

Advanced Biofuels Canada clarifies concerns, statements on proposed Clean Fuel Standard

A recent federal decision to prioritize liquid fuels in the Clean Fuel Standard addresses many stakeholder concerns but misunderstanding of regulation continues



Advanced Biofuels Canada
Biocarburants avancés Canada

VANCOUVER, BRITISH COLUMBIA, CANADA, August 29, 2018 /EINPresswire.com/ -- Canada's national industry voice for the low carbon biofuels necessary for Canada to implement a successful Clean Fuel Standard (CFS) is providing commentary on statements in the media regarding the proposed regulation.



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Ian Thomson, President, ABFC

In July 2018, the federal government announced that it would develop the CFS on separate tracks for liquid fuels, and for gaseous and solid fuels. Advanced Biofuels Canada (ABFC), and many other industrial sector stakeholders, have long advocated for this approach. Transportation fuels make up ~80% of the liquid fuels used in Canada, and their climate change emissions are rising. Many in the industrial sector see the rationale for Canada to largely follow the design of low carbon fuel standards successfully operating for almost a decade in BC and in California (which has the world's 6th largest economy and a significant petroleum refining sector).

ABFC released the following comment by President Ian Thomson: "Our organization's members have been supplying low carbon biofuels in BC and California's clean fuel standards since 2010; we know how a CFS in liquid fuels could work for Canada to reduce greenhouse gas emissions and drive clean growth and jobs. There is wide agreement that the liquid fuels CFS can be both a viable and cost-efficient way to reduce carbon pollution in transportation. As evidenced by the performance of liquid fuels regulations across North America, the CFS will drive innovation and lower emissions across the whole supply chain and fuel suppliers will have many more compliance options today than were available a decade ago. We understand that substantial uncertainty about how to meet gaseous and solid fuel reduction requirements is behind a lot of industry concern, but we should be very clear to separate the issues associated with the different fuel types. The bulk of the requirement in the liquids stream has far fewer issues."

ABFC offers perspective on media and petroleum sector commentary regarding the design and operation of a CFS:

- An average driver under BC's low carbon fuel standard has paid \$16/year less than they would have paid for gasoline alone since 2010 ([Navius 2018](#)).
- Carbon pricing can be effective in reducing industrial emissions, but is largely ineffectual on transportation emissions, due to market failures (lack of competition), design failures (in the carbon tax systems), and the broad absence of practical fuel alternatives.
- Existing provincial renewable and low carbon fuel regulations do not duplicate the CFS; to the contrary, compliance with them will do much of the work to ease the CFS requirement.

- Provinces continue to assert their sovereignty over energy and climate regulation; this refutes refiners' claims that the provinces should rescind their 'duplicative' regulations and be ruled by federal regulations (which they also oppose).
- Provincial and federal fuel regulations have negligible actual overhead costs, in contrast to refiners' claims that the CFS will be costly to administer. Public filings by one large refiner with \$4.5 billion of 2017 net earnings show its 2017 'compliance and administrative costs' associated with the BC low carbon fuel standard to be 0.009% of net earnings (\$0.4 million).
- Because imported liquid transportation fuels must also meet low-carbon content requirements, competitiveness issues for refiners relative to blending low carbon fuels into gasoline and diesel are addressed. This may not be the case for gaseous and solid fuels, or liquids used in petroleum refinery processes.

Canada's refiners have acknowledged the CFS opportunities; the "CFS incents investments in both refining and alternative fuel sectors with opportunities for Alberta produced high value bio-feedstock supply, and significant Alberta refining investment to lower CI gasoline/diesel." (CFA July 2018)

Modelling by a number of CFS stakeholders shows that a minimum of 2/3rds of the compliance for the 2030 CFS target can be met with liquid fuels. This significantly lowers the potential cost of compliance with the gaseous and solid fuels CFS components for Canada's industrial sector. In addition, there is considerable positive economic growth that will be realized by investments in clean fuel production and use. Doyletech Corporation [studied the impact](#) of the buildout of biofuels production under the liquid fuel CFS and estimates that the one-time construction impact would result in \$9.6 billion of economic output and support 47,100 jobs years. Following the buildout phase, Doyletech concluded that biofuels production would contribute \$21.3 billion per year in economic output and support over 12,500 permanent clean energy jobs.

ABFC will continue to collaborate with Canada's industrial sectors to provide cost-effective low carbon liquid fuel compliance options, to minimize the cost of the CFS particularly for energy intensive trade exposed sectors, and to advocate for a practical CFS design based on precedence and proven principles.

Advanced Biofuels Canada/ Biocarburants avancés Canada promotes the production and use of low carbon advanced biofuels in Canada, which our members supply across North America and globally. These companies have invested in biofuels processing and supply chain operations across Canada, and are actively bringing to market the next generation of low carbon biofuels. The organization has a decade of leadership in policy and program design for biofuel demand and sustainable production conditions for our domestic biofuels industry. For information on Advanced Biofuels Canada and our members, visit: www.advancedbiofuels.ca.

The clean fuel standards regulatory framework can be accessed at:
<https://www.canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/publications/clean-fuel-standard-regulatory-framework.html#toc1>

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