

November 30, 2018

Environment and Climate Change Canada

via email: ec.cfsnccp.ec@canada.ca

Re: Clean Fuel Standard

The Canadian Canola Growers Association (CCGA) has appreciated the opportunity to participate on the Multi-Stakeholder Consultation Committee (MSCC) as the Department continues to work on the development of the proposed Clean Fuel Standard (CFS). We continue to see opportunities from a well-designed CFS that can both serve to reduce greenhouse gas (GHG) emissions and provide benefits to the Canadian economy. CCGA looks forward to the release of the “Regulatory Design Paper” in the coming weeks. Regarding the most current interaction ECCC held with stakeholders on November 13th, CCGA would like to provide the following comments pertaining to the liquid fuel stream for consideration.

CCGA is pleased to see the outcome of the Department’s technical research and analysis which indicates that the majority of potential annual reductions opportunities in the liquid stream are expected to come from renewable fuels and that this is “expected to be the main compliance option”. Renewable fuels are a proven, cost-effective, existing and sustainable means to drive emissions reductions from the transportation sector. Canola biodiesel, for example, has up to 90% less GHG emissions than fossil fuel. Canada has a growing supply of canola and with a stable land base the supply is sustainable. This can easily accommodate increased demand for biofuel uses. Canola can also be used for renewable hydrocarbon diesel and emerging co-processing applications.

CCGA continues to encourage ECCC to consider the impact of a strengthened volumetric requirement or renewable fuel standard within the CFS. As has been acknowledged, if liquid biofuels are going to be a major contributor to emissions reductions from the transportation sector, a volumetric requirement will ensure that quantifiable reductions can be produced immediately. CCGA has long supported a 5% biodiesel mandate in Canada since the original Renewable Fuel Standard was being developed a decade ago. In combination with establishing carbon intensities, volumetric requirements are needed to send clear signals to the market about quantities of product that will be demanded. Volumetric requirements establish a market ‘floor’ structure for biofuels, which creates predictability in the marketplace and incents value-added investments along the entire supply chain.

Lastly, with the contract to design the new carbon intensity tool for regulatory purposes recently being awarded and the vendor setting about to undertake the assignment, care should be taken to ensure that this ambitious task is done properly. With this tool ultimately becoming the regulatory device underpinning the administration of the CFS, it needs to be designed and calibrated correctly from the outset. For instance, canola biofuels have long-standing pathways within the GHGenius model, and great effort and resources have been expended to ensure that the carbon intensity (CI) values produced by that model reflect the latest state of the science and practice. This is critical not only to domestic regulatory compliance but also in terms of our global product

differentiation and market access. A new regulatory tool, under the design and ownership of the federal government, that indicates CI values that differ widely from what exist today, will be unacceptable to our industry.

Furthermore, CCGA cautions ECCC from including any form or factor of indirect land use change considerations into regulatory compliance. In short, it is a heavily contested premise, both theoretically and in practice. Canada's agricultural practices are among the best in the world, and the sustainability and environmental impacts are well documented. ECCC should carefully consider the impacts of the CFS design on Canadian agriculture and forestry, and ensure that any inclusion of 'indirect effects' is based on sound science and evidence, and uniformly and fairly applied across all fuel supply systems

The Clean Fuel Standard is an important initiative for Canada. Renewable fuels will play a critical role in meeting the long-term policy goals of the CFS. Differentiating low carbon fuels coupled with volumetric requirements will help the Canadian government reach its objectives and at the same time provide clear and transparent market signals for investment.

We look forward to continued work with ECCC on this initiative.

Sincerely,

Original signed by

Rick White
Chief Executive Officer
Canadian Canola Growers Association