

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 regulated facilities are required to satisfy a facility specific performance standard.

When registering in the OBPS Program, each facility must first establish a baseline emission intensity. A facility's permitted emissions are calculated each year by applying a sector-specific performance standard to the facility's baseline emission intensity and multiplying the result by the production output at the facility for the current year. Facilities in the power sector do not set a baseline and are subject to pre-determined performance standards.

Facilities with emissions below the permitted level are awarded performance credits for the difference. Facilities with emissions above their permitted emissions level must either retire performance credits or CCUS credits, or make a payment at a prescribed rate per tonne of CO₂e.

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 10.95) each year until 2030, resulting in a price of CAD 170 (USD 124.15) 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 May 2024, the Performance Credit Standard was updated to reflect that, if a performance credit is found to be invalid, the original seller (i.e., the regulated facility that originally generated the credit) assumes the risk that it may be revoked. Other Standards (such as the Industrial Facility, Aggregate Facility, Electricity Facility, and Carbon Capture, Utilization and Storage standards) underwent minor edits.

In September, the Saskatchewan Technology Fund announced more than CAD 25 million (USD 18.3 million) to support 13 industry-driven projects focused on reducing GHG emissions in the provinces. The projects leveraged more than CAD 277 million (USD 202.3 million) in private and additional government investment.

The first Clean Electricity Transition Grant of CAD 140 million (USD 102.2 million) was awarded in 2024-25.

Sectoral coverage

Mining and extractives

Industry

Power

Revenue usage

Climate mitigation

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

75.6 MtCO₂e (2022)

Current Allowance Price (per t/CO₂e)

CAD 80 (USD 58.42)

Size & Phases

Covered emissions (2023)

38.00%

Verified ETS Emissions

28.90MtCO₂e

GHGs covered

CO₂ , CH₄, N₂O, SF₆, HFCs, PFCs

Phases

PHASE 1: Three years (2019 to 2022)

PHASE 2: From 2023

Cap or total emissions limit

The total emission limit under the Saskatchewan OBPS is determined bottom-up: it is the sum of the annual emissions limits for each individual regulated facility. The emissions limit is set for each facility or aggregate facility, and is determined based on the applicable emissions intensity standard for the year and the level of production in the same reduction period. The limit is therefore not set ex-ante and is only known after the compliance period ends. It doesn't represent an absolute cap. As of 18 December 2023, the system had covered approximately 28.9 MtCO₂e.

Sectors and thresholds

PHASE 1: Industry

PHASE 2: Industry plus electricity generation and natural gas transmission pipeline sectors, and lowered threshold for voluntary opt-in to zero.

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 2023, the minimum threshold for voluntary opt-in coverage was 10,000 tCO₂e/year.

Point of regulation

Point source (Mining and extractives, Power, Industry)

Type of entities

Facilities

Number of entities

178 registered facilities (as of December 2024)

Allowance Allocation & Revenue

Allowance allocation

Facilities in Saskatchewan's OBPS Program determine their annual permitted emissions based on their performance standard and their level of production for the applicable year.

When registering in the Program, each facility must first establish a baseline emissions intensity, which is derived from its historical emissions intensity or, for new facilities, the first three years of operation. A facility's permitted emissions are calculated each year by applying a sector-specific performance standard to the facility's baseline emission intensity and multiplying the result by the production output at the facility for the current year.

Facilities with emissions above their permitted emissions level must pay compliance. Facilities that emit less than their permitted emissions receive compliance units (called "performance credits"), free of charge, corresponding to the number of tCO₂e below the permitted level. This is similar to free allocation based on benchmarks. These compliance units can be sold to facilities that emit more than their permitted emissions or banked for future use (see 'Market Design' section below for more details).

Moreover, regulated emitters which operate CCUS projects that capture CO₂ directly from a facility in Saskatchewan and inject it into a reservoir in Saskatchewan that can permanently store the CO₂, can earn CCUS credits that can be used for compliance.

Total Revenue

CAD 489.7 million (USD 358.7 million) since the beginning of the program*

CAD 460.5 million (USD 336.3 million) in FY 2023-2024

* This does not include any value from the generation or sale of credits within Saskatchewan's OBPS Program.
2024

Use of Revenues

The Provincial Output-Based Performance Standards (OBPS) Program has regulated the industry and mining and extractive sectors since 2019. Compliance payments made by facilities in these sectors have gone into the Saskatchewan Technology Fund.

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. To receive resources from the Fund, applicants must be regulated emitters with an established baseline under "The Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations, 2023".

Starting in 2023, the Program expanded to the power sector and compliance payments from covered facilities in this sector are directed towards the Small Modular Reactor Investment Fund and the Clean Electricity Transition Grant.

Funds allocated to the Small Modular Reactor Investment Fund are to be used to support the future development of the province's first small modular nuclear reactor, which will provide zero emission baseload power.

Funds allocated to the Clean Electricity Transition Grant are used for clean electricity operating costs (e.g., purchasing renewable electricity from independent power producers, funding demand-side management programs).

The Saskatchewan Technology Fund had total financial assets of CAD 151 million (USD 110.3 millions) as of 31 March 2024.

The Small Modular Reactor Investment Fund currently holds approximately CAD 466 million (USD 340.3 million) in compliance payments from facilities in the power sector.

Flexibility & Linking

Offset credits

The use of offset credits (i.e., credits for any prescribed activity that reduces, sequesters, or captures GHGs and prevents their release into the atmosphere, as defined by “The Management and Reduction of Greenhouse Gases Act”) is not allowed. Section 7(2)(i)(ii) of the Act provides that the minister in charge may determine the manner in which offset credits may be used as a compliance option. However, no offset credit program exists.

Banking and borrowing

Performance credits and CCUS 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.

Other carbon pricing instruments in the jurisdiction

Carbon tax: Canada federal fuel charge

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 for each tCO₂e by which the emissions limit was exceeded (see ‘Use of Revenues’ section above for more details).

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 (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”.

Penalties and 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 7,303).

Market Regulation

Market Stability Provisions

TECHNOLOGY FUND

Instrument type: Set price or set price trajectory (akin to a price ceiling)

Functioning: Regulated facilities, except those in the power sector, can pay directly into Saskatchewan's Technology Fund to satisfy their compliance obligation. Facilities in the power sector can make payment directly to the Government of Saskatchewan to fulfill a compliance obligation. The price paid in either scenario acts as a price ceiling and is aligned with the federal minimum carbon price (CAD 80, USD 58.42, in 2024). The price increases by CAD 15 (USD 10.95) each year until 2030, resulting in a price of CAD 170 (USD 124.15) per tCO₂e in 2030.

The performance standards in the OBPS Program were set such that the supply of performance credits will not exceed the total compliance owed in the program. This balance helps ensure a healthy and stable OBPS credit market.

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: regulated facilities may purchase performance credits from other regulated facilities. Transactions are conducted via a registry that is managed by the Ministry 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 \(Standards and Compliance\) 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 all regulations. In addition, Saskatchewan's OBPS Program will undergo review as part of the 2026 federal benchmark.

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