

September 2025

BRITISH COLUMBIA OBPS AT A GLANCE

Years in operation	Began in April 2024
Overall cap and trajectory	B.C. OBPS regulates industrial facilities that emit more than 10,000 tCO ₂ e per year and produce designated regulated products. Facilities below this threshold can opt in voluntarily if they meet program requirements. Emissions limits are based on historical production and emissions data, applying a sector-specific reduction factor and a 1% annual tightening rate to encourage continuous emissions reductions. These reduction factors range from 65% to 95%.
Target(s)	Supports the Province's goal of reducing emissions by 40% by 2030, 60% by 2040, and 80% by 2050.
Emissions reduced to date	No data available.
Sectors covered	The industrial activities set out in Schedule A of the Greenhouse Gas Emission Reporting Regulation.
GHGs covered	Greenhouse gases are listed in Table 1, Schedule A of the Greenhouse Gas Emission Reporting Regulation.
Number of covered entities	~130
Allocation method	Production and emissions data reported to the Province over three years, from 2019 to 2021, were used to calculate provincial production weighted average emissions intensities (PWAEIs) for each regulated product. Emission limits are representative of the average emissions intensity of regulated products.
Trading rules	<p>A facility can achieve compliance by using a combination of methods. These include making direct payments according to the carbon price schedule for the compliance period, utilizing credits Earned Credits from previous years or purchased from other regulated operations, and/or offset credits that are bought from eligible provincial projects, with an eligible vintage.</p> <p>For the year 2024, there is a limit of 50% on the use of purchased offsets and credit combinations. This limit will decrease to 40% in 2025 and further reduce to 30% for any year after 2026. An offset unit can only be used if its vintage year is within three years prior to the start of the compliance period.</p>
Use of offsets and linking	Offsets from eligible protocols under the B.C. offset system are allowed. Offset units should have a vintage of less than three years from the beginning of the compliance period. Forest Carbon Offset Protocol (FCOP) V2.0 is an eligible Recognized Unit under the federal OBPS, where credits from this protocol can be retired for compliance within the federal OBPS.
Penalties for non-compliance	The Compliance Management Framework of the Ministry of Environment and Climate Change Strategy, along with the Compliance and Enforcement Policy and Procedure, is applicable to all cases of non-compliance with the statutes and regulations set by the ministry. Under the Greenhouse Gas Emission Administrative Penalties and Appeals Regulation, violations of registration, information request, or record retention requirements

	can incur administrative penalties up to \$1 million, while breaches of reporting thresholds, registration updates, or eligibility notifications may result in penalties up to \$100,000.
Use of revenue	<p>The B.C. OBPS is in the first year of compliance; as such, revenue allocation from the program is under development.</p> <p>As part of the Cooperation and Responsible Government Accord, the B.C government has committed to a review of CleanBC policies and programs in 2025, which includes the B.C. OBPS use of proceeds.</p>

PROGRAMME DETAILS

As of April 1, 2024, British Columbia's (B.C.) Output-Based Pricing System (OBPS) is officially in effect, replacing the former CleanBC Industrial Incentive Program (CIIP). The B.C. OBPS introduces a performance-based carbon pricing framework tailored to large industrial emitters, ensuring alignment with the federal carbon price path while providing regulated entities with compliance flexibility. This system is enacted under amendments to the Greenhouse Gas Industrial Reporting and Control Act (GGIRCA) and its supporting regulations.

The B.C. OBPS applies to industrial facilities that emit more than 10,000 tCO₂e per year and produce regulated products. Facilities below this threshold may opt in voluntarily. Covered facilities are subject to a carbon price only on the portion of emissions that exceed a product-specific emissions limit. These limits are based on historical production and emissions data reported under the CIIP (2019–2021) and are calculated using a provincial production-weighted average emissions intensity (PWAEI) for each regulated product, adjusted by a sector-specific reduction factor and a 1% annual tightening rate. The initial reduction factor for sectors is as follows:

- Aluminium: 95%
- Cement, Chemicals, Lime: 90%
- Critical Mineral Smelting and Refining: 85%
- Lead-Zinc: 85%
- Copper Mining: 80%
- Critical Minerals: 80%
- Other sectors: 65%

To meet their compliance obligations, facilities must reconcile emissions above their calculated limits through one or more of the following pathways:

- **Earned Credits:** Generated when a facility emits below its limit. These are bankable, tradable, and have no expiry.
- **Offset Credits:** Credits from approved B.C. offset protocols, limited to vintages generated within three years of the beginning of the compliance year.
- **Direct Payments:** Facilities may pay for excess emissions at the prevailing federal carbon price (CAD 80/tCO₂e in 2024, rising CAD 15 annually to CAD 170 by 2030).

However, the use of credits for compliance is subject to limits: a maximum of 50% of a facility's compliance obligation can be met using credits in 2024, declining to 40% in 2025, and 30% from 2026 onward.

Reporting requirements include:

- Emission Reports are due by May 31 of the year following the compliance period.
- Compliance Reports are due by November 30 of the same year.

