

Canada - Saskatchewan Output-Based Performance Standards Program

General Information

ETS Description

Saskatchewan's Output-Based Performance Standards (OBPS) Program came into effect in 2019. It is an intensity-based ETS for large industrial emitters, in which covered entities are required to fulfill a compliance obligation for emissions that exceed the facility's annual permitted emissions. Emissions limits are based on production levels multiplied by an emissions intensity value. Each facility's baseline draws on historical emissions and production data. All emissions up until the limit do not require payment, with only the surplus triggering the compliance obligation. A compliance obligation may be fulfilled by retiring performance credits (compliance units) generated within the OBPS Program or by making a payment at a prescribed rate per tCO₂e into the Saskatchewan Technology Fund. The system applies to the same gases and covers equivalent sectors as those under the federal system, and follows the same price trajectory, rising CAD 15 (USD 11.11) each year until 2030, resulting in a price of CAD 170 (USD 125.93) per tCO₂e for 2030 emissions. The inclusion thresholds are set lower than in the Canadian federal system, covering GHG emissions from facilities in covered sectors with emissions exceeding 25,000 tCO₂e/year and with a voluntary opt-in option for any emitting facility that is in a sector already covered by Saskatchewan's OBPS Program or that demonstrates that it operates in an emissions-intensive, trade-exposed sector.

ETS Status

in force

Jurisdictions

Saskatchewan

Year in Review

In November 2022, the Canada federal government announced that the Saskatchewan OBPS program meets the federal benchmark requirements, and the provincial system expanded its sectoral coverage from 1 January 2023. After the 2023 expansion, all covered industrial emitters in Saskatchewan transferred to the provincial OBPS. Coverage was expanded to include electricity generation and natural gas transmission pipeline sectors.

Sectoral coverage

Industry

Power

Revenue usage

Climate mitigation

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

67.1 MtCO₂e (2021)

GHG reduction targets

By 2050: Net zero

Current Allowance Price (per t/CO₂e)

CAD 65 (USD 48.15)

Size & Phases

Verified ETS Emissions

28.90MtCO₂e

GHGs covered

CO₂, CH₄, N₂O, SF₆, HFCs, PFCs

Phases

PHASE ONE: Three years (2019 to 2022)

PHASE TWO: From 2023 (expanded scope to include electricity generation and natural gas transmission pipeline sectors, and lowered threshold for voluntary opt-in to zero)

Cap or total emissions limit

The total emission limit under the Saskatchewan OBPS is the sum of the annual emissions limits for all individual covered entities. The emissions limit for each facility is determined based on the applicable emissions intensity standard for the year and the level of production in the year. The limit is therefore not set ex-ante and is only known after the compliance period ends. As of 18 December 2023, the system had covered approximately 28.9 MtCO₂e.

Sectors and thresholds

PHASE ONE (2019-2022): Industry

PHASE TWO (from 2023): Industry plus electricity generation and natural gas transmission pipeline sectors.

INCLUSION THRESHOLDS: Coverage is mandatory for industrial facilities with emissions exceeding 25,000 tCO₂e/year and electricity facilities with emissions exceeding 10,000 tCO₂e/year. Other emitters may also be covered by the system, on an opt-in basis if they are in a sector already covered by Saskatchewan's OBPS Program or demonstrate that they operate in an emissions-intensive, trade-exposed sector. Prior to the expansion of the Saskatchewan OBPS in January 2022, the minimum threshold for voluntary opt-in coverage was 10,000 tCO₂e/year.

Point of regulation

Point source (power, industry)

Type of entities

Facilities

Number of entities

166 registered facilities (as of December 2023)

Allowance Allocation & Revenue

Allowance allocation

Allocation is determined in relation to annual permitted emissions based on emissions intensity benchmarks. Entities that emit less than their emissions limit receive compliance units, free of charge, corresponding to the number of tCO₂e below the limit. This is similar to free allocation based on benchmarks. These compliance units can be sold to entities that emit more than their emissions limits (see below for more details).

Total Revenue

CAD 29.3 million (USD 22.5 million) in the 2022-2023 fiscal year.

