



A new clean fuel standard – opportunity knocks

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Federal Environment Minister McKenna's recent announcement about consultations toward a new national clean fuel standard is an important opportunity; it's a chance to build a well-balanced pan-Canadian clean fuel mandate that is cost-effective, transparent, scientifically credible, and fixes the inefficient and costly current patchwork of provincial and federal renewable fuels standards. It also aligns with and complements federal efforts to establish a pan-Canadian approach to carbon pricing.

Getting it right requires attention to sound economics with a clear focus on assessing and minimizing GHG abatement (or reduction) on a cost per tonne basis. The EcoFiscal Commission recently concluded that Canada's current approach of multiple Renewable Fuel Standards and production subsidies comes with GHG abatement costs of at least \$180 per tonne for ethanol, and at least \$128 per tonne for biodiesel. A new national clean fuels standard should target abatement costs per tonne that align with federal carbon price aspirations.

Key to determining reliable abatement costs is rigorous and credible emissions life cycle analysis. It is an essential underpinning of transparent fuels policy that delivers intended results - reducing emissions cost effectively. A full lifecycle analysis of fuels must rigorously consider all emissions - from feedstock production through to fuel production, distribution and use. We support the current federal initiatives to strengthen the governance and ongoing development of Canada's current life cycle analysis tool - GHGenius. There is no acceptable substitute for sound, transparent, peer-reviewed science.

A fragmented renewable fuels approach in which fuels face different requirements on one side of a provincial border vs the other makes little sense. Yet, this is the situation that exists in Canada today with six – five provincial and one federal – different renewable fuel mandates. Moreover, new or updated requirements are currently being developed or are under consideration in several provinces, creating the potential for further market fragmentation. This is inefficient, costly, and undermines fuel security of supply by impeding the timely movement of fuel from one jurisdiction (province) to another. Harmonizing disparate provincial standards into one national clean fuels standard would deliver uniform, efficient and cost effective environmental performance in Canada. Climate change after all is not a localized challenge, it is a global one. Let's not compound the existing inefficient and costly fragmentation by adding a new federal clean fuel layer.

Fuel consumers – individuals and businesses – ultimately bear the costs of policies to reduce GHG emissions, including a new national clean fuel standard. Striking an appropriate balance between emission reduction and cost impacts for fuel consumers is an essential principle that should guide the upcoming consultations. Canadians expect reliable affordable transportation energy to fuel their personal mobility and quality of life. Canadian businesses expect the same to ensure they remain competitive and successful here in Canada and abroad.



When they meet in Ottawa on December 9, we encourage First Ministers to think about the opportunity presented by the federal government's commitment to consult with provinces and territories, Indigenous people, industries, and non-governmental organizations to develop a new clean fuel standard. They can do so knowing that we support a new national clean fuel standard that replaces the existing inefficient and costly patchwork of provincial and federal renewable fuel standards, emphasizes sound science and economics, and delivers a balanced approach that works for Canadians and Canadian business.

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