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# Federal Renewable Fuels Regulation

## Key elements and next steps

**Stakeholder Presentation**

**Toronto, Ontario**



**Environment  
Canada**

**Environnement  
Canada**

# The Government is following through on its December 2006 commitment

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- In December 2006 the Government published the *Notice of intent to develop a federal regulation requiring renewable fuels* which announced that the regulation would require petroleum fuel producers and importers to have:
  - An average renewable fuel content of at least 5% based on the volume of gasoline, commencing in 2010
  - An average 2% renewable fuel content in diesel fuel and heating oil, upon successful demonstration of renewable diesel fuel use under the range of Canadian conditions
    - Not in place for 2010, but intended to come into effect by no later than 2012
- Regulation to be developed under the *Canadian Environmental Protection Act, 1999 (CEPA, 1999)*



# The regulation provides a national approach to requiring renewable content

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- General approach based on U.S. Environmental Protection Agency Renewable Fuel Standard
  - With some simplifications
- Timing for the 5% requirement based on gasoline is the following:
  - Requirement will be effective September 2010
  - Draft Regulation targeted for publication in the Canada Gazette, Part I in December 2009
  - Final Regulation targeted for publication in the Canada Gazette, Part II in June 2010
- Implement 2% requirement in diesel fuel and heating oil by 2011 or earlier subject to technical feasibility
  - Will require an amendment to the regulation



# Regulatory compliance to be on a company basis

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- Required renewable fuel content to be based on the volumes of gasoline, diesel fuel and heating oil that a company produces or imports
- Regulation not to apply to individual facilities or provinces of import



# The regulation is to be based on annual volumes

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- Not every litre of gasoline, diesel fuel and heating oil produced or imported would be required to contain renewable fuel



# The regulation is to include a credit and trading system

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- Companies may acquire credits from other parties in lieu of having renewable fuel content in their gasoline and distillate pools
- Credits may be created by:
  - Blending renewable fuel into petroleum fuel
  - Importing fuel with renewable content
  - Producing fuel from bio-crude



# The regulation is to provide a number of flexibility mechanisms

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- A broad range of liquid renewable fuels may be used to meet the requirements; not limited to ethanol and biodiesel.
- The 5% requirement for gasoline may be met by renewable fuel in gasoline, diesel or other liquid petroleum fuels
- The 2% requirement for diesel fuel and heating oil would have to be met through the use of renewable fuel in those products
- There is to be no regional requirement

*Possible provisions to address regional implementation challenges will be considered through the development of the regulations.*



# There are to be some limited exemptions

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- Companies producing or importing less than 400 m<sup>3</sup> of fuel per year
- Fuel for use in competition vehicles, aviation applications and for scientific research
- Fuel for use in the Yukon, Northwest Territories and Nunavut





# The regulation will not include:

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- **Fuel quality specifications**
- **Differential weightings (biases) assigned to renewable fuels**
  - Differential weightings may be considered in the future once there is a better knowledge base on the life cycle analysis of various fuels.



# Next Steps

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- Drafting the regulation
- Targeting the publication of proposed regulation in the Canada Gazette, Part I in December 2009
- Consulting on the proposed regulation
- Targeting publication of final regulation in the Canada Gazette, Part II in June 2010

