

Canada - Newfoundland and Labrador Performance Standards System

General Information

ETS Description

Newfoundland and Labrador's Performance Standards System (PSS) came into effect in 2019. It is an intensity-based ETS for large industrial emitters, in which each covered entity must surrender compliance units for emissions that exceed each facility's annual emissions limit. Each facility's annual emissions limit is based on a combination of historical emission intensity, actual production activity data, and an annually decreasing reduction factor. Special provisions are in place for offshore petroleum facilities which must reduce emissions by an equivalent percentage in absolute terms (regardless of production). The system applies to the same sectors and GHGs as the federal system, and follows the same price trajectory, rising CAD 15 (USD 10.73) each year until 2030, resulting in a price of CAD 170 (USD 121.60*) per tCO₂e in 2030. The 2026 reporting year price is CAD 110 (USD 78.68).

The mandatory inclusion threshold is set lower than in the Canadian federal system, applying to facilities in covered sectors with emissions exceeding 25,000 tCO₂e/year and with a voluntary opt-in option for smaller emitters (emitting any amount greater than 15,000 tCO₂e/year).

*USD conversion based on 2025 IMF exchange rate; actual future exchange rates may differ.

ETS Status

in force

Jurisdictions

Newfoundland and Labrador

Year in Review

In line with the federal OBPS pricing trajectory, the 2024 reporting year price was CAD 80 (USD 57.22) per tCO₂e and increased to CAD 95 (USD 67.95) per tCO₂e in reporting year 2025.

Sectoral coverage

Mining and extractives

Industry

Power

Revenue usage

Climate mitigation

Assistance for individuals, households, and businesses

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

7.9 MtCO₂e (2023)

GHG reduction targets

By 2030: 30% below 2005 levels (“Climate Change Mitigation Action Plan 2025 to 2030”)

By 2050: Net zero emissions (Climate Change Mitigation Action Plan 2025 to 2030)

Current Allowance Price (per t/CO₂e)

Set price: CAD 95 (USD 67.95)

Size & Phases

Covered emissions (2023)

39.00%

Verified ETS Emissions

3.10MtCO₂e

GHGs covered

CO₂, CH₄, N₂O, SF₆, HFCs, PFCs

Phases

The Newfoundland and Labrador PSS is not divided into phases, but rather “reduction periods”, each one lasting one year.

Cap or total emissions limit

The total emission limit under the Newfoundland and Labrador PSS changes as a function of production (output) and is the sum of the annual emissions limits based on emissions intensity benchmarks for all individual covered entities. The limit is therefore not set ex-ante and is only known after the compliance period ends. In 2023, this limit amounted to approximately 3.2 MtCO₂e.

Sectors and thresholds

SECTORS: Power, industry, mining and extractives.

INCLUSION THRESHOLDS: Coverage is mandatory for facilities with emissions exceeding 25,000 tCO₂e/year. Smaller emitters (exceeding 15,000 tCO₂e/year) may also opt-in to the systems.

Point of regulation

Point source (Mining and extractives, Power, Industry)

Type of entities

Facilities: Onshore industrial facilities, offshore industrial facilities, and offshore mobile industrial facilities

Number of entities

15 facilities in the 2023 reporting year, of which 13 had a GHG reduction target.

Allowance Allocation & Revenue

Allowance allocation

Allocation is determined in relation to annual emissions limits based on emissions intensity benchmarks. For onshore industrial facilities, baseline emissions intensity is determined with reference to units of output (and can be determined by product if the facility produces more than one product). For mobile offshore industrial facilities, baseline emissions intensity is determined with reference to hours of operation. Offshore industrial facilities don't calculate baseline emissions intensity, but average baseline emissions levels.

The emissions limits are determined by comparing the baseline emissions intensity/baseline emissions to either: a) the annual GHG reduction targets set in the “Management of Greenhouse Gas Regulations”, or b) against a performance benchmark also in accordance with the same Regulations. The latter option is only available for industrial facilities that are not mobile offshore. It is also not available for industrial facilities that requested their baselines to be calculated by product and sets the reduction target for that facility at the top tercile of all comparable facilities.

Entities that emit less than their limit receive credits, free of charge, corresponding to the number of tCO_{2e} below the limit. This is similar to free allocation based on benchmarks. These credits can be banked or sold to entities that exceed their emissions limits.

Total Revenue

- CAD 1.5 million (USD 1.1 million) since the beginning of the program
- CAD 0.5 million (USD 0.4 million) reporting year 2024

2024

Use of Revenues

Fund deposits are used to support GHG reduction projects at industrial facilities in addition to reductions mandated by the PSS. Where money deposited into the fund remains unused after five years, the advisory council makes a recommendation to the minister regarding how it can be used to achieve a verifiable reduction in GHG emissions.

