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Renewable Fuels Regulation

Elements of Regulatory Flexibility



Meeting of Industry Technical Advisory Group

June 23, 2009

Flexibilities currently in the Working Document

1. Limits are annual, not per-litre.
2. Limits are company-wide.
3. Compliance units may be traded.
4. A broad suite of liquid renewable fuels may be used.
5. Compliance units may be created from use of renewable fuel in any liquid petroleum fuel.
6. Distillate compliance units may be used to meet the 5% gasoline requirement.
7. Small volume (< 400 m³) producers and importers are not subject to requirements.
8. Fuel for special uses may be excluded from the regulated pool.
9. Gasoline and distillate for use in the territories may be excluded from the regulated pool.
10. Gasoline for use in Newfoundland and Labrador may be excluded from the regulated pool.
11. The first compliance period is extended to 16 months.
12. Definition of “renewable fuel” encompasses small amounts of non-renewable components.
13. Compliance units may be created from use of bio-crude feedstock.
14. There is a 45-day trading period following the end of a compliance period for “truing-up”.
15. Some excess compliance units may be carried forward to the next compliance period.



Additional flexibilities that have been suggested

1. Extend the “true-up” trading period (e.g., from 45 to 90 days).
2. Provide for exclusion from the regulated pool of gasoline and distillate for use north of 60°N (adds northernmost part of Quebec).
3. Allow for creation of compliance units upon use or sale for use of B100.
4. Allow creation of compliance units from the time the regulations are passed (c. June 2010), rather than from the start of the first compliance period (September 1, 2010).
5. Allow all distillate compliance units created before the distillate requirement comes into effect to be carried over into the first distillate compliance period.
6. Extend the first gasoline compliance period by an additional 12 months (from 16 to 28 months).
7. Allow a deficit carry-forward (e.g., a primary supplier that does not meet the limit for a compliance period is not in contravention if it makes up the deficit in the following compliance period).
 - EPA allows a deficit carry forward with restrictions that a regulatee cannot use it in back-to-back compliance periods.
8. Allow for compliance units created during a “true-up” period to be used for compliance during the previous compliance period .
 - Effect is quite similar to allowing a deficit carry-forward

