

# ***Greenhouse Gas Pollution Pricing Act***

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**Annual Report to Parliament  
for 2022**



Environment and  
Climate Change Canada

Environnement et  
Changement climatique Canada

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# Minister's Message

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This document constitutes the fourth Annual Report on the administration of the *Greenhouse Gas Pollution Pricing Act*.

Carbon pricing works. Most scientists, economists and energy experts agree; putting a price on carbon pollution is the simplest, most cost-effective way to cut the emissions fueling climate change. Every day, we see the increasingly costly impacts of climate change for Canadians. Doing nothing is not an option, and later is too late.

A national price on pollution creates the predictability that Canadian businesses, investors, and households need to prosper in a changing world that's moving toward net-zero emissions. Clean energy technologies and low carbon industry are two of the biggest economic opportunities of this century. Pollution pricing and other climate policies are creating strong demand for innovative clean technologies in Canada, which helps to attract new job opportunities, new investments and new products and lines of business for Canadian companies.

The federal pollution pricing system works by making big polluters pay more while supporting Canadians by putting more money back into the pockets of individuals and families. Through quarterly Canada Carbon Rebates, proceeds from the federal fuel charge are returned directly to households. The Canada Carbon Rebate is higher than what 8 out of 10 families pay out of pocket under the federal system, while providing an incentive to make cleaner choices, for example, for home heating and transportation. For the period covered in the report, the Government of Canada returned over \$6.36 billion to Canadian individuals and families via the Canada Carbon Rebate payment. The Government of Canada also remains committed to returning carbon pricing proceeds to Indigenous governments, farmers, as well as small and medium-sized enterprises.

Canada's carbon pricing system for industry—the Output-Based Pricing System—ensures that big polluters pay their fair share while helping Canadian businesses remain competitive in global markets. All proceeds under the federal pollution pricing systems – both OBPS and the fuel charge – are returned to the province or territory where they were collected. We are investing proceeds from the Output-Based Pricing System to help industrial facilities achieve greater energy efficiency, adopt sustainable solutions, and reduce emissions as well as their future pricing obligations. This system is also supporting provinces to invest in their electricity grid to provide reliable and affordable power to Canadians.

A recent report from the Canadian Climate Institute estimated that pollution pricing will account for more than half of all of the reductions that will be achieved under our Emissions Reduction Plan by 2030. To achieve these emissions reductions in the absence of carbon pricing would come at a significant additional cost to the Canadian economy. Canada's Ecofiscal Commission shows pollution pricing delivers the lowest-cost emissions reductions compared to other policy options. Carbon pricing is the single most important policy we have to fight climate change.

Choosing the 'easy' path of less action now just means paying more later with climate-related impacts estimated to cost Canadian families thousands of dollars a year by 2050. And because of the Canada Carbon Rebate, we can take real action to slow down climate change and still protect households from increased costs.

Canada's approach to pricing pollution is working. It is spurring new and innovative approaches to reduce emissions, use energy more sustainably, and save money.

**The Honourable Steven Guilbeault**  
Minister of Environment and Climate Change



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# 1. Introduction

The [Greenhouse Gas Pollution Pricing Act](#) (GGPPA) came into effect on June 21, 2018.

This fourth annual report fulfills the Minister of the Environment's obligation, under section 270 of the GGPPA, to report on the administration of the Act.

- ▶ For the purpose of Part 1 of the GGPPA, the reporting period covered by this report is April 1, 2022 to March 31, 2023.
- ▶ For the purpose of Part 2 of the GGPPA, the reporting period is the 2022 calendar year (January 1 to December 31, 2022).

## 1.1 Carbon Pollution Pricing

The purpose of the GGPPA is to reduce greenhouse gas (GHG) emissions by ensuring that carbon pollution pricing applies broadly throughout Canada. The Act establishes the framework for and implements the federal carbon pollution pricing system.

The federal system consists of two main parts, which can apply in whole or in part in a province or territory.

### Under Part 1 of the Act:

#### [Fuel Charge](#)

- ▶ regulatory charge on fossil fuels administered by the Canada Revenue Agency (CRA), that applies to fossil fuel producers and distributors

### Under Part 2 of the Act:

#### [Output-Based Pricing System](#) (OBPS)

- ▶ regulatory trading system for industry administered by Environment and Climate Change Canada (ECCC) through the [Output-Based Pricing System Regulations](#) (OBPS Regulations)

#### [Canada's Greenhouse Gas Offset Credit System](#)

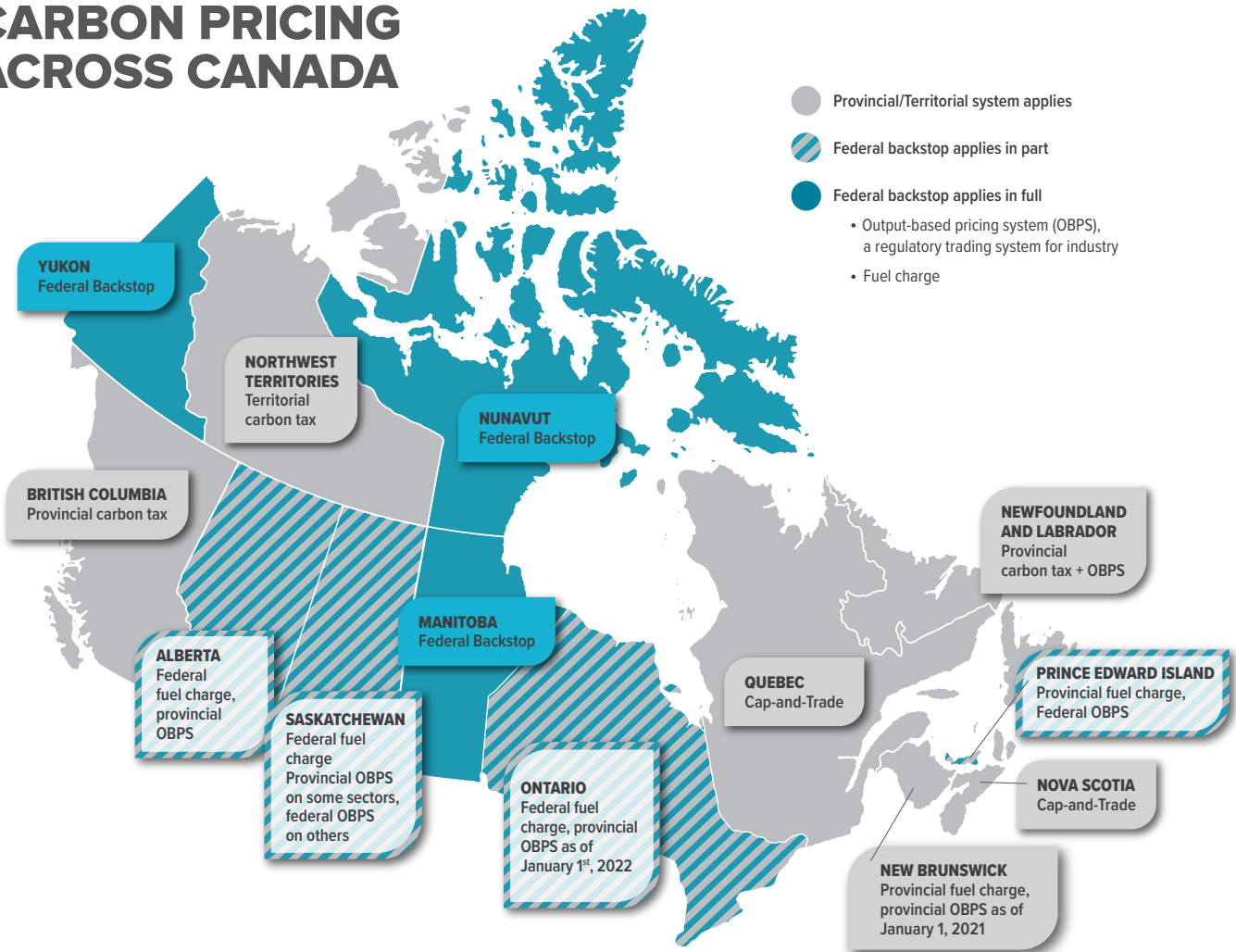
- ▶ provides an incentive to undertake projects that reduce greenhouse gases emissions or increase removals from the atmosphere compared to business-as-usual practices through the [Canadian Greenhouse Gas Offset Credit System Regulations](#) and applicable [federal offset protocols](#).

