FUELLING CANADA'S FUTURE:

A 2026 UPDATE TO CFA'S DRIVING TO 2050 VISION

Canadian Fuels ASSOCIATION



The World Has Changed Our Vision Has Not

Building a lower-carbon future remains an environmental imperative and increasingly an economic one.

Since the last update to Driving to 2050, the forces shaping Canada's energy future have shifted. Geopolitical instability, disrupted supply chains and increasingly unpredictable trade relationships have reinforced the importance of energy security. These developments highlight why Canada must maintain strong domestic refining capacity, resilient infrastructure and reliable supply chains to meet its own needs and respond when global markets are disrupted. Governments are also placing renewed emphasis on domestic manufacturing, economic growth and strategic industries.

Canadians are feeling these changes directly. Affordability and economic uncertainty have risen alongside concerns about energy security. At the same time, the expectation that industry will continue improving environmental performance has not disappeared. The challenge is no longer framed around a single objective. Canada must strengthen its economy, protect reliable energy supply and continue lowering emissions at the same time.

That broader context reinforces the original Driving to 2050 vision. Canada will continue to need liquid transportation fuels for passenger travel, freight, aviation, agriculture, emergency response and the movement of goods for decades to come. The question is how we produce those fuels, how we reduce their environmental impact and how Canada retains the capacity to supply them reliably across the entire country.

Canada is not starting from scratch. We have natural resources, experienced skilled workers, established refining and distribution infrastructure, agricultural feedstocks and companies investing in existing facilities, new fuels and lower-emissions technologies. Building on these strengths will help Canada reinforce its energy security, support economic growth and continue progressing toward its 2050 vision.

What has changed since 2024

2024	2026
Energy transition	Transition + competitiveness
Climate ambition	Climate + affordability
Stable global markets	Trade uncertainty
Domestic production	Energy security
Decarbonization	Economic resilience

75%

of Canadians believe it is possible to strengthen our economy, improve energy security and reduce emissions at the same time through continued investment and innovation.

[Source note: August 2026 CFA Omnibus survey conducted by Earnscliffe.]

Competitiveness Powers Canada's Future



A competitive transportation fuels sector creates the conditions for investment, innovation and continued progress toward Canada's 2050 vision.

Canada's transportation fuels sector is part of the industrial foundation that keeps the country moving. It connects crude oil, agricultural feedstocks, refineries, biofuel plants, terminals, pipelines, rail and trucking networks, marine facilities and thousands of retail and commercial sites.

When that system is resilient, companies can reinvest in safe and reliable operations, adopt new technologies and improve the quality of the fuels they produce. Those investments support skilled employment, Canadian suppliers, construction activity, government tax bases and export earnings. They also preserve the capacity Canada needs when global markets are disrupted.

Canada's refining industry remains generally competitive with U.S. and European peers today despite structural disadvantages such as vast geography, regional differences, a harsh climate and smaller overall refinery capacity. Sector competitiveness is however expected to erode over the next five years unless such factors as rising operating and regulatory compliance costs, investment uncertainty and infrastructure constraints are addressed.

Competitiveness is not an abstract industry concern. It determines where capital is invested, which facilities are modernized and whether production remains in Canada. Maintaining a competitive transportation fuels sector is also necessary for environmental progress. Co-processing, carbon capture, renewable and low-carbon fuel blending and efficiency improvements all require capital, technical expertise and confidence that projects can earn a return over many years.

The economic ripple effect

COMPETITIVE INDUSTRY → INVESTMENT → INNOVATION → JOB + SKILLS → INFRASTRUCTURE → RELIABLE SUPPLY

71% **of Canadians agree that producing transportation fuels for domestic use and for export is essential to Canada's long-term economic prosperity.**

[Source note: August 2026 CFA Omnibus survey conducted by Earnscliffe.]

Strengthening Canada's Energy Security

Energy security starts with a strong domestic fuel system that can continue supplying essential services, businesses and Canadians with the fuels they need, even when global markets are disrupted.

Recent turmoil in the Middle East offers a clear example of why domestic energy security matters. Despite increased price volatility and disruptions to global supply routes, Canada's transportation fuel system continued to reliably supply the gasoline, diesel, jet fuel and other products Canadians and businesses needed. That reliability reflects the strength of our domestic refining sector – its infrastructure and supply chain, and most importantly, the skilled people working behind the scenes every day to keep fuel moving safely and reliably across the country. It is an advantage worth protecting.

Canada is a net exporter of refined petroleum products overall, but vulnerabilities remain. Some regions depend on marine or cross-border supply routes, while Canada relies more heavily on imports of jet fuel, ethanol, bio-based diesel and other lower-carbon fuels. Today's reliability should not be taken for granted. Continued investment in domestic production of conventional and lower-carbon fuels, along with the pipelines, terminals, storage facilities and transportation networks that connect refineries to their feedstocks and customers, can help reduce these vulnerabilities. Strengthening this infrastructure and improving supply flexibility will reinforce Canada's energy security and enhance our ability to support allies when global fuel supplies are disrupted.



