

Greenhouse Gas Pollution Pricing Act

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Annual Report for 2024



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada

Canada 

Cat. No.: En11-17E-PDF

ISSN: 2563-6472

EC26143

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1. Preface

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On March 14, 2025, the federal government announced its intention to refocus federal carbon pricing on ensuring industrial carbon pricing systems are in place across Canada on a broad range of greenhouse gas (GHG) emissions from industry and removed the requirement for provinces and territories to have a consumer-facing carbon price in place. The Government of Canada made regulations that ceased the application of the federal fuel charge, effective April 1, 2025, and removed the requirement for provinces and territories to have a consumer-facing carbon price in place as of that date. The federal government also delivered a final Canada Carbon Rebate (CCR) payment to households starting in April 2025. On March 12, 2026, Bill C-4, the *Making Life More Affordable for Canadians Act*, received Royal Assent. The bill repealed Part 1 of the [Greenhouse Gas Pollution Pricing Act](#) (GGPPA) and *Fuel Charge Regulations*, which permanently removes the consumer carbon price (i.e., the fuel charge) from federal law. The government is winding down mechanisms used to return direct fuel charge proceeds to Canadians, small and medium-sized businesses, farmers, and Indigenous governments.

For more information about these changes, please see:

- [Removing the consumer carbon price from Canadian law](#)
- [Canada Gazette, Part II, Volume 159, Extra Number 2: Regulations Amending Schedule 2 to the Greenhouse Gas Pollution Pricing Act and the Fuel Charge Regulations: SOR/2025-107](#)
- [Removing the consumer carbon price, effective April 1, 2025](#)
- [Update to the Pan-Canadian Approach to Carbon Pollution Pricing 2023 to 2030](#)

This annual report covers a period during which the fuel charge was still in place.

2. Introduction

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This sixth annual report fulfills the Minister of the Environment’s¹ obligation, under section 270 of the GGPPA, to report on the administration of the Act.

- For the purpose of Part 1 of GGPPA, the reporting period covered by this report is April 1, 2024, to March 31, 2025.
- For the purpose of Part 2 of GGPPA, the reporting period is the 2024 calendar year (January 1 to December 31, 2024).

2.1 Carbon pricing

Canada’s industrial pricing system has two goals: reducing carbon pollution from industry while mitigating competitiveness and carbon leakage risks (industries moving to other regions to avoid a price on pollution). GGPPA ensures that carbon pricing applies broadly throughout Canada. The Act establishes the framework for, and implements, the federal carbon pricing system.

In 2024-2025, the federal system consisted of two main parts, of which both, one, or neither applied in each province or territory.

Under Part 1 of GGPPA:

[Fuel Charge](#)²

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

Under Part 2 of GGPPA:

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

- A 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](#)

- A system that provides an incentive to undertake projects that reduce GHG emissions or increase the removal of carbon dioxide from the atmosphere (when compared to business-as-usual practices) by generating federal offset credits that can be used for compliance under the OBPS and the *Clean Electricity Regulations*, or for voluntary purposes. The system is administered by ECCC through the [Canadian Greenhouse Gas Offset Credit System Regulations](#) and applicable [federal offset protocols](#)

¹ References to “the Minister of the Environment” in this report are to the Minister of Environment and Climate Change, which was the title during the 2024 and 2024-2025 reporting periods for this report, unless otherwise noted.

² Parliament repealed Part 1 of GGPPA and *Fuel Charge Regulations*, which permanently removes the consumer carbon price (i.e., the fuel charge) from federal law. The 2024-2025 fuel charge year is the final year in which the fuel charge applied in backstop jurisdictions.

The federal government set minimum national stringency standards (the federal ‘benchmark’ criteria) for all carbon pricing systems in Canada. The [original benchmark and associated guidance](#) applied to systems for the 2019 to 2022 period. The benchmark criteria were updated for the 2023 to 2030 period in “[The Update to the PanCanadian Approach to Carbon Pollution Pricing 2023 to 2030](#)”.³

If a province or territory decides not to price carbon pollution or proposes a system that did not meet these standards, the federal system was put in place. This ensured consistency and fairness for all Canadians. Jurisdictions in which the federal carbon pricing system applies, in whole or in part, are referred to as “backstop jurisdictions”. In jurisdictions where the federal fuel charge applied alongside a provincial or territorial output-based pricing system in 2024-2025, owners and operators of facilities subject to those systems were eligible for certain exemptions from the federal fuel charge (Fuel Charge Relief described in Section 3.1.2).

Figure 1. Map of federal, provincial, and territorial carbon pricing systems in 2024⁴



³ Since the announcement in March 2025 of the intent to refocus federal benchmark criteria on ensuring industrial carbon pricing systems are in place across Canada on a broad range of GHG emissions from industry, the federal benchmark criteria on ensuring industrial carbon pricing systems are in place across Canada on a broad range of GHG emissions from industry and removed the requirement for provinces and territories to have a consumer-facing carbon price in place. The federal government has been [engaging](#) with partners, stakeholders and Canadians on changes to the federal benchmark criteria and expects to publish the updated benchmark in 2026.

⁴ **Note:** This map reflects carbon pricing systems that were in place in the 2024 calendar year. As of April 1, 2025, the federal fuel charge was repealed, and Northwest Territories and British Columbia removed their provincial consumer-facing prices.

