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BC OBPS Market Overview

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Market Overview

The BC Output-Based Pricing System (OBPS) is British Columbia's carbon price for large industry. It took effect April 1, 2024, replacing the CleanBC Industrial Incentive Program. The consumer carbon tax went to $0 on April 1, 2025, but the OBPS stayed in place.

Operations producing a regulated product with 10,000 t CO_2e or more a year must participate. Each gets an annual emission limit tied to the provincial average intensity for its product. Emissions above the limit create an obligation; emissions below it earn credits.

BC is now out of step with the federal path. Its legislated price is **$110/t** in 2026, rising $15/yr to $170/t in 2030, against the federal $95/t in 2026 and $115/t in 2030. Ottawa has committed to settle compensation with BC for the revised benchmark by December 1, 2026, but BC has not changed its legislated rates.

What Changed

- **Federal reset:** Ottawa's revised trajectory (effective May 15, 2026) applies to all industrial carbon pricing systems: $95/t in 2026, $100/t for 2027–2029, $115/t in 2030 and $130/t in 2035.
- **Canada-BC agreement:** Under the July 2, 2026 Cooperative Prosperity Agreement, Ottawa will quantify the revised benchmark's fiscal impact on BC and negotiate compensation by December 1, 2026. Both governments will also explore a National Carbon Credit Framework.
- **Tighter unit limit:** Credits and offsets can cover 50% of excess emissions for 2024, 40% for 2025 and 30% for 2026–2030. The rest must be paid in cash.
- **Obligations under way:** Prorated 2024 obligations (April–December) were due November 30, 2025. 2025 obligations are due November 30, 2026 at $95/t.
- **More offset supply:** Carbon Capture and Sequestration (August 2025) and Refrigerants (November 2025) protocols joined forest carbon and methane from organic waste. The fuel switch protocol is under review.
- **Review pending:** BC has committed to review the OBPS annually; no results have been published. The November 2025 independent CleanBC review recommended extending the OBPS to at least 2040, staying aligned with the federal price and using the annual review to manage credit oversupply.

BC OBPS COMPLIANCE PRICE

$110/t

2026 | $95/t For 2025 Obligations

Price Path ($/t)

Year	BC OBPS	Federal
2024	80	80
2025	95	95
2026	**110**	**95**
2027	125	100
2028	140	100
2029	155	100
2030	170	115

BC rates per the GGIRCA Schedule as of September 2026; cabinet can amend them by regulation. Federal rates per the May 2026 trajectory.

Reduction Factors

Product Group	Factor
Most products	65%
Copper and critical-mineral mining	80%
Lead-zinc and critical-mineral smelting	85%
Cement, chemicals and lime	90%
Aluminum smelting	95%

Share of provincial average intensity allowed in 2024. Factors tighten one point a year, applied to non-process emissions only.

More From Carbon Assessors

Registry reconciliation, transfer data and forecasts to 2035:
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BC OBPS MARKET OVERVIEW

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How BC OBPS Works

Who's Covered	Operations producing a regulated product with 10,000 t CO_2e or more a year, either single-facility operations (e.g., a mine or pulp mill) or linear facilities operations (oil and gas activity across multiple sites under one operator). Sectors include oil and gas, refining, cement, chemicals, pulp and paper, mining, aluminum and lead-zinc smelting, lime and wood products. Smaller producers can opt in. Electricity imports, energy utilities, greenhouses and waste management report but are not priced.
Administration	Run by the Ministry of Energy and Climate Solutions under the Greenhouse Gas Industrial Reporting and Control Act and its regulations (Emission Reporting, Emission Offset Project, BC Carbon Registry, and Administrative Penalties and Appeals). Operators register, report, receive invoices and apply units through BCIERS; cash is paid by EFT or wire.
Emission Limit	Production × provincial average emission intensity for the product (2019–2021 CIIP data) × reduction factor. Factors start at 65% for most products and tighten one point a year in proportion to the non-process share of emissions. An operation with no process emissions faces 63% in 2026 and 59% in 2030.
Compliance Options	▪ **Pay:** Compliance charge at the year's rate ($95/t for 2025, $110/t for 2026 as legislated). ▪ **Submit units:** Earned credits and BC offset units, capped at 40% of excess emissions for 2025 and 30% from 2026.
Credit Types	▪ **Earned credits:** One per tonne below the limit. Bankable, tradeable and do not expire. ▪ **Offset units:** BC projects under approved protocols. Vintage must fall within three years before the compliance period.
Deadlines	May 31: verified annual report for the prior year (verification required for all regulated operations, and for other reporters over 25,000 t). November 1: invoices issued. November 30: obligation deadline.
Penalties	Unmet obligations accrue an automatic penalty of 0.38% a day, compounded daily, capped at 3× the obligation, plus interest at prime + 3%. Other contraventions carry penalties of up to $100,000 or $1 million, depending on the provision. Appeals go to the Environmental Appeal Board; records must be kept 7 years.
Registry And Market	Trades are bilateral through the BC Carbon Registry. Units moved into a compliance account can only leave with the Director's approval. Analysts reported credits trading around $65/t in late 2025, roughly a 20% discount to the $80/t 2024 compliance price.
History And Funding	The OBPS replaced the CIIP, which rebated part of the carbon tax facilities paid based on performance against world-leading benchmarks, with no tradeable credits. The Clean Industry Fund reinvests part of the industrial carbon price: over $330 million in 184 projects since 2019.

Where We Can Help Next

- **BC OBPS modelling:** Using a facility-level approach, we quantify compliance costs, credit generation and abatement value under tightening limits and the price path.
- **Price scenarios:** We compare obligations under BC's legislated $110–$170/t path against a move to the federal $95–$115/t path.
- **Cross-jurisdiction strategy:** We map portfolio-wide carbon exposure across TIER, BC OBPS and CFR, identifying optimization and hedging opportunities.

Sources: BC Greenhouse Gas Industrial Reporting and Control Act and Emission Reporting Regulation; Government of BC OBPS guidance (March 2026); Canada-BC Cooperative Prosperity Agreement (July 2, 2026); Government of Canada (May 15, 2026); ICAP; Clearblue Markets.

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