carbon removal canada

TRACKING THE TONNES 2026

Canada's carbon removal progress report

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A LETTER FROM NA'IM

A $2.2B gap in a $500B moment

Investors are looking at Canada with a level of interest the country hasn't seen in years. Domestic and global capital is flowing into Canadian infrastructure, energy and resource projects, and major Canadian financial institutions alone have committed $500 billion to critical sectors.

At the same time, Canada is diversifying its trade towards the EU, which is regulating the carbon intensity of imports, and towards Asian markets that are starting to follow. Carbon removal is a key piece of that equation, yet as this report shows, we're making too little progress on carbon removal policy and investments. We risk falling behind.

> "Peers like the European Union, Germany and the United Kingdom are moving faster to build long-term demand."

The first gap that we've identified is capacity. Canada has 16 carbon removal projects operating across six provinces, with the capacity to remove 98,250 tonnes of carbon dioxide a year. That is triple what we had in 2023. However, capacity barely grew this year, and we need two million tonnes by 2030 to stay on track. Another 38 projects are in the pipeline, representing nearly 12 million tonnes of annual capacity and an estimated $9 billion in investment, but those projects remain on the sidelines until funding becomes available.

The second gap is funding. We estimate that closing the capacity gap (adding 1.9 million tonnes by 2030) would take about $2.2 billion, or less than half a percent of what Canadian financial institutions have just committed to critical sectors. The bigger challenge is that too few buyers are ready to commit to carbon removal at scale. There's too little support for demonstration projects, which fall between venture funding and conventional project finance. That middle stage is where many projects stall, and it is exactly how we bring the cost per tonne down.

The third is an uneven policy landscape. Canada's progress this year was modest. The federal government launched one of the world's first Request for Standing Offers to procure permanent carbon removal, joined Canadian businesses in the Advance Carbon Removal Coalition, and in September announced it is developing a framework under Article 6 of the Paris Agreement that could let Canadian carbon removal projects sell credits into international carbon markets.

At the same time, recent changes to the federal carbon price have lowered the value removal credits could obtain if integrated with industrial markets, and peers like the European Union, Germany and the United Kingdom are moving faster to build long-term demand. In the US, many carbon management policies are still in place, like 45Q tax credits and the Regional DAC Hubs program.

Planned bioenergy with carbon capture and storage at Hinton Pulp Mill, Alberta

> "Carbon removal in Canada can be built into the industries the economy already depends on, from forestry and mining to steel, agriculture and energy."

Getting this right matters well beyond our climate targets. Carbon removal in Canada can be built into the industries the economy already depends on, from forestry and mining to steel, agriculture and energy. As trading partners in Europe, and increasingly Asia, begin to price the carbon in the goods they import, a Canadian mine, mill or plant that removes and stores carbon has a cleaner product to sell and a new revenue stream that doesn't depend on any single market.

Whether the next wave of projects gets built depends on choices made over the next few years, by governments deciding how much carbon removal to buy and how to value it, and by companies deciding what their next mine, mill or plant looks like. This report makes clear that policy progress was modest this year, while project development and investments weren't adequate. Over the next year, we need to double down on our efforts to ensure we aren't left behind, and we hope to show more progress in 2027's report.