3. Part 1 – Fuel charge

3.1 Overview of the federal fuel charge

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

From April 1, 2024, to March 31, 2025 (the 2024-2025 fuel charge year), the fuel charge applied to 21 fossil fuels including gasoline, light fuel oil (e.g., diesel), and natural gas. It also applied to combustible waste, which includes tires and asphalt shingles. The following table indicates the rates of federal fuel charge on select fuels from fuel charge years 2020-2021 to 2024-2025. The rates for gasoline and light fuel oil took into account the average renewable content of these fuels.

Table 1. Rates of the federal fuel charge on select fuels from fuel charge years 2020-2021 to 2024-2025

Fuel type	Unit (\$ per)	2020-2021 (\$30/tonne)	2021-2022 (\$40/tonne)	2022-2023 (\$50/tonne)	2023-2024 (\$65/tonne)	2024-2025 (\$80/tonne)
Gasoline	litre	0.0663	0.0884	0.1105	0.1431	0.1761
Light fuel oil (e.g. diesel)	litre	0.0805	0.1073	0.1341	0.1738	0.2139
Propane	litre	0.0464	0.0619	0.0774	0.1006	0.1238
Marketable natural gas	cubic metre	0.0587	0.0783	0.0979	0.1239	0.1525

With the sequential repeal of Part 1 of the *Greenhouse Gas Pollution Pricing Act* (GGPPA) and *Fuel Charge Regulations*, which permanently removed the federal fuel charge from federal law, the charging provisions and rates of charge were also permanently removed, effective after March 31, 2025. Prior to the repeal of Part 1, rates had been set to zero via the regulations.

3.1.1 Where the federal fuel charge applied in 2024-2025

In the 2024-2025 fuel charge year, the federal fuel charge continued to apply in Yukon, Nunavut, Alberta, Manitoba, Saskatchewan, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador as listed in Part 1 of Schedule 1 to GGPPA.

3.1.2 Fuel charge relief

The Government of Canada recognized that certain groups or sectors needed targeted relief from the fuel charge because of the small number of alternative options they may have in the face of carbon pricing, to limit impacts on vulnerable populations, or to reduce the risk of carbon leakage. Groups eligible for targeted relief included farmers, fishers, greenhouse operators, remote power plant operators, OBPS covered facilities, and users of aviation fuel in the territories. Relief from the fuel charge was also available for certain facilities subject to certain provincial industrial carbon pricing systems. Generally, fuel charge relief was provided upfront through exemption certificates, when certain conditions are met.

Effective November 9, 2023, the fuel charge was temporarily paused on deliveries of heating oil as part of a suite of measures aimed at lowering energy bills for Canadians, and to provide additional time and support to help Canadians transition to cleaner energy technologies. This exemption continued to apply during the 2024-2025 fuel charge year.

3.2 Return of fuel charge proceeds⁵

For the 2024-2025 fuel charge year, the Government of Canada returned fuel charge proceeds as follows:

- Directly to the governments of Yukon and Nunavut
- In Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador:
 - The bulk of the fuel charge proceeds were returned directly to individuals and families through the Canada Carbon Rebate (CCR, previously known as Climate Action Incentive payments) ([see section 3.2.1](#))
 - A portion of the remaining proceeds was returned to farming businesses operating in these jurisdictions via the Return of Fuel Charge Proceeds to Farmers Tax Credit ([see section 3.2.2](#))
 - A portion of the remaining proceeds were returned to Indigenous governments via the Fuel Charge Proceeds Fund for Indigenous Governments ([see section 3.2.4](#))
 - Another portion was through the Canada Carbon Rebate for Small Businesses ([see section 3.2.3](#))

3.2.1 Canada Carbon Rebate

For the 2024-2025 fuel charge year, in Alberta, Manitoba, Saskatchewan, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, 93% of fuel charge proceeds were returned to households in these provinces through quarterly CCR payments. Eligible residents of provinces where the federal fuel charge applied who filed their 2023 personal income tax returns received the CCR for their family through direct deposit or cheque. CCR payments were based on family composition and province of residence; they were not based on a family's fuel consumption.

For 2024-2025, the rural supplement increased to 20% from 10% of the base CCR amount, in recognition of the increased energy needs and reduced access to clean transportation options of individuals and families residing in small or rural communities. The following table presents the base CCR amounts for the 2024-2025 fuel charge year.

⁵ As mechanisms to return direct fuel charge proceeds to Canadians, small and medium-sized businesses, farmers and Indigenous governments are still in the process of being wound down, complete administrative data are not yet available to allow for a final reconciliation.

Table 2. Annual base CCR amounts in 2024-2025 (based on 2023 personal income tax returns)

Provinces	Categories			
	Single adult, or first adult in a couple	Second adult in a couple, or first child of a single parent	Each child under 18 (starting with the second child for single parents)	Example: Total amount for family of 4
Alberta	\$900	\$450	\$225	\$1,800
Saskatchewan	\$752	\$376	\$188	\$1,504
Manitoba	\$600	\$300	\$150	\$1,200
Ontario	\$560	\$280	\$140	\$1,120
New Brunswick	\$380	\$190	\$95	\$760
Nova Scotia	\$412	\$206	\$103	\$824
Prince Edward Island	\$440	\$220	\$110	\$880
Newfoundland and Labrador	\$596	\$298	\$149	\$1,192

Notes: (1) Payment amounts vary by province of residence given that different levels of proceeds were generated in each affected jurisdiction, and the impacts of carbon pricing on households differ. These variations are an outcome of the different types and quantities of fuels consumed in different provinces. (2) These amounts do not include the rural supplement (which was 20% of base rebate amounts during the period) for eligible residents of small and rural communities, except for residents of Prince Edward Island. As all PEI residents live in small and rural communities, the rural supplement is effectively reflected in the base amount.