Use of Revenues

Money collected in the Saskatchewan Technology Fund is used to fund industry-driven projects that reduce, sequester, or capture emissions. Funds are awarded through a merit-based application process. Saskatchewan announced the first intake for the Saskatchewan Technology Fund in fall 2023. This first intake will award approximately CAD 25 million (USD 18.5 million) to projects.

Flexibility & Linking

Offset credits

The use of offset credits is not allowed.

Banking and borrowing

Performance credits (compliance units) may be banked for future compliance years.

Borrowing is not allowed.

Links with other Systems

The Saskatchewan OBPS is not linked with any other system. However, a covered facility can receive an exemption certificate from the Canada Revenue Agency, so it does not have to pay the federal fuel charge on purchases from fuel distributors.

Compliance

Compliance mechanism

Facilities that have exceeded their annual emissions limit incur a compliance obligation. They can fulfill this obligation by retiring performance credits, CCUS credits, or paying into the Saskatchewan Technology Fund for each tCO₂e by which the emissions limit was exceeded.

Compliance Period

One year.

Monitoring, Reporting, Verification (MRV)

REPORTING: GHG emissions for covered entities must be reported by June of the year following the reporting period.

When registering baselines, covered entities that do not have new products must submit their verified baseline submission within six months of the date of registration. Facilities with a new product must submit their verified baseline submissions by June of the first and second compliance years.

VERIFICATION: Covered entities must ensure that emissions and production data are verified and reviewed by an accredited verification body. Flexibility in verification is provided to small oil and gas aggregate facilities (regulated facilities comprised of two or more small oil and gas facilities that are owned or operated by the same company). An aggregate facility with emissions below 1,000 tCO₂e is not required to verify emissions.

FRAMEWORK: There are three standards that prescribe reporting requirements for the Saskatchewan OBPS Program: the Industrial Facility Standard, the Electricity Facility Standard, and the Aggregate Facility Standard.

Enforcement

An unfulfilled compliance obligation becomes a debt owing to the Government of Saskatchewan, which it may recover by any legally authorized manner. The debt bears interest at a rate equal to the prime lending rate of the bank holding of Saskatchewan's general revenue fund plus three percentage points. The maximum administrative penalty the environment minister may assess with respect to each contravention is CAD 10,000 (USD 7,408).

Market Regulation

Market Stability Provisions

INSTRUMENT NAME: Technology Fund (price ceiling)

TRIGGERS: Covered entities can pay directly into Saskatchewan's Technology Fund to compensate for emissions exceeding performance limits. The price paid into the Fund acts as a price ceiling and is aligned with the federal minimum carbon price (CAD 65, USD 48.15, in 2023). The price increases by CAD 15 (USD 11.11) each year until 2030, resulting in a price of CAD 170 (USD 125.93) per tCO₂e in 2030.

Market Design

MARKET PARTICIPATION: Compliance entities including mandatorily and voluntarily covered entities (for inclusion thresholds see 'Sectors and Thresholds' section.)

MARKET TYPES:

Primary: Compliance units are currently not auctioned.

Secondary: Covered entities may purchase compliance units from other covered entities that have outperformed their compliance obligation. Transactions are conducted via a registry that is managed by the Minister of Environment.

Other Information

Institutions involved

Saskatchewan Ministry of Environment: Regulates the OBPS program, ensures compliance obligations are fulfilled, and maintains regulatory and policy oversight over the Technology Fund.

Innovation Saskatchewan: Government office that receives and tracks compliance payments and performs general accounting of the Technology Fund.

Regulatory Framework

[The Management and Reduction of Greenhouse Gases Act](#)

[The Management and Reduction of Greenhouse Gases \(General and Electricity Producer\) Regulations](#)

[The Management and Reduction of Greenhouse Gases \(Reporting and General\) Regulations](#)

[The Management and Reduction of Greenhouse Gases \(Reporting\) Standard](#)

[The Management and Reduction of Greenhouse Gases \(Standards and Compliance\) Regulations, 2023](#)

[2023 Standards for Regulated Emitters](#)

[Saskatchewan Technology Fund: Governance, Administration and Operations Standard](#)

Evaluation / ETS review

Saskatchewan has a mandatory ten-year review for regulations. In addition, Saskatchewan's OBPS Program is likely to undergo review again as part of the 2026 federal benchmark.

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