



Performance Credit Standard

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Department of Environment and Local Government

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1. Introduction

This Standard is adopted under the *Reduction of Greenhouse Gas Emissions Regulation – Climate Change Act* (the Regulation).

1.1 Purpose of this Standard

This Standard has been developed to provide regulated facilities under the New Brunswick Output-Based Pricing System (NB OBPS) with further information related to the use of performance credits.

1.2 Additional Contact

Additional information regarding this Standard or regulation of industrial emissions in New Brunswick can be obtained directly from the New Brunswick Climate Change Secretariat:

CLIMATE CHANGE SECRETARIAT
P. O. BOX 6000, MARYSVILLE PLACE
FREDERICTON, NB, E3B 5H1

Phone: (506) 453-7945; Fax: (506) 453-2390

Email: NBOBPS-STFRNB@gnb.ca Website: www.gnb.ca/environment

2. Definitions

"Invalid" means a performance credit that was earned in error by a regulated facility.

"Registry" means the New Brunswick output-based pricing system registry.

"Regulation" means the *Reduction of Greenhouse Gas Emissions Regulation – Climate Change Act*.

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

"Serial Number" refers to the individual identification number assigned to each performance credit when it is earned by a regulated facility.

"Transaction" means the act of selling or buying a performance credit between two regulated facilities.

3. Calculating Performance Credits

In this section, guidance on the calculations used in the awarding of performance credits is provided to owners and operators of regulated facilities within the NB OBPS.

3(1) If the total regulated emissions for a regulated facility are less than the emissions limit in a compliance period, then the number of performance credits that may be awarded to the regulated facility in a given compliance period is the positive amount PC_i , determined in accordance with the following formula:

$$PC_i = EL_i - TE_i$$

where:

- PC_i is the number of performance credits earned by a regulated facility for the compliance period i ;
- EL_i is the emissions limit for the regulated facility during the compliance period i , expressed in tonnes of CO₂e;
- TE_i is the total regulated emissions for the regulated facility in compliance period i , expressed in tonnes of CO₂e.

3 (2) The number of performance credits awarded to a regulator facility shall be rounded to the nearest tonne of CO₂e.

4. Use of Performance Credits

In this section, guidance is given to owners and operators of regulated facilities on the use of performance credits within the NB OBPS.

4(1) A performance credit awarded pursuant to section 3 of this Standard may be retired for the purposes of fulfilling a compliance obligation determined pursuant to section 17 of the Regulation.

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

4(3) A performance credit must be held by the regulated facility in the Registry on the date that the regulated facility retires the performance credit for the purposes of fulfilling a compliance obligation.

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

4(5) A performance credit that is retired to fulfill a compliance obligation is retired and may not be used again for any purposes.

4(6) A performance credit that is not retired to fulfill a regulated facility's compliance obligation shall expire 7 years after it is awarded.

5. Performance Credit Transactions

This section provides detailed information on performance credit transactions in the NB OBPS.

5(1) A performance credit transaction may only take place between regulated facilities.

5(2) A performance credit transaction must be recorded and completed within the Registry.

5(3) Multiple performance credits may be sold at a time within a single performance credit transaction.

6. Terms and Conditions

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

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

6(3) If a regulated facility changes ownership during a compliance period, a performance credit may be earned by the owner or operator responsible for the regulated facility on December 15th of the compliance period.

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

6(5) At the discretion of the Minister, if a regulated facility has an outstanding compliance obligation after a period of more than six months from the compliance deadline, an existing performance credit in the regulated facility's registry may be retired by the Minister to fulfill any outstanding compliance obligations.

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