CCR amounts were specified before the fuel charge year and reflected 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. Therefore, the amounts being returned to individuals and families through these payments were based on estimated proceeds.

3.2.2 Return of Fuel Charge Proceeds to Farmers⁶

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 Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, starting for the 2021-2022 fuel charge year.

For the 2021-2022 and 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, \$1.73 per \$1,000 in eligible farming expenses in 2022.

⁶ On March 22, 2025, the federal government announced that, given the removal of the consumer-facing carbon price, the final tax credit available to eligible farming businesses will be in respect of the 2024-2025 fuel charge year. The Minister of Finance also specified the payment rate per \$1,000 in eligible farming expenses that are incurred in the 2025 calendar year (in respect of the 2025-2026 fuel charge year), in the designated provinces, to be nil. This nil payment rate replaces the payment rate for the same calendar year (and fuel charge year) that was previously announced on January 10, 2025.

For the 2023-2024 fuel charge year the Minister of Finance specified the rates on January 19, 2024, as \$1.86 per \$1,000 in eligible farming expenses for Alberta, Saskatchewan, Manitoba, and Ontario, and \$1.40 per \$1,000 in eligible farming expenses for New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador in 2023.

The following table summarizes the proceeds returned to farmers via the Return of Fuel Charge Proceeds to Farmers Tax Credit with respect to the 2021-2022, 2022-2023, and 2023-2024 fuel charge years. Information on the amounts returned with respect to the final payments for the 2024-2025 fuel charge year is expected to be published when the complete administrative data are available.

Table 3. Return of Fuel Charge Proceeds to Farmers Tax Credit Amounts for 2021-2022, 2022-2023, and 2023-2024 (\$ millions)

Jurisdictions	2021-2022	2022-2023	2023-2024
Alberta	23.3	46.4	52.8
Saskatchewan	15.6	39.9	37.0
Manitoba	8.5	15.6	17.2
Ontario	19.8	37.3	42.1
New Brunswick	n/a	n/a	0.4
Nova Scotia	n/a	n/a	0.6
Prince Edward Island	n/a	n/a	0.7
Newfoundland and Labrador	n/a	n/a	0.0

Note: Farmers Tax Credit amounts are based on tax administrative data with calculations by Finance Canada.

The total amount returned is generally equal to the estimated fuel charge proceeds from farm use of propane and natural gas in heating and drying activities in fuel charge provinces.

3.2.3 Canada Carbon Rebate for Small Businesses⁷

Budget 2024 announced that proceeds from the 2019-2020 through 2023-2024 fuel charge years would be returned to approximately 600,000 businesses with 499 or fewer employees through the CCR for Small Businesses. The *An Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025*, which received Royal Assent on March 26, 2026, confirmed that these payments would not be taxable. The vast majority of fuel charge proceeds have already been determined by the CRA and returned to eligible corporations automatically through direct payments.

The table below sets out the amounts returned to small and medium-sized businesses. Information on the amounts returned for the 2024-2025 fuel charge year is expected to be published when the complete administrative data are available.

⁷ On March 22, 2025, the federal government announced that, given the removal of the consumer-facing carbon price, the final tax credit available to eligible small and medium-sized businesses will be in respect of the 2024-2025 fuel charge year.

Table 4. Amounts returned to small and medium-sized businesses by jurisdiction (2019-2020 to 2023-2024) (\$ millions)

Jurisdictions	2019-2020*	2020-2021	2021-2022	2022-2023	2023-2024	Total
Alberta	n/a	158.8	141.9	179.0	237.0	716.7
Saskatchewan	26.6	63.0	60.5	80.3	63.6	294.0
Manitoba	13.1	26.6	22	27.9	52.3	141.8
Ontario	81.6	205.9	240.7	302.9	515.4	1,346.5
New Brunswick	n/a**	n/a	n/a	n/a	17.0	17.0
Nova Scotia	n/a	n/a	n/a	n/a	28.5	28.5
Prince Edward Island	n/a	n/a	n/a	n/a	4.3	4.3
Newfoundland and Labrador	n/a	n/a	n/a	n/a	20.0	20.0
Total	121.2	454.3	465.1	590.1	938.2	2,568.9

Notes: “n/a” indicates that no fuel charge proceeds were to be distributed via the CCR for Small Businesses in a given province and fuel charge year.

*This column does not include 2019-2020 proceeds that had already been disbursed through previous federal programming.

3.2.4 Support for Indigenous governments

In provinces where the fuel charge was in place prior to April 1, 2025, a portion of fuel charge proceeds from the price on pollution was allocated for return to Indigenous governments. ECCC established a new grant program, the [Fuel Charge Proceeds Fund for Indigenous Governments](#) (FCPFIG), to provide maximum flexibility for eligible First Nations, Inuit, and Métis governments to manage and use their share of fuel charge proceeds towards self-determined priorities.

The share of fuel charge proceeds allocated to Indigenous governments for 2020-2021 to 2023-2024 is 1% of direct fuel charge proceeds and doubled to 2% of direct proceeds for 2024-2025. These proceeds were collected from 2020-2021 to 2024-2025 in Alberta, Saskatchewan, Manitoba, and Ontario, and from July 2023 to 2024-2025 in New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The table below sets out the specified amounts available for return to Indigenous governments by ECCC and the amounts that have been returned.

In March 2025, ECCC began making payments to eligible First Nations, Inuit, and Métis governments across all eight jurisdictions. The amounts returned to Indigenous governments in 2025-2026 will be reported in the 2025 GGPPA annual report.

Table 5. Specified amounts (\$millions) allocated to Indigenous governments by ECCC from proceeds collected between 2020-2021 and 2024-2025

Jurisdictions	Amounts allocated to be returned to Indigenous governments by province	Amounts returned to Indigenous governments as of March 31, 2025
Alberta	139.8	34.5
Saskatchewan	37.7	5.1
Manitoba	30.6	5.4
Ontario	296.1	36.6
New Brunswick	7.3	0.3
Nova Scotia	10.5	0.4
Prince Edward Island	1.69	1.1
Newfoundland and Labrador	7.8	3.8
Total	531.49	88.1

Note: Fuel charge proceeds began to be disbursed to eligible First Nations, Inuit, and Métis governments through the FCPFIG in March 2025 with most of the funding being returned in 2025-2026.

3.3 Fuel charge proceeds assessed and returned by jurisdiction

The following section summarizes the total amounts of proceeds assessed and returned by jurisdiction, including amounts returned via the federal programs described in [section 3.2](#). Fuel charge proceeds were reported on a net basis to account for rebates claimed and returned to persons that were registered under Division 4 of Part 1 of GGPPA.

3.3.1 Jurisdictions with proceeds returned via CCR payments and federal programming

The table below summarizes fuel charge proceeds assessed and returned in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

The bulk of the proceeds assessed in 2024-2025 was returned through CCR payments, which were claimed by individuals filing their 2023 personal income tax returns. For example, in Ontario, while \$7.26 billion in proceeds was assessed in 2024-2025, \$6.35 billion was also returned to residents through CCRs for that fuel charge year.

Net proceeds in each province represent the difference between proceeds assessed and proceeds returned.

The current balance shown in the following table is not final. The table does not reflect the final CCR payment for April 2025. As mechanisms to return direct fuel charge proceeds to Canadians, small and medium-sized businesses, farmers and Indigenous government are still being wound down, complete administrative data are not yet available to allow for a final reconciliation.

Table 6. Fuel charge proceeds and return of proceeds in Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador in 2024-2025 (carbon pollution price of \$80/tonne of carbon dioxide equivalent tonnes (CO₂e))

(\$ millions)	Alberta	Saskatchewan	Manitoba	Ontario	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland and Labrador
Proceeds assessed	3,416	900	731	7,256	370	420	59	206
CCR payments	3,070	682	631	6,353	252	343	53	262
Adjustment for prior year over- / underpayments included in 2021, 2022, 2023 and 2024 CCR payments	-58	89	-1	-102	-2	0	0	0
Federal programming*	293	106	72	531	21	28	6	20
Net proceeds from 2024- 2025	112	23	29	473	98	49	0	-76
Net carry-forward from prior years**	-194	-47	-28	-422	-11	-9	0	-5
Current balance as of March 31, 2025	-83	-24	1	52	87	40	0	-81

Notes: Totals may not add up due to rounding.

* Federal programming includes fuel charge proceeds return to small and medium-sized businesses, farmers and Indigenous governments.

** 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 charge amounts collected and CCR amounts.

For Alberta, net carry-forward amounts are \$0 million (2019–2020), -\$8 million (2020–2021), -\$5 million (2021–2022), and -\$62 million (2022–2023), and -\$120 million (2023–2024). For Saskatchewan, net carry-forward amounts are -\$4 million (2019–2020), \$0 million (2020–2021), -\$5 million (2021–2022), and -\$49 million (2022–2023), and \$10 million (2023–2024). For Manitoba, net carry-forward amounts are -\$0 million (2019–2020), -\$1 million (2020–2021), -\$2 million (2021–2022), and -\$15 million (2022–2023), and -\$10 million (2023–2024). For Ontario, net carry-forward amounts are -\$6 million (2019–2020), -\$12 million (2020–2021), -\$25 million (2021–2022), and -\$108 million (2022–2023), and -\$270 million (2023–2024). For New Brunswick, net carry-forward amounts are \$5 million (2019–2020), and -\$16 million (2023–2024). For Newfoundland and Labrador, net carry-forward amounts are -\$5 million (2023–2024). For Nova Scotia, net carry-forward amounts are -\$9 million (2023–2024). For Prince Edward Island, net carry-forward amounts are \$0 million (2023–2024).

3.3.2 Jurisdictions with proceeds returned directly to government

The following table summarizes the net fuel charge proceeds assessed and returned to the governments of Yukon, Nunavut for the 2024-2025 fuel charge year.

Table 7. Fuel charge proceeds and return of proceeds in Yukon and Nunavut, 2024-2025 (carbon pollution price of \$80/tonne of CO₂e)

(\$ thousands)	Yukon	Nunavut
Proceeds assessed	49,656,818	13,398,207
Distributions	-49,656,818	-13,398,207
Net proceeds	0	0

Note: Amounts of proceeds assessed are based on financial reporting as of May 31, 2025.

4. Part 2 – Output-Based Pricing System and Canada’s GHG Offset Credit System

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Part 2 of GGPPA, administered by the Minister of the Environment, establishes Canada’s GHG Offset Credit System and the framework for the federal OBPS, a regulatory trading system for emission-intensive, trade-exposed industries that applies in jurisdictions listed in Part 2 of Schedule 1 of GGPPA.

4.1 Overview of the federal Output-Based Pricing System

The federal OBPS creates a financial incentive for industrial facilities to reduce their GHG emissions, and also drives innovation, while protecting against the risk of “carbon leakage”. The [Output-Based Pricing System Regulations](#) (OBPS Regulations), made pursuant to Part 2 of GGPPA, first came into force on January 1, 2019. OBPS activities for the 2024 calendar year are described in [section 4.2](#).

Application

The federal OBPS’s requirements apply to “covered facilities”. Specifically, covered facilities are industrial facilities located in provinces and territories where the federal OBPS applies and that meet the criteria set out in the OBPS Regulations or that the Minister designated as a covered facility upon request (opt-in). Each covered facility calculates an annual GHG emissions limit based on its level of production and the relevant output-based standard(s) specified in the OBPS Regulations.

Covered Facility Reporting

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 covered facility’s annual emissions limit
- the assessment result (emissions minus emissions limit)
- the information listed in Section 11 and Schedule 2 of the OBPS Regulations

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.

Surplus Credits

Persons responsible for covered facilities that emit less than their annual emissions limit earn a surplus credit for each tonne of CO₂e between their actual emissions and their emissions limit. The person responsible can sell, transfer or bank their surplus credits for future use. At the time of the transfer, account holders can voluntarily disclose the “Unit Price” per surplus credit transferred. Surplus credits can be remitted for up to five years after their issuance. The ability to generate surplus credits creates a continuous financial incentive for covered facilities to reduce their emission intensity to emit below their emissions limit.

Compensation

Persons responsible for covered facilities that emit more than their annual emissions limit must provide compensation for each tonne of CO₂e emitted in excess of the limit. The compensation is provided by:

- making an excess emissions charge (EEC) payment
- remitting compliance units, which include
 - surplus credits
 - federal offset credits
 - eligible provincial offset credits from a recognized provincial offset system (recognized units)
- a combination of both

A minimum of 25% of the compensation owed must be provided by making an EEC payment. Compensation must be provided by the regular-rate deadline to avoid incurring a penalty. After the regular-rate deadline, four times the compensation owed must be provided.

The OBPS creates a continuous financial incentive for facilities to improve their emissions intensity, either to reduce their compensation obligation or to generate saleable credits. Requiring compensation only for GHG emissions above the limit keeps average costs low to help covered facilities maintain their competitiveness and reduce the risk of carbon leakage.

4.2 OBPS activity in 2024

4.2.1 Amendments to OBPS Regulations in 2024

On November 9, 2024, the [*proposed Regulations Amending the Output-Based Pricing System Regulations*](#) were published in *Canada Gazette*, Part I. These amendments were proposed to enable integration with the [*proposed Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations*](#). The consultation opened on November 9, 2024, and closed to new input on January 8, 2025.

For more information on the proposed regulatory amendments visit [Share your thoughts: Proposed amendments to the Output-Based Pricing System Regulations](#).

4.2.2 Application of the OBPS in 2024

During 2024, the federal OBPS continued to apply in the backstop jurisdictions of Nunavut, Yukon, Manitoba, and Prince Edward Island. There was a total of 38 covered facilities required to provide an annual report and verification report for the 2024 compliance period, including 14 mandatory covered facilities and 24 opt-in facilities. Facilities that applied to be a covered facility (opt-in) in 2024 and that were designated as a covered facility are not included in this total because their first compliance period started January 1 of 2025.

During 2024, specific provisions of Part 2 of the GGPPA and the OBPS Regulations continued to apply to persons responsible for previously covered facilities. Persons responsible for industrial facilities located in Saskatchewan, Ontario, and New Brunswick that had previously been covered facilities. They continued to have obligations to correct reports submitted in relation to the years that they were subject to the OBPS. As such, activity under Part 2 of the GGPPA in 2024 was related to a broader set of the facilities than the 38 identified above, however much of that activity pertained to obligations stemming from the 2023 compliance period.

Table 8. Number of covered facilities required to submit an annual report and verification report by type for the 2022, 2023, and 2024 compliance periods

Type of covered facility	2022 compliance period	2023 compliance period	2024 compliance period
Mandatory covered facilities	26	13	14
Voluntary participation	26	24	24
Total	52	37	38

4.2.3 Covered facility reporting

Annual and verification reports for the 37 covered facilities that were subject to the OBPS for the 2023 compliance period were due by June 1, 2024. Ninety-seven percent of covered facilities submitted their annual and verification reports by this date.

Corrections to seven annual reports were required during the 2024 calendar year (two for the 2019 compliance period, one for the 2020 compliance period, two for the 2021 compliance period, one for the 2022 compliance period, and one for the 2023 compliance period). As of December 31, 2024, corrections have been made to a total of 47 annual reports: 19 for the 2019 compliance period, 14 for the 2020 compliance period, 12 for the 2021 compliance period, one for the 2022 compliance period and one for the 2023 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.

4.2.4 Compensation

For the 2023 compliance period, the EEC was \$65 per CO₂e tonne. Compensation related to the 2023 compliance period was due at the regular rate by December 16, 2024. The increased-rate deadline was on February 15, 2025.

The total compensation owed for the 2023 compliance period⁸ represented 352,685 tonnes of CO₂e from 21 covered facilities. Nineteen covered facilities provided compensation in full at the regular rate by the December 16, 2024, deadline, and one facility missed the increased-rate deadline. Forty-eight percent of compensation was provided in the form of EEC payments, thirty-eight percent was provided as surplus credits, and 14% was provided as recognized units.

In 2024, ECCC received corrected reports related to the previous compliance periods and collected or refunded excess emission charge payments related to those corrections.

