduce greenhouse gas (GHG) emissions and stimulate investments in clean innovation. A price on carbon pollution creates incentives for individuals, households, and businesses to choose cleaner options.

In October 2016, the Government of Canada announced the [Pan-Canadian Approach to Pricing Carbon Pollution](#) (the federal "benchmark") would be flexible and would recognize that provinces and territories have implemented or are developing their own carbon pollution pricing systems. The federal benchmark outlined criteria that all systems must meet to ensure they are stringent, fair, and efficient. The federal government also committed to implementing a federal carbon pollution pricing system in provinces and territories that request it or do not have a carbon pollution pricing system that meets the federal benchmark (referred to as "backstop jurisdictions").

The federal government has engaged with Canadians on the federal carbon pricing system over the past two years:

- In May 2017, the federal government released a [Technical Paper on the Federal Carbon Pricing Backstop](#) outlining the proposed elements of the federal carbon pricing backstop's elements.
- In January 2018, the federal government released a technical paper on the [Regulatory Framework for the Output-Based Pricing System](#) outlining the proposed design of the system. At the same time, the federal government also released for comment [draft legislative proposals](#) relating to the *Greenhouse Gas Pollution Pricing Act* and Explanatory Notes.
- In May 2018, the federal Government published the document titled [Carbon pricing: compliance options under the federal output-based pricing system](#) that describes the proposed rules related to the types of credits that can be used by the covered facility for the compensation of greenhouse gas emissions that have exceeded the emissions limit applicable to this facility. It also included a proposed design of rules to enhance market liquidity.

In addition to the publication of these three discussions papers, the federal government organized a series of workshops and webinars that took place from January to September of 2018 in order to provide further information and seek feedback on the proposed design elements. As Part of this ongoing engagement process on the federal OBPS, the Government of Canada received feedback and comments from across industrial sectors, environmental organizations, academia and the public. In addition to the questions raised and comments provided during these workshops and webinars, more than two hundred official submissions on the proposed design elements were received.

Based on stakeholder input and further internal analysis, the federal government updated a number of elements of the proposed approach. To address concerns related to competitiveness and carbon leakage, the federal government revised the starting point of the output-based standards (OBS). In addition, to inform the final stringency of the OBS, the government developed a three-phased approach that takes into account factors that may lead to competitiveness risks for industry and to carbon leakage due to carbon pollution pricing. In response to comments from smaller industrial facilities, the government further refined its approach to voluntary participation to allow for earlier participation in the OBPS than originally proposed. The proposed treatment of electricity under the OBPS was also updated to encourage the decarbonization of electricity generation while mitigating electricity price impacts on businesses and households. The federal government received numerous comments on the compliance options and rules under the OBPS. To ensure the effective functioning of the trading system, the government is proposing expiry dates for compliance units, and a ceiling on the use of compliance units for regulatory compliance purposes starting in 2021. A federal offset system is also being considered, and the proposed regulatory approach in this paper reflects how these offset credits could be used for compensation under the OBPS.

Under the [*Greenhouse Gas Pollution Pricing Act*](#), in force on June 21, 2018, the federal carbon pollution pricing system has two parts:

- A charge applicable to fossil fuels (fuel charge) that is generally payable by fuel producers or distributors, with rates for each fuel that are equivalent to \$10 per tonne of carbon dioxide equivalent (CO₂e) in 2018, rising by \$10 per year to \$50 per tonne of CO₂e in 2022 (Part 1 of the Act, for which the Minister of National Revenue is responsible); and,
- The Output-Based Pricing System (OBPS) for facilities carrying out certain industrial activities (Part 2 of the Act, for which the Minister of the Environment is responsible).

When Parts 1 and 2 of the Act apply in a particular jurisdiction, these parts are designed to avoid pricing the same tonne of CO₂e twice. Thus, a person subject to the OBPS under Part 2 of the Act may be eligible to register with the Canada Revenue Agency for Part 1 of the Act and may be eligible to obtain an exemption certificate that generally allows that person to purchase fuel that is exempt from the fuel charge, provided that the fuel is for use at the person's covered facility.

Part 2 of the Act sets out key obligations that will apply to a person subject to the OBPS (person responsible for a covered facility), such as the registration of a facility as a covered facility, submission of a report for each compliance period, compensation for greenhouse gas emissions above its applicable emissions limit, opening of accounts in a tracking system, and record keeping.

In order for the OBPS to take effect starting on January 1, 2019, the following instruments have been published:

- On October 31, 2018, the Government of Canada published in the *Canada Gazette* the [Order Amending Part 2 of Schedule 1 of the Greenhouse Gas Pollution Pricing Act](#) to add a province, territory or area to Part 2 of Schedule 1 to the Act, in which a covered facility must be located to be subject to the OBPS. These provinces and territories added are: Ontario, New Brunswick, Manitoba, Prince Edward Island, Saskatchewan, Yukon and Nunavut.
- On October 31, 2018, the Minister of the Environment published in the *Canada Gazette* the [Notice Establishing Criteria Respecting Facilities and Persons and Publishing Measures](#) (the “Registration Notice”) that sets out the criteria determining which facilities are required under the Act to be registered in the federal OBPS (covered facilities).
- On October 31, 2018, the Minister also published in the *Canada Gazette* the [Greenhouse Gas Emissions Information Production Order](#) (the “Information Order”) that sets out the quantification, reporting and verification requirements for covered facilities. These include requirements related to: sampling, analysis and measurement in order to quantify the GHG emissions emitted from that facility, quantification of production amounts, making and keeping of records and producing verified reports. The requirements of the Information Order take effect starting January 1, 2019 in provinces where the federal OBPS applies and July 1, 2019 in Nunavut and Yukon. An amendment to the Information Order providing more details was published on December 20, 2018.

On December 20, 2018, the Minister published the *Policy Regarding Voluntary Participation in the Output-Based Pricing System* to clarify considerations the Minister will take into account when deciding, on a case-by-case basis, which facilities may be designated as a covered facility under section 172 of the Act. Further engagement will take place on this policy.

The government plans to finalize the OBPS regulations under sections 192 and 193 of the Act by mid-2019. The text below is set out in the form of proposed regulations, including definitions, sections, internal cross references, formulas and reporting obligations. At the beginning of every topic, a paragraph is provided setting out the context for that topic. The rules set out in the Registration Notice and the requirements in the Information Order will also be integrated, as appropriate, into the OBPS regulations. Persons that have already registered their covered facility (i.e., facility that either has met the criteria in the Registration Notice or has been designated as a covered facility) prior to the making of the OBPS regulations will not have to re-register.

Caveat: Although every effort has been made to describe the proposed rules for the OBPS regulations, the final requirements are subject to change due to various factors including input received from stakeholders.

DEFINITIONS

This section has definitions regarding the facility, along with other definitions that may appear in the regulations.

Some definitions regarding the facility:

1. INTERPRETATION

The following definitions apply:

facility means

- a) all of the following, that are operated in an integrated way to carry out the industrial activity, and are owned or operated by the same person or that have at least one owner or operator in common when there is more than one owner or operator:
 - i) a site, or multiple sites, at which an industrial activity is carried out, and the buildings, equipment, and other structures and stationary items located on those sites, and
 - ii) any other sites used in conjunction with the industrial activity, including a quarry, tailings pond, wastewater lagoon or pond and landfill; or
- b) the portion of a natural gas transmission pipeline system within a province, used to transmit processed natural gas, of which the pipelines and associated installations or equipment—including compressor stations, storage installations and compressors—are owned or operated by the same person or have at least one owner or operator in common when there is more than one owner or operator, but excludes pipelines, installations or equipment that are used in the local distribution of natural gas, downstream of a metering station.

Interpretation — facility

With respect to a facility,

- a) any Part of a public road or of a railway track that is bordered on both sides by the facility and used to carry out the facility's industrial activities is deemed to be Part of the facility;
- b) for greater certainty, any Part of a railway track that is used exclusively to carry out the facility's industrial activities is Part of the facility;
- c) for greater certainty, buildings that are used for legal, administrative or management purposes and that are not located where an industrial activity is carried out are not included for the purposes of the definition of facility; and
- d) if two or more of the portions of a natural gas transmission pipeline system within a province, are owned or operated by the same person or have at least one owner in common but are not contiguous, each of those portions constitute a separate facility.

date of first production means the date upon which a facility first produces a product from a covered industrial activity or eligible activity after it opened.

operator means a person who has the charge, management or control of a facility.

facility report means the report that is referred to in section 173 of the Act.

covered industrial activity means an activity described in section 3 of these regulations.

eligible activity means an activity eligible under the *Policy Regarding Voluntary Participation in the Output-based Pricing System*.

application to be designated as a voluntary OPBS participant means an application made under the *Policy Regarding Voluntary Participation in the Output-based Pricing System*.

SOME KEY DEFINITIONS:

Act means the *Greenhouse Gas Pollution Pricing Act*.

Minister means the Minister of Environment.

OBPS means the Output-Based Pricing System.

OBS means an output-based standard.

compliance unit means a surplus credit, an offset credit or a recognized unit.

surplus credit means a surplus credit that is issued under section 175 or paragraph 178(1)(b) of the Act.

offset credit means an offset credit that is issued pursuant to regulations made under section 195 of the Act.

recognized unit means a unit or credit issued by a person other than the Minister and that meets the criteria set out in these regulations.

OTHER DEFINITIONS:

authorized official means

- a)** in respect of a person responsible for a covered facility who is an individual, that individual or another individual who is authorized to act on their behalf;
- b)** in respect of a person responsible for a covered facility that is a corporation, an officer of the corporation who is authorized to act on its behalf; and
- c)** in respect of a person responsible for a covered facility that is another entity, an individual who is authorized to act on its behalf.

biomass means plants or plant materials, animal waste or any product made of either of these, including wood and wood products, bio-charcoal, agricultural residues, biologically derived organic matter in municipal and industrial wastes, landfill gas, bio-alcohols, pulping liquor, sludge digestion gas and fuel from animal or plant origin.

boiler unit has the same meaning as subsection 2(1) of the *Regulations Limiting Carbon Dioxide Emissions from Natural Gas-fired Generation of Electricity*.

combustion engine means an engine, other than an engine that is self-propelled or designed to be propelled while performing its function, that

- a) operates according to the Brayton thermodynamic cycle and combusts fossil fuels to produce a net amount of motive power; or
- b) combusts fossil fuels and uses reciprocating motion to convert thermal energy into mechanical work.

combustion engine unit has the same meaning as subsection 2(1) of the *Regulations Limiting Carbon Dioxide Emissions from Natural Gas-fired Generation of Electricity*.

Directive 017 means the directive entitled *Directive 017: Measurement Requirements for Oil and Gas Operations*, published by Alberta Energy Regulator on March 31, 2016.

Directive PNG017 means the directive entitled *Directive PNG017: Measurement Requirements for Oil and Gas Operations*, published by Government of Saskatchewan on August 1, 2017.

dolomitic lime means lime derived from limestone that contains equal to or more than 5% magnesium carbonate.

flaring emissions means controlled emissions of gases from industrial activities as a result of the combustion of a gas or liquid stream produced at a facility, the purpose of which is not to produce useful heat. It does not include emissions from the flaring of landfill gas.

foundry means a facility that produces metal ingots or uses a mould to produce a metal product of a specific shape or design the intended use of which when in that form is dependent in whole or in Part on its shape or design.

gaseous fuel means a fossil fuel that is gaseous at a temperature of 15°C and an absolute pressure of 101.325kPa.

GHG means greenhouse gas.

GHGRP means the guidelines entitled *Greenhouse Gas Reporting Program, Canada's Greenhouse Gas Quantification Requirements*, published by the Department of the Environment in 2017.

global warming potential or GWP means the global warming potential set out in column 2 of Schedule 3 to the Act for the GHG set out in column 1 of that Schedule.

grey cement means cement that is produced from clinker that contains more than 0.5% by weight of ferric oxide.

HFC means the hydrofluorocarbons referred to in items 6 to 24 of Schedule 3 to the Act.

high-calcium lime means lime derived from limestone that contains less than 5% magnesium carbonate.

industrial process emissions means emissions from an industrial process that involves a chemical or physical reaction other than combustion and the purpose of which is not to produce useful heat.

industrial product use emissions means emissions from the use of a product in an industrial process that does not involve a chemical or physical reaction and does not react in the process, including emissions from the use of sulphur hexafluoride (SF₆), HFCs and PFCs as cover gases and the use of HFCs and PFCs in a foam-blowing process.

intermediate clinker means clinker that is produced at the covered facility and not mixed at the covered facility with gypsum and limestone to produce cement.