Canadian feedstock, Canadian renewable diesel

Imperial's $720-million Strathcona renewable diesel facility, located near Edmonton Alberta, began operating in 2025 and is designed to produce up to 20,000 barrels a day. Using canola-based feedstock from Canadian producers, the facility connects agriculture, oilseed processing, refining and fuel distribution, creating new markets for farmers while increasing domestic renewable diesel production.

More refining capacity, stronger fuel supply

Suncor is strengthening fuel supply by increasing production from existing refining operations. In 2026, its refineries, including in Edmonton, Sarnia and Montreal, raised total refining capacity by 10 per cent, from 466,000 to 511,000 barrels per day. That increase is delivering more gasoline, diesel, jet fuel and other products to markets in Canada and beyond. In 2025, Edmonton added 16,000 barrels per day of diesel production, with room for further growth while Montreal began producing jet fuel to meet rising demand, reduce import dependence and help keep Canadian airports supplied.





Investing in reliability

Turnarounds, maintenance programs, storage upgrades and logistics improvements may attract less attention than major projects, but they are fundamental to energy security. Hundreds of millions of dollars in annual investments across the industry keep facilities safe, extend asset life, strengthen regional supply chains and help Canada respond when global markets are under pressure. The strength of our domestic system matters. Protecting that foundation while addressing emerging vulnerabilities will help Canada remain reliable, resilient and prepared for the future.

Innovation Through Existing Infrastructure

Canada can increase lower-carbon fuel production faster and create new opportunities using existing assets and infrastructure.

Canada's transportation fuels industry is demonstrating that lower-carbon fuels can be produced by building on the strengths of an existing world-class refining system. Across the country, refiners are investing in co-processing technologies that leverage existing infrastructure to expand lower-carbon fuel production while continuing to supply the gasoline, diesel and jet fuel Canadians rely on every day.

Co-processing allows renewable feedstocks such as canola oil to be processed alongside conventional feedstocks using existing refinery equipment. This approach improves refinery competitiveness and resilience while providing one of Canada's fastest and most cost-effective pathways to expand domestic renewable fuel production.

Across Canada, the opportunity is larger than any one project. Today, six Canadian refineries have built more than 800 million litres/year of commercial co-processing capacity. With supportive policies and the right investment conditions, four more refineries could adopt co-processing by 2030, alongside other identified expansion projects that could increase capacity to approximately 3 billion litres of renewable fuels annually.

Feedstock research creating new markets

Today, canola oil is expected to be one of the primary renewable feedstocks supporting Canada's early co-processing projects. At full capacity, these projects could require feedstock volumes equivalent to more than seven million tonnes of canola seed annually by 2030 – or roughly one-third of Canada's current annual canola production. This represents a significant and reliable domestic market for Canadian canola producers, helping diversify demand and reduce exposure to international trade disruptions, while highlighting the importance of expanding feedstock options over time.

As Canada's renewable fuels industry continues to grow, work is advancing on a broader range of renewable feedstocks including municipal waste, agricultural residues, forestry by-products and other biomass resources. Expanding feedstock options will help diversify supply, strengthen domestic value chains and create new opportunities across Canada's energy, agriculture and forestry sectors while supporting continued growth in lower-carbon fuel production.

Innovation Across the Entire Value Chain

Canada's renewable fuels story extends beyond refining. Continued innovation in feedstocks, refining technologies and supply chains is creating new opportunities for farmers, foresters, municipalities, technology developers and fuel producers to work together in building a more competitive and resilient domestic energy system.







Different Technologies A Common Purpose

Industry is lowering the carbon intensity of both conventional production and biofuels blended into the Canadian supply.



Capturing emissions from conventional fuel production

Shell's Polaris carbon capture project is designed to reduce emissions from conventional fuel production at the Scotford refinery near Edmonton, Alberta. Expected to begin operating toward the end of 2028, the project would capture CO_2 from refinery operations and transport it through a dedicated pipeline to the Atlas Carbon Storage Hub for permanent underground storage. Polaris builds on Shell's experience with its Quest carbon capture and storage (CCS) project, which has been capturing and storing CO_2 since 2015.

Renewable electricity for refinery operations

At Shell's Scotford refinery, renewable electricity is also reducing the emissions associated with fuel production. In 2025, 43 per cent of the refinery's electricity came from renewable sources. A 58 MW behind-the-fence solar project supplies about 20 per cent of refinery electricity needs, while a power purchase agreement provides access to up to 100 MW from the Hand Hills wind project. Other refiners are also continuing to look for ways to further reduce the carbon intensity of their products using cleaner electricity and hydrogen and implementing increasingly more efficient processes to refine products.





Lower-carbon aviation fuel

Sunoco's Burnaby Refinery produced Canada's first batch of sustainable aviation fuel in late 2024 using co-processing and supplied it to Air Canada. This pilot demonstrated that Canadian refineries could use existing assets to support a domestic SAF market if policy and market conditions align. Further opportunities are emerging: Tidewater Renewables has a shovel-ready 6,500 bpd SAF project that could move toward a final investment decision with supportive federal policy and market conditions.