The following table shows total emissions reported, surplus credits issued, excess emissions and compensation collected related to the 2019, 2020, 2021, 2022 and 2023 compliance periods as of October 2025. The amounts shown reported in the table for the 2020 and 2021 compliance periods differ from those reported in the 2023 GGPPA Annual Report because of changes related to corrected reports for those compliance periods. The total compensation collected in a given compliance period may not add up to the excess emissions quantity for various reasons, including outstanding compensation or compensation provided at the increased rate.

⁸ As of October 17, 2025.

Table 9. Number of tonnes of GHG emissions for which compensation was provided under the OBPS, expressed in mega tonnes (Mt) of CO₂e

Compliance period	Total emissions reported (CO₂e Mt)	Net surplus credits issued (CO₂e Mt)	Excess emissions (CO₂e Mt)	Compensation as EEC payments (CO₂e Mt)	Compensation by surplus credits (CO₂e Mt)	Compensation by recognized units (CO₂e Mt)	Compensation by Federal GHG Offset Credits (CO₂e Mt)
2019	62.261	0.909	8.435	8.179 (97.0%)	0.256 (3.0%)	0 (0%)	0 (0%)
2020	56.517	1.102	8.589	7.847 (91.2%)	0.753 (8.8%)	0 (0%)	0 (0%)
2021	56.919	1.003	9.155	7.375 (80.6%)	1.750 (19.1%)	0.030 (0.3%)	0 (0%)
2022	17.419	0.153	4.794	4.535 (94.6%)	0.259 (5.4%)	0 (0%)	0 (0%)
2023	2.450	0.222	0.353	0.163 (48.2%)	0.127 (37.7%)	0.048 (14.2%)	0 (0%)

4.2.5 Surplus credits

In 2024, ECCC issued a total of 221,692 surplus credits in 2024, in relation to the 2023 compliance period. These were issued to 15 covered facilities with the quantity of surplus credits issued per covered facility ranging from 648 to 85,739. ECCC's Credit and Tracking System supports credit issuance, remittance and transfers.

In 2024, there were eight transfers of surplus credits between accounts of different legal entities persons responsible, and the price was voluntarily disclosed for each transfer, as shown in the following table.

Table 10. Number of transfers and weighted average price of surplus credits transferred in 2024

Type of surplus credit	Number of transfers	Number of surplus credits transferred	Weighted average price
Eligible for 2023 compliance	4	27,258	\$57.12
Compliance use limited to corrected reports from previous compliance years ⁹	4	28,912	\$19.25

4.2.6 Recognized units

ECCC recognized some provincial offset protocols and programs and they appear on the [List of Recognized Offset Programs and Protocols for the Federal OBPS](#). On February 26, 2024, ECCC updated the List to recognize Alberta's Quantification Protocol for greenhouse gas emission reductions from pneumatic devices Version 3.0.

In 2024, in relation to the 2023 compliance period, a total of 47,860 Alberta emission offset credits were remitted as recognized units for compensation under the federal OBPS. The Alberta emission offsets were generated from projects under the Quantification protocol for greenhouse gas emission reductions from pneumatic devices. No other recognized units were remitted.

4.2.7 Federal offset credits

As of December 31, 2024, ECCC had not issued any federal offset credits. Therefore, no federal offset credits were remitted as compensation for the 2023 compliance period in 2024 ([see section 4.6](#) for more information about Canada's GHG Offset Credit System).

⁹ Saskatchewan, Ontario, and New Brunswick were removed from Part 2 of Schedule 1 to GGPPA as of January 1, 2021, January 1, 2022, and January 1, 2023, respectively. Surplus credits issued to facilities in these provinces are eligible for remittance towards corrected report obligations related to the compliance periods the facilities were subject to the federal OBPS. Surplus credits issued for a facility in New Brunswick are eligible to be remitted for the 2019 and 2020 compliance periods. Surplus credits issued for a facility in Ontario are eligible to be remitted for the 2019, 2020 and 2021 compliance periods. Surplus credits issued for a facility in Saskatchewan are eligible to be remitted for the 2019, 2020, 2021 and 2022 compliance periods. EEC payment for compensation for corrected reports is required at the rate specified for that year in Schedule 4 to GGPPA, e.g. \$20 per tonne for corrections to reports for the 2019 compliance period.

4.3 OBPS proceeds collection and return

4.3.1 OBPS proceeds collected

The amount of proceeds collected by the federal government under the OBPS for the 2023 compliance period was approximately \$14 million. This is much less than in previous years because of the reduced number of jurisdictions and facilities covered by the federal OBPS, as described above.

Table 11. Proceeds collected in EEC payments

Compliance period	EEC rate	EEC payments at regular rate	EEC payments at Increased Rate (4x regular rate)	Total EEC payments
2019	\$20/ CO ₂ e tonne	\$164 million	-	\$164 million
2020	\$30/ CO ₂ e tonne	\$234 million	\$4 million	\$238 million
2021	\$40/ CO ₂ e tonne	\$295 million	-	\$295 million
2022	\$50/ CO ₂ e tonne	\$227 million	-	\$227 million
2023	\$65/ CO ₂ e tonne	\$9 million	\$4 million	\$14 million

Note: Numbers are rounded to the nearest million.

4.3.2 Return of OBPS proceeds

All proceeds collected under the OBPS are returned in one of two ways:

- 1) **OBPS Proceeds Fund:** Saskatchewan, Manitoba, Ontario, New Brunswick had collected proceeds returned through federal programming (the OBPS Proceeds Fund).
- 2) **Direct transfer to jurisdictions:** Yukon, Nunavut, and Prince Edward Island had all proceeds collected under the federal system returned via a direct transfer from the federal government, on condition that they do not take actions that undermine the carbon price signal.