MAJOR DEVELOPMENTS

Following the federal government's decision to eliminate the federal fuel charge effective April 1, 2025, the Government of B.C. also removed its own provincial carbon tax on fossil fuels. This action effectively suspended the incentive for voluntary participation in industrial carbon pricing, as the primary rationale, to avoid the additional tax on fossil fuel consumption, no longer applies. However, the impact on the B.C. carbon market is expected to be limited. Unlike other provinces with higher thresholds for mandatory coverage (such as 50,000 tCO₂e), B.C. OBPS applies to facilities emitting over 10,000 tonnes of CO₂e annually, capturing a broader range of industrial emitters. As a result, most previously covered facilities are expected to remain within the system, maintaining the integrity and scope of the compliance market.

In parallel, B.C. is expanding its offset credit portfolio, which will provide additional compliance flexibility for regulated facilities in the medium to long term. On June 10, 2025, the province launched a public consultation for the new B.C. Refrigerants Offset Protocol (BCROP), which incentivizes GHG reductions through the replacement or retrofit of high global warming potential refrigerants. This complements the province's existing protocols, the Forest Carbon Offset Protocol and the Methane from Organic Waste Protocol, and follows the recent consultation on a Carbon Capture and Sequestration (CCS) Protocol. Meanwhile, the Fuel Switch Offset Protocol is under review due to additionality concerns in light of the OBPS rollout. Once finalized and supported by eligible projects, these protocols are expected to contribute a growing supply of offset credits, enhancing long-term cost containment and compliance flexibility.

Supporting these developments, the province launched an updated B.C. Carbon Registry platform on June 1, 2025, offering improved usability and a dedicated compliance sub-account structure to streamline participation under the OBPS.

More broadly, the province announced in May 2025 that it would undergo an independent review of CleanBC programs (OBPS included) to ensure they are working efficiently and effectively toward its climate and economic goals. As part of this review, a public consultation was open from June 19 - August 1. The review is expected to conclude in Fall 2025 with a final report and recommendations.

MARKET COMMENTARY

With 2024 marking the first compliance year under B.C. OBPS, the market is entering a critical phase of price discovery. Emissions reports were due by May 31, 2025, and compliance reports are required by November 30, 2025. As a result, the period between these reporting deadlines is expected to see increased market activity, as regulated facilities seek to purchase credits, up to the maximum allowable limit, to fulfil their compliance obligations. Early indications suggest that credit prices will trade at a discount to the 2024 federal carbon price of CAD 80 per tCO₂e, likely in the range of 10- 25%, reflecting market fundamentals and the relative cost of compliance.

The current supply of offsets eligible under B.C. OBPS is limited to six projects approved under provincial offset protocols, with eligibility for the 2024 compliance period restricted to offsets with a 2021 or newer vintage. Total eligible issuances from these projects exceed 4.66 million offsets, with over half originating from the Great Bear (Haida Gwaii) Forest Carbon Project-Grandfathered under GGIRCA. Nearly all issued offsets to date are from sequestration projects, with just over 60K credits attributed to fuel switching activities. Due to the rolling Vintage window, approximately 2.17 million offsets with a 2021 Vintage will become ineligible for use in the 2025 compliance period. Based on project registration documentation, future issuances are projected to add roughly 1 million offsets for each of the 2022–2025 vintages, with a growing share expected to come from fuel switching projects that have

already been accepted under historical protocol versions. It is important to note, that the Fuel Switch Offset Protocol (FSOP) is currently undergoing review, as previously approved protocols may be re-evaluated to determine their ongoing alignment with GGIRCA and to ensure they continue to serve the shared interests of the offset program and project developers. Projects that are currently accepted and registered may continue operations and issue credits in accordance with their approved project plans, provided they remain in compliance with the requirements of the protocol under which they were approved, as well as with GGIRCA and GGECR. Only two offset protocols are currently approved: the Forest Carbon Offset Protocol (FCOP) and the Methane from Organic Waste Protocol. For the most up-to-date status of approved protocols, please refer to the [B.C. government website](#).

USEFUL LINKS

<https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/bc-output-based-pricing-system>

<https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/offset-projects>

<https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/offset-projects/bc-carbon-registry>

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

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

[Greenhouse Gas Emission Control Regulation \(GGECR\)](#)

REFERENCES

Government of British Columbia. BC Output-Based Pricing System (OBPS) Overview.

<https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/bc-output-based-pricing-system>

Government of British Columbia. BC OBPS Guidance Document.

https://www2.gov.bc.ca/assets/gov/environment/climate-change/ind/obps/guidance/bc_obps_guidance.pdf

Government of Canada. Carbon Pollution Pricing: How It Will Work.

<https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work.html>

British Columbia. Greenhouse Gas Emission Control Regulation, B.C. Reg. 248/2015.

https://www.bclaws.gov.bc.ca/civix/document/id/lc/statreg/248_2015

Government of British Columbia. News Release: Province Expands CleanBC Programs to Reduce Industry Emissions (March 17, 2025).

<https://news.gov.bc.ca/releases/2025ECS0019-000423>

Government of British Columbia. CleanBC Review – Public Engagement Portal.

<https://engage.gov.bc.ca/govtogetherbc/engagement/cleanbcreview/>

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