



The Management and Reduction of Greenhouse Gases (Performance Credit) Standard

1. Introduction

1(1) Part One of this Standard is adopted under *The Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations*.

1(2) Any terms defined in the *Management and Reduction of Greenhouse Gases Act* and the *Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations* hold the same definition in this Standard.

1(3) If there is any conflict between this Standard and the Act or the Regulations, the Act or the Regulations prevails over this Standard.

2. Definitions

“Credit Registry” refers to the Ministry of Environment registry of performance credits that have been awarded.

“Invalid” means a performance credit that was earned in error by a regulated emitter.

“Performance credits” means a credit that a regulated emitter may earn if the total regulated emissions from a regulated facility are below the performance credit emissions limit.

“Performance credit emissions limit” means the threshold of emissions a regulated facility must not exceed so that a regulated emitter may earn a performance credit.

“Performance credit threshold” means the threshold percentages, established in Table 1 of Appendix A, used to determine the performance credit emissions limit.

“Regulations” means the *Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations*.

“Retired” means a performance credit that was remitted for the purposes of fulfilling a compliance obligation.

“Serial number” refers to the individual identification number assigned to each performance credit when it is earned by a regulated emitter.

“Transaction” means the act of selling and buying a performance credit between two regulated emitters.

“Transaction record” refers to the documentation submitted by a regulated emitter to the Minister to record the transaction of a performance credit.

3. Earning Performance Credits

3(1) If the total regulated emissions for a regulated facility is less than the permitted emissions in a compliance year, then the quantity of performance credits that may be earned by the regulated emitter in the compliance year is determined by establishing the regulated facility's performance credit emissions limit as:

$$PCEL_i = PE_i \times (1 - CT)$$

where:

$PCEL_i$ is the performance credit emissions limit for the regulated facility in compliance year i , measured in tonnes of CO₂e;

PE_i is the permitted emissions for the regulated facility in compliance year i , measured in tonnes of CO₂e;

CT is the performance credit threshold for the regulated facility; and.

i is the compliance year.

3(2) If the total regulated emissions for a regulated facility are less than the performance credit emissions limit in a compliance year, the regulated emitter of the regulated facility may be entitled to earn performance credits.

3(3) The quantity of performance credits a regulated emitter may earn in a compliance year is the positive amount PC_i , determined in accordance with the following formula:

$$PC_i = PCEL_i - TE_i$$

where:

PC_i is the number of performance credits earned by a regulated emitter in compliance year i , measured in tonnes of CO₂e;

$PCEL_i$ is the performance credit emissions limit for the regulated facility in compliance year i , measured in tonnes of CO₂e;

TE_i is the total regulated emissions for the regulated facility in compliance year i , measured in tonnes of CO₂e; and

i is the compliance year.

3(4) The quantity of performance credits earned by a regulated emitter shall be rounded to the nearest tonne of CO₂e.

4. Use of Performance Credits

4(1) A performance credits earned pursuant to Section 3 of Part 1 of this Standard may be retired for the purposes of fulfilling a compliance obligation determined pursuant to Section 17 of the Regulations.

4(2) A performance credit is retired at a rate of one performance credit for each tonne CO₂e.

4(3) A performance credit retired for the purposes of satisfying a compliance obligation must be identified by its individual serial numbers in the compliance return for the compliance year in which the compliance obligation was accrued.

4(4) A performance credit must be held by the regulated emitter in the credit registry on the date that the regulated emitter retires the performance credit for the purposes of fulfilling a compliance obligation.

4(5) A performance credit is non-divisible and the entirety of the performance credit must be used when retired for a compliance obligation.

4(6) A performance credit may not be divided into smaller portions than one tonne of CO₂e in a transaction of performance credits.

4(7) A performance credit that is retired for a compliance obligation is retired and may not be used again for any purpose.

4(8) A performance credit does not have an expiration date.

5. Buying and Selling of Performance Credits

5(1) A performance credit can only be bought from or sold to another regulated emitter who is regulated under the Regulations.

5(2) The buyer or seller of a performance credit shall submit a transaction record to the Minister in the manner specified by the Minister within 14 days from the date the transaction occurred to finalize the transaction of a performance credit between two regulated emitters.

5(3) When preparing a transaction record, the buyer or seller of the performance credit shall:

- a) Complete any required forms;

- b) Provide the individual serial number of the performance credit involved in the transaction;
- c) Provide the date of the transaction;
- d) Identify the regulated emitter who is the buyer of the performance credit;
- e) Identify the regulated emitter who is the seller of the performance credit; and
- f) Provide a signed declaration from the authorized signing officers from both the buying and selling parties of the performance credit attesting to the accuracy and completeness of the transaction.

5(4) More than one performance credit may be sold at a time within a single transaction.

6. Terms and Conditions

6(1) If a performance credit is sold to another regulated emitter and it is later found that the performance credit was falsely earned by the seller based on incorrect, false, or inaccurate information, then the buyer of the performance credit assumes the risk that the performance credit becomes invalid and shall be revoked.

6(2) If a performance credit was retired and it is later found to be invalid, the regulated emitter who retired the performance credit shall fulfill the compliance obligation within 60 days of receiving notice of retiring an invalid performance credit.

6(3) If a regulated facility changes ownership during a compliance year, a performance credit may be earned by the regulated emitter who owns the regulated facility on December 31 of the compliance year.

6(4) If there is a dispute regarding the ownership of a performance credit, the Minister will determine ownership.

6(5) At the discretion of the Minister, if a regulated emitter is in arrears on a compliance obligation for a period of more than six months from the compliance deadline, an existing performance credit in the regulated emitter's registry may be retired by the Minister to cover any outstanding compliance obligations.

6(6) The Minister does not guarantee the availability of a performance credit for purchase in order to fulfill a regulated emitter's compliance obligation.

Appendix A – Performance Credit Thresholds

Table 1: Performance Credit Thresholds by Performance Standard Allocation	
Performance Standard Allocation ¹	Performance Credit Threshold
.9500	0.20
.9000	0.15
.8500	0.10

¹ As applied to a sector as determined in Reduction Period 12 of Table 1 of *The Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations*