

Carbon capture and storage in Alberta: draft offset Protocol

By Nigel Bankes

Document and regulations commented on:

Government of Alberta, [Draft Quantification Protocol for the Capture of CO₂ and Storage in Deep Saline Aquifers](#), December 2011 and [Specified Gas Emitters Amendment Regulation](#), Alta Reg 139/2007, Alta Reg 127/2011 at pp. 448 – 451.

While there has been some suggestion that the post-Stelmach provincial government is less enthusiastic than its predecessor about carbon capture and storage (CCS) as a silver bullet to deliver on provincial plans to reduce greenhouse gas emissions, the province will go ahead with at least three of the four short-listed CCS projects that are to receive provincial government financial support: the Alberta Carbon Trunkline Project, Shell's [Quest Project and the Swan Hills Synfuels project](#). The one outstanding project is TransAlta's (TAU) Project Pioneer. The province has yet to finalize a deal with TAU (and may never do so) but I gather that this has more to do with problems with the technology that TAU\Alstom has been proposing to use than any provincial cold feet.

The provincial government has taken a number steps to create the necessary legal and regulatory framework for CCS including amendments to the *Mines and Minerals Act*, SA 2010, c 14 and a new regulation, the *Carbon Sequestration Tenure Regulation* (Alta Reg 68/2011) to create a pore space tenure regime. I have posted on those developments [here](#) and [here](#). With the release of this Draft Protocol the province has taken the additional step of showing how it intends to incorporate CCS projects into the *Specified Gas Emitters Regulation*, Alta Reg 139/2007 (SGER). The province is fast-tracking the development of this Protocol in order to have it ready for Shell's Quest Project.

In developing and publishing the Protocol the province is continuing down the path of treating CO₂ that is sequestered as an "emission plus capture" rather than as an "avoided emission". In the language of the SGER this means that CCS projects will be treated as offset projects by non-regulated emitters giving rise to offset credits and not as regulated projects the operation of which gives rise to emissions performance credits (EPCs). The province amended the SGERs in July in order to more clearly accommodate this approach and to connect the Alberta scheme with proposed federal regulation: Alta. Reg. 127/2011.

The Draft Protocol is open for comment until January 12, 2012.

The special CCS offsets regime created by the July amendments to the SGER emphasise one of the guiding ideas of offsets regimes globally which is that an offset credit can only be claimed to the extent that the proponent goes beyond business as usual (BAU) as measured against some

sort of baseline. The baseline conditions include a set of legal conditions and hence the July amendments emphasise that offsets cannot be claimed if the capture or sequestration of greenhouse gases is required by law: see subsections 7(1.1) (c) and 7(1.2) (c). Another offset guiding principle is that the qualification of an offset does not continue for ever and that an offset project will have to re-qualify at which time the proponent must be able to show, once again, that the project goes beyond BAU. Alberta picks up this idea in its [Technical Guidance for Offset Project Developers](#) 2011, which provides at 20 as follows: “The credit duration period is the amount of time an offset project can generate offset credits under the Alberta offset system. The credit duration period for Alberta is 8 years with a possible 5-year extension for most project types, excepting soil sequestration projects, which may have a longer credit duration period.”

My questions are these: (1) will these duration provisions apply to CCS projects? (2) Will such projects have to re-qualify after 8 years? And (3) is it possible for a CCS project (linked with a covered emitter) to generate EPCs - or does the Government of Alberta take the position that credits for a CCS project can only be generated by way of an offset project?

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