Na'im Merchant
Co-Founder & Executive Director

2026 IN NUMBERS

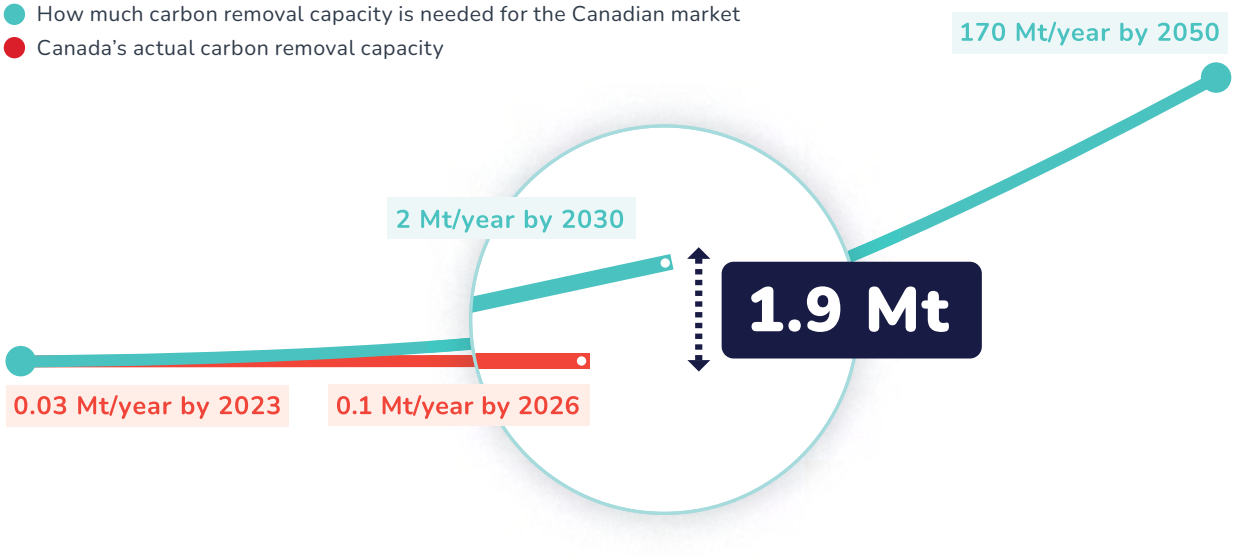
Building, but not fast enough

Despite new projects and companies launching in 2026, tighter capital markets and policy gaps impeded progress.

To reach the 2050 target, which is outlined in our Removals into Revenue report, our analysis suggests that we should be building two million tonnes a year of carbon removal capacity by 2030, to keep us on a realistic growth curve. This is for our domestic market needs alone, and the export potential exceeds this.

Capacity barely increased in 2026, and we're still just shy of 100,000 tonnes of operational carbon removal capacity. We estimate that an additional $2.2 billion in private and public capital investment is needed to fill the 1.9-million-tonne gap to get to the 2030 target.

Canada's path to a scaled and meaningful carbon removal sector



Canada's operational carbon removal capacity has grown since 2023, but growth slowed between 2025 and 2026. That leaves a gap of 1.9 million tonnes to fill by 2030, against the trajectory needed to reach 170 million tonnes by 2050.

PROJECTS	2025	2026
Total operational projects	15	16
Provinces with operational projects	6	6
Planned & announced projects	28 + 2 under construction	36 + 2 under construction

CUMULATIVE CAPACITY (TONNES/YR)	2025	2026
Operational capacity	98,100	98,250
Capacity under construction	7,650	27,500
Planned and announced capacity	10,891,350	11,667,561

Operational capacity: The combined capacity of Canada's operational projects.

INVESTMENT	2025	2026
Equity deals	6	3
Non-dilutive grants	22 ($31,800,000)	17 ($37,800,000)

Figures in Tracking the Tonnes 2026 are based on publicly disclosed projects, deals and grants as of November 1, 2026. Private transactions and developments from late 2026 may not be captured, and will be reflected in next year's report

Tracking public opinion on carbon removal

FAMILIARITY

33%

of Canadians are very or somewhat familiar with carbon removal technologies.

SUPPORT

60%

of Canadians strongly or somewhat support using carbon removal technologies to address climate change and create new economic opportunities.