IPCC Guidelines means the guidelines entitled *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, published by the Institute for Global Environmental Strategies in 2006.

ISO Standard 14064-3:2006 means the standard ISO 14064-3:2006 entitled *Greenhouse gases — Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions*, published by the International Organization for Standardization.

ISO Standard 14065:2013 means the standard ISO 14065:2013 entitled *Greenhouse gases — requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition*, published by the International Organization for Standardization.

leakage emissions means uncontrolled emissions. It does not include industrial process emissions and industrial product use emissions.

liquid fuel means a fossil fuel that is liquid at a temperature of 15°C and an absolute pressure of 101.325kPa.

natural gas means a mixture of hydrocarbons—such as methane, ethane or propane—that is in a gaseous state at standard conditions and that is composed of at least 70% methane by volume, or that has a higher heating value that is not less than 35 MJ/standard m³ and not more than 41 MJ/standard m³. It excludes landfill gas, digester gas, refinery gas, blast furnace gas, coke oven gas, or gas derived through industrial processes from petroleum coke or coal, including synthetic gas.

on-site transportation emissions means emissions from registered or unregistered vehicles and other machinery used at the facility for the transport of substances, materials, equipment or products that are used in a production process or for the transport of people.

petroleum refinery means a facility that is used to carry out the covered industrial activity listed in item 4 of Schedule 1 and for which the combined annual volume of gasoline, diesel fuel and lubricant basestock produced is greater than 40% of the annual volume of liquid petroleum products produced.

PFC means the perfluorocarbons referred to in items 25 to 33 of Schedule 3 to the Act.

solid fuel means a fossil fuel that is solid at a temperature of 15°C and an absolute pressure of 101.325 kPa.

specialty lime means lime produced by passing dolomitic lime through a kiln more than once or by adding material to dolomitic lime to change its properties.

standard conditions means a temperature of 15°C and a pressure of 101.325 kPa.

stationary fuel combustion emissions means emissions from stationary devices that combust solid fuels, liquid fuels, gaseous fuels, or tires or asphalt shingles, whether in whole or in part, for the purpose of producing useful heat.

thermal energy means useful thermal energy in the form of steam or hot water that is intended to be used for an industrial purpose.

venting emissions means controlled emissions that occur due to the design of a facility, to procedures used in the manufacture or processing of a substance or product or to pressure exceeding the capacity of the equipment at the facility.

unit means an assembly comprised of a boiler or combustion engine and any other equipment that is physically connected to either, including duct burners and other combustion devices, heat recovery systems, steam turbines, generators and emission control devices, and that operate together to generate electricity and, if applicable, produce useful thermal energy, from the combustion of fossil fuels.

waste emissions means emissions that result from waste disposal activities at a facility, including the landfilling of solid waste, the biological treatment or incineration of waste and the flaring of landfill gas. It does not include emissions from the combustion of tires or asphalt shingles, whether in whole or in part, to produce useful heat or on-site transportation emissions.

wastewater emissions means emissions resulting from industrial wastewater and industrial wastewater treatment at a facility.

WCI Method means the method entitled *Final Essential Requirements of Mandatory Reporting*, published on December 17, 2010 by the Western Climate Initiative.

white cement means cement that is produced from clinker that contains 0.5% or less by weight of ferric oxide.

2. INCORPORATION BY REFERENCE

(1) A standard or method that is incorporated by reference in these regulations is incorporated as amended from time to time, except for ISO Standard 14065:2013, ISO Standard 14064-3:2006, and GHGRP.

INTERPRETATION OF INCORPORATED DOCUMENTS

(2) For the purpose of interpreting any document incorporated by reference in these regulations, “should” is to be read to mean “must” and any recommendation or suggestion is to be read as an obligation.

INCONSISTENCY

(3) In the event of an inconsistency between a provision of these regulations and any document incorporated by reference in these regulations, that provision prevails to the extent of the inconsistency.

APPLICATION – COVERED FACILITY

Part 2 of the Act applies to persons responsible for covered facilities. In order to be a covered facility, a facility must be located in a province, a territory or an area that is listed in Part 2 of Schedule 1 to the Act. The facility must also meet the criteria that will be specified in the regulations, or be designated as covered facility by the Minister pursuant to section 172 of the Act.

3. CRITERIA RESPECTING FACILITIES

A facility that meets the following criteria is a covered facility:

- a) a report was made, in accordance with a *Notice with respect to reporting of greenhouse gases (GHGs)* published under section 46 of the *Canadian Environmental Protection Act, 1999*, in respect of that facility indicating that that facility emitted a quantity of GHGs equal to 50 kt or more of CO₂e, as one or more facilities as defined in such a notice, during 2014 or any calendar year thereafter, and
- b) the facility is used to carry out, as its primary activity:
 - i) any of the covered industrial activities listed in column 2 of Schedule 1, in a province or area, other than Saskatchewan, set out in Part 2 of Schedule 1 of the Act, or
 - ii) the covered industrial activity specified in item 6 or 38 in column 2 of Schedule 1, in Saskatchewan.

4. COVERED INDUSTRIAL ACTIVITY

The covered industrial activity for a facility is any of the activities listed in column 2 of Schedule 1.

5. PERSON RESPONSIBLE

A person must be an owner or operator of a covered facility in order to be a person responsible for that facility.

A FACILITY CEASING TO BE A COVERED FACILITY

In certain circumstances, a facility could cease to be subject to Part 2 of the Act—and therefore the regulations. To address these circumstances, it is proposed that the regulations set out rules respecting when a facility will cease to be a covered facility. As per the Act, the Minister will cancel the registration and covered facility certificate of a facility that ceases to be a covered facility.

6. CIRCUMSTANCES

A covered facility will cease to be a covered facility on the date any one of the following events occurs:

- a) the province, territory or area in which the facility is located is deleted from Part 2 of Schedule 1 of the Act;
- b) the facility ceases to carry out all covered or eligible activities for a period of more than one full *compliance period* and a person responsible for the facility notifies the Minister that the facility ceases to be a covered facility;
- c) the facility permanently closes; or
- d) the Minister advises a person responsible for a covered facility that the person has submitted five consecutive facility reports that include a value for production of zero for all covered industrial activities and eligible activities at the facility, calculated in accordance with subsection 14(4).

7. NOTIFICATION OF CEASING ACTIVITY

For the purpose of paragraphs 6(b) and (c), a person responsible for the facility must notify the Minister no later than 30 days prior to the effective date of the facility ceasing to be a covered facility or of the permanent closure—or if that is not possible, as soon as practical.

COMPLIANCE PERIODS

Section 169 of the Act states that the *compliance period* means a period specified in the regulations. The key obligations under the OBPS, such as those respecting the submission and verification of the report for each compliance period and the provision of compensation, are all linked to a given compliance period. The regulations will set out rules respecting compliance periods, such as rules in relation to compliance periods for facilities that are located in certain provinces or territories and to, facilities that start or cease operating after the beginning of a compliance period.

8. GENERAL RULE

(1) Subject to subsections (2) to (4), the compliance period is a period that begins on January 1 and ends on December 31 of each year for the purpose of section 169 of the Act.

FIRST COMPLIANCE PERIOD

(2) Unless subsections (3) or (4) apply, the first compliance period for a covered facility begins January 1, 2019 and ends on December 31, 2019.

FIRST COMPLIANCE PERIOD FOR YUKON AND NUNAVUT

(3) For a covered facility that is located in Yukon and Nunavut prior to January 1, 2019, the first compliance period applicable to this facility begins on July 1, 2019 and ends on December 31, 2019.

COMPLIANCE PERIOD – FACILITIES AFTER JANUARY 1, 2019

(4) If a facility becomes a covered facility at a particular time after January 1, 2019, the first compliance period applicable to this facility begins on the date of registration pursuant to subsection 171(2) of the Act and ends on December 31 of that same calendar year.

9. PARTIAL COMPLIANCE PERIOD – CEASING TO BE A COVERED FACILITY

(1) If a facility ceases to be a covered facility during a calendar year, the last compliance period applicable to that facility begins on January 1 of that calendar year and ends on the date that the facility ceases to be a covered facility.

OBLIGATIONS REGARDING A PARTIAL COMPLIANCE PERIOD

(2) A person responsible for a covered facility to which an applicable compliance period is shorter than a calendar year must comply with the obligations set out under the Act and those set out in the regulations for the period during which it was a covered facility, including any compensation due and any reports required for that compliance period.

REPORT FOR A COVERED FACILITY

Section 173 of the Act requires that, for each compliance period, a person responsible for a covered facility provides a report to the Minister that includes information that will be specified in the regulations. The regulations will specify the form and manner related to the submission of the report, including the deadline for submitting the report, which will be in the year following the compliance period.

The regulations will require a person responsible for a covered facility to quantify greenhouse gas emissions from specified emission types at the facility (including greenhouse gases that are deemed to have been emitted by the facility) and production data for that facility using prescribed methodologies and to report on those. The regulations will also require the person to include in the facility report the greenhouse gas emissions limit that applies to the covered facility.

In addition, section 173 of the Act requires a person responsible for a covered facility to have the report verified by a third party. The third-party verification body will have to be accredited to the ISO Standard 14065:2013 by any of the accreditation organizations specified in the regulations, and conduct the verification in accordance with ISO Standard 14064-3:2006 and with other requirements outlined in the regulations. The regulations will require that a verification report, including the verification statement and prescribed information, be submitted to the Minister in accordance with the prescribed form and manner and at the same time as the facility report.

The regulations will replace the Information Order by replicating its requirements, as appropriate.

10. REPORTING DEADLINE

(1) The person responsible for a covered facility must submit a facility report for that facility, and a verification report in relation to that report for the facility, on or before June 1 of the year following the compliance period for which the reports are being made.

CONTENT OF THE FACILITY REPORT

(2) The facility report must contain the following information:

- a) the information listed in Schedule 1 of the *Greenhouse Gas Emissions Information Production Order*, and whether section 17 applies to the facility;
- b) for a covered facility to which any of the parts of the *Greenhouse Gas Emissions Information Production Order* apply other than Part 8,
 - i) the total quantity of each greenhouse gases—and the total combined quantity of those greenhouse gases—emitted by the covered facility, in tonnes of CO₂e, during the applicable compliance period as determined in accordance with subsection 12(b) of that Order, or, where an OBS determined in section 17 of these regulations applies to the facility, consistent with the methods used to quantify emissions under section 17.
 - ii) the amount of each type of product produced by the covered facility during the applicable compliance period as determined in accordance with subsections 9(1) and (2) of that Order, or, where an OBS determined in section 17 of the regulations applies to the facility, consistent with the methods used to quantify production for the activity under section 17;
- c) for a covered facility to which Part 8 of the *Greenhouse Gas Emissions Information Production Order* applies,
 - i) the total quantity of greenhouse gases emitted by each unit of a covered facility during the applicable compliance period as determined in accordance with subsection 13(b) of that Order,
 - ii) the gross amount of electricity generated from gaseous fuel, liquid fuel and solid fuel by each unit within a facility, during the applicable compliance period as determined in accordance with subsection 10(1) of that Order and expressed separately,
 - iii) the sum of the total quantity of greenhouse gases emitted by each unit within the facility during the applicable compliance period, expressed in tonnes of CO₂e, and,
 - iv) the sum of the total amount of electricity generated by each unit within the facility during the applicable compliance period;
- d) for a covered facility that produces and sells thermal energy, the following information for each covered facility to which the thermal energy was sold:
 - i) the name of the covered facility and covered facility certificate number that was issued to it,

- ii) the quantity of thermal energy sold in the compliance period by the facility, expressed in gigajoules (GJ), calculated in accordance with paragraphs 9(3)(a) or 10(2)(a) of the *Greenhouse Gas Emissions Information Production Order* and as well as the thermal energy's temperature and pressure, or where an OBS determined in section 17 applies to the facility, consistent with the methods used to quantify thermal energy sold under section 17, and
 - iii) the ratio of heat from the combustion of fossil fuel for the facility during the compliance period calculated in accordance with subsection 9(4) or (6) or paragraph 10(2)(b) of the *Greenhouse Gas Emissions Information Production Order*, or where an OBS determined in section 17 of these regulations applies to the facility, consistent with the methods used to quantify the ratio of heat from the combustion of fossil fuel under section 17,
- e) for a covered facility that purchases thermal energy, the following information for each covered facility from which the thermal energy was bought:
 - i) the name of the covered facility and covered facility certificate number that was issued to it,
 - ii) the quantity of thermal energy bought in the compliance period, expressed in gigajoules (GJ), calculated in accordance with section 17.1 of the *Greenhouse Gas Emissions Information Production Order* and as well the thermal energy's temperature and pressure, if available, or where an OBS determined in section 17 of these regulations applies to the facility, consistent with the methods used to quantify the quantity of thermal energy purchased under section 17, and
 - iii) the ratio of heat from the combustion of fossil fuel for the facility during the compliance period calculated in accordance with section 17.1 of the *Greenhouse Gas Emissions Information Production Order*, if available;
- f) for a covered facility to which the formula set out in section 17 of these regulations applies and for only the first facility report submitted by the facility,
 - i) the calculated OBS that applies to the facility, as calculated in accordance with section 17, and
 - ii) the information associated with each term in the formula and the methods used to derive this information;
- g) the GHG emissions limit, expressed in tonnes CO₂e, that applies to the covered facility for the applicable compliance period, as determined in accordance with section 16 of these regulations; and
- h) the result of the assessment of the net greenhouse gases emitted by a covered facility against the GHG emissions limit applicable to that facility for the applicable compliance period, expressed in tonnes of CO₂e, and as determined in accordance with section 19 of these regulations.