The federal government sets minimum national stringency standards (the federal 'benchmark'), that all systems must meet. The [original benchmark and associated guidance](#) applied to systems for the 2019-2022 compliance years. The criteria were updated for the 2023-2030 period in "[The Update to the Pan-Canadian Approach to Carbon Pollution Pricing 2023-2030](#)". The goal of the federal benchmark is to ensure that carbon pollution pricing applies to a broad set of greenhouse gas (GHG) emission sources throughout Canada with increasing stringency over time to reduce GHG emissions at the lowest cost to business and consumers.

If a province or territory decides not to price pollution or proposes a system that does not meet these standards, the federal system is put in place. This ensures consistency and fairness for all Canadians. Jurisdictions in which the federal carbon pollution pricing system applies, in whole or in part, are referred to as "backstop jurisdictions".

Figure 1. Map of federal, provincial, and territorial pricing as of April 1, 2022

# CARBON PRICING ACROSS CANADA



## 2. Part 1 – Fuel Charge

### 2.1 Overview of the Federal Fuel Charge

Part 1 of GGPPA establishes a fuel charge, which is a regulatory charge on fossil fuels. It is generally paid by fuel producers and fuel distributors in backstop jurisdictions. The federal fuel charge is under the purview of the Minister of Finance and is administered by the Canada Revenue Agency (CRA).

The fuel charge applies to 21 fossil fuels including gasoline, light fuel oil (e.g., diesel), and natural gas. It also applies to combustible waste, which includes tires and asphalt shingles. The following table indicates the rates of federal fuel charge on select fuels from fiscal years 2019-2020 to 2023-2024. The rates for gasoline and light fuel oil take into account the average renewable content of these fuels.

Table 1. Rates of the federal fuel charge on select fuels from 2019-2020 to 2023-2024

Fuel Type	Unit (\$ per)	2019-2020 (\$20/tonne)	2020-2021 (\$30/tonne)	2021-2022 (\$40/tonne)	2022-2023 (\$50/tonne)	2023-2024 (\$65/tonne)
Gasoline	litre	0.0442	0.0663	0.0884	0.1105	0.1431
Light fuel oil (e.g. diesel)	litre	0.0537	0.0805	0.1073	0.1341	0.1738
Propane	litre	0.0310	0.0464	0.0619	0.0774	0.1006
Marketable natural gas	cubic metre	0.0391	0.0587	0.0783	0.0979	0.1239

Note: [More rates of the federal fuel charge are available online.](#)

#### 2.1.1 Where the Federal Fuel Charge Applied in 2022-2023

During 2022-2023, the federal fuel charge applied in Ontario, Manitoba, Saskatchewan, Alberta, Yukon, and Nunavut, as listed in Part 1 of Schedule 1 to the Act.

#### 2.1.2 Fuel Charge Relief

The Government recognizes that certain groups or sectors have a need for targeted relief from the fuel charge – in particular because of the small number of alternative options they may have in the face of carbon pollution pricing. Groups eligible for targeted relief include farmers, fishers, greenhouse operators, remote power plant operators, OBPS covered facilities, and users of aviation fuel in the territories. Relief from the fuel charge is also available for [certain facilities subject to certain provincial carbon pricing systems for industry](#). Generally, fuel charge relief is provided upfront through [exemption certificates](#), when certain conditions are met.

### 2.2 Return of Fuel Charge Proceeds

For this administrative period (2022-2023), the Government of Canada returned fuel charge proceeds as follows:

- ▶ Directly to the governments of those jurisdictions that chose to adopt the federal system (Yukon and Nunavut).
- ▶ In those jurisdictions that did not meet the federal benchmark (Alberta, Saskatchewan, Manitoba, and Ontario):
  - The bulk of the fuel charge proceeds were returned directly to individuals and families through the Climate Action Incentive payments (renamed the Canada Carbon Rebate) ([see 2.2.1](#)).

- A portion of the remainder of proceeds was returned to farming businesses operating in these jurisdictions via the Return of Fuel Charge Proceeds to Farmers Tax Credit
- The remainder will be returned through separate federal programming, as described below.

## 2.2.1 Canada Carbon Rebate (formerly Climate Action Incentive Payment)

For the 2022-2023 fuel charge year, which began in April 2022, eligible residents of Ontario, Manitoba, Saskatchewan and Alberta who filed their 2021 personal income tax returns received quarterly Canada Carbon Rebates<sup>1</sup> (CCRs) for their family. The announcement in *Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience*, and further details provided in the *Economic and Fiscal Update 2021*, indicated that the Government would deliver CCRs on a quarterly basis starting in July 2022 with a “double-up” payment to return estimated proceeds from the April to June and July to September quarters. This was followed by quarterly payments in October 2022 and January 2023 to return proceeds from the October to December and January to March quarters, respectively. Returning fuel charge proceeds through quarterly payments ensures that individuals and families receive payments on a regular basis throughout the year.

CCR amounts are based on family composition and province of residence. The following table contains the CCR amounts for the payments made available in respect of the 2022-2023 fuel charge year. Although not included in these amounts, a 10 percent supplement is available to eligible individuals and families residing in small or rural communities, in recognition of their increased energy needs and reduced access to clean transportation options.

**Table 2. Annual baseline CCR amounts in 2022 (based on 2021 personal income tax returns and delivered on a quarterly basis starting in July 2022 with a “double-up” payment)**

Category	Ontario	Manitoba	Saskatchewan	Alberta
<b>Single adult, or first adult in a couple</b>	\$373	\$416	\$550	\$539
<b>Second adult in a couple, or first child of a single parent</b>	\$186	\$208	\$275	\$270
<b>Each child under 19 (starting with the second child for single parents)</b>	\$93	\$104	\$138	\$135
<b>Example: Total amount for family of 4</b>	\$745	\$832	\$1,101	\$1,079

Notes: Payment amounts vary by province of residence given that different levels of proceeds are generated in each affected jurisdiction, and the impacts of carbon pollution pricing on households differ. These variations are an outcome of the different types and quantities of fuels consumed in different provinces. These amounts do not include the 10 percent supplement for eligible residents of small and rural communities.

Most households receive more in CCRs than the costs they face from the federal carbon pollution pricing system.

CCR amounts are specified in advance of the fuel charge year and reflect increases in the price on carbon pollution under the federal backstop system, updated estimates of proceeds being generated in each jurisdiction, and adjustments from previous years.

Because CCRs are specified in advance of the related fuel charge year, the amounts being returned to individuals and families through these payments are based on estimated proceeds. As actual proceeds and the total amount of proceeds returned in a specific jurisdiction through CCRs may differ from estimated levels, adjustments are made through changes in future payment amounts. This ensures that direct proceeds are fully returned to the jurisdiction of origin over time.

<sup>1</sup> The Climate Action Incentive payment was renamed the Canada Carbon Rebate in February 2024.



## 2.2.2 Return of Fuel Charge Proceeds to Farmers

Recognizing that many farmers use natural gas and propane in their operations, the Government implemented a refundable tax credit to return fuel charge proceeds to farming businesses that operate in backstop jurisdictions, starting for the 2021-2022 fuel charge year.

The tax credit amount in respect of an eligible farming business for an applicable fuel charge year is generally equal to the total farming expenses attributable to backstop jurisdictions in the calendar year when the fuel charge year starts, multiplied by a payment rate, as specified by the Minister of Finance for the fuel charge year. The tax credit is available to farming businesses that incur total farming expenses of \$25,000 or more, all or a portion of which are attributable to backstop jurisdictions.

For the 2021-2022 and the 2022-2023 fuel charge years respectively, in the Economic and Fiscal Update 2021, the Minister of Finance specified the payment rates of \$1.47 per \$1,000 in eligible farming expenses in 2021, and \$1.73 per \$1,000 in eligible farming expenses in 2022.

Information on the amounts returned with respect to the 2021-2022 and 2022-2023 fuel charge years is expected to be included in the 2023 annual report when more complete administrative data are available.

## 2.2.3 Canada Carbon Rebate for Small Businesses

Budget 2024 proposes to return fuel charge proceeds from 2019-2020 through 2023-2024 to an estimated 600,000 businesses, with 499 or fewer employees through the Canada Carbon Rebate for Small Businesses. This new refundable tax credit would deliver over \$2.5 billion directly to small- and medium-sized businesses in the provinces where the fuel charge applies. Proceeds would be returned to eligible corporations automatically through direct payments from the (CRA), separately from CRA tax refunds. To receive their proceed return for each fuel charge year up to 2023-2024, corporations would be required to have filed their tax return for 2023 by July 15, 2024. The proposal would return proceeds for future fuel charge years, including 2024-2025, in a similar manner each year. Royal assent of new legislation is required before these amounts can be paid to eligible corporations.

Not all 2019-2020 fuel charge proceeds allocated to be returned through previous federal programming have been returned to jurisdictions (for reference, see bottom of [Table 6](#) in the [Greenhouse Gas Pollution Pricing Act: Annual report for 2021](#), approximately \$122 million). These outstanding proceeds, as well as a portion of fuel charge proceeds from 2020-2021 onward, are expected to be returned through the Canada Carbon Rebate for Small Businesses.

The table below sets out the specified amounts available to be returned to small- and medium-sized businesses.

**Table 3. Amounts to be returned to small- and medium-sized businesses, by jurisdiction (2019-2020 to 2024-2025) (\$ millions)**

Jurisdictions	2019-2020*	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Total
<b>Alberta</b>	n/a	159.2	142.1	179.5	237.4	159.5	<b>877.7</b>
<b>Manitoba</b>	13.2	27.0	22.4	28.3	53.0	34.3	<b>178.2</b>
<b>Nova Scotia</b>	n/a	n/a	n/a	n/a	28.5	18.3	<b>46.8</b>
<b>New Brunswick</b>	n/a	n/a	n/a	n/a	17.1	13.4	<b>30.5</b>
<b>Newfoundland and Labrador</b>	n/a	n/a	n/a	n/a	20.1	14.1	<b>34.2</b>
<b>Ontario</b>	81.4	205.9	239.7	299.9	509.3	338.6	<b>1,674.8</b>
<b>Prince Edward Island</b>	n/a	n/a	n/a	n/a	4.4	2.9	<b>7.3</b>
<b>Saskatchewan</b>	27.0	64.7	61.9	82.3	64.7	42.0	<b>342.6</b>
<b>Total</b>	<b>121.6</b>	<b>456.8</b>	<b>466.1</b>	<b>590.0</b>	<b>934.5</b>	<b>623.1</b>	<b>3,192.1</b>

Notes: The table reflects the specification of the Minister of Finance announced on November 22, 2022, and updated on June 30, 2023, and a further specification on February 16, 2024. Totals may not add up due to rounding.

\*This column includes the remaining 2019-2020 proceeds that have not yet been disbursed through previous federal programming.

## 2.2.4 Support for Indigenous Communities

In 2020, ECCC received the mandate to return 1% of the fuel charge proceeds to Indigenous governments in jurisdictions where federal programming is in effect. Environment and Climate Change Canada continues to consult with Indigenous governments on how best to directly return fuel charge proceeds to their communities, and will announce next steps soon. The share of fuel charge proceeds allocated to Indigenous governments will double to 2% of direct proceeds beginning this year. ECCC is also advancing an approach that recognizes the distinct needs and interests of First Nations, Inuit, and Métis. The solutions will enable the return of proceeds collected from 2020-2021 to 2023-2024 in Alberta, Saskatchewan, Manitoba, and Ontario.

Prince Edward Island, Nova Scotia, Newfoundland and Labrador, and New Brunswick have been added to the list of federal backstop jurisdictions, effective July 2023, and ECCC will continue to advance the approach of jointly developing solutions for the return of proceeds in these jurisdictions. The table below sets out the specified amounts available to be returned to Indigenous governments by ECCC.