USING ALL TOOLS

71%

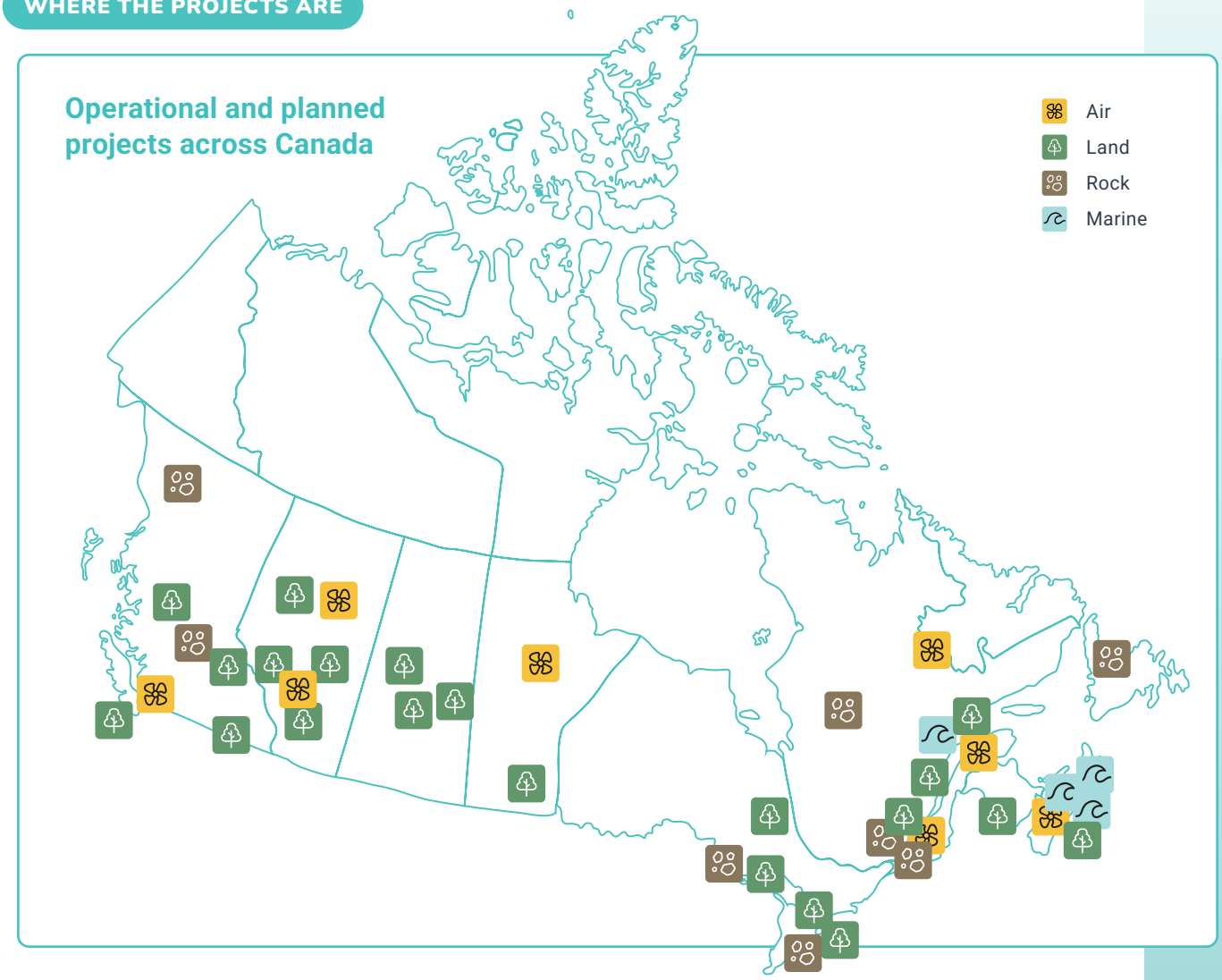
of Canadians strongly or somewhat agree that governments should use all available tools to pursue the most affordable path to addressing climate change.

This research was conducted via online survey with 2,036 adults (age 18+) living in Canada from August 21 to 26, 2026. A random sample of panelists was invited to complete the survey from a set of partner panels. These partners are typically double opt-in survey panels, blended to manage out potential skews in the data from a single source.

The margin of error for a comparable probability-based random sample of the same size is +/- 2.17%, 19 times out of 20.

The data was weighted according to census data to ensure that the sample matched Canada's population according to age, gender, educational attainment, and region. Totals may not add up to 100 due to rounding.