11. VERIFICATION

(1) The person responsible for a covered facility must have the facility report verified by a verification body that:

a) meets the following requirements:

i) it is accredited as a verification body at the organizational level to the ISO Standard 14065:2013—with a scope of accreditation that corresponds to the covered facility's operations and activities, which may include permanent storage of carbon dioxide—by the Standards Council of Canada, the American National Standards Institute, or any other accreditation organization that is a member of the International Accreditation Forum, and

(ii) it is not under investigation or suspended by an accreditation organization that issued an accreditation; and

(b) meets the following verification process requirements:

(i) it conducts the verification in accordance with ISO Standard 14064-3:2006, excluding clauses 4.3.1 and 4.3.5, and

(ii) expresses an opinion to a reasonable level of assurance on whether the GHG emissions, the amount of each product produced and emissions limit—as reported by a person responsible for the covered facility in the facility report—are free from material errors or omissions, and whether the report was prepared in accordance with these regulations.

CONFLICT OF INTEREST

(2) The person responsible for a covered facility must ensure that:

a) if the verification body has verified six consecutive facility reports prepared with respect to the facility under these regulations, the verification body must wait at least three years before verifying another facility report for a person responsible; and

b) there exists no current or potential conflict of interest between the person and the accredited verification body, including members of the verification team and any individual or corporate entity associated with the verification body, that is a threat to or compromises the accredited verification body's impartiality that cannot be effectively managed.

FACILITY VISITS

(3) The person responsible for a covered facility must ensure that its facility is visited by a verification body for the purpose of carrying out the verification activities if:

a) it is the initial verification for a covered facility under these regulations;

b) it is a subsequent verification of the facility for which the verification body does not have knowledge of the prior verification activities and results;

c) there has been a change in ownership of the covered facility;

d) errors or omissions have been identified during the verification that indicate a need to visit the facility;

e) there are unexplained material changes in reported GHG emissions, the amount of each product produced, or permanent storage of carbon dioxide, since the previous verified report;

- f) there are new GHG emissions sources or products produced at the facility since the submission of the previous report that are material to the current report;
- g) there are material changes to the boundary of the facility, which resulted in the submission of a notice of change to the boundary of the facility during the compliance period;
- h) there are material changes in the management of data and information at the facility;
- i) the facility has not been visited by the verification body as Part of carrying out the verification of the last two facility reports prepared under these regulations;
- j) at least three calendar years have passed since the verification body provided verification services for the facility;
- k) the last verification report for the covered facility prepared under these regulations included an adverse verification statement; or
- l) the verification body is of the opinion a site visit is required.

MATERIAL DISCREPANCY

(4) For the purpose of the verification of a facility report, a person responsible for the facility must ensure that the following materiality thresholds are used by the verification body to identify a material discrepancy:

- a) with respect to GHG emissions from covered facilities that have an annual quantity of emissions of GHG of less than 500 kt of CO₂e,
 - i) in the case of each error or omission respecting GHG emissions, that is identified during the verification and that may be quantified, the result, expressed as a percent, determined in accordance with the following formula, is equal to or greater than 5%:

$$A/B \times 100$$

where

A is the overstatement or understatement resulting from the error or omission, as an absolute value, expressed in tonnes of CO₂e, and

B is the total quantity of GHG emissions, expressed in tonnes of CO₂e;

- ii) in the case of the aggregate of all errors and omissions respecting GHG emissions, that is identified during the verification and that may be quantified, the result, expressed as a percent, determined in accordance with the following formula, is equal to or greater than 5%:

$$A/B \times 100$$

where

A is the absolute value of the net result of all overstatements and understatements resulting from all errors and omissions, expressed in tonnes of CO₂e, and

B is the total quantity of GHG emissions, expressed in tonnes of CO₂e;

- b)** with respect to GHG emissions from covered facilities that have an annual quantity of emissions of GHG that is equal to or greater than 500 kt of CO₂e,
- i) in the case of each single error or omission respecting GHG emissions, that is identified during the verification and that may be quantified, the result, expressed as a percent, determined in accordance with the following formula, is equal to or greater than 2%:

$$A/B \times 100$$

where

A is the overstatement or understatement resulting from the error or omission, as an absolute value, expressed in tonnes of CO₂e, and

B is the total quantity of GHG emissions, expressed in tonnes of CO₂e; and

- ii) in the case of the aggregate of all errors and omissions respecting GHG emissions, that is identified during the verification and that may be quantified, the result, expressed as a percent, determined in accordance with the following formula, is equal to or greater than 2%:

$$A/B \times 100$$

where

A is the absolute value of the net result of all overstatements and understatements, expressed in tonnes of CO₂e, and

B is the total quantity of GHG emissions, expressed in tonnes of CO₂e; and

- c)** with respect to each product that must be quantified under these regulations, in the case of an error or omission that is identified during the verification and may be quantified, the result, expressed as a percent, determined in accordance with the following formula, is equal to or greater than 0.1%:

$$A/B \times 100$$

where

A is the overstatement or understatement resulting from the error or omission, as an absolute value, expressed in the applicable unit of measure, and

B is the amount of the product produced, expressed in the applicable unit of measure.

CONTENT OF VERIFICATION REPORT

(5) A verification report must be prepared by the verification body in relation to the facility report and any related records, and must include the information outlined Schedule 2.

SUBMISSION OF VERIFICATION REPORT

(6) The verification report required under subsection (5) must be prepared in accordance with Schedule 2 and submitted along with the facility report required under subsection 10(1).

12. FORM OF REPORT

Any report submitted to the Minister must be submitted in the form and format specified by the Minister.

13. UPDATES OF ADMINISTRATIVE INFORMATION

(1) If there is a change to any administrative information, such as that required under sections 1 and 2 of Schedules 1 or 2 of the *Greenhouse Gas Emissions Information Production Order*, a person responsible for the covered facility must notify the Minister, in writing, within 30 days of the change.

UPDATES TO FACILITY BOUNDARIES

(2) If there is a change to the boundary of the covered facility, a person responsible for the covered facility must notify the Minister of the change, in writing, and provide an updated map of the covered facility within 30 days of the change.

QUANTIFICATION OF GHG EMISSIONS, PRODUCTION AND THERMAL ENERGY TRANSFERS

In order to assess compliance with the GHG emission limit for a facility, the regulations will require that both the facility's GHG emissions and production be quantified. The quantification of the facility's GHG emissions and its production will be based on the requirements set out in the Information Order. In addition, the regulations will require the quantification of the quantity of thermal energy sold and purchased.

14. SPECIFIED EMISSION TYPES

(1) The following emission types are those from which the greenhouse gases must to be quantified for the purpose of the regulations:

- a) stationary fuel combustion emissions;
- b) industrial process emissions;
- c) industrial product use emissions;
- d) venting emissions;
- e) flaring emissions;
- f) leakage emissions;
- g) on-site transportation emissions;
- h) waste emissions; and
- i) wastewater emissions.

QUANTIFICATION OF GHG EMISSIONS

(2) The person responsible for a covered facility must quantify the total greenhouse gases emitted by the facility during the applicable compliance period, for the emission types specified in subsection (1), in accordance with sections 6 to 8 of the *Greenhouse Gas*

Emissions Information Production Order or, where an OBS determined in section 17 of these regulations applies to the facility, in accordance with the methods used to quantify emissions under section 17.

EXCLUDED EMISSIONS

(3) The following emissions are excluded from the total quantity of emissions in a compliance period that are determined in accordance with paragraph 12(b) or 13(b) of the *Greenhouse Gas Emissions Information Production Order*:

- a) CO₂ emissions from biomass, and the CH₄ and N₂O emissions from the combustion of biomass; and
- b) the combined total of the CO₂, CH₄ and N₂O emissions from stationary fuel combustion emissions, provided that combined total does not exceed 0.5% of the facility's total GHG emissions, in CO₂e, from all fuels combusted.

QUANTIFICATION OF PRODUCTION

(4) The person responsible for a covered facility must quantify the facility's production for the applicable compliance period in accordance with subsections 9(1) and (2) or 10(1) of the *Greenhouse Gas Emissions Information Production Order* or, where an OBS determined in section 17 applies to the facility, consistent with the methods used to quantify production under section 17.

QUANTIFICATION OF THERMAL ENERGY TRANSFERS

(5) The person responsible for a covered facility must quantify the quantity of thermal energy sold, or of thermal energy purchased, in accordance with paragraphs 9(3)(a) or 10(2)(a) or section 17.1 of the *Greenhouse Gas Emissions Information Production Order*.

CALCULATION OF NET GHG EMISSIONS DUE TO CARBON STORAGE

To address the possibility that some or all of a facility's GHG emissions are permanently stored (for example, underground in a suitable geological formation), the regulations will require that *net* GHG emissions be calculated. The net emissions will be the quantified GHG emissions for the facility less the amount of carbon dioxide that is permanently stored—and demonstrated to be so. The regulations will require that information related to the permanent storage project be submitted in the facility report and undergo verification by a third party.

15. CALCULATION OF NET GHG EMISSIONS

(1) For the purpose of section 16 and when continuous emission monitoring system are not used to measure emissions of carbon dioxide, the greenhouse gases emitted by a covered facility during the applicable compliance period is equal to the net GHG emissions of the covered facility, *Emissions_{net fac}*, as determined in accordance with subsection (2).

FORMULA FOR NET GHG EMISSIONS

(2) The person responsible for a covered facility must determine the net greenhouse gases emitted by the covered facility during an applicable compliance period in accordance with the formula:

$$\text{Emissions}_{\text{fac}} - \text{Permanently Stored Emissions}_{\text{fac}}$$

where

Emissions_{fac} is the total quantity of greenhouse gases emitted by the covered facility, in tonnes of CO₂e, during the applicable compliance period as determined in accordance with subsection 14(2);

Permanently Stored Emissions_{fac} is the total quantity of carbon dioxide generated by the covered facility, expressed in tonnes of CO₂e, that have been captured and subsequently stored in a permanent storage project that meets the criteria in subsection (3), that are determined in accordance with subsection (4), and that are reported pursuant to subsection (5).

CRITERIA FOR STORAGE DEDUCTION

(3) For the purpose of the formula set out in subsection (2), a quantity of carbon dioxide can only be included for *Permanently Stored Emissions_{fac}* if the quantity of carbon dioxide it represents has been stored by a permanent storage project that meets the following criteria:

- a) the project is a geological storage project that injects carbon dioxide:
 - i) in a deep saline aquifer for the sole purpose of storage of carbon dioxide; or,
 - ii) in a depleted oil reservoir for the purpose of enhanced oil recovery;
- b) the project is not otherwise prohibited by federal or provincial laws;
- c) the carbon dioxide stored for the purposes of the project are captured, transported and stored in accordance with the laws of:
 - i) Canada or a province that regulate those activities; or,
 - ii) the United States or one of its states that regulate those activities.

QUANTIFICATION OF STORED EMISSIONS

(4) The person responsible for a covered facility must quantify the carbon dioxide captured, transported, injected or permanently stored at long-term geological sites—other than carbon dioxide generated from the combustion or decomposition of biomass—using the quantification method described in section 1 of the guideline entitled *Canada's Greenhouse Gas Quantification Requirements*, published by the Department of the Environment in 2017.

