

Order Amending the Greenhouse Gas Emissions Information Production Order: SOR/2018-277

This Order sets out structures of the Output Based Standards (OBS) for 20 additional covered sectors under the Output Based Pricing System (OBPS). It was published in Canada Gazette II ([link](#)). The sectors covered by today's Regulation are:

<ul style="list-style-type: none">• Activated carbon• Char• Integrated steel• Metal tube manufacturing• Automotive• Brick• Carbon black• Citric acid• Glass manufacturing• Mineral wool insulation manufacturing	<ul style="list-style-type: none">• MPMD• Nylon• Petrochemical• Vaccine production• Gypsum product manufacturing• Hydrogen gas• Alcohol production• Sugar refining• Wet corn milling• Natural gas liquid production
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Each sector above now has an Output Based Standard (OBS) that defines the covered activities within the sector and sets out CO2e measurement procedures and requirements.

In addition, amendments have been made to the treatment of thermal energy bought and sold, lime production, hydrogen gas, petroleum refineries, electricity generators, nitrogen-based fertilizers, natural gas processing, ethanol and cement manufacturing.

This Order is final and comes into force on January 1, 2019. As such, there is no formal consultation period. However, the Government continues sectoral consultations and has signaled that it will consider changes to the OBPS and to individual OBSs until late spring of 2019.

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

This proposal was distributed by Environment and Climate Change Canada (ECCC) by email to CME this morning in advance of the release. Please find it attached. The Proposal is meant as a pre-Regulation discussion paper that outlines the current Departmental positions on a number of key implementation areas including: definitions, compliance periods, reporting, quantification of GHG emissions, facility emission limits, rules for calculated OBSs for individual facilities, payment to government for excess emissions, surplus credit generation for operating below the sectoral OBS, additional compliance options and administrative requirements.

There is a new construct for the electricity sector. For much of 2018, ECCC officials indicated that the electricity sector OBS would set an emissions intensity standard of 420 t/GWh for all thermal generation facilities – natural gas, diesel and coal. However, on October 24th ECCC presented a new approach: the electricity sector would be divided by fuel type, with a separate standard for each. ECCC proposed standards of 370 t/GWh for natural gas-fired facilities, 550 t/GWh for diesel facilities and 800 t/GWh for coal facilities. The proposal is along the lines of what they announced in October and it puts pressure on remaining coal plans to shut down or convert to gas.