WHERE THE PROJECTS ARE



A national sector, built on local strengths

From Alberta's storage geology to Nova Scotia's ocean science, carbon removal is growing where Canada's regional advantages come together.

Carbon removal in Canada is not concentrated in one region or one industry. Each region draws on local strengths, whether that is geology suited to permanent storage, forestry and farm residues, legacy mining sites or coastal research expertise. This makes carbon removal one of the few climate solutions where nearly every part of the country has something to build, and something to gain.

WHERE THE PROJECTS ARE

Two more projects are under construction in Ontario and Saskatchewan. Once they come online, expected by the end of 2027, they'll add 27,500 tonnes a year and grow Canada's operational capacity by nearly 30%.

Carbon removal projects by province and status, 2026

	OPERATIONAL		UNDER CONSTRUCTION		PLANNED	
	PROJECTS	TONNES/YR	PROJECTS	TONNES/YR	PROJECTS	TONNES/YR**
Alberta	2	5,000	-	-	9	6,471,500
Quebec	4	24,000	-	-	8	2,829,500
Newfoundland & Labrador	-	-	-	-	1	1,000,000
Manitoba	-	-	-	-	2	505,000
Ontario	2	41,000	1	7,500	3	275,500
British Columbia	2	50	-	-	9	249,833
Nova Scotia	4	21,200	-	-	2	199,228
Saskatchewan	2	7,000	1	20,000	1	122,000
New Brunswick	-	-	-	-	1	15,000
Total	**16**	**98,250**	**2**	**27,500**	**36**	**11,667,561**

- indicates no current projects in that category
** - includes planned capacity expansions at existing operational projects

Carbon Removal Canada, Frontier Climate, and the DuGrisAuVert ecosystem have partnered to launch the **Quebec Surficial Mineralization Hub** at a legacy asbestos mine in Thetford Mines with more than 400 million tonnes of carbon removal potential. The Hub gives project developers and researchers a permitted site, feedstock, and shared equipment to enable quicker deployment and reduced costs. Learn more about the hub.