1) 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 covered facilities regulated by the OBPS. Following two intakes and as of March 31, 2025, DIP received 96 project proposals of which 68 were approved for funding. Forty-seven projects have signed funding agreements, and four of the approved projects continue funding agreement negotiations. The remaining approved projects have either withdrawn or been terminated from the program. No further intakes are expected under DIP. Any OBPS proceeds remaining under the stream will be returned to provinces through the FEF.

The FEF stream is designed to support clean electricity projects and/or programs with proceeds returned in support of provincially managed clean energy initiatives. As of March 31, 2025, the Government of Canada concluded FEF funding agreements with Saskatchewan, Manitoba, Ontario, and New Brunswick.

The following tables identify the total amount of OBPS proceeds allocated to the OBPS Proceeds Fund, the total number and value of concluded funding agreements within each jurisdiction as of March 31, 2025, and the total amount of proceeds returned through the program.

Table 12. OBPS proceeds amounts allocated and returned through the OBPS Proceeds Fund as of March 31, 2025

	Saskatchewan	Manitoba	Ontario	New Brunswick	Total
Total amount of OBPS proceeds allocated to the OBPS Proceeds Fund from 2019-2023 compliance periods	\$540.0M	\$38.4M	\$313.4M	\$25.9M	\$917.7M
Number of funding agreements	14	10	37	1	62
Total amount of proceeds allocated through funding agreements*	\$540.0M	\$32.1M	\$222.3M	\$20.1M	\$814.5M
Total OBPS proceeds returned**	\$137.9M	\$3.3M	\$69.3M	\$10.0M	\$220.5M

Notes:

*Total proceeds allocated under the OBPS Proceeds Fund, as reported in this table, reflect the value of the funding agreements signed as of March 31, 2025.

**Total proceeds returned reflect the value of payments made per the funding agreements by the same date.

Table 13. OBPS proceeds allocated by individual funding stream as of March 31, 2025

	Saskatchewan	Manitoba	Ontario	New Brunswick	Total
Decarbonization Incentive Program (DIP)					
Number of funding agreements	2	9	36	0	47
Funding agreement value*	\$1.7M	\$5.7M	\$166.7M	\$0	\$174.1M
DIP proceeds returned**	\$0.9M	\$3.3M	\$48.7M	\$0	\$52.9M
Future Electricity Fund (FEF)					
Number of funding agreements	12	1	1	1	15
Funding agreement value*	\$538.3M	\$26.4M	\$55.6M	\$20.1M	\$640.4M
FEF proceeds returned**	\$137.0M	\$0	\$20.6M	\$10.0M	\$167.6M

Notes:

*Total proceeds allocated under the OBPS Proceeds Fund, as reported in this table, reflect the value of the funding agreements signed as of March 31, 2025.

**Total proceeds returned reflect the value of payments made per the funding agreements by the same date.

2) Direct transfer to jurisdictions

The following table identifies the total amount of proceeds collected during the 2019 to 2023 OBPS compliance periods that were returned via direct transfers to the governments of Yukon, Nunavut and Prince Edward Island.

Table 14. OBPS proceeds collected and returned through direct transfer

	Yukon*	Nunavut**	Prince Edward Island	Total
Total OBPS Proceeds collected from 2019, 2020, 2021, 2022, 2023 compliance periods	\$0	\$17.0M	\$2.8M	\$19.8M
Total OBPS Proceeds returned**	\$0	\$9.2M	\$2.8M	\$12.0M

Notes:

*As of March 31, 2025, ECCC has not collected any OBPS compliance payments in the Yukon.

**As of March 31, 2025 ECCC has not finalized the return of 2023 OBPS proceeds collections in Nunavut

4.4 OBPS compliance promotion

Throughout 2024, 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, the OBPS regulatory requirements, and their related policy and guidance.

In 2024, ECCC updated relevant web pages and directly emailed regulated entities regarding:

- The opening of the reporting module for the 2023 compliance period in ECCC's Single Window System
- The 2023 compliance period reporting and compensation deadlines
- The deadlines and processes related to the use of Alberta offset emission credits as recognized units as a method of compensation
- The reporting and compensation deadlines associated with corrected reports
- The publication of documents including the Quantification Guidance for the 2023 compliance period
- Updates to the Government of Canada's banking information
- The consultation period related to the proposed amendments to the OBPS Regulations ([see section 4.2.1](#))

4.5 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 GGPPA or the OBPS Regulations. Inspections are defined as the active process of gathering information to verify compliance with legislation. An on-site inspection involves visiting a site, for example an industrial facility, to conduct activities such as examining substances, products or containers, taking samples and reviewing records. 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.

In 2024, 13 inspections were conducted to verify compliance under GGPPA. 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.

An investigation involves gathering, from a variety of sources, evidence and information relevant to a suspected violation. No investigations or prosecutions (in which charges were laid against a person – individual, corporation, or government department) were conducted with respect to the GGPPA in 2024.

Table 15. GGPPA/OBPS Regulations enforcement activities for 2024

Acts and Regulations	Administrative Verification (Off-Site inspection)	Inspection (On-Site)	Total
GGPPA/OBPS Regulations	4	9	13

Regarding enforcement measures, in 2024, seven administrative monetary penalties totaling \$20,000 were issued for alleged violations of the GGPPA. The initial inspection may have been conducted in a different year than when the measure was issued.