**Table 4. Specified amounts to be returned to Indigenous governments by ECCC, by specified province (2020-2021 to 2023-2025) (\$ millions)**

Jurisdictions	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Total
<b>Alberta</b>	11.7	16.9	21.0	26.4	63.8	<b>139.8</b>
<b>Saskatchewan</b>	3.3	4.6	5.8	7.2	16.8	<b>37.7</b>
<b>Manitoba</b>	2.6	3.7	4.7	5.9	13.7	<b>30.6</b>
<b>Ontario</b>	24.9	34.9	44.2	56.6	135.5	<b>296.1</b>
<b>New Brunswick</b>	n/a	n/a	n/a	1.9	5.4	<b>7.3</b>
<b>Nova Scotia</b>	n/a	n/a	n/a	3.2	7.3	<b>10.5</b>
<b>Prince Edward Island</b>	n/a	n/a	n/a	0.49	1.2	<b>1.69</b>
<b>Newfoundland and Labrador</b>	n/a	n/a	n/a	2.2	5.6	<b>7.8</b>
<b>Total</b>	<b>42.5</b>	<b>60.10</b>	<b>75.7</b>	<b>103.89</b>	<b>249.3</b>	<b>531.49</b>

Notes: These amounts will be returned to Indigenous governments—including First Nations, Inuit, and Métis governments—in provinces and territories where the federal fuel charge applies.

In Nunavut and Yukon, all proceeds from the federal pollution pricing system are returned directly to the territorial governments.

As the Atlantic provinces joined the federal pollution pricing backstop in 2023, Indigenous governments in those provinces receive returns starting with the 2023-2024 fuel charge year.

## 2.2.5 Federal Programs being Closed Out (2019-2020 proceeds)

Final payments for two programs that were allocated 2019-2020 fuel charge proceeds are being processed to eligible recipients in Ontario, New Brunswick, Manitoba, and Saskatchewan through federal programming below.

### ECCC's Climate Action Incentive Fund

Launched in May 2019, the [Climate Action Incentive Fund](#) (CAIF) was originally allocated up to \$218 million<sup>2</sup> over two years, sourced from 2019-2020 fuel charge proceeds, to be delivered in the eligible backstop jurisdictions of Ontario, New Brunswick, Manitoba, and Saskatchewan.

- ▶ In 2022-2023, ECCC continued to close out the program, including processing final claims.
- ▶ As of March 31, 2023 approximately \$91.5 million of the adjusted allocation of \$213 million was returned through the CAIF to support eligible recipients in adopting clean technologies.

Table 5 provides details relating to fuel charge proceeds that were returned through the CAIF as of March 31, 2023, which supported the implementation of approved projects under its two program streams, the Small- and Medium-sized Enterprises (SME) Project Stream and the Municipalities, Universities, Schools, and Hospitals (MUSH) Retrofit Stream.

**Table 5. Return of fuel charge proceeds through the CAIF in 2020-2021 and 2021-2022, and adjustments made in 2022-2023**

CAIF stream	Ontario	Saskatchewan	Manitoba	New Brunswick
<b>SME project stream</b>				
<b>2020-2021 and 2021-2022 funds returned</b>	\$25.98M	\$4.72M	\$0.57M	\$0.24M
<b>Number of funding agreements</b>	269	126	8	5
<b>MUSH retrofit stream (schools)</b>				
<b>2020-2021 and 2021-2022 funds returned</b>	\$40.80M	\$11.84M	\$5.38M	\$2.02M
<b>Number of schools funded</b>	162	132	101	5
<b>TOTAL</b>	<b>\$66.78M</b>	<b>\$16.56M</b>	<b>\$5.95M</b>	<b>\$2.26M</b>

Notes: CAIF recipients had until March 31, 2021 to incur eligible expenses. The majority of program close-out work was completed in 2021-2022, though future adjustments are expected related to open audits and reimbursements for overpayments.

### Natural Resources Canada's Energy Manager Program

Natural Resources Canada (NRCan) received \$3.1M from the 2019-2020 fuel charge proceeds to be spent from 2019-2020 to 2021-2022 for the purposes of returning these proceeds to jurisdictions through the Energy Manager Program.

This program focused on reducing energy use, operating costs and GHG emissions in industrial, commercial, and institutional facilities and fleets. Eligible recipients included organizations from the SME and MUSH sectors to hire energy managers and conduct energy assessments. The funds were allocated across the four eligible provinces as follows: Ontario (\$2,100,000), Saskatchewan (\$620,000), Manitoba (\$270,000), and New Brunswick (\$110,000).

As of March 31, 2022, NRCan has used these returned funds to provide over \$2 million for 21 projects in the four jurisdictions involving 18 energy managers and 16 energy and fleet assessments. Due to logistical challenges presented by the COVID-19 pandemic, program close outs and processing of final claims are expected by June 1, 2024. Any remaining funds will be returned to the jurisdictions from which they were collected.

<sup>2</sup> This amount was adjusted to \$213 million after \$5 million was reallocated and returned directly to New Brunswick by the Minister of National Revenue.

## 2.3 Fuel Charge Proceeds Assessed and Returned by Jurisdiction

This report covers the fuel charge reporting period from April 1, 2022 to March 31, 2023 for Ontario, Manitoba, Saskatchewan, Alberta, Yukon, and Nunavut. Fuel charge proceeds are reported on a net basis to account for rebates claimed and returned to persons registered under Division 4 of the Act.

To ensure accountability, the Government of Canada includes annual updates in this report on the direct proceeds and disbursements realized from the federal carbon pollution pricing system in respect of each province and territory where it applies. Any variance between the actual proceeds originating in a given jurisdiction and the amount of proceeds returned to that jurisdiction will be addressed through changes in future payment amounts to that jurisdiction. This transparent process ensures that direct proceeds are fully returned to the jurisdiction of origin over time.

### 2.3.1 Jurisdictions with Proceeds Returned via CCRs and Federal Programming

Table 6 summarizes fuel charge proceeds assessed and returned in each of the four provinces (Alberta, Saskatchewan, Manitoba, and Ontario) that did not meet the federal benchmark during the 2022-2023 fuel charge year.

The bulk of the proceeds assessed in 2022-2023 was returned through CCRs, which were claimed by individuals filing their 2021 personal income tax returns. For example, in Ontario, while \$4.49 billion in proceeds was assessed in 2022-2023, \$3.86 billion was also returned to residents through CCRs.

Net proceeds in each province represent the difference between proceeds assessed and proceeds returned (or to be returned through federal programming). Over time, these differences are corrected through adjustments to future CCR amounts in each province, such that all proceeds are returned to the jurisdiction of origin.

**Table 6. Fuel charge proceeds and return of proceeds in Ontario, Manitoba, Alberta and Saskatchewan in 2022-2023 (carbon pollution price of \$50/tonne of CO<sub>2</sub>e)**

(\$ millions)	Ontario	Manitoba	Saskatchewan	Alberta
<b>Proceeds assessed</b>	4,485	462	571	2,103
<b>CCRs</b>	-3,861	-402	-458	-1,638
<b>Adjustment for prior year over / underpayments included in 2021 and 2022 CCRs</b>	-59	-1	-71	-101
<b>Federal programming*</b>	-381	-49	-117	-244
<b>Net proceeds from 2022-2023</b>	184	10	-75	119
<b>Net carry-forward from prior years**</b>	-82	-9	-13	-61
<b>To be carried forward to 2024 CCRs***</b>	102	1	-89	58

Notes: Totals may not add up due to rounding.

