

Canada - British Columbia Output-Based Pricing System

General Information

ETS Description

The British Columbia Output-Based Pricing System (B.C. OBPS) aims to reduce emissions from industrial operations within the province. It is an intensity-based ETS in which covered entities must fulfil a compliance obligation for emissions that exceed the operation's annual emissions limit. These limits are based on product-specific performance standards, which are emissions intensity benchmarks. The system applies to producers of specific industrial products that emit more than 10,000 tCO₂e per year.

The system began in April 2024, replacing the CleanBC Industrial Incentive Program (CIIP). The CIIP encouraged cleaner production by reducing carbon tax costs for industrial operations that could demonstrate that they were among the lowest emitting for their sector. When British Columbia's carbon tax was eliminated in April 2025, the B.C. OBPS became the province's sole carbon pricing instrument.

The B.C. OBPS follows the Canadian federal benchmark carbon price path and ensures a price incentive for industrial emitters to reduce GHG emissions through a performance-based system. Operations that emit less than their annual emission limit earn credits. For operations that emit more than their emission limit, the B.C. OBPS provides flexible options to meet compliance obligations, including using earned credits, B.C. offsets, or making a direct payment to the government.

ETS Status

in force

Jurisdictions

British Columbia

Year in Review

2024 marked the first compliance year for the B.C. OBPS, with obligations due in 2025. During 2024, the system covered approximately 120 operations, each emitting over 10,000 tCO₂e per year. Emissions reports were due in May 2025, with compliance reports following in November. Operations could meet up to 50% of their 2024 compliance obligation using credits, with the remainder paid at the level of the federal carbon price (CAD 80/tCO₂e, or USD 58.42, in 2024). Emission results for 2024 will be publicly released in 2026 as part of the annual review. Emissions reports for the 2025 compliance year are due in May 2026.

In June 2025, the province launched an updated B.C. Carbon Registry platform with improved usability and a dedicated compliance account structure.

British Columbia expanded its offset framework with two new protocols: the Carbon Capture and Sequestration Protocol (CCSP) was finalized in August 2025, enabling projects to generate offsets for permanent carbon storage; and the Refrigerants Offset Protocol (BCROP) was finalized in November 2025, with tightened eligibility rules, clarified HFC destruction requirements, and conservative baseline assumptions following stakeholder feedback during the June to July 2025 consultation period.

In May 2025, the government announced an independent review of CleanBC programs (including the B.C. OBPS) to ensure the effectiveness of policies toward climate and economic goals. Public consultation ran from June to August 2025. The final report was then released in November 2025, and it recommended extending the B.C. OBPS to 2040, maintaining federal carbon price alignment, strengthening performance standards, and recycling all revenue transparently into climate programs.

Sectoral coverage

Mining and extractives

Industry

Revenue usage

General budget, including debt reduction

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

60.4 MtCO₂e (2023)

GHG reduction targets

By 2030: 40% below 2007 levels

By 2040: 60% below 2007 levels

By 2050: 80% below 2007 levels

Targets are legislated in British Columbia's Climate Change Accountability Act SBC 2007.

Current Allowance Price (per t/CO₂e)

CAD 95 (USD 67.95)

Size & Phases

GHGs covered

CO₂, CH₄, N₂O, HFCs, SF₆, PFCs

Cap or total emissions limit

The total emissions limit under the B.C. OBPS changes as a function of production (output) and is the sum of the bottom-up output-based emissions limits of all individual covered entities (industrial operations). However, the bottom-up emission limits do not represent an absolute cap.

Sectors and thresholds

SECTORS: Mining and extractives; Industry

INCLUSION THRESHOLDS: Participation is mandatory for producers of certain industrial products covered under the "Greenhouse Gas Industrial Reporting and Control Act" (GGIRCA) which emit at least 10,000 tCO₂e/year. Industrial operations within covered sectors that emit less than 10,000 tCO₂e/year may opt-in to the B.C. OBPS on a voluntary basis.

Point of regulation

Point source

Type of entities

Industrial operations (facilities)

Number of entities

Approximately 120 facilities (2024)

Allowance Allocation & Revenue

Allowance allocation

Industrial operations' emissions are assessed against operation-specific emission limits, which are based on a product-specific performance standard. Those that emit less than their emission limit receive a corresponding number of credits (earned credits) per tCO₂e, free of charge from the government of British Columbia. This is similar to free allocation based on benchmarks. These credits can be banked or sold and can be combined with offset units to meet compliance obligations (together they are called compliance units) by entities that exceed their emission limits. Earned credits do not have expiry dates but are subject to usage limits (see 'Compliance Mechanism' section). Offset units have both vintage and usage limits.

The performance standards are calculated using the three-year provincial production weighted average emissions intensities for 2019 to 2021. Then a reduction factor, which determines the percentage of priced emissions for a specific product, is applied. The reduction factor is set at 65% for most products, 80% for copper and critical mineral mining, 85% for lead-zinc and critical mineral smelting and refining, 90% for cement, chemical processing and lime products, and 95% for aluminum smelting.

Tightening rates ensure a yearly gradual increase in the OBPS's stringency. The B.C. OBPS tightening rate is set at 1% for all emissions for all products except for those from industrial processes, which do not change.

Use of Revenues

British Columbia does not have laws, formal requirements or commitments dictating the use of carbon revenues. Historically, a portion of carbon revenues have been allocated to the CleanBC Industry Fund, which supports the development, trial, and deployment of projects that reduce GHG emissions from large industrial operations.