4.6 Overview of Canada’s GHG Offset Credit System

[Canada’s GHG Offset Credit System](#) (CGOCS) provides an economic incentive to undertake projects that result in domestic GHG reductions and carbon dioxide removals that would not have been generated in the absence of the project, and that go beyond legal requirements. The system generates new economic opportunities in sectors such as agriculture, forestry, waste and clean technology.

Federal offset credits can be used by persons responsible for covered facilities under the OBPS as compensation for excess emissions, or for compliance under the *Clean Electricity Regulations*, increasing compliance flexibility and potentially reducing the cost of compliance. Federal offset credits can also be purchased and used by non-regulated firms, such as governments and businesses, seeking to meet voluntary climate targets or commitments.

CGOCS was launched on June 8, 2022, and is established pursuant to Part 2 of GGPPA and consists of three main elements:

- The [Canadian Greenhouse Gas Offset Credit System Regulations](#) (the Offset Regulations), which establish the system, implement operational aspects, and set general requirements applicable to all project types
- Federal offset protocols, which each contain requirements for project implementation and methods for quantifying GHG reductions for a given project type, and that are included in the [Compendium of Federal Offset Protocols](#), incorporated by reference into the Offset Regulations
- The [Credit and Tracking System](#), to register offset projects, issue and track offset credits, and share key information through [Canada’s GHG Offset Credit System Public Registry](#)

Project proponents responsible for offset projects must meet requirements in both the Offset Regulations and an applicable federal GHG offset protocol in order to generate federal offset credits. Project proponents must use the Emission Factors and Reference Values document, which is also incorporated by reference into the Offset Regulations, to quantify GHG emission reductions and removals from their projects.

4.6.1 CGOCS activity in the 2024 reporting period

Federal offset protocols

Federal offset protocols set out requirements for project implementation and methods for quantifying GHG emission reductions and removals for given project types. Once final, federal offset protocols are included in the Compendium of Federal Offset Protocols, which is incorporated by reference into the Offset Regulations.

Project proponents must meet requirements in both the Offset Regulations and an applicable federal offset protocol in order to generate federal offset credits.

The Improved Forest Management on Private Land Version 1.0 federal offset protocol was published for use in CGOCS on May 6, 2024. An amended (Version 1.1) containing a few minor updates was published on October 15, 2024.

Federal offset protocols that remained under development in 2024 were: Reducing Enteric Methane Emissions from Beef Cattle; Direct Air Carbon Dioxide Capture and Geological Storage; Reducing Manure Methane Emissions; and Enhanced Soil Organic Carbon. ECCC also initiated work on the Improved Forest Management on Public Land protocol.

As protocols are completed, work on new protocols begins. Subsequent project types under consideration for federal offset protocol development include Bioenergy Carbon Dioxide Capture and Geological Storage. The development of protocols for additional project types will be considered as more information and data become available and as their potential evolves.

Emission Factors and Reference Values document

On May 6, 2024, version 2.0 of the Emission Factors and Reference Values document was published. This new version updated information and emission factors in alignment with the 2024 publication of the *National Inventory Report 1990 to 2022: Greenhouse Gas Sources and Sinks in Canada*.

Federal offset projects

Twenty-nine additional federal offset projects were registered in 2024. Twenty-eight of these were registered under the Reducing Greenhouse Gas Emissions from Refrigeration Systems protocol, Version 1.1 protocol: an aggregation of twenty-one projects in British Columbia, an aggregation of six projects in Alberta and one project in Saskatchewan. One project in Ontario was registered under the Improved Forest Management on Private Land, Version 1.1 protocol. This brings the total number of projects registered in CGOCS in 2024 to 2030.

CGOCS engagement and Compliance Promotion

Throughout 2024, ECCC continued to obtain input on a volunteer basis from external experts with significant technical or scientific expertise for a given project type to support federal offset protocol development. ECCC also continued to engage with provinces and territories; Indigenous nations, organizations and communities; and other stakeholders on the development of federal offset protocols, and other aspects of CGOCS. This included proactive engagement with stakeholders and project proponents on CGOCS requirements.

In 2024, ECCC held public webinars in English and French to provide an overview and to answer questions alongside the release of the following protocols and discussion paper:

- *Improved Forest Management on Private Land protocol, Version 1.0*
- *Draft Reducing Enteric Methane Emissions from Beef Cattle*
- Discussion paper on *Facilitating Projects on Crown and Public Land in Canada's Greenhouse Gas Offset Credit System*

In 2024, ECCC also published several products to help facilitate understanding of CGOCS:

- Federal Offset Protocol Overview: *Landfill Methane Recovery and Destruction* (updated)
- Guidance: *Landfill Methane Recovery and Destruction federal offset protocol*
- Guidance: Understanding the interactions between the crediting opportunities under the *Landfill Methane Recovery and Destruction federal offset protocol* and the *Clean Fuel Regulations*
- Federal Offset Protocol Overview: *Reducing Greenhouse Gas Emissions from Refrigeration Systems* (updated)

Indigenous engagement

In July 2024, ECCC added an additional factsheet and other resources to its *Greenhouse Gas Offset Toolkit*. Swampy Cree translations of all factsheets were also added, and the factsheets are now available in French, English and a total of four Indigenous languages: Ojibwe, Mi'kmaq, Woods Cree and Swampy Cree. 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. ECCC delivered interactive in-person or virtual workshops on offset projects to Indigenous audiences in February, March, April and October 2024.

Indigenous participants were engaged as part of the development of the Improved Forest Management on Public Land protocol through a protocol focus group beginning in October 2024.

5. Additional information

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For more information about GGPPA, please contact:

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