\*Most of these amounts for small- and medium-sized businesses, farmers and Indigenous groups have not yet been returned, but are expected to be disbursed through federal mechanisms. These amounts in respect of 2022-2023 do not include the Return of Fuel Charge Proceeds to Farmers Tax Credit. These amounts will be known in the 2024 calendar year and will be included in a future report.

\*\*Net carry-forward amounts are adjustments to prior years' net amounts, due to late filings for those years, and reassessments pertaining to those years, which affect both fuel charges collected and CCR amounts. For Ontario, net carry-forward amounts are -\$5 million (2019-2020), -\$13 million (2020-2021), and -\$64 million (2021-2022). For Manitoba, net carry-forward amounts are \$1 million (2019-2020), \$0 million (2020-2021), and -\$10 million (2021-2022). For Saskatchewan, net carry-forward amounts are \$1 million (2019-2020), -\$2 million (2020-2021), and -\$12 million (2021-2022). For Alberta, net carry-forward amounts are \$0 million (2019-2020), -\$14 million (2020-2021), and -\$47 million (2021-2022).

\*\*\*Computed by adding together the net carry-forward amounts for 2022-2023 and the net carry-forward amounts from prior years in each province. These balances were used in the [setting of quarterly CCR amounts for 2024-2025](#).

From 2020-2021 to 2022-2023, the federal fuel charge did not apply in New Brunswick and is therefore not reported in Table 6 above. With respect to the previous fuel charge year in which the federal fuel charge applied in New Brunswick (2019-2020), the remaining balance shows an under-distribution to the province of \$1.67 million, based on financial information as of May 31, 2023 (see Table 7). This under-distribution is due to revised financial information on reassessments of CCRs and fuel charge proceeds for the 2019-2020 fuel charge year.<sup>3</sup>

Table 7. Fuel charge proceeds and return of proceeds in New Brunswick, 2019-2020 (revised)

(\$ millions)	
<b>Proceeds collected</b>	<b>95.16</b>
<b>CCRs</b>	(74.72)
<b>Returned through federal programming</b>	(2.57)
<b>Returned to Government of New Brunswick</b>	(16.20)
<b>Net proceeds</b>	<b>1.67</b>

Notes: Amounts of proceeds assessed, and CCRs are based on financial reporting as of May 31, 2023, and are subject to further change in the future due to reassessments of fuel charge or personal income tax returns. All amounts relate to proceeds collected and returned in respect of the 2019-2020 fuel charge year. Totals may not add up due to rounding.

### 2.3.2 Jurisdictions with Proceeds Returned Directly to Government

Table 8 summarizes the net fuel charge proceeds assessed and returned to the territorial governments of Yukon and Nunavut for the 2022-2023 fuel charge year.

Table 8. Fuel charge proceeds and return of proceeds in Yukon and Nunavut, 2022-2023 (carbon pollution price of \$50/tonne of CO<sub>2</sub>e)

(\$ thousands)	Yukon	Nunavut
<b>Proceeds assessed</b>	<b>25,856</b>	<b>14,848</b>
<b>Distributions</b>	-25,856	-14,848
<b>Net proceeds</b>	0	0

Note: Amounts of proceeds assessed are based on financial reporting as of May 31, 2023.

<sup>3</sup> The fuel charge has since started to apply again in New Brunswick as of July 1, 2023.

## 3. Part 2 – Output-Based Pricing System

Part 2 of the GGPPA, administered by the Minister of the Environment and Climate Change, establishes the framework for the OBPS, a regulatory trading system for emission-intensive, trade-exposed industries in backstop jurisdictions.

### 3.1 Overview of the Output-Based Pricing System

The federal OBPS is designed to put a price on carbon pollution from industry while mitigating carbon leakage and adverse competitiveness impacts risks. The system creates a strong financial incentive for all covered industrial facilities to reduce their emissions intensity and for strong performers to continue to improve. The [Output-Based Pricing System Regulations](#) (OBPS Regulations), made pursuant to Part 2 of the GGPPA, were published in the *Canada Gazette*, Part II, on July 10, 2019.

The requirements of the OBPS apply to “covered facilities”, facilities located in provinces and territories where the federal OBPS applies and that meet the criteria in the OBPS Regulations or that have been designated upon request as a covered facility by the Minister. Each covered facility calculates an annual emissions limit based on its level of production and the relevant output-based standard(s). Facilities that emit less than their annual limit earn surplus credits that they can sell, transfer, or hold for future use. Facilities with emissions above their annual limit must provide compensation by a prescribed deadline for each tonne of GHG emissions above their limit in the form of payment of the excess emissions charge or remission of compliance units, including surplus credits, credits from Canada’s GHG Offset System, and eligible GHG offset credits from provincial systems (see sections [3.2.6](#) and [3.2.7](#)).

By allowing facilities that reduce their emissions below their annual emissions limit to generate surplus credits that can be traded to other OBPS participants, the OBPS ensures that the incentive to reduce emissions created by the carbon pollution price applies to every tonne of emissions from industrial facilities. By only applying a compliance obligation on emissions above a facility’s annual limit, the OBPS limits overall costs to help facilities maintain their international competitiveness and reduce the risk of carbon leakage.

### 3.2 OBPS Activity in the Reporting Period (2022)

#### 3.2.1 Regulatory Amendments in 2022

On January 1, 2022, the [Regulations Amending the Output-Based Pricing System Regulations and the Environmental Violations Administrative Monetary Penalties Regulations](#), which had been published in the *Canada Gazette*, Part II, on September 1, 2021, came into force. These amendments improved clarity and implementation of the OBPS Regulations and included provisions important for transitions from the federal OBPS to provincial carbon pollution pricing systems. Certain amendments were effective retroactively to January 1, 2021, as enabled by section 194 of the GGPPA and the [Notice of Intent](#) published on December 23, 2020, while the following amendments came into force on January 1, 2022:

- ▶ Addition of limitations on the number of verifications of annual reports a single verification body can conduct.
- ▶ Clarification regarding when the requirement to provide a minimum of 25% of compensation through a payment of the excess emissions charge starts to apply.
- ▶ Addition of a limit on the use of surplus credits issued to a covered facility located in a former backstop jurisdiction.
- ▶ Clarification of the circumstances in which the Minister issues surplus credits.
- ▶ Other changes to clarify regulatory language and align French and English versions.

The [Order Amending Part 2 of Schedule 1 to the Greenhouse Gas Pollution Pricing Act](#) published in the *Canada Gazette*, Part II, on September 1, 2021, resulted in the federal OBPS no longer applying to Ontario as of January 1, 2022.