Want the full picture?
Check out carbonremoval.ca/methodology

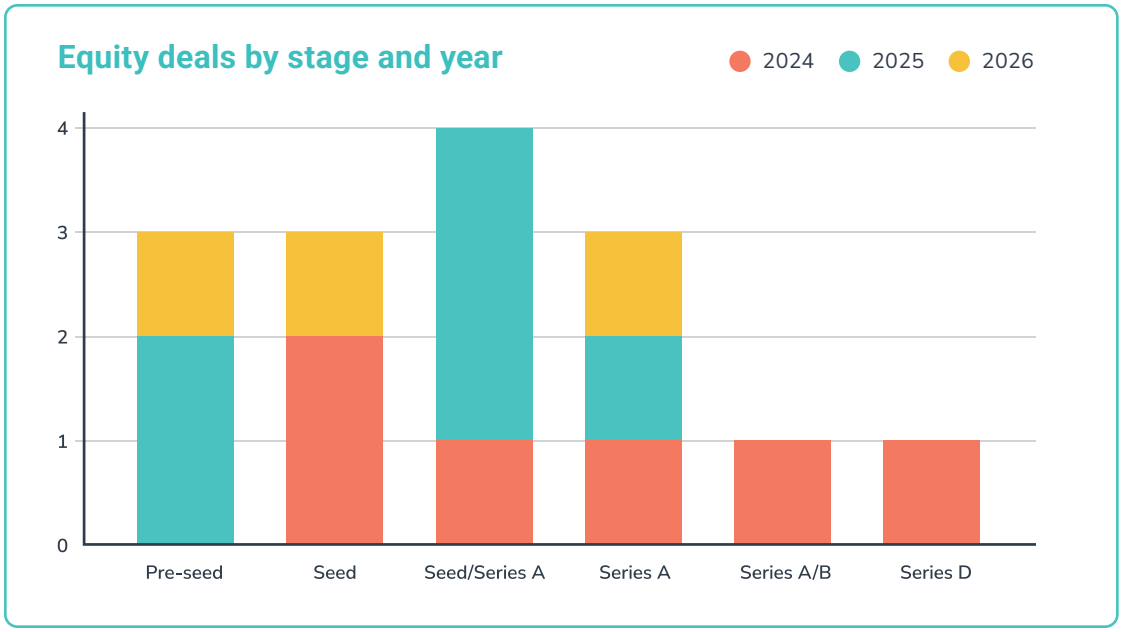
WHERE THE MONEY IS

Where the money is, and where it isn't

Grants, early-stage investors, and voluntary buyers are keeping the sector going, but very little money makes it to the demonstration projects that need it most.

An additional $2.2 billion in capital investment is required to reach two million tonnes of annual removal capacity by 2030. That money could come from both private and public actors, unlocked by tools like offtake agreements, equity-debt financing, government procurement and demonstration funding.

Most first-of-a-kind projects will need a mix of all four, brought together through partnerships between developers, industrial hosts, financiers and government. The gap grows every year that Canada falls further behind its trajectory.



As macroeconomic conditions have tightened, new capital has become harder for carbon removal companies to find. Venture investors funded the sector's early growth, but their pace of investment has slowed.

Venture investors are backing Canadian carbon removal, but mostly at the earliest stages. Thirteen of the 15 equity deals since 2024 closed at or before Series A, and deal flow has halved, from six deals in 2025 to three so far in 2026, as tighter venture markets have hit climate technology across the board. Companies that reach the demonstration stage face costs too large for startup funding but a risk profile that traditional bank-led project finance won't yet accept.

DOMESTIC REPORT CARD

No province has it all figured out

Every province and territory has something to build on, but none yet has the full mix of policy, funding and demand that carbon removal needs to scale.

Much of the policy that decides where carbon removal projects get built is set by provinces and territories, not by Ottawa. Provinces write the rules for storing carbon underground, run a majority of the industrial carbon markets that can create demand for removal credits, and are a partner in offering the funding and tax incentives that help projects get started.

We graded each province and territory on four criteria:

1. How ambitious its climate policy is, and how well permanent carbon removal is integrated into those plans.
2. What supports are in place for near-term development, and how appropriate they are for the stage carbon removal has reached.
3. What progress it has made in establishing a reliable long-term demand signal.
4. How well established its legal and regulatory infrastructure is to enable the deployment, measurement and certification of carbon removal.

See the full methodology here: carbonremoval.ca/methodology

Jurisdiction	Grade	Summary	What would raise the grade
Alberta	B+	Leads on regulatory readiness, with investment tax credits that stack on federal incentives.	Establish path to long-term demand through TIER.
Quebec	B	Strong R&D and early-stage support, but storage regulations are limited to temporary pilot projects.	Fully develop carbon storage regulations to qualify as jurisdiction where CCUS ITC can be used.
Ontario	B	A commercial storage framework is open and a carbon management framework is on the way, with some tariff-related support for biomass technologies. But no offset market exists to give long-term demand certainty.	Define carbon removal's role in Ontario's environmental and economic strategy, including how carbon removal technology can fit into carbon compliance plans.