Flexibility & Linking

Offset credits

QUALITATIVE LIMITS: Only offsets from projects that are approved through an eligible protocol under the GGIRCA, then validated and verified through the B.C. Carbon Registry by an accredited validation and verification body, are allowed as a compliance option. Under the B.C. OBPS, eligible offset units are limited to those generated within three years of the beginning of the compliance year.

QUANTITATIVE LIMITS: The use of offsets to meet an operation's compliance obligation is limited (see 'Compliance Mechanism' section).

Banking and borrowing

Banking compliance units is allowed.

Borrowing is not allowed.

Links with other Systems

The B.C. OBPS is not directly linked with any other system.

A subset of B.C. OBPS Forest Carbon offsets are recognized units under the Canadian (federal) OBPS.

Other carbon pricing instruments in the jurisdiction

Domestic offsetting mechanism: B.C. Carbon Registry

Compliance

Compliance mechanism

Covered entities must account for each tCO₂e that exceeds their annual emission limits. To meet their obligations, industrial operations may use a combination of compliance units and direct payments (compliance charge).

Compliance units can be earned credits or B.C. offset units.

The compliance charge is equivalent to the Canadian federal minimum carbon price of CAD 95 (USD 67.95) for compliance year 2025 (applied in 2026); it will increase by CAD 15 (USD 10.73) per year, reaching CAD 170 (USD 121.60*) per tCO₂e in 2030.

The use of compliance units is limited. In compliance year 2025, a maximum of 40% of the compensation can be met with compliance units (earned credits and/or offset units), reducing to 30% from 2026 to 2030.

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

Compliance Period

One year.

Monitoring, Reporting, Verification (MRV)

FRAMEWORK: The B.C. OBPS uses the MRV framework regulated under the GGIRCA and the Greenhouse Gas Emission Reporting Regulation (GGERR).

MONITORING: No formal monitoring plan is required. However, regulated entities must have systems in place to monitor, collect, and measure emissions and production data. Monitoring frequency is annual (calendar year January 1 to December 31). All industrial operations in B.C. with specified activities (manufacturing, energy production, waste management, etc.) listed in Schedule A of the GGERR have MRV obligations, even if they do not have B.C. OBPS compliance obligations. The current MRV framework under the GGIRCA has been in place since 2016.

REPORTING: Operations that emit at least 10,000 tCO₂e per year – and those that have emitted more than 10,000 tCO₂e in any of the previous three years – must report their GHG emissions annually by May 31 of the year following the compliance period.

VERIFICATION: Operations producing regulated products with emissions greater than or equal to 10,000 tCO₂e during either the current reporting cycle or any of the previous three reporting cycles must have their emission reports verified annually by an accredited third party. Other operations' emission reports must be similarly verified if their emissions exceed 25,000 tCO₂e.

Penalties and enforcement

Late penalties automatically apply in cases where an operation fails to meet its compliance obligation by the deadline. Automatic late penalties increase until the compliance obligation is met. Detailed regulations are published in the “GHG Emissions Administrative Penalties and Appeals Regulation” under the GGIRCA.

Market Regulation

Market Stability Provisions

COMPLIANCE CHARGE

Instrument type: Price or set price trajectory

Functioning: To meet the operation's compliance obligations, a share of emissions exceeding their annual emission limit, must be accounted-for with direct payments (compliance charge) at the full carbon price for that compliance year. The share of compliance obligation to be thus paid was 50% in 2024, increasing to 60% in 2025 and further rising to 70% in the years 2026 to 2030. The compliance charge acts as a price ceiling and is aligned with the federal benchmark carbon price (CAD 110 [USD 78.68] in 2026 (see 'Compliance Mechanism' section).

Market Design

MARKET PARTICIPATION: Restricted to registry account holders, including compliance entities, both mandatory and voluntary (for inclusion thresholds see 'Sectors and Thresholds' section) as well as offset project proponents and general third-party market participants.

MARKET TYPES:

Primary: Compliance units (earned credits and offset units) are currently not auctioned.

Secondary: Compliance units can be directly transferred between operations within the province that are owned by the same operator. Compliance units can also be traded between B.C. OBPS covered entities, offset proponents and third-party buyers and sellers. All monetary transactions are over-the-counter (OTC) between parties, not through a centralized exchange.

Other Information

Institutions involved

Ministry of Energy and Climate Solutions' Climate Action Secretariat: Responsible for administering the regulatory frameworks of the B.C. OBPS system, the B.C. offset system, and the BC Carbon Registry.

Regulatory Framework

[Greenhouse Gas Industrial Reporting and Control Act \(GGIRCA\)](#)

[Greenhouse Gas Emissions Reporting Regulation \(GGERR\)](#)

[Emission Offset Project Regulation \(EOPR\)](#)

[B.C. Carbon Registry Regulation \(BCCRR\)](#)

[GHG Emissions Administrative Penalties and Appeals Regulation](#)

[B.C. OBPS Technical Background and General Program Guidance for Industrial Operators](#)

[CleanBC Roadmap to 2030](#)

[B.C. Carbon Registry](#)

[B.C. Offset Protocol Policy](#)

[B.C. emission report summaries](#)

Evaluation / ETS review

To ensure continuous improvement of the system, the B.C. OBPS undergoes an annual review.

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