On October 26, 2022, the [Order Amending Schedule 3 to the Greenhouse Gas Pollution Pricing Act](#) (Order Amending Schedule 3) and the [Order Amending Schedule 4 to the Greenhouse Gas Pollution Pricing Act](#) (Order Amending Schedule 4) were published in the *Canada Gazette*, Part II. The Order Amending Schedule 3 updated the global warming potential values used for the quantification under the OBPS of greenhouse gases listed on Schedule 3 to the GGPPA as of January 1, 2023, in accordance with the Intergovernmental Panel on Climate Change’s Fifth Assessment Report. The Order Amending Schedule 4 updated the excess emissions charge under the OBPS for calendar years 2023 to 2030. The excess emissions charge increases to \$65 per tonne of CO<sub>2</sub>e in 2023 and will increase by \$15 per calendar year until 2030, resulting in an excess emissions charge of \$170 per tonne of CO<sub>2</sub>e in 2030.

A [Notice of Intent](#) was published on October 28, 2022, indicating the Minister’s intent to amend the OBPS Regulations. The related proposed [Regulations Amending the Output-Based Pricing System Regulations and the Environmental Violations Administrative Monetary Penalties Regulations](#) were published for comment in the *Canada Gazette*, Part I, on October 29, 2022 (later finalized in November 2023). For more information on the regulatory amendments visit the [OBPS web page](#).

A [Notice of Intent](#) was published on December 23, 2022, indicating the Government of Canada’s intent to publish an Order to remove Saskatchewan from Part 2 of Schedule 1 to the GGPPA effective January 1, 2023. The related [Order](#) was published in the *Canada Gazette*, Part II, in July 2023 applying retroactively to January 1, 2023.

### 3.2.2 Application of the OBPS in 2022

During 2022, the federal OBPS continued to apply in the backstop jurisdictions of Manitoba, Prince Edward Island, Yukon, Nunavut and partially in Saskatchewan. There was a total of 52 covered facilities, including 26 mandatory covered facilities and 26 opt-in facilities.

During 2022, specific provisions of Part 2 of the GGPPA and the OBPS Regulations continued to apply to persons responsible for facilities in former backstop jurisdictions. Persons responsible for industrial facilities located in Ontario that had been covered facilities prior to 2022 were required to comply with the requirements of the OBPS Regulations to submit an annual and verification report for the 2021 compliance period, and to provide compensation for excess emissions. Persons responsible for facilities located in Ontario and New Brunswick continued to have obligations to correct reports submitted in relation to the years they were subject to the OBPS. As such, activity under Part 2 of the GGPPA in 2022 related to a broader set of the facilities than the 52 identified above, as much of the activity pertained to obligations stemming from the 2021 compliance period, in which there was a total of 246 covered facilities.

Table 9. Number of covered facilities by type in 2021 and 2022

Type of covered facility	Number of covered facilities as of December 31, 2021	Number of covered facilities as of December 1, 2022
<b>Mandatory covered facilities</b>	123	26
<b>Voluntary participation – Part 1</b>	84	23
<b>Voluntary participation – Part 2</b>	39	3
<b>Total</b>	246	52

### 3.2.3 Facility Reporting

Section 173 of the GGPPA requires persons responsible for covered facilities to submit an annual report and verification report to the Minister for each compliance period. The annual report must include:

- ▶ the total GHG emissions;
- ▶ the total amount of production from each industrial activity;
- ▶ the facility's annual emissions limit, and
- ▶ the amount of compensation the facility owes or the number of surplus credits the facility was issued.

Annual reports must be verified by an independent third-party verifier and accompanied by a verification report. Verification requirements, including accreditation requirements, verification procedures, and the content of the verification report, are included in the OBPS Regulations.

In 2022, annual and verification reports for 246 facilities that were subject to the OBPS for the 2021 compliance period were due by June 1, 2022. 86% of covered facilities submitted their annual and verification reports by this date. By the end of 2022, all annual reports for the 2021 compliance period were submitted.

Under section 176 of the GGPPA, if a person responsible for a covered facility becomes aware of an error or omission within five years after submitting an annual report, they must notify the Minister. Section 177 of the GGPPA also gives the Minister the discretionary authority to request a corrected report within five years after the submission of an annual report if the Minister is of the opinion that there is an error or omission.

By December 31, 2022, the Minister had requested corrections to a total of 36 annual reports: 17 for the 2019 compliance period, 11 for the 2020 compliance period, and 8 for the 2021 compliance period. Corrections to reports resulted in, and will continue to result in, revisions to total compensation owed and remitted, surplus credits issued, and how compensation is provided.

### 3.2.4 Compensation

Under the OBPS, persons responsible for covered facilities are required to provide compensation for GHG emissions that exceed the facility's annual emissions limit. Compensation paid by the regular rate deadline of December 15 of the year following the compliance period is to be provided at the regular rate of the excess emissions charge for the compliance period in question or by remitting one compliance unit for each tonne of CO<sub>2</sub>e emitted in excess of the facility's annual emissions limit.

For the 2021 compliance period, the excess emissions charge was \$40 per CO<sub>2</sub>e tonne. Compensation related to the 2021 compliance period was due at the regular rate by December 15, 2022. At that time, persons responsible for covered facilities whose GHG emissions exceeded the facility's annual emissions limit could provide compensation for each tonne CO<sub>2</sub>e emitted in excess by one of or the combination of the following mechanisms:

- ▶ making an excess emissions charge payment; or
- ▶ remitting compliance units which include surplus credits, eligible offset credits from an existing provincial system (recognized units), or federal offset credits.

The total compensation owed for the 2021 compliance period<sup>4</sup>, represented 9,128,520 tonnes of CO<sub>2</sub>e from 152 covered facilities. All compensation owed was remitted at the regular rate by December 15, 2022. More than 81% of compensation was provided in the form of excess emissions charge (EEC) payments, 19% as surplus credits, and 0.33% as recognized units.

In 2022, ECCC continued to receive corrected reports related to the 2019 and 2020 compliance period and collected or refunded excess emission charge payments related to those corrections. [Table 10](#) shows total emissions reported, excess emissions and compensation collected related to the 2019, 2020 and 2021 compliance periods as of November 2023. The amounts reported in Table 10 for the 2019 and 2020 compliance periods differ from those reported in the 2021 GGPPA Annual Report as a result of changes related to corrected reports for those compliance periods.

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<sup>4</sup> As of January 6, 2023.



Table 10. Compensation received under the OBPS<sup>5</sup>

Compliance period	Total emissions reported (CO <sub>2</sub> e Mt)	Excess emissions (CO <sub>2</sub> e Mt)	Surplus credits issued (CO <sub>2</sub> e Mt)	Compensation as EEC payments (CO <sub>2</sub> e Mt)	Compensation by surplus credits (CO <sub>2</sub> e Mt)	Compensation by recognized units (CO <sub>2</sub> e Mt)	Compensation by Federal GHG Offset Credits (CO <sub>2</sub> e Mt)
2019	62.27	8.43	0.910	8.193 (97%)	0.250 (3%)	0 (0%)	0 (0%)
2020	56.50	8.58	1.10	7.838 (90%)	0.741 (9%)	0 (0%)	0 (0%)
2021	56.89	9.13	1.00	7.365 (81%)	1.73 (19%)	0.03 (0.33%)	0 (0%)

### 3.2.5 Surplus Credits

In accordance with the GGPPA and the OBPS Regulations, the Minister issues surplus credits, to persons responsible for covered facilities whose GHG emissions are lower than their facility's emissions limit for a given compliance period. Facilities that emit less than their annual limit earn a surplus credit for each tonne GHG emissions between their actual emissions and their limit. The persons responsible can sell their surplus credits or bank them for future use or sale. Surplus credits can be remitted for up to five years after their issuance.