INFORMATION TO BE SUBMITTED

(5) The person responsible for the covered facility that includes a quantity of carbon dioxide for *Permanently Stored Emissions_{fac}*, expressed in tonnes of CO₂e, and that does not equal zero for the purposes of the formula in subsection (2), must provide the following information in the facility report:

- a) the quantity of carbon dioxide stored, in tonnes of CO₂e, for *Permanently Stored Emissions_{fac}*;
- b) the type of geological storage used;
- c) the location of the storage site;
- d) the name and address of the owner or the operator of the storage site, if different than the person responsible for the covered facility; and
- e) documentation, including contracts and invoices, that demonstrates that the carbon dioxide was captured, transported and stored in accordance with the laws of Canada or a province that regulates those activities, or the laws of the United States or one of the states of its states that regulates those activities.

CONTINUOUS EMISSION MONITORING SYSTEM

(6) At a facility having in place both a carbon-capture process and a continuous emission monitoring system that is used to measure all emissions of carbon dioxide from a source that are not permanently stored, subsection (2) does not apply but subsection (4) applies, as do the criteria for storing the captured carbon dioxide in paragraphs (3)(a) to (c), and the persons responsible for the facility must submit the information required in paragraphs (5)(a) to (e) in its facility report. If these requirements are not met, the person must add the amount of carbon dioxide captured at the facility to *Emissions_{net fac}*.

GHG LIMIT FOR A FACILITY

The regulations will prescribe that the calculation of the limit for GHG emissions from a covered facility is to be based on the sum of the production for each covered industrial activity or sub-activity multiplied by the output-based standard for each of those activities or sub-activities. Output-based standards, determined on an emission-intensity basis, will be prescribed in the regulations.

16. GHG EMISSIONS LIMIT FOR FACILITIES UNDERTAKING A COVERED INDUSTRIAL ACTIVITY

(1) Subject to subsection (2), a person responsible for a covered facility must determine the GHG emissions limit applicable, **Emissions Limit_{fac}**, to the covered facility for the applicable compliance period, expressed in tonnes of CO₂e, in accordance with the formula:

$$\sum_{(i=1)}^n [\text{OBS}_i \times \text{Production}_i]$$

where

n is the total number of sub-activities, as listed in column 4 of Schedule 1 of the activities carried out by the facility;

OBS_i is the output-based standard listed in column 6 of Schedule 1 for the sub-activity *i*, as listed in column 4 of that schedule, or calculated in accordance with section 17, as applicable; and

Production_i is units of products produced for the sub-activity *i*, as listed in column 4 of Schedule 1, and with units described in column 5 of that schedule, or in the case of an eligible activity, the production for the eligible activity quantified in accordance with the method used to quantify the production of the eligible activity in the *Application to be Designated as a Voluntary OBPS Participant*.

(2) A person responsible for a covered facility that only carries out the covered activity of generating electricity using fossil fuel must calculate the GHG emissions limit applicable, **Emissions Limit_{fac}**, to the covered facility for the applicable compliance period, expressed in tonnes of CO₂e, in accordance with the formula:

$$\sum_{(i=1)}^n \sum_{(j=1)}^m [\text{OBS}_j \times \text{Production}_{j,i}]$$

where,

n is the total number of units generating electricity using fossil fuels in the covered facility;

m is the total number of fossil fuel types combusted in each unit for the generation of electricity;

OBS_j is the applicable output-based standard applicable to the fossil fuel type *j* listed in column 6 of item 38 in Schedule 1; and

Production_j is the gross amount of electricity generated using each fossil fuel type *j* quantified in accordance with subsection 14(2) of these regulations.

RULES FOR CALCULATED OUTPUT-BASED STANDARDS

The regulations will provide a formula to calculate an output-based standard for covered facilities undertaking industrial activities. This calculated output-based standard will be used in the calculation of the limit for GHG emissions described in the section above for some covered facilities. This formula may be used in cases where a sector has only one or a very few facilities and where publication of an OBS may pose confidentiality concerns. It may also be used to calculate an OBS for industrial activities that are not covered activities.

Where this formula applies, the OBS value will be calculated the first year the facility is a covered facility. This value will then be used in the calculation of the limit for GHG emissions in the first and subsequent years.

17. CALCULATED OBS

The OBS for an activity described in an *Application to be Designated as a Voluntary OBPS Participant*, and the OBS for an activity that has an OBS listed in column 6 of Schedule 1 as *Calculated*, are calculated as follows:

$$\text{OBS}_{\text{Activity},i} = \frac{\sum_{Y=RY_1}^{RY_n} \text{Emissions}_{\text{fac},Y} - \text{Emissions}_{\text{elec},Y} - \text{Allocation}_{\text{NetTherm},Y} - \sum_j \text{Emissions}_{\text{Other Cov Act},Y,j} - \sum_k \text{Emissions}_{\text{OtherEligAct},Y,k}}{\sum_{Y=RY_1}^{RY_n} \text{Production}_{Y,i}} \times \text{Factor}_{\text{red}}$$

where

RY are the reference years **RY**₁ to **RY**_{*n*} and are

- a) for a facility where there has been a submission of the *Application to be Designated as a Voluntary OBPS Participant*, *n* is the number of reference years reported under that application and **RY**₁ to **RY**_{*n*} are the reference years reported under that application,
- b) for a new facility to whom section 18 applies, *n* is equal to 2 and **RY**₁ and **RY**₂ are the first two full calendar years of production,
- c) for a facility that is subject to the OBPS in 2019 and to which subsections (a) and (b) do not apply, *n* is equal to 1 and **RY**₁ is the year 2019, and
- d) in all other cases, *n* is equal to 1 and the reference year **RY**₁ is the first year the facility is subject to the OBPS.

Emissions_{fac, Y} is the emissions from the facility for each of the reference years. The facility emissions for each reference year must be quantified in accordance with subsection 6(1) of the *Greenhouse Gas Emissions Information Production Order*, or in the case of a facility carrying out an eligible activity, in accordance with the method used to quantify the GHG emissions from the facility in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity;

Emissions_{elec, Y} is the emissions from the generation of fossil fuel-fired electricity generated at the facility for each of the reference years. The emissions from the generation of fossil fuel electricity for each reference year must be quantified in accordance with subsection 6(4) of the *Greenhouse Gas Emissions Information Production Order*, or in the case of a facility carrying out an eligible activity, in accordance with the method used to quantify the emissions from the generation of fossil fuel-fired electricity generated at the facility in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity;

Allocation_{NetThermal, Y} is the allocation for net thermal energy for each of the reference years and is

a) calculated in accordance with the formula, unless paragraph (b) applies:

$$\text{Allocation}_{\text{Net Thermal, Y}} = \text{Allocation}_{\text{RateTE}} \times (\text{Sales}_Y - \text{Purchases}_Y) \times \text{RH}_Y$$

where

Allocation Rate_{TE} is equal to 0.062 t/GJ;

Purchases_Y is, for a facility whose main activity is a covered or eligible activity the quantity of purchases of thermal energy, expressed in GJ, that is purchased from a covered facility in each reference year. The quantity of purchases of thermal energy for each reference year must be quantified in accordance with section 17.1 of the *Greenhouse Gas Emissions Information Production Order*, or in the case of a facility carrying out an eligible activity, in accordance with the method used to quantify the purchases of thermal energy in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity;

Sales_Y is the sales of thermal energy from a covered facility to a facility whose main activity is a covered or eligible activity in each of the reference years. The quantity of sales of thermal energy for each reference year must be quantified pursuant to paragraph 9(3)(a) or 10(2)(a) of the *Greenhouse Gas Emissions Information Production Order*, or in the case of a facility carrying out an eligible activity, in accordance with the method used to quantify sales of thermal energy in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity;

RH_Y is the ratio of heat from the combustion of fossil fuel for the reference year Y ,

where

- i) If **$Sales_Y$** is greater than **$Purchases_Y$** , **RH_Y** is the ratio of heat from the combustion of fossil fuel for the facility for the reference year Y , quantified in accordance with subsection 9(4) or (5) or paragraph 10(2) (b) of the *Greenhouse Gas Emissions Information Production Order*, or in the case of a facility carrying out an eligible activity, in accordance with the method used to quantify the ratio of heat from the combustion of fossil fuel in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity, or where none can be calculated, **RH** is equal to 1, and
- ii) If **$Sales_Y$** is less than **$Purchases_Y$** , **RH_Y** is the ratio of heat from the combustion of fossil fuel for the year Y quantified in accordance with section 17.1 of the *Greenhouse Gas Emissions Information Production Order*, or in the case of a facility carrying out an eligible activity, in accordance with the method used to quantify the ratio of heat from the combustion of fossil fuel in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity, or where none can be calculated, **RH** is equal to 1; or

b) if

$$\frac{\sum_{Y=RY_1}^{RY_n} Allocation_{NetTherm,Y}}{n} < 0.015 \times \frac{\sum_{Y=RY_1}^{RY_n} Emissions_{fac,}}{n}$$

$Allocation_{NetTherm,Y}$ = 0 for all Y ;

$Emissions_{OtherCovAct,Y,j}$ is the emissions for each reference year Y that is associated with each of the j covered industrial activities undertaken at the facility. It does not include the emissions associated with the covered industrial activity i that the OBS is being calculated for, or any fossil fuel fired electricity generated on-site. The emissions associated with each covered industrial activity j for each reference year must be quantified in accordance with subsection 6(3) of the *Greenhouse Gas Emissions Information Production Order* or in the case of a facility that also carries out an eligible activity, in accordance with the method used to quantify the GHG emissions associated with other covered activities in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity;

$Emissions_{OtherEligAct,Y,k}$ is the emissions for each reference year Y that is associated with each eligible activity k undertaken at the facility but not including the activity i the OBS is calculated for or any fossil fuel fired electricity generated onsite. Emissions for each eligible activity k and for each reference year Y must be quantified in accordance with the method used to quantify this information in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity;

Production_{Y,i} is

- a)** where the activity *i* is a covered industrial activity, the production for the covered industrial activity *i* for each reference year *Y* quantified in accordance with section 9(1) of the *Greenhouse Gas Emissions Information Production Order*, and
- b)** in any other case, the production for the eligible activity *i* for each of the reference years *Y* must be quantified in accordance with the method used to quantify this information in the *Application to be Designated as a Voluntary OBPS Participant* for the eligible activity *i* for each reference year *Y*; and

Factor_{red} is the factor pertaining to the required GHG emissions reduction and equals

- a)** 95% for a covered industrial activity listed in items 8 and 18 of Schedule 1;
- b)** 90% for a covered industrial activity listed in items 13, 16, 17, 23 and 24 of Schedule 1; and
- c)** 80% for all other activities not listed in paragraphs (a) or (b).

TEMPORARY RULES FOR A NEW FACILITY

The regulations will set out specific time-limited rules that would apply to new facilities that first started producing a product in or after 2017. The rules will cover up to two full compliance periods following the compliance period in which a facility first started producing a product. The regulations will also provide that the Minister would not issue surplus credits in respect of those years.

For example, a facility that first produced a product in 2020 and that was designated as a covered facility in 2020, the regulations will provide that the facility would not have to compensate for excess emissions for the compliance periods 2021 and 2022 and the partial year of 2020. The regulations will also provide that the Minister would not issue surplus credits in respect of those years and that other obligations, including the obligation to provide a report and have it verified by a third party would remain.

18. LIMITED NON-APPLICATION FOR NEW FACILITIES

If a facility's date of first production was in 2017 or later, sections 16 to 18 and 20 to 25 do not apply to the facility from its date of first production to the end of the calendar year during which the facility has been producing for 24 months.

ASSESSMENT OF EMISSIONS AGAINST LIMIT

The regulations will require a person responsible for a covered facility to assess, for each compliance period, the quantity of net greenhouse gases that was emitted by the covered facility against the applicable emissions limit for the facility. In other words, a person responsible for a covered facility will have to determine, for each compliance period, whether they would be required to provide compensation under section 174 of the Act, or whether they would be eligible to receive surplus credits under 175 of the Act.

For the purpose of this assessment, the quantity of greenhouse gases emitted by a covered facility will be equal to its *net* GHG emissions (see above).

The following rules set out the requirements that relate to the assessment described above.

19. ASSESSMENT OF EMISSIONS AGAINST LIMIT

(1) A person responsible for a covered facility must assess the net greenhouse gases emitted by the covered facility during the applicable compliance period against its applicable GHG emissions limit in accordance with the formula

$$\text{Emissions}_{\text{net fac}} - \text{Emissions Limit}_{\text{fac}}$$

where

Emissions_{net fac} is the net GHG emitted by the covered facility during the applicable compliance period, expressed in tonnes of CO₂e, as determined in accordance with subsections 14(2) and (3) and section 15; and

Emissions Limit_{fac} is the GHG emissions limit applicable to the covered facility for the applicable compliance period, expressed in tonnes of CO₂e, as determined in accordance with section 16.