Jurisdiction	Grade	Summary	What would raise the grade
British Columbia	B	Storage regulations and offset protocols are in place, but low offset caps limit demand under its output-based pricing system.	Implement regulatory updates to allow compliance credit generation via carbon removal within Low Carbon Fuel Standard.
Manitoba	B	Storage regulations are in progress, but not finalized.	Fully develop carbon storage regulations to qualify as jurisdiction where CCUS ITC can be used and ensure pragmatic approach to post-closure responsibility.
Saskatchewan	B	Flexible CCUS credit standards and capital tax incentives, but no active industrial carbon price.	Extend Oil and Gas Processing Investment Incentive to permanent storage.
Nova Scotia	B-	Strong innovation infrastructure and storage regulations, especially for ocean-based removal, but no offsets in its carbon pricing system.	Address regulatory barriers limiting advancement of ocean alkalinity enhancement.
Prince Edward Island	C+	Recognizes carbon removal in its net-zero strategy, but lacks geological storage regulations.	Establish clear permitting for enhanced rock weathering.
Nunavut	C+	Broad development funding under the federal pricing system, but no dedicated policy or regulation.	Recognize carbon removal within climate strategy.
Newfoundland and Labrador	C	General clean tech funding and early investigation on CCS hub development, but no specific incentives for carbon removal.	Establish offshore carbon storage regulations.
New Brunswick	C	General clean tech funding, but no storage regulations or offset demand.	Assess biomass carbon removal and storage potential in province.
Yukon	C	General economic development funding, with no carbon removal policy, storage regulations or net-zero target.	Integrate mineralization practices into mining reclamation standards.
Northwest Territories	C	General federal program funding, with no specific policy, regulation or offset market.	Integrate mineralization practices into mining reclamation standards.

INTERNATIONAL REPORT CARD

We're keeping pace but not setting it

Canada's policies hold up well against most of its peers, but others are moving faster to create the demand that attracts investment.

Carbon removal developers and investors can choose where to build, and many are weighing Canada against other countries. We graded Canada alongside five major carbon removal competitors using the same four criteria applied to the provinces and territories.

Canada sits in the middle of the pack. Federal procurement, investment incentives, and provincial storage frameworks put it ahead of the United States, where federal rollbacks have made the market unstable. But the European Union, Germany and the United Kingdom are moving to build carbon removal directly into their carbon markets and industrial policy, which gives developers long-term confidence that there will be buyers for what they build.

Jurisdiction	Grade	Summary
European Union	A	Adopted a carbon removal certification framework and proposed large-scale removal procurement within its emissions trading system.
Germany	B+	Legalized commercial-scale storage, provided significant funding for carbon removal innovation directly and built permanent removal into industrial decarbonization contracts.
Canada	B	**Federal procurement and provincial storage frameworks are advancing, but a weaker federal carbon price benchmark limits compliance demand.**
United Kingdom	B	Long-term targets, planned inclusion in its emissions trading scheme and high-integrity standards, though key policies are still in development.
Japan	B-	New CCS legislation and a mandatory emissions trading system, but low price ceilings limit near-term competitiveness.
United States	B-	Despite instability from federal rollbacks and budget cuts, projects are still being built with support from the 45Q tax credit and state programs that have endured.

WHAT COMES NEXT

Where policy goes from here

Canada has the resources, the industries and a growing base of projects. The next few years will decide how much of that potential gets built here.

Canada has spent the past few years building a strong foundation. Governments at both levels have already taken important steps, from federal procurement to new storage frameworks in several provinces. What the sector needs now is for those steps to add up.

The recommendations below build on policies that are already working in parts of Canada, and extend them so that developers, investors and industrial partners can plan with confidence.

Build new demand through compliance markets

Include carbon removal under Article 6 frameworks: Letting Canadian projects sell credits internationally would expand demand and fund the early projects the sector needs to scale.

Add carbon removal to the Clean Fuel Regulations and other compliance markets: Integrate carbon removal into existing compliance markets like the Clean Fuel Regulations, creating steady demand at prices that reflect today's costs.

Fund the demonstration gap and expand tax credits

Fund carbon removal demonstration projects: Set aside funding through Natural Resources Canada's Energy Innovation Program to build more demonstration-scale projects, based on durability, cost trajectory, and potential to scale. We estimate about 20 Canadian companies could begin building demonstration projects in 2027 with the right support, so the time to move is now.

Expand investment tax credits to more carbon removal pathways: Broaden the CCUS investment tax credit so promising pathways like surficial mineralization qualify. That would help projects coming out of the demonstration stage reach commercial scale.

Scale federal procurement

Grow federal procurement aggressively: Build on the $10 million standing offer with a multi-year purchasing commitment that grows each year. A strong, visible federal buyer signals to the market that demand is real, and brings more Canadian companies to the table as buyers.

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