ECCC issued a total of 1,002,886 CO<sub>2</sub>e tonnes of surplus credits in 2022, in relation to the 2021 compliance period. These were issued to 41 covered facilities with the quantity of surplus credits issued per facility ranging from 1 tonne of CO<sub>2</sub>e to 126,715 tonnes of CO<sub>2</sub>e.

### 3.2.6 Recognized Units

Persons responsible for covered facilities may remit eligible offset credits from an existing provincial system (recognized units) as compensation for excess emissions. ECCC has recognized some offset credits issued under programs on the [List of Recognized Offset Programs and Protocols for the Federal OBPS \(the List\)](#) by Alberta and BC as eligible for use as compensation for excess emissions under the federal OBPS.

In 2022, in relation to the 2021 compliance period, a total of 30,000 Alberta emission offset credits were remitted as recognized units for compensation under the federal OBPS. The Alberta emission offsets remitted as recognized units for compensation were generated from the recognized offset [quantification protocol for greenhouse gas emission reductions from pneumatic devices](#). No other recognized units were remitted.

### 3.2.7 Canada's GHG Offset Credit System

[Canada's GHG Offset Credit System](#) provides an economic incentive to undertake projects that result in domestic GHG reductions and removals that would not have been generated in the absence of the project, that go beyond legal requirements and that are not subject to carbon pollution pricing mechanisms. The system generates new economic opportunities in sectors such as agriculture, forestry and waste and clean technology. Federal offset credits can be used by persons responsible for covered facilities under the OBPS as compensation for excess emissions, increasing compliance flexibility and potentially reducing the cost of compliance. Federal offset credits can also be used by others, such as governments and businesses seeking to meet voluntary climate targets or commitments.

<sup>5</sup> Total emissions and compensation received have been adjusted from those previously reported in the 2021 GGPPA Annual Report for the 2019 and 2020 compliance periods to account for changes resulting from corrected reports.

The GHG Offset Credit System is established pursuant to Part 2 of GGPPA and consists of three main elements:

- ▶ The [Canadian Greenhouse Gas Offset Credit System Regulations](#) (the Regulations), which establish the system, implement operational aspects, and set general requirements applicable to all project types;
- ▶ Federal offset protocols, included in the [Compendium of Federal Offset Protocols](#) (the Compendium), each containing requirements for project implementation and methods for quantifying GHG reductions for a given project type; and
- ▶ The [Credit and Tracking System](#), to register offset projects, issue and track offset credits, and share key information through a public registry.

Canada's GHG Offset Credit System was launched on June 8, 2022. This included:

- ▶ Publication of the final *Canadian Greenhouse Gas Offset Credit System Regulations* in the *Canada Gazette Part II*;
- ▶ Publication of the final Landfill Methane Recovery and Destruction federal offset protocol; and
- ▶ Availability of the Credit and Tracking System (CATS) for project registration.

Project proponents can generate federal offset credits if they register and implement projects meeting requirements in the Regulations, and an applicable federal GHG offset protocol.

Work to develop federal offset protocols is undertaken on an ongoing basis. For the reporting period, ECCC also published the draft *Reducing GHG Emissions from Refrigeration Systems Protocol* for a 30-day comment period in January 2022. Other federal offset protocols under development are: Improved Forest Management on Private Lands, Livestock Feed Management, Direct Air Carbon Capture and Sequestration and Enhanced Soil Organic Carbon. As protocols are completed, work on new protocols will begin. Subsequent project types under consideration for federal offset protocol development include: Bioenergy Carbon Dioxide Capture and Sequestration, Improved Forest Management on Public Lands, Livestock Manure Management and Anaerobic Digestion. The development of protocols for additional project types will be considered as more information and data become available and as their potential evolves. To support federal offset protocol development, ECCC also obtains input on a volunteer basis from external experts with significant technical or scientific expertise for a given project type.

ECCC will continue to engage with provinces, territories, Indigenous organizations and communities and other stakeholders on the development of federal offset protocols and other aspects of Canada's GHG Offset Credit System.

In 2022, ECCC held engagement sessions with stakeholders, provincial partners and Indigenous organizations and published several products to help facilitate understanding of Canada's GHG Offset Credit System. Public webinars were held in English and French after the release of the *Canadian Greenhouse Gas Offset Credit System Regulations* in July 2022, to provide a section-by-section overview of the Regulations. A separate webinar was held in August 2022 to provide an overview and to answer questions on the *Landfill Methane Recovery and Destruction* federal offset protocol. ECCC plans to hold webinars following the publications of each draft and finalized protocol.

In 2022, ECCC supported Indigenous capacity building and participation in Canada's GHG Offset Credit System. In May 2022, ECCC published the discussion paper, [Carbon Pollution Pricing: Considerations for facilitating Indigenous participation in the Federal Greenhouse Gas Offset System](#). ECCC also published the [Greenhouse Gas Offset Toolkit](#) in French, English and Ojibwe in March 2022. The Toolkit is primarily intended for Indigenous audiences but contains information useful to anyone interested in developing an offset project, including tools and resources on carbon markets, offsets and general requirements for participating in an offset system.

### 3.3 OBPS Proceeds and Return of Proceeds

The Government of Canada has committed to returning all proceeds collected under the federal carbon pollution pricing system, including the federal OBPS, back to the jurisdictions of origin. As was first announced in Canada's December 2020 strengthened climate plan, *A Healthy Environment and a Healthy Economy*, proceeds collected under the federal OBPS are to be returned to jurisdictions to support the implementation of industrial projects, clean technologies and processes that reduce emissions in industrial sectors.

The amount of proceeds collected by the federal government in 2022 in excess emissions charge payments under the OBPS for the 2021 compliance period was approximately \$295 million.

Table 11. Proceeds collected from payments of the EEC<sup>6</sup> (\$ millions)

Compliance period	EEC rate	EEC payments at regular rate	EEC payments at increased rate (4x regular rate)	Total EEC payments
2019	\$20/CO <sub>2</sub> e tonne	164	-	164
2020	\$30/CO <sub>2</sub> e tonne	234	4	238
2021	\$40/CO <sub>2</sub> e tonne	295	-	295

Note: Numbers are rounded to the nearest million.

Provinces and territories that have requested the application of the federal OBPS will see all proceeds collected under the federal system returned via a direct transfer from the federal government. Provinces and territories where the federal OBPS was applied but not requested will see collected proceeds returned through federal programming.

Throughout 2021-2022, the federal government engaged with industry stakeholders and with provinces and territories on the approach to return the proceeds collected under the OBPS to jurisdictions of origin.