Creating the Conditions for Success

Canada has the foundation to be a global leader in fuel production. The policy environment will determine whether the next investments are made here.

As Canada works to strengthen energy security and reduce emissions, creating the right conditions for investment will be essential. Canada's transportation fuel industry has the expertise, infrastructure and resources to invest in our energy future, but long-term investment requires fiscal conditions that allow Canadian projects to compete with opportunities in other jurisdictions, supported by a stable, predictable and efficient regulatory environment.

Canada's refining sector must be able to invest, innovate and modernize while competing with other jurisdictions. This includes investment in the pipelines, terminals, storage and distribution infrastructure needed to maintain reliable fuel supplies and improve access to domestic and export markets. When investment flows to Canada, it supports economic growth, strengthens energy security and accelerates progress toward lower-carbon transportation fuels.

Effective policy should be predictable, technology-neutral, focused on measurable outcomes and practical to implement. Clear, long-term signals and flexibility to address regional differences allow companies to pursue effective solutions for reducing emissions while maintaining reliable fuel supplies. Stable regulatory frameworks reduce investment risk, encourage innovation and support continuous improvement.

Looking ahead

The federal government's recently proposed amendments to the Clean Fuel Regulations represent a positive step toward strengthening investment in Canadian lower-carbon fuel production and emissions-reduction technologies. The proposed changes would provide stronger incentives for domestically produced biofuels and expand opportunities to invest in projects that reduce the carbon intensity of transportation fuels.

While the details require further review and consultation, these proposals could help Canada attract investment, expand domestic production and strengthen energy security. Building on this progress with stable, predictable and internationally competitive policies will be essential to sustaining investment, supporting innovation and advancing Canada's economic and environmental objectives.

87%

of Canadians say maintaining enough domestic refining capacity is important to ensure reliable fuel supplies during global disruptions.

[Source note: August 2026 CFA Omnibus survey conducted by Earnscliffe.]

77%

agree Canada should increase domestic production of lower-carbon fuels to reduce reliance on imported biofuels and strengthen energy security.

[Source note: August 2026 CFA Omnibus survey conducted by Earnscliffe.]

Building on Strength Moving Forward

Canada has a solid foundation. The next chapter is about building on our strengths.

Canada has the resources, workforce, infrastructure and technical capability to be energy secure at home and a trusted supplier to the world. It has a mature conventional fuels system, a growing renewable fuels sector, abundant agricultural feedstocks and companies continuing to deploy technologies that lower emissions.

The examples in this update show what progress looks like in practice: a refinery adapting to make jet fuel for Canadian and international markets; canola creating value for farmers and becoming renewable diesel; existing facilities producing lower-carbon fuels through co-processing; carbon capture reducing emissions from conventional refining; and renewable power lowering the footprint of operations. And those are just a few examples.

These achievements are meaningful, but they are not automatic. Canada's ability to sustain them depends on a competitive domestic industry with the confidence and capacity to reinvest. When Canadian facilities are in a position to successfully compete, the benefits extend beyond the refinery gates. They strengthen supply chains, create markets for Canadian resources, support skilled work and protect reliable fuel supply.

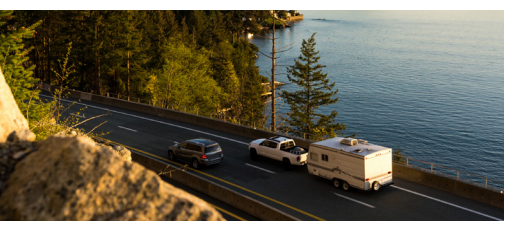
The vision for 2050 remains ambitious: a transportation system that continues to serve Canadians while steadily reducing its environmental impact. The path is clearer today. Canada does not have to choose between economic growth, energy security and emissions reductions. By building on existing strengths and creating the conditions for investment, we can advance all three together.

CANADA IS READY THE OPPORTUNITY IS TO BUILD

CANADIANS SEE CANADA'S OPPORTUNITY.

81%

agree Canada should create competitive investment conditions that encourage companies to build and expand conventional and lower-carbon fuel projects in Canada.






About the CFA and Our Members

The Canadian Fuels Association (CFA) represents producers, distributors, and marketers of Canada's transportation fuels, including gasoline, diesel, ethanol, bio-based diesel, jet fuel, specialty fuels, and lubricants. The sector employs approximately 115,000 Canadians, producing about 110 billion litres of refined petroleum products and more than 5 billion litres of biofuels each year. It also operates around 80 distribution terminals and supplies over 11,500 retail and commercial sites nationwide. CFA members account for virtually all petroleum products and nearly 80% of biofuels produced in Canada, operating 16 refineries and 11 facilities that produce biofuels from coast to coast.

Together, we play a vital role in driving Canada's economic growth and supporting essential jobs across the country. We are also committed to compliance with environmental policies, meeting the expectations of both Government and Canadians, while ensuring a secure, reliable, and competitively priced fuel supply.

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cenovus ENERGY
CO-OP
Greenergy
GREENFIELD GLOBAL
Imperial
IRVING
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