Albert Ho, CFA
(403) 971-9365
albert@carbonassessors.com

Alberta TIER Market Overview

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ALBERTA TIER MARKET OVERVIEW

Market Overview

TIER is Alberta's output-based carbon pricing system for large industrial emitters, in force since January 1, 2020. Each facility faces an emissions-intensity benchmark, not a hard cap: emit above it and you owe compliance; emit below it and you earn tradeable Emission Performance Credits (EPCs).

The May 15, 2026 Canada-Alberta Implementation Agreement reset the system. It replaces the old federal path to $170/t by 2030 with a slower headline price, adds a credit price floor from 2030, and commits Alberta to target an effective credit price of $130/t in 2040. Ottawa is moving all industrial carbon pricing systems in Canada onto the same headline trajectory.

The market remains long. Our TIER spot basket assessed at **$27.00/t** in September 2026, a $68/t discount to the $95/t fund price, with 23.91 million active offsets and 22.41 million active EPCs on the registry at month-end.

What Changed

- **Headline price:** $95/t in 2026, $100/t for 2027–2029 and $115/t in 2030, then +$3/yr to $130/t in 2035 and +1.5%/yr to $140/t in 2040.
- **Price floor:** From 2030, credits must transfer at or above a minimum price: $60/t in 2030, rising to $110/t in 2040. Alberta intends to enact it by December 31, 2026. Credits generated before enactment are grandfathered and can trade below the floor within their original expiry periods.
- **Effective price target:** Alberta will run TIER so the effective credit price targets $130/t in 2040.
- **Slower tightening:** 2027–2030 tightening is set at 0.5–2.0%/yr by sector, versus 2%/yr for all benchmarks (4% for oil sands in 2029–2030) under the 2023 rules. Rates at right.
- **Direct investment:** Under December 2025 amendments, on-site reduction investments made from 2025 earn non-transferable investment credits (spend ÷ fund price), usable from 2026 within five years, or reactivate credits used in the prior three compliance years (2025 onward), adding supply. The agreement caps eligible spend at 50% of capital and 50% of operating costs, net of other public support.
- **CCfDs:** Canada and Alberta will jointly fund carbon contracts for difference issued between 2030 and 2040, covering up to 75 Mt of reductions, with maximum liability of $600 million each.

TIER HEADLINE PRICE

$95/t

2026 | $100/t In 2027

Price Path ($/t)

Year	Headline	Floor
2026	**95**	**–**
2027–2029	100	–
2030	115	60
2031	118	63
2032	121	67
2033	124	71
2034	127	75
2035	130	80
2040	140	110

Headline rises 1.5%/yr from 2036. Floor is $85, $90, $95 and $100 in 2036–2039. Effective price target: $130/t by 2040.

Benchmark Tightening (%/Yr)

Benchmark	2027–30	2031–40
Large Oil Sands (FSB)	2.0	2.0
Pathways Project (FSB)	2.0	1.0
Small Oil Sands (FSB)	1.5	1.0
Other Sectors (FSB)	1.5	1.0
Electricity (HPB)	1.0	1.0
Oil Sands (HPB)	0.5	0.5
Hydrogen (HPB)	0.5	0.5
Other Sectors (HPB)	0.5	0.5

FSB = facility-specific benchmark; HPB = high-performance benchmark. Source: Canada-Alberta Implementation Agreement, May 15, 2026.

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How TIER Works

Who's Covered	Facilities emitting 100,000 t CO_2e or more in 2016 or any later year, plus facilities importing more than 10,000 t of hydrogen a year. Emissions-intensive, trade-exposed facilities emitting 2,000 t or more can opt in, and opted-in facilities can opt out by applying by December 31 of the prior year. TIER covers about 560 facilities and roughly 164.7 Mt, around 63% of provincial emissions, in the latest reported year.
Benchmarks	Each facility is measured against a facility-specific benchmark (FSB), based on its own historical emissions intensity, or a high-performance benchmark (HPB) set at best-in-class intensity for products such as electricity and hydrogen. Benchmarks tighten every year (rates on page 1).
Compliance Options	▪ **Reduce:** Cut on-site emissions intensity. ▪ **Submit credits:** EPCs, Alberta emission offsets, sequestration credits or investment credits, up to 90% of the obligation from 2026. ▪ **Pay the fund:** Buy fund credits at the TIER Fund price ($95/t in 2026).
Credit Types	▪ **EPCs:** Issued to regulated facilities that beat their benchmark. Tradeable and bankable. ▪ **Offsets:** From Alberta projects outside regulated facilities, under government-approved protocols. ▪ **Sequestration credits:** For geologically stored CO_2; must be used within six years of the sequestration year. ▪ **Investment credits:** From direct investment; non-transferable.
Credit Expiry	EPCs and offsets with a 2023 or later vintage are valid for five years after the vintage year (2023 vintages expire in 2028). Earlier vintages keep the longer terms in place when they were issued.
Deadlines And Registry	Third-party verified compliance reports are due June 30 for the prior year. Offsets, EPCs and sequestration credits are serialized on the Alberta Emissions Offset Registry, run by CSA Group.
Regulation Term	December 2025 amendments set the next review for December 31, 2030 and the regulation's expiry for December 31, 2035.

Where We Can Help Next

- **TIER price discovery:** Daily basket price (CAPA-TIERBSKTD) and monthly spot summaries, including protocol and vintage differentials.
- **Compliance strategy:** We model obligations under the new tightening rates and weigh credits, fund payments and direct investment.
- **Price floor exposure:** We assess how grandfathering and the 2030 floor affect banked credits and future-vintage value.

Sources: Government of Canada, Implementation Agreement backgrounder (May 15, 2026); Government of Alberta, TIER Regulation and December 2025 amendments; ICAP; Carbon Assessors registry data.

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