On February 14, 2022, the Minister announced the launch of the new [Output-Based Pricing System \(OBPS\) Proceeds Fund](#). The OBPS Proceeds Fund is comprised of two program streams: the Decarbonization Incentive Program (DIP) and the Future Electricity Fund (FEF).

The DIP is a merit-based application program that incentivizes the long-term decarbonization of Canada's industrial sectors by supporting clean technology projects that result in material GHG emissions reductions within most facilities regulated by the OBPS. As of March 31, 2023, DIP received 56 proposals where 32 projects have been approved for funding. Seven projects have signed funding agreements, and the remaining projects continue funding agreement negotiations.

The FEF stream is designed to support clean electricity projects and/or programs. Proceeds collected from OBPS covered electricity generating facilities (i.e. utilities) are expected to be returned through funding agreements with governments of backstop jurisdictions. Ministerial letters were sent from the Minister to provincial counterparts on February 3, 2022, requesting that provinces agree in principle to conclude FEF agreements with the Government of Canada.

With a focus on industrial decarbonization and clean energy production, the OBPS Proceeds Fund as a whole, supports making Canada's heavy industries cleaner and more efficient as it transitions to a low-carbon economy. Approximately \$164 million collected from the OBPS for the 2019 compliance period, as well as approximately \$238 million collected for the 2020 compliance period, and approximately \$295 million collected for the 2021 compliance period are being returned through the new OBPS Proceeds Fund. The amount of proceeds generated under the federal OBPS, and subsequently available through the OBPS Proceeds Fund, will fluctuate over time, and are dependent upon a number of factors, including:

- ▶ Jurisdictions exiting the federal system by establishing a similar pricing regime;
- ▶ How many eligible facilities within backstop jurisdictions opt to voluntarily participate in the system;

<sup>6</sup> Total EEC payments received have been adjusted for the 2019 and 2020 compliance periods to account for changes as a result of corrected reports.

- ▶ How facilities react to the price signal; and
- ▶ Which compensation mechanisms regulatees choose.

The following table identifies the total amount of proceeds allocated to each funding stream of the OBPS Proceeds Fund, collected from the 2019, 2020, and 2021 OBPS compliance periods, as well as the total amount of concluded funding agreements within each jurisdiction as of March 31, 2023. Funding agreement values are considered as OBPS proceeds returned to respective jurisdictions.

**Table 12. Total funds collected and committed through the OBPS Proceeds Fund as of March 31, 2023**

	Saskatchewan	Manitoba	Ontario	New Brunswick
<b>Decarbonization Incentive Program (DIP)</b>				
<b>Proceeds collected from 2019, 2020, 2021 compliance years**</b>	\$23.7M	\$20.3M	\$257.2M	\$5.7M
<b>Number of funding agreements</b>	0	2	5	0
<b>Funding agreement value</b>	\$0	\$1.8M*	\$7.6M*	\$0
<b>The Future Electricity Fund (FEF)</b>				
<b>Proceeds collected from 2019, 2020, 2021 compliance years**</b>	\$304.4M	\$1.0M	\$55.6M	\$20.1M
<b>Number of funding agreements</b>	1	0	0	0
<b>Funding agreement value</b>	\$173.9M	\$0	\$0	\$0
<b>Total amount of proceeds collected</b>	<b>\$328.1M</b>	<b>\$21.3M</b>	<b>\$312.7M</b>	<b>\$25.8M</b>
<b>Total amount of proceeds allocated through funding agreements</b>	<b>\$173.9M</b>	<b>\$1.8M</b>	<b>\$7.6M</b>	<b>\$0</b>

\*Total proceeds allocated under the OBPS Proceeds Fund, as reported in this table, reflect the value of the funding agreements signed by March 31, 2023. The funding committed to projects whose funding agreements were still under negotiation on March 31, 2023, are not included in this number.

\*\* Proceeds collected and reported for any given compliance year are subject to change and may be adjusted to allow for the correction of reporting errors under the OBPS (if any).

The following table identifies the total amount of proceeds collected during the 2019, 2020, and 2021 OBPS compliance periods which will be returned via direct transfers to jurisdictions that voluntarily requested the application of the federal OBPS.

**Table 13. OBPS proceeds returned through direct transfer:**

Province/Territory	OBPS Proceeds Returned
Yukon	*N/A
Nunavut	\$463,920
Prince Edward Island	\$1,385,170

\*There were no facilities registered under the federal OBPS from the Yukon until January 1, 2022.

## 3.4 OBPS Compliance Promotion and Enforcement

Throughout 2022, ECCC continued to proactively engage with OBPS regulatees, facilities wishing to opt in to the OBPS, and representative industry associations to support awareness and understanding of the GGPPA, OBPS regulatory requirements, policy and guidance.

### 3.4.1 Compliance Promotion

In 2022, ECCC updated relevant web pages and directly emailed regulated entities regarding:

- ▶ The opening of the reporting module for the 2021 compliance period in ECCC’s Single Window System (spring);
- ▶ The 2021 compliance period reporting deadline;
- ▶ Compensation deadlines for the 2021 compliance period;
- ▶ Deadlines and processes related to the use of Alberta offset emission credits as recognized units;
- ▶ Corrected report reporting and compensation deadlines;
- ▶ Publication of guidance documents including the Quantification Guidance for 2022, and an updated Overview of the OBPS;
- ▶ The OBPS review consultation period and proposed regulatory amendments, Orders to amend GGPPA, and Notice of Intent to stand down the federal OBPS in Saskatchewan; and
- ▶ Transitions from the federal OBPS to provincial carbon pollution pricing systems for industry in Ontario and New Brunswick.

In addition to website and email outreach, ECCC contacted specific persons responsible for covered facilities directly by phone regarding the transitions from the federal OBPS to provincial carbon pollution pricing systems and related impacts on surplus credit eligibility for remittance under the OBPS .

### 3.4.2 Enforcement Activities

GGPPA provides enforcement officers with a wide range of powers to enforce the Act, including the powers of a peace officer. Enforcement officers can carry out inspections to verify compliance with the Act. Inspections are defined as the active process of gathering information to verify compliance with legislation. This may include site visits, examining substances, products or containers, taking samples and reviewing records. An on-site inspection involves visiting a site, such as an industrial facility, to conduct any activity, operation, or analysis required to verify the regulatee’s compliance with a legislation or regulation. An off-site inspection is normally undertaken at the officer’s place of work or in another location that is not at the regulated site and is usually limited to documentation verification.

The table below shows that 10 inspections were conducted under GGPPA in 2022. The number of inspections relates to the number of times GGPPA or the OBPS regulations was inspected for compliance, using the start date of the inspection for the reference period.

**Table 14. GGPPA Enforcement actions for 2022**

Act and regulations	Administrative verification (off-site inspection)	Inspection (on-site)	Total
GGPPA/OBPSR	8	2	10

Regarding enforcement measures, one written warning was issued for an alleged violation of GGPPA in 2022.

## 4. Additional Information

**For more information about GGPPA, please contact:**

Environment and Climate Change Canada

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