EMISSIONS ABOVE GHG LIMIT

(2) If the result of the formula in subsection (1), expressed in tonnes of CO₂e, is positive, section 174 of the Act will apply in accordance with the requirements set out in sections 20 to 23.

EMISSIONS BELOW GHG LIMIT

(3) If the result of the formula in subsection (1), expressed in tonnes of CO₂e, is negative, section 175 of the Act will apply in accordance with the requirements set out in section 24.

COMPENSATION IF EMISSIONS ARE ABOVE A FACILITY'S LIMIT

Section 174 of the Act provides that “a person that is responsible for a covered facility that emits greenhouse gases in a quantity that exceeds the emissions limit that applies to the covered facility during a compliance period must, in accordance with the regulations, provide compensation for the excess emissions by the increased-rate compensation deadline.” The responsible person for a covered facility will have the following options to meet its compensation obligation if emissions exceed the emissions limit:

- payment of the excess emissions charge to the Receiver General of Canada, set at the same rate as the fuel charge
- \$20 per tonne of CO₂e owed for the 2019 compliance period, increasing by \$10 per tonne of CO₂e each year to \$50 per tonne of CO₂e for the 2022 compliance period and beyond unless specified;
- remittance of surplus credits issued by the Minister;
- remittance of offset credits issued by the Minister, if enabled through regulations;
- remittance of recognized units (i.e. eligible offset credits from provincial offset systems); or a combination of the above four compliance options.

Part 2 of the Act provides for two compensation deadlines: the *regular-rate compensation deadline* and the increased-rate compensation deadline.

Subsection 174(3) of the Act indicates that if a person provides compensation for excess emissions of the facility by the regular-rate compensation deadline, the following rate applies:

- one compliance unit for each tonne of CO₂e;
- the excess emissions charge for the calendar year in which the compliance period falls, for each tonne of CO₂e.

If the person provides compensation for excess emissions of the facility *after* the regular rate compensation deadline, subsection 174(4) of the Act provides that the applicable rate is equal to four times the regular rate. Ultimately, subsection 174(1) of the Act requires that compensation must be provided by the increased-rate compensation deadline.

The regulations will specify rules with respect to compensation, and the regular-rate and increased-rate deadlines.

20. COMPENSATION AMOUNT

(1) For a compliance period in which a facility's net GHG emissions are above its emissions limit, as calculated under subsection 19(1), the compensation obligation is equal to the difference between the two values.

COMPENSATION DEADLINE

(2) The person responsible for a covered facility that has GHG emissions above their emissions limit for a compliance period must submit the compensation for the excess emissions in full by the increased-rate compensation deadline.

DEADLINES – REGULAR COMPENSATION

(3) For the purpose of section 169 of the Act, the *regular-rate compensation deadline* is December 15 of the year following the compliance period for which compensation for excess emissions of the covered facility is being made.

DEADLINE – INCREASED COMPENSATION

(4) For the purpose of section 169 of the Act, the *increased-rate compensation deadline* is February 15 of the second year following the compliance period for which compensation for excess emissions of the covered facility is being made.

21. REMITTANCE OF SURPLUS AND OFFSET CREDITS

(1) A person responsible for a covered facility that provides compensation under section 174 or 178 of the Act by remitting surplus credits or offset credits—or a combination of the two types of credits—must remit those credits using the tracking system referred to under section 185 of the Act.

REMITTANCE OF RECOGNIZED UNITS

(2) A person responsible for a covered facility that provides compensation under section 174 or 178 of the Act by remitting a recognized compliance unit must retire the unit in the other jurisdiction's tracking system in a manner that ensures the provision of full credit information to the Minister—and any other information the Minister may require—such that the Minister may confirm the unit's eligibility for compensation.

LIMITATION ON USE OF COMPLIANCE UNITS

(3) Beginning with the 2021 compliance period and when providing compensation under section 174 of the Act, a person responsible for a covered facility may remit compliance units to compensate for only up to 75% of the facility's excess emissions.

PAYMENT OF THE EXCESS EMISSIONS CHARGE

(4) A person responsible for a covered facility that provides compensation in accordance with section 174 or 178 of the Act by paying the excess emissions charge must make the electronic payment to the Receiver General for Canada.

SUBMISSION OF PROOF OF PAYMENT

(5) A person responsible for a covered facility must submit to the Minister the proof of the payment required under subsection (4) within 10 business days of receiving that proof from the Canada Revenue Agency.

22. COMPENSATION

(1) A person responsible for a covered facility must submit to the Minister information with respect to how compensation was provided within 10 business days of providing compensation for the excess emissions in full for the covered facility.

COMPENSATION INFORMATION REQUIRED

(2) The information referred to in subsection (1) must include:

- a)** facility identification information, including the covered facility certificate number;
- b)** the section of the Act under which the compensation was provided;
- c)** the compliance period for which compensation was provided for compensation under section 174 of the act;
- d)** total excess GHG emissions, in tonnes of CO₂e, and breakdown of compensation provided by type (surplus credit, offset credit, recognized unit, excess charge payment);
- e)** if applicable, the emissions charge payment details, including:
 - i)** the total dollar-amount of emissions charge paid to the Receiver General of Canada,
 - ii)** the applicable rate of the emissions charge,
 - iii)** the date of payment to the Receiver General of Canada, and
 - iv)** Canada Revenue Agency Business Number;

- f)** if applicable, the details for surplus credits and offset credits remitted for compensation, including:
 - i)** the total number of surplus credits, and of offset credits, remitted,
 - ii)** the date of the remission transaction,
 - iii)** the transaction number,
 - iv)** the serial numbers of surplus credits and offset credits retired,
 - v)** the date or dates of the surplus credits and offset credits were issued; and
- g)** if applicable, the retirement details for recognized units, including:
 - i)** the total number of recognized units remitted,
 - ii)** the registry where the recognized units were remitted,
 - iii)** the date of transaction,
 - iv)** the transaction number,
 - v)** the serial numbers of the recognized units,
 - vi)** the start date of the offset project,
 - vii)** the year in which GHG reductions or removals are attributed,
 - viii)** the offset protocol used, including version number and publication date, and
 - ix)** name of the accredited verification body that verified the credits.

23. PRIORITY OF COMPENSATION

Compensation for the excess emissions provided by a person responsible for a covered facility will be applied against the facility's excess emissions in the following order of priority:

- a)** excess emissions charge paid to the Receiver General for Canada;
- b)** recognized units that are retired by another jurisdiction;
- c)** surplus credits remitted to the Minister in the compliance tracking system, starting with the oldest; and
- d)** offset credits issued by the Minister and made available for remittance in the compliance tracking system, starting with the oldest.

SURPLUS CREDITS IF EMISSIONS ARE BELOW A FACILITY'S LIMIT

Section 175 of the Act provides that if a covered facility emits greenhouse gases in a quantity that is below the emissions limit that applies to it during a compliance period, the Minister must, in accordance with the regulations, issue to a person that is responsible for the covered facility a number of surplus credits that is equal to the difference between that limit, expressed in tonnes of CO₂e, and the number of tonnes of CO₂e emitted. The regulations will provide rules regarding the issuance of surplus credits.

24. ISSUANCE OF SURPLUS CREDITS

(1) For a compliance period in which a facility's net GHG emissions are below its emissions limit, as calculated under subsection 19(1), the quantity of surplus credit issued is equal to the difference between the two values.

CONDITIONS OF ISSUANCE

(2) The Minister will issue surplus credits to a person that is responsible for the covered facility if:

- a)** a facility report and verification report were submitted in accordance with these regulations, and
- b)** the Minister is satisfied that there are no material errors or omissions in the facility report.

CONDITIONS OF USE

(3) A surplus credit issued by the Minister may only be used within the OBPS to compensate for a facility's excess emissions or for voluntary cancellation under subsection 180(2) of the Act. The surplus credit must not be used for any other purpose.

RULES REGARDING COMPLIANCE UNITS

The regulations will set out rules respecting the use, suspension, revocation, replacement, transfer, and expiration of compliance units. There are also some limitations on the use of compliance units to maintain the carbon pollution price signal and drive emission reductions and investment.

25. EXPIRATION OF SURPLUS CREDITS

(1) A surplus credit issued by the Minister is only valid compensation for excess emissions of the covered facility if remitted within five calendar years following the calendar year for which the credit was issued.

EXPIRATION OF OFFSET CREDITS

(2) An offset credit issued by the Minister is only valid compensation for excess emissions of the covered facility if remitted within eight calendar years following the calendar year in which the credit's GHG emission reduction or removal took place.

EXPIRATION OF RECOGNIZED UNITS

(3) A recognized unit from another jurisdiction is only valid for compensation for excess emissions of the covered facility if remitted within eight calendar years following the calendar year during which the unit's GHG emission reduction or removal took place.

26. COMPLIANCE UNITS ISSUED IN ERROR – APPLICATION

(1) This section only applies to compliance units that have been issued by the Minister under Part 2 of the Act and exist in the tracking system established in accordance with section 185 of the Act.

SUSPENSION OF COMPLIANCE UNITS

(2) The Minister may suspend a compliance unit held by the original recipient when the Minister has reasonable grounds to believe that the unit has been issued in error, issued on the basis of false or misleading information, or found to be invalidated through double-counting, reversal of GHG reductions or removals, or any other means.

REVIEW OF COMPLIANCE UNITS

(3) If additional review by the Minister substantiate that a suspended compliance unit

- a)** was issued in error or has been invalidated, the Minister may revoke the compliance unit in the tracking system making it ineligible to be used to meet a compensation obligation or transferred; or
- b)** was not issued in error or is valid, the Minister must unsuspend the compliance unit, and the compliance unit may be used pursuant to these regulations.

REPLACEMENT OF COMPLIANCE UNITS IF ISSUED IN ERROR

(4) For the purpose of subsection 181(1) of the Act, the Minister may request that a person to whom the Minister has issued a compliance unit in error—including on the basis of false or misleading information—that has been remitted as compensation or has been transferred to another person to replace the compliance unit within 30 days of the revocation date

- a)** by remitting another compliance unit; or
- b)** by paying the emissions charge at the rate specified in subsection 181(3) of the Act.

27. INVALID UNITS FROM OTHER JURISDICTIONS

(1) For a recognized unit from another jurisdiction, the Minister may not recognize the unit or credit as compensation if there are reasonable grounds to believe the unit or credit has been invalidated by any means, including, but not limited to: double-counting, reversal of GHG reductions or removals, or false or misleading information or quantification errors.

IF RECOGNIZED UNIT IS INVALIDATED

(2) For a recognized unit from another jurisdiction remitted to the Minister for the purpose of compensation, which has subsequently been invalidated for any reason, including a unit issued in error by the other jurisdiction, the Minister must require the responsible person that remitted the recognized unit to ensure its compensation obligation continues to be met by:

- a) replacing the recognized unit with a valid compliance unit within 30 days of a notification from the Minister; or
- b) paying the excess emissions charge within 30 days of a notification from the Minister at the rate specified in subsection 181(3) of the Act.

CRITERIA FOR RECOGNIZING UNITS FROM OTHER JURISDICTIONS

The regulations will recognize offset units or credits from other jurisdictions for use as compensation. The regulations will set out criteria for the recognition of eligible offset programs and protocols whose units or credits could be recognized as compliance units under the regulations, as well as the start date and third-party verification requirements of the offset programs and protocols.

28. RECOGNIZED UNITS

(1) A recognized unit is a compliance unit pursuant to section 169 of the Act when that unit or credit is issued by a jurisdiction or program authority under a protocol or program that is specified on lists established by the Minister.