Flexibility & Linking

Offset credits

The use of offset credits is not allowed as a compliance option. There is provision in the Regulations to allow for offsets, but legislation has not been developed or passed pertaining to offset credits.

Banking and borrowing

Banking of performance-based credits (compliance units) for future compliance periods is allowed, but compliance units purchased from the GHG Reduction Fund must be used in the period in which they are issued.

Borrowing is not allowed.

Links with other Systems

The Newfoundland and Labrador PSS is not linked with any other system.

Other carbon pricing instruments in the jurisdiction

None

Compliance

Compliance mechanism

Covered entities must surrender one compliance unit (either a performance credit or a Greenhouse Gas Reduction Fund Credit) per tCO_{2e} that exceeds the facility's annual emissions limit.

Compliance Period

One year.

Monitoring, Reporting, Verification (MRV)

FRAMEWORK: The rules for reporting GHG emissions are outlined in Newfoundland and Labrador's "Management of Greenhouse Gas Reporting Regulations" under the "Management of Greenhouse Gas Act".

MONITORING: Under the Management of Greenhouse Gas Act, industrial facilities that emit at least 15,000 tCO_{2e} per year are required to report their emissions on an annual basis.

REPORTING: GHG emissions reports must be submitted annually by June 1 of the year following a reporting period, and compliance reports are due by November 1 of the same year.

VERIFICATION: The owner or operator of a PSS-regulated facility must submit a verification statement and a verification report from an accredited verification body by September 1 of the year in which the report to be verified is required to be submitted. The verification body needs to be in compliance with ISO 14065, as it relates to verification teams[JF18.1], and verification reports and verification teams

need to meet the requirements set out in ISO 14064-3. Each verification needs to be reviewed by an independent peer reviewer in accordance with ISO 14065.

Penalties and enforcement

Onshore facilities must achieve 20% of their compliance obligation through on-site GHG reductions or through submission of performance credits that they previously earned. If this portion of the compliance obligation is not fulfilled by the deadline, the covered entity must pay into the GHG Reduction Fund any remaining obligation at a rate of four times the federal carbon price in that year. Any remaining balance may be filled by earned or purchased performance credits and by Fund credit purchases.

The Management of Greenhouse Gas Administrative Penalty Regulations specify that an administrative penalty of between CAD 1,500 (USD 1,073) and CAD 7,500 (USD 5,365) may be applied, per day or part of a day, for contravening specific subsections of the Management of Greenhouse Gas Reporting Regulations, of the Opted-in Facilities Regulations, or of the Management of Greenhouse Gas Regulations. These concern deadlines to submit information required by these regulations.

Market Regulation

Market Stability Provisions

GREENHOUSE GAS REDUCTION FUND

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

Functioning: Covered entities can purchase and surrender credits from Newfoundland and Labrador's Greenhouse Gas Reduction Fund to compensate for emissions exceeding performance limits. These (fund) credits cannot be banked, transferred, or refunded. The price ceiling is aligned with the federal minimum carbon price (CAD 95, USD 67.95, for reporting year 2025). The price ceiling increases by CAD 15 (USD 10.73) each year until 2030, resulting in a price of CAD 170 (USD 121.60*) per tCO₂e in 2030.

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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 performance credits (compliance units) from other covered entities that have outperformed their compliance obligation. Transactions are conducted via a credit registry, that was established and is maintained by the Minister.

Other Information

Institutions involved

Newfoundland and Labrador Department of Environment, Conservation and Climate Change: Agency responsible for administering and enforcing the regulatory framework in Newfoundland and Labrador. The Department works with the Canada-Newfoundland and Labrador Offshore Energy Regulator to apply the Act in the offshore area.

Newfoundland and Labrador Greenhouse Gas Reduction Fund Advisory Council: Group of five to seven expert members that assesses applications for payments and provides recommendations to the minister regarding payments from the fund.

Regulatory Framework

[Management of Greenhouse Gas Act](#)

[Management of Greenhouse Gas Regulations](#)

[Management of Greenhouse Gas Reporting Regulations](#)

[Management of Greenhouse Gas Administrative Penalty Regulations](#)

[Opted-in Facilities Regulations](#)

[Advisory Council Regulations](#)

Evaluation / ETS review

The Minister (appointed under the “Executive Council Act”) will conduct a review of Newfoundland and Labrador’s Management of Greenhouse Gas Act and the regulations every five years and consider the areas which may be improved.

The “Management of Greenhouse Gas Act Legislative Review 2016 to 2022” assessed the emissions reductions achieved by the PSS. It estimates that “business as usual” emissions were consistently higher than the actual emissions of regulated entities, and that the direct, annual GHG emissions reductions between 2019 and 2022 by regulated entities were between 0.1 and 0.4 MtCO₂e below the free allocation.

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