CRITERIA FOR RECOGNIZED UNITS

(2) If the recognized unit is an offset credit, it must:

- a) be valid at the time of remittance;
- b) be issued by an offset program that appears on the list referred to in subsection (1);
- c) be issued with respect to a project that used a protocol that meets the criteria in subsection (4) and has been included on the list published by the Minister referred to in subsection (1);
- d) be issued with respect to a project that was started in 2017 or in a subsequent year; and
- e) be verified by a verification body that is accredited at the project level to the ISO Standard 14065:2013—with a scope of accreditation that corresponds to the project type by either the American National Standards Institute or the Standards Council of Canada or any other accreditation organization that is a member body of the International Accreditation Forum

CRITERIA FOR ELIGIBLE OFFSET PROGRAMS

(3) An offset program that appears on the list referred to in subsection (1) must have and implement rules and operational procedures in the following areas:

- a) governance and oversight, including:
 - i) overseeing the program's ongoing operation,
 - ii) avoiding conflicts of interest,
 - iii) ensuring clear ownership,
 - iv) overseeing offset protocol development, review and approval,
 - v) registration of projects,

- vi) verification of emissions reductions or removals prior to offset credit issuance to regulated entities responsible for the reductions or removals
- vii) compliance and enforcement processes
- viii) dispute resolution mechanisms, and
- ix) mechanisms to address credit revocation;
- b) transparency, including:**
 - i) public disclosure of approved protocols, invalidated protocols and protocols under development,
 - ii) public disclosure of approved offset projects, to include generation year, project start date, crediting period and identities of project developer, validator and verifier, and
 - iii) public disclosure of projects under review for renewal, projects under investigation for emissions reversals or credit invalidation; and de-registered projects;
- c) uniqueness of credits, including:**
 - i) avoidance of double-counting by ensuring that one tonne of CO₂e emission reduction or removal is issued one offset credit only,
 - ii) issuance, transfer, retirement and credit cancellation rules that ensure a credit can only be used once, whether that use is for either compliance or cancellation purposes,
 - iii) checks to ensure that both the offset project and offset credits have not been registered in other systems, and
 - iv) commitment from the jurisdictional authority to avoid claiming for their own jurisdiction, the GHG emission reductions or removals resulting from offsets used for OBPS compliance;
- d) program infrastructure, including:**
 - i) the establishment and maintenance of an offset credit tracking system that enables transparent reporting of information and auditable record keeping for offset credit issuance, serialization, transfers between regulated entities, surrenders, cancellations and retirements,
 - ii) unique project identifiers that allow cross reference with publically available project documentation and confirmation of offset protocol used, offset project start date and year in which the emissions reductions or removals took place,
 - iii) account registration, including those in all backstop jurisdictions, for the purpose of holding, trading and retiring offset credits, and
 - iv) information transfer capability to provide the Minister with relevant information on offset credit use for the purposes of OBPS compensation;
- e) Permanence and reversal risk, including**
 - i) monitoring systems and risk mitigation approaches to prevent reversals,
 - ii) contingency plans which address how reversals resulting from proponent intention or negligence will be handled either prior to, or after, credit retirement,
 - iii) contingency plans that address how unintentional reversals would be handled, either prior to, or after, credit retirement;

- f)** third-party verification, to ensure that
 - i) GHG reductions or removals are verified to a reasonable level of assurance,
 - ii) verifiers and validators are independent, and
 - iii) verifiers and validators are competent; and
- g)** robust compliance and enforcement, including
 - i) penalties for intentional non-compliance to ensure the benefits of non-compliance are less than the costs of non-compliance, and
 - ii) liability rules if offset credits are deemed ineligible either before or after they are used for compliance.

CRITERIA FOR ELIGIBLE OFFSET PROTOCOLS

(4) Offset protocols from an offset program that appears on the list referred to in subsection (1) must define requirements for the following:

- a)** eligible offset project activities, to ensure
 - i) the emission reductions or removals are generated from an activity that is not covered by carbon pollution pricing in the jurisdiction of origin, and
 - ii) net reductions or removals of one or more greenhouse gases that are reported in Canada's most recent National Inventory Report (NIR), and
 - iii) specify the use of GHG global warming potentials (GWPs) that are less than or equal to those in the latest NIR;
- b)** additionality, to ensure
 - i) the protocol is based on reasonable, conservative and justifiable baseline condition assumptions,
 - ii) the activity is not required by law and any legal requirements in the jurisdictions where the protocol is applicable have been considered when defining the baseline,
 - iii) the technology or project activity is not in common use or is considered business-as-usual in the relevant industry sector or geographic region, and
 - iv) proponents demonstrate how the project activity would either not be economically feasible without carbon offset revenue or that it faces significant non-financial barriers to implementation;
- c)** crediting period, to ensure
 - i) crediting periods are determined based on a timespan over which the baseline is expected to remain valid,
 - ii) a maximum crediting period of not more than 10 years from the project's start date for non-storage-based projects, and not more than 30 years from the projects start date for storage-based projects,
 - iii) a minimum crediting period of no less than five years, and
 - iv) any process for renewal of a crediting period must be based on a rigorous and full evaluation of all requirements and must be established in the quantification protocol;

- d)** accurate quantification method, to ensure
 - i) net emission reductions or removals are measured in a reliable and repeatable manner that includes all relevant GHG sources and sinks,
 - ii) uncertainty is quantified and estimated reductions or removals are accurate within scientifically-established standards or acceptable statistical precision for the project or equipment type, and
 - iii) conservative assumptions and approaches are considered to avoid over-estimation of GHG reductions or removals;
- e)** permanence, to ensure
 - i) project proponents are required to monitor permanence for project types that sequester carbon in sinks or reservoirs,
 - ii) project plans outline provisions to mitigate the risk of reversal, and
 - iii) environmental integrity is maintained in the event a reversal occurs;
- f)** verifiability, to ensure
 - i) a project's GHG reductions or removals can be verified to a reasonable level of assurance, and
 - ii) the protocol incorporates best practices for data measurement, ongoing monitoring of project activities and, establishment of data management procedures and record keeping, as well as quality assurance/quality control activities; and
- g)** guards against leakage, to ensure for relevant project types, that
 - i) the protocol requires assessment and mitigation of leakage risks, to be undertaken by the Project proponent, and
 - ii) leakage is conservatively reflected in the quantification of offsets to be issued.

TRACKING SYSTEM

Section 185 of the Act requires that the Minister establish and maintain a tracking system that tracks the issuance of compliance units by the Minister; the transfer, retirement, suspension, revocation and cancellation of those compliance units; excess emissions charge payments; and any other transaction specified in the regulations. Section 186 of the Act specifies that a person responsible for a covered facility must open and maintain any accounts in a tracking system required by the regulations, and that any other person may open an account and maintain accounts in the system in accordance with the regulations. The regulations will provide rules describing accounts and identifying any accounts required.

A “non-facility market participant” (e.g., a broker, an investment company or other persons who wish to participate in the OBPS but do not own or operate a covered facility) may register and create an account in the OBPS tracking system after the increased-rate compensation deadline for the 2019 compliance period.

NOTIFICATION OF ERRORS AND OMISSIONS

A person responsible for a covered facility is required, pursuant to section 176 of the Act, to notify the Minister when that person becomes aware of an error or omission in its report within five years of having submitted that report. The regulations will specify the circumstances under which a person responsible for a covered facility would be required to submit a corrected report to the Minister and to cause that report to be verified by a third party.

If the Minister discovers an error or omission in a report within five years of the report being submitted, the Minister may require, pursuant to section 177 of the Act, a person responsible for a covered facility to submit a corrected report and may require that the report be verified by a third party.

The regulations will identify the time and manner by which the corrected report and verified corrected report must be provided.

29. REQUIREMENT TO COMMUNICATE THE DETECTION OF AN ERROR OR OMISSION

If, within five years after submitting a report under section 173, a person that is responsible for a covered facility becomes aware of an error or omission in the facility report, the person must notify the Minister in writing as soon as possible and indicate whether the detected error or omission meets or exceeds the materiality threshold as set out in subsection 11(4) related to the *Emissions_{net fac}* of the covered facility, or to the production data of that facility.

30. REQUIREMENT TO SUBMIT A CORRECTED REPORT

(1) For errors or omissions detected under 176 of the Act, a person responsible for a covered facility must submit a corrected report for the facility if one or more errors or omissions were detected in the facility report after it has been submitted.

REQUIREMENT TO VERIFY

(2) When the error or omission detected under 176 of the Act meets or exceeds the materiality threshold as set out in subsection 11(4) related to the *Emissions_{net fac}* of the covered facility, or to the production data of that facility as reported in that person's facility report submitted under section 173 of the Act, a person responsible for a covered facility must cause the corrected report and any related data and information supporting the corrected report to be verified by a verification body that:

- a) subject to subsection (3), meets the requirements set out in section 11, except for subparagraph 11(1)(b)(ii) and subsections 11(5) and (6); and
- b) expresses an opinion to a reasonable level of assurance on whether the corrected information related to GHG emissions, the amount of each product produced or emissions limit, as appropriate, in the corrected report—as reported by a person responsible for the covered facility—is free from material error or omission, and whether the corrected report was prepared in accordance with these regulations.

NON-INCLUSION UNDER PARAGRAPH 11(2)(A)

(3) In the case where the verification body verified the original report under section 173 that is being corrected, the verification of the corrected report does not count as a facility report under paragraph 11(2)(a).

DEADLINE FOR SUBMISSION—CORRECTED REPORT

(4) The person responsible for a covered facility must submit the corrected report to the Minister within 60 days of the discovery of one or more errors or omissions by that person under subsection (1) or of the reception of the request by the Minister made pursuant to subsection 177(1) of the Act.

DEADLINE FOR SUBMISSION— VERIFIED CORRECTED REPORT

(5) The person responsible for a covered facility must submit the verified corrected report and the verification report to the Minister within 90 days of the discovery of one or more errors or omissions by that person under subsection (1), or of the reception of the request by the Minister made pursuant to subsection 177(1) of the Act.

CONTENT OF THE CORRECTED REPORT

(6) In the case that a corrected report is submitted pursuant to subsection (1) or is required by the Minister under section 177 of the Act, the corrected report must include the following information:

- a)** a description of the corrections made to the original report;
- b)** a description of measures that a person responsible plans to, or did implement to avoid future errors or omissions of the same type;
- c)** the circumstances that led to the errors or omissions and reasons for why the errors or omissions were not previously detected and, where applicable, correction made;
- d)** where applicable, the amount of GHG emissions to which the detected error or omissions correspond;
- e)** where applicable, the amount of production to which the detected error or omissions correspond;
- f)** where applicable, the change in the emissions limit due to the detected error or omission; and
- g)** where applicable, the change in compensation as a results of the errors or omissions.
- h)** where applicable, the corrected total quantity of each greenhouse gas—and the corrected total combined quantity of those greenhouse gases—emitted by the covered facility, in tonnes of CO₂e, during the applicable compliance period as determined in accordance with subsection 12(b) of the *Greenhouse Gas Emissions Information Production Order*, or, where an OBS determined in section 17 applies to the facility, consistent with the methods used to quantify emissions under section 17;
- i)** where applicable, the corrected amount of each type of product produced by the covered facility during the applicable compliance period as determined in accordance with subsections 9(1) and (2) of the *Greenhouse Gas Emissions Information Production Order*, or, where an OBS determined in section 17 applies to the facility, consistent with the methods used to quantify production for the activity under section 17; and

- j) any other corrected information originally reported under paragraphs 10(2)(c) to (f).

CONTENT OF VERIFICATION REPORT FOR THE CORRECTED REPORT

(7) In the case that a corrected report is required to be verified pursuant to subsection (2) or is required by the Minister under section 177 of the Act, the verification report of the corrected report must include:

- a) the information outlined in Schedule 2, with the exception of sub-item 3(q) of that schedule; and
- b) a verification statement by the verification body as to whether the corrected GHG emissions, the corrected amount of each product produced or corrected emissions limit—as reported by a person responsible for the covered facility in the corrected report—are free from material errors and omissions, and as to whether the corrected report was prepared in accordance with the regulations.

31. CHANGE IN OBLIGATION

(1) When the corrected report or corrected verified report reveals that the compensation provided after the submission of the facility report was not sufficient, and if the amount of the additional compensation amount is greater than or equal to 500 tonnes of CO₂e, a person responsible for the covered facility must provide additional compensation in an amount equal to the result of the following formula:

$$\text{Compensation}_{\text{Corrected}} - \text{Compensation}_{\text{Initial}}$$

where

*Compensation*_{Corrected} means the result of the equation in subsection 19(1), when using the values reported in the corrected report; and

*Compensation*_{Initial} means the compensation submitted for the compliance period affected by the correction as identified in paragraph 22(2)(d).

SUBMISSION BEFORE NOVEMBER 15

(2) If a person responsible for a covered facility submits a corrected report by November 15 of the year immediately following the compliance period that is the subject of the corrected report, it must provide additional compensation according to the deadline and rate specified in section 20.

SUBMISSION AFTER NOVEMBER 15

(3) If a person responsible for a covered facility submits a corrected report on or after November 15 of the year immediately following the compliance period that is the subject of the corrected report,

- a) it must provide additional compensation at the rate established in subsection 174(3) of the Act within 30 days of the submission of the verified corrected report, or
- b) it must provide additional compensation at the rate established in subsection 174(4) of the Act within 60 days of the deadline in paragraph (a).

REVOCATION AND REPLACEMENT

(4) When the verified corrected report reveals that a person responsible for a covered facility has received more surplus credits than they should have due to a material error or omission,

- a) the Minister must revoke excess surplus credits that remain in the account of the person to whom surplus credits were originally issued; and
- b) the responsible person to whom surplus credits were originally issued must replace any surplus credits that are not still in their possession by providing additional compensation using subsection 26(4).

ISSUING ADDITIONAL CREDITS

(5) If the corrected report reveals that the quantity of surplus credits originally issued to a person responsible for a covered facility was not sufficient, the Minister may issue additional surplus credits, in accordance with section 178(1) of the Act, to that person, and the quantity of surplus credits to be issued is based on the following formula:

$$\text{Surplus credits}_{\text{corrected}} - \text{Surplus credits}_{\text{issued}}$$

where

*Surplus credits*_{corrected} is the result of the equation in subsection 22(1), when using the values reported in the corrected report; and

*Surplus credits*_{issued} is the quantity of surplus credits previously issued to the responsible person with respect of the covered facility for the compliance period under subsection 24(1).

RECORDS AND RECORDKEEPING

Section 187 of the Act provides that a person responsible for a covered facility that opens and maintains accounts in the tracking system must retain all records that are necessary to determine whether the regulated person has complied with their obligations under the OBPS. The Act specifies that the record retention period is seven years, unless the regulations specify another period. The regulations will set out rules respecting the making and keeping of records.

32. MAKING OF RECORDS OF INFORMATION

(1) A person responsible for a covered facility must, for each compliance period, keep a record of the following information related to the covered facility and each unit within it, if applicable:

- a) total GHG emissions by specified emission type and greenhouse gas, if applicable;
- b) all methods and data used in the quantification of emissions, including data used to estimate missing data of emissions, for each specified emission type and greenhouse gas, as the case may be;
- c) all data obtained from the sampling, measuring and analyzing for each specified emission type and greenhouse gas, if applicable;

- d) where an alternative method was used for the quantification, sampling, measuring and analyzing of a specified emission type, a detailed description of that method;
- e) a log relating to each compliance period, documenting all procedural changes made in data collection and calculations and changes to instruments used for the estimating and quantifying of greenhouse gases or production;
- f) the quantity of production, and all methods and data used to quantify production;
- g) the quantity of carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) emissions not included in the total quantity of emissions under section 15 of the *Greenhouse Gas Emissions Information Production Order*;
- h) the quantity of carbon dioxide that was captured at the covered facility, transported, and injected at long-term geological sites, and the quantity that was permanently stored in those sites and operations, expressed in tonnes of CO₂e, and the data used to quantify that carbon dioxide;
- i) if the person responsible for the covered facility produces and sells thermal energy to other covered facilities or buys thermal energy from other covered facilities,
 - i) the sales invoices for the thermal energy bought or sold,
 - ii) the name of the covered facility from which thermal energy is bought or to which it is sold, including the Covered Facility Certificate Number that was issued to the covered facility;
- j) if the person responsible for the covered facility produces and sells thermal energy to other covered facilities or buys thermal energy from other covered facilities, all methods and data used to quantify the quantity of thermal energy purchased and sold and the ratio of heat from the combustion of fossil fuel;
- k) in the case of facility that undertook the activity listed in item 33 of Schedule 1, the combined floor area of all buildings in the facility as of December 31st of the calendar year, measured between the exterior walls of each of the buildings, expressed in square metres, and all methods and data used to calculate the combined floor area;
- l) in the case of a facility that undertook the sub-activity listed in sub-item 38.1 of Schedule 1, the type and quantity of fuel combusted in 2018;
- m) where applicable, the OBS calculated under section 17 and all methods and data used to quantify the OBS; and
- n) the amounts and dates of payments for excess emissions made to the Receiver General of Canada and proof of payment received from the Canada Revenue Agency.

LENGTH OF TIME RETAINING RECORDS

(2) Every person responsible for a covered facility that makes a record or submits information to the Minister under these regulations must retain that record or a copy of that information and any supporting documents, including any calculations, measurements and other data on which the information is based, for a period of at least seven years beginning on the day on which a record was made or the day on which the information was made or submitted.

LOCATION OF RECORDS

(3) The records, copies of information submitted to the Minister, and supporting documents must be retained at a person responsible for the facility's principal place of business in Canada or, on notification to the Minister, at any other place in Canada where they can be inspected.

RELOCATION OF RECORDS

(4) If the records, copies of information submitted to the Minister or supporting documents are moved, a person responsible for the facility must notify the Minister, in writing, of the civic address of the new location within 30 days after the day of the move.

33. ELECTRONIC SUBMISSION

(1) Any information that is required to be provided to the Minister under these regulations with respect to a covered facility must be submitted electronically in the form and format specified by the Minister and must bear the electronic signature of a person responsible for the facility or of their authorized official.

PROVISION ON PAPER

(2) If the Minister has not specified an electronic form and format or if it is not feasible to submit the information in accordance with subsection (1) because of circumstances beyond the control of the person that is responsible for the facility, the information must be submitted on paper, signed by the person that is responsible for the facility or their authorized official, in the form and format specified by the Minister. However, if no form and format has been so specified, it may be in any form and format.

CONFIDENTIALITY

Section 254 of the Act provides that any person that provides information to the Minister under Part 2 can request, in writing and with supporting justifications, that the information be treated as confidential. The regulations will specify the information that must be provided to the Minister in a request for confidentiality.

34. REQUEST FOR CONFIDENTIALITY OF INFORMATION

(1) Pursuant to section 254 of the Act and subject to subsection (2), a person responsible for a facility may request in writing to the Minister that certain information be kept confidential.

CONTENT OF REQUEST

(2) The request referred to in subsection (1) must contain the following information:

- a)** a description of each piece of information that is being requested to be kept confidential;
- b)** justification as to whether the information
 - i)** is a trade secret,
 - ii)** if disclosed, would likely cause material financial loss to, or prejudice to the competitive position of, the person, or
 - iii)** if disclosed, would likely interfere with contractual or other negotiations being conducted by the person; and
- c)** a substantiation that the information meets all of the following criteria:
 - i)** the information is confidential to the responsible person,
 - ii)** the person has taken, and intends to continue to take, measures that are reasonable in the circumstances to maintain the confidentiality of the information,
 - iii)** the information is not, and has not been, reasonably obtainable using legitimate means by others, except with the consent of the person, and
 - iv)** the information is not, and has never been, available to the public.

OFFENCES

There are penalties set out in the Act for offences. Section 232 of the GGPPA sets out certain offences that attract a higher range of penalties than other offences. Subsection 246(1) of that Act authorizes the Governor-in-Council to, by regulations, designate provisions of regulations that, if contravened, attract that same range of penalties. The regulations will set out which provisions of the regulations that, if contravened, will attract that higher range.

COMING INTO FORCE

The Act permits the regulations to have an effect earlier than the day on which they are made. The regulations cannot have effect before the date on which the Minister publishes a notice announcing the measures to be set out in the regulations.

This notice was given through the publication of the *Notice of Intent to Make Regulations under Part 2 of the Greenhouse Gas Pollution Pricing Act*, which was published on December 20, 2018. The regulations will come into force when they are made by the Governor in Council mid-2019 and some provisions may be identified as having retroactive effect to the date of the publication of the *Notice of Intent to Make Regulations under Part 2 of the Greenhouse Gas Pollution Pricing Act* in accordance with section 194 of the Act. As specified in the regulations, the first compliance period starts on January 1, 2019 and will end on December 31, 2019 (except that in some territories, it starts on July 1, 2019). The submission of the facility report for that first compliance period will be due on June 1, 2020.

SCHEDULE 1

LIST OF COVERED INDUSTRIAL ACTIVITIES AND THEIR SUB-ACTIVITIES

Note: *Calculated* in column 6 means an OBS calculated in accordance with section 17.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ₂ e/ production metric)
1	Smelting or refining, from feedstock that comes primarily from ore, of at least one of the following metals: nickel, copper, zinc, lead, or cobalt	1.1	Pyrometallurgical smelting of copper	tonnes of copper anodes	Calculated
		1.2	Pyrometallurgical smelting of lead	tonnes of lead and lead alloys	2.17
		1.3	Pyrometallurgical smelting of zinc	tonnes of zinc and lead	0.856
		1.4	Pyrometallurgical smelting of nickel	tonnes of nickel matte	0.750
		1.5	Hydrometallurgical refining of base metals	tonnes of base metals produced	1.70
		1.6	Hydrometallurgical electro-refining of copper anodes	tonnes of base metals produced	Calculated
2	Extraction, processing and production of bitumen or crude oil	2.1	Extraction, processing and production of light crude oil (having a density of less than 940 kg/m ³ at 15°C)	barrels of light oil	0.0159
		2.2	Extraction, processing and production of heavy crude oil (having a density of greater than or equal to 940 kg/m ³ at 15°C)	barrels of heavy oil	0.0544
3	Upgrading of bitumen or heavy oil to produce synthetic crude oil	3.1	Upgrading of bitumen or heavy oil	barrels of synthetic crude oil	0.0408

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ₂ e/ production metric)
4	Processing of crude oil, including bitumen, heavy crude oil, light crude oil and synthetic crude oil or secondary petroleum products (a petroleum refinery only)	4.1	Refining of crude oil, including bitumen, heavy crude oil, light crude oil and synthetic crude oil	complexity-weighted barrels	0.00370
		4.2	Production of lubricants	kilolitres of lubricant basestock	Calculated
5	Processing of natural gas, including processing to produce natural gas liquids	5.1	Processing of natural gas to produce transmission-pipeline-quality natural gas	100,000 m ³ at a temperature of 15°C and a pressure of 101.325 kPa	10.6
		5.2	Processing of natural gas to produce the natural gas liquids	m ³ of propane and butane combined at a temperature of 15°C and at an equilibrium pressure	0.0301
6	Transmitting natural gas (a natural gas pipeline transmission system only)	6.1	Transmitting processed natural gas	megawatt hour (MWh)	0.419
7	Production of hydrogen gas using steam hydrocarbon reforming or partial oxidation of hydrocarbons	7.1	Production of hydrogen gas at a facility dedicated to the production of hydrogen gas, and not at a covered facility that carries out the activity described in items 4, 11, 13 and 24 of this Schedule	tonnes of hydrogen	8.75

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ² e/ production metric)
8	Production of cement from clinker	8.1	Production of intermediate clinker	tonnes of intermediate clinker	0.799
		8.2	<p>Production of grey cement from clinker produced at the covered facility</p> <p>For greater certainty, a tonne of clinker that is counted as production of intermediate clinker, cannot be counted again as Part of the production of grey cement, even when the grey cement is produced in a different compliance period</p>	<p>tonnes of grey cement</p> <p>Grey cement is the clinker produced at the covered facility mixed with gypsum and limestone</p>	0.733
		8.3	<p>Production of white cement from clinker produced at the covered facility</p> <p>For greater certainty, a tonne of clinker that is counted as production of intermediate clinker, cannot be counted again as Part the production of white cement, even when the white cement is produced in a different compliance period</p>	<p>tonnes of white cement</p> <p>White cement is the clinker produced at the covered facility mixed with gypsum and limestone</p>	Calculated

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ² e/ production metric)
9	Production of grain ethanol for use in industrial applications or as fuel	9.1	Production of grain ethanol for use in industrial applications	kilolitres of absolute ethanol for industrial ethanol	0.728
		9.2	Production of grain ethanol for use as fuel	kilolitres of absolute ethanol for fuel ethanol	0.321
10	Production of carbon black in any form, including pellets and powders, using thermal oxidation or thermal decomposition of hydrocarbon feedstock	10.1	Production of furnace black	tonnes of furnace black	1.85
11	Production of 2-methylpenta-methylenediamine (MPMD)	11.1	Production of MPMD	tonnes of MPMD	4.14
12	Production of resins or fibres of Nylon 6 or Nylon 6,6	12.1	Production of resins of Nylon 6 or Nylon 6,6	tonnes of Nylon resins	0.480
		12.2	Production of fibers of Nylon 6 or Nylon 6,6	tonnes of Nylon fibers	0.711

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ₂ e/ production metric)
13	Production of petrochemicals from feedstocks derived from petroleum or from petroleum and liquefied natural gas, including hydrogen gas, ethylene, propylene, butadiene and pyrolysis gas from steam cracking, aromatic cyclic hydrocarbons (including benzene from catalytic reforming), higher olefins, hydrocarbon solvents, styrene, and polyethylene, but excludes the production of petrochemicals as a byproduct	13.1	Production of hydrogen gas, ethylene, propylene, butadiene and pyrolysis gas that are produced from steam cracking (“high-value chemicals”)	tonnes of high-value chemicals	0.652
		13.2	Production of aromatic cyclic hydrocarbons, including benzene produced from catalytic reforming	tonnes of aromatic cyclic hydrocarbons (combined)	0.694
		13.3	Production of higher olefins	tonnes of higher olefins	0.954
		13.4	Production of hydrocarbon solvents	tonnes of hydrocarbon solvents	1.14
		13.5	Production of polyethylene	tonnes of polyethylene	0.164
		13.6	Production of styrene	tonnes of styrene	Calculated
14	Production of vaccines for human or animal use	14.1	Production of vaccines	litres of vaccines	0.267
15	Production of iron ore pellets from iron ore concentrate	15.1	Production of flux pellets	tonnes of iron ore flux pellets	0.0880
		15.2	Production of pellets other than flux pellets	tonnes of iron ore pellets other than flux pellets	0.0560
16	Production of steel from feedstock that comes primarily from scrap iron or steel, other than such production in a foundry	16.1	Production of cast steel	tonnes of cast steel	0.118
		16.2	Production of rolled steel	tonnes of rolled steel	0.0875

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ² e/ production metric)
17	Production of iron or steel from smelted iron ore, or the production of metallurgical coke At an integrated steel facility that also produces lime, the lime OBSs in item 18 do not apply. At an integrated steel facility that also produces electricity, the electricity OBS's in item 38 do not apply.	17.1	Production of metallurgical coke in a coke oven battery	tonnes of coke	0.557
		17.2	Production of iron from smelted iron ore	tonnes of iron	1.36
		17.3	Production of steel in a basic oxygen furnace	tonnes of steel	0.150
		17.4	Production of steel in an electric arc furnace	tonnes of steel	Calculated
18	Production of lime from limestone using a kiln	18.1	Production of high-calcium lime	tonnes of high calcium lime and lime kiln dust sold	1.20
		18.2	Production of dolomitic lime	tonnes of dolomitic lime and lime kiln dust sold	Calculated
		18.3	Production of specialty lime	tonnes of specialty lime and lime kiln dust sold	Calculated
19	Production of coal by mining coal deposits	19.1	Production of thermal coal	tonnes of thermal coal	Calculated
		19.2	Production of metallurgical coal	tonnes of metallurgical coal	0.0499
20	Production of metal or diamonds from the mining or milling of ore or kimberlite	20.1	Production of iron	tonnes of iron	0.0169
		20.2	Production of uranium	tonnes of uranium	9.26
		20.3	Production of gold, silver, platinum and palladium	kilograms of precious metals	7.21

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ₂ e/ production metric)
		20.4	Production of metals other than gold, silver, platinum, palladium, iron and uranium	tonnes of other metals	0.643
		20.5	Production of diamonds	carats of diamond	0.0172
21	Calcining of coal to produce char	21.1	Calcining of coal to produce char	tonnes of char	Calculated
22	Production of activated carbon from coal	22.1	Production of activated carbon from coal	kilograms of activated carbon	Calculated
23	Production of nitric acid by the catalytic oxidation of ammonia	23.1	Production of nitric acid	tonnes of nitric acid	0.313
24	Production of anhydrous ammonia or aqueous ammonia by the steam reforming of a hydrocarbon	24.1	Production of anhydrous ammonia or aqueous ammonia	tonnes of ammonia	1.72
		24.2	Production of urea liquor at facilities that produce ammonia	tonnes of urea liquor	0.123
		24.3	Production of ammonium phosphate and its isomers (at facilities that produce ammonia)	tonnes of ammonium phosphate and its isomers	0.0405
25	Industrial processing of potatoes or oilseeds for human or animal consumption	25.1	Industrial processing of potatoes	tonnes of potatoes used as a raw material	0.0728
		25.2	Industrial processing of oilseeds	tonnes of finished oilseed products	0.0431
26	Production of ethanol by distillation for use in the production of alcoholic beverages	26.1	Production of ethanol by distillation for use in the production of alcoholic beverages	kilolitres of absolute alcohol	1.11

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ₂ e/ production metric)
27	Processing of corn through wet milling	27.1	Processing of corn through wet milling	tonnes of corn used as raw material	0.101
28	Production of citric acid	28.1	Production of citric acid	tonnes of citric acid	0.429
29	Production of refined sugar from raw cane sugar	29.1	Production of refined sugar	tonnes of refined sugar	0.100
30	Production of potash from the mining and refining of potash ore	30.1	Production of potash containing at least 90% potassium chloride using solution mining process	tonnes of potash containing at least 90% potassium chloride	0.232
		30.2	Production of potash containing at least 90% potassium chloride using a conventional underground mining process	tonnes of potash containing at least 90% potassium chloride	0.0382
31	Production of pulp from wood, other plant material or paper or any product derived directly from pulp or a pulping process	31.1	The production of pulp, paper or other product derived directly from pulp at a facility with a recovery boiler, lime kiln or pulping digester	tonnes of finished product	0.203
	For a facility undertaking this activity, either sub-item 31.1 or 31.2 apply, but not both.	31.2	The production of pulp, paper or other product derived directly from pulp at a facility undertaking a sub-activity other than described in sub-item 31.1	tonnes of finished product	0.184

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ₂ e/ production metric)
32	Production of brick or other products made from clay or shale using a kiln	32.1	Production of brick or other products from clay or shale using a kiln	tonnes of brick or other products made from clay or shale using a kiln	0.198
33	Assembly of four-wheeled self-propelled vehicles that are designed for use on a highway and that have a gross vehicle weight rating of less than 4,536 kg (10,000 pounds)	33.1	Assembly of four-wheeled self-propelled vehicles	(number of vehicles) x (m ² of combined floor area) For the purposes of calculating production in subsection 14(4) of these regulations, the production for this activity is equal to the number of vehicles multiplied by the combined floor area of all buildings in the facility as of December 31 of the compliance period, measured between the exterior walls of each of the buildings, expressed in m ²	4.33x10 ⁻⁷
34	Production of glass using a furnace	34.1	Production of glass	tonnes of glass	Calculated
35	Production of gypsum products	35.1	Production of gypsum products that contain at least 70 weight percent of calcium sulphate dihydrate	tonnes of gypsum product that contain at least 70 weight percent calcium sulphate dihydrate	Calculated
36	Production of mineral wool insulation Excludes production of glass wool	36.1	Production of mineral wool insulation	tonnes of mineral wool insulation	Calculated

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ₂ e/ production metric)
37	Production of metal tubes	37.1	Production of tubes from metal produced in a facility dedicated to the production of tubes, and not at a covered facility that carries out the activity described in items 16 and 17 of this Schedule	tonnes of metal tubes	Calculated
38	Generation of electricity using fossil fuels	38.1	The generation of electricity using solid fuels	gigawatt hour (GWh)	800 in 2019 650 in 2020 622 in 2021 594 in 2022 566 in 2023 538 in 2024 510 in 2025 482 in 2026 454 in 2027 426 in 2028 398 in 2029 370 in 2030 and thereafter

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Covered industrial activity	Sub-item	OBS sub-activity	Production metric	OBS (tonnes of CO ² e/ production metric)
		38.	<p>The generation of electricity using liquid fuels</p> <p>Except where the electricity is being generated in a unit that is registered under the <i>Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations</i> and that used solid fuels in 2018. In such a case, the OBS in 38.1 applies regardless of the fuel type.</p>	gigawatt hour (GWh)	550
		38.3	<p>The generation of electricity using gaseous fuels</p> <p>Except where the electricity is being generated in a unit that is registered under the <i>Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations</i> and that used solid fuels in 2018. In such a case, the OBS in 38.1 applies regardless of the fuel type.</p>		370

SCHEDULE 2

CONTENT OF VERIFICATION REPORT

1. The following information respecting the person responsible for a covered facility:
 - a) an indication as to whether they are the owner or operator of the facility and their name and civic address;
 - b) the name, title, civic and postal addresses, telephone number and, if any, email address and fax number of their authorized official;
 - c) the name, title, civic and postal addresses, telephone number and, if any, email address and fax number of a contact person, if different from the authorized official; and
 - d) the business number assigned to it by the Canada Revenue Agency, if any.
2. The following information respecting the covered facility:
 - a) its facility name and the civic address of its physical location, if any;
 - b) its latitude and longitude coordinates using the decimal degrees or the degrees, minutes and seconds, unless the covered facility is a natural gas pipeline transmission system;
 - c) its six-digit North American Industry Classification System (NAICS) Canada code;
 - d) if applicable, its National Pollutant Release Inventory (NPRI) identification number assigned by the Minister for the purpose of section 48 of the *Canadian Environmental Protection Act, 1999* and, if applicable, its *Greenhouse Gas Reporting Program* identification number; and
 - e) in the case of an electricity generation facility,
 - i) the unique name for each unit,
 - ii) the unit registration number under the *Regulations Limiting Carbon Dioxide Emissions from Natural Gas-fired Generation of Electricity*, if any, and
 - iii) the unit registration number under the *Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations*, if any.
3. The following information respecting the verification:
 - a) the name and civic address of the verification body along with the name, telephone number and email address of the lead verifier for the verification team that conducted the verification;
 - b) the name and contact information of the accreditation organization by which the verification body is accredited and the date of the verification body's accreditation;
 - c) the names and functions of individual members of the verification team and the name of the independent peer reviewer;
 - d) a description of the objectives and scope of the verification and the verification criteria;
 - e) a description of the data and information supporting the verification report;
 - f) details of the verification procedures conducted on the data and information supporting the report that are required under these regulations, including:

- i) a summary, including results, of the assessments, data sampling, tests, and reviews that were conducted during the verification,
 - ii) a description of the verification activities undertaken, including information on where each activity was undertaken,
 - iii) the results of checks made on the GHG emissions information system and controls, and
 - iv) the date of each visit conducted, for the purpose of subsection 11(3) of these regulations;
- g) the total GHG emissions from all industrial activity for the covered facility for the calendar year and the amount of each type of product produced by the covered facility, as described in the facility report for the covered facility, and the emission limit, as calculated for the facility;
- h) in the case of a verification of an electricity generation facility, the following information as described in the facility report:
 - i) the total GHG emissions from each unit and the sum of the total emissions from each unit within the facility for the calendar year, and
 - ii) the gross amount of electricity generated by each unit from gaseous fuel, liquid fuel and solid fuel and the sum of the total production from each unit that comprise the facility in the calendar year;
- i) in the case of a verification of a facility that permanently stores some or all of its emissions, the quantity of carbon dioxide stored, in tonnes of CO₂e;
- j) in the case of a facility to which a OBS calculated in accordance with section 17 applies, the calculated OBS and the information associated with each term in the equation;
- k) a record of errors or omissions, identified during the verification, in the data, information or method used in the preparation of the annual report that specifies,
 - i) with respect to each error and omission, if it may be quantified,
 - (A) related to GHG emissions, the number of tonnes of CO₂e to which the error or omission corresponds, the related percentage calculated in accordance with subparagraph 11(4)(a)(i) or (b)(i) of these regulations and a statement indicating whether the error or omission is an understatement or an overstatement, and
 - (B) related to the production of a given type of product, the quantification of that error or omission, expressed in the applicable unit of measure, the related percentage calculated in accordance with paragraph 11(4)(c) of these regulations, and a statement indicating whether the error or omission is an understatement or an overstatement, and
 - ii) with respect to the aggregate of the errors or omissions related to GHG emissions, if it may be quantified, the net sum of the errors and omission expressed in tonnes of CO₂e, the related percentage calculated in accordance with subparagraph 11(4)(a)(ii) or (b)(ii) of these regulations, and a statement indicating whether the error or omission is an understatement or an overstatement;
- l) a record of any corrections made by a person responsible as a result of the identification of any errors or omissions identified during the verification;
- m) an assessment of the GHG information system and its controls;

- n) the verification body's conclusions with respect to the total GHG emissions and the amount of each type of product produced, including any qualifications or limitations;
- o) a declaration—signed and dated by the lead verifier—stating that the requirements of subsection 11(2) of these regulations are complied with and that any real or potential conflicts of interest have been effectively managed;
- p) a declaration—signed and dated by the independent peer reviewer—stating their approval of the verification report; and
- q) a verification statement by the verification body as to whether the GHG emissions, the amount of each product produced and emissions limit – as reported by a person responsible for the covered facility in the report – are free from material errors and omissions, and as to whether the report was prepared in accordance with the regulations.