

New analyses show limited impact of clean fuels on Canadians' food costs, household budgets

Advanced Biofuels Canada data show that biofuels are an economic boost to Canada

VANCOUVER, CANADA, August 21, 2026 /EINPresswire.com/ -- Advanced Biofuels Canada Association (ABFC) released a statement by Fred Ghatala, President, sharing recent analyses on fuel costs.

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Fred Ghatala, ABFC President

“Amidst ongoing challenges to affordability for many Canadian households, we are addressing inaccurate statements relative to the Clean Fuel Regulations (CFR). Parties calling for the end of the Clean Fuel Regulations are relying on deeply flawed estimates and are failing to account for biofuels’ irreplaceable benefits to Canada’s economy.

“Many of the claims rely on a May 2023 report by the

Parliamentary Budget Office (PBO). ABFC’s [May 2023 press release](#) details gross errors in the PBO’s calculations. The PBO’s projections of CFR costs are based on an impossible, upper-bound scenario that causes a significant overstatement of CFR costs.

“The PBO’s report relies on an assumption that obligated parties would acquire 100% of the compliance credits they need from third parties. This scenario is contradicted by the well-established practice of obligated parties (Canadian refiners and fuel importers) directly generating the majority of compliance credits through their own biofuel production and blending. BC’s Low Carbon Fuel Standard is similar to the CFR design and was implemented July 1, 2013. [Compliance reporting](#) by the BC Low Carbon Fuels Branch has shown that, over the past 10 years of its credit market, an average of 24% of compliance obligations have been purchased on the BC LCFS credit market.

“Secondly, the PBO report also assumes that all of these credits will be purchased at the full credit market price. This approach significantly overstates compliance costs since credit market trades represent the marginal cost of the next available credit (neither the average cost nor the intrinsic cost of biofuel blending to generate credits). Credit markets deliver the most expensive

compliance, which is why obligated parties seek to internally generate compliance through activities such as biofuel production, co-processing, and blending.

“To model CFR costs based on 100% credit purchasing at the marginal credit market price would be like projecting your annual food budget based on 100% use of expensive restaurant meals and food delivery services with zero grocery store purchases or cooking at home.

“The PBO errors are evident when considering the case of ethanol, which all obligated parties blend with gasoline. Gasoline fuel use represents approximately 55% of CFR obligations, and the wholesale cost of ethanol has been cheaper than gasoline for years, making ethanol blending an attractive compliance strategy. As a result of this market pricing, more than 50% of CFR obligation costs are zero or less than zero. This makes clear the scale of the PBO’s miscalculation when they forecast that CFR compliance costs could be up to 17 cents per litre by 2030.”

ABFC has analyzed the actual impact of the CFR on Canadian households based on market reporting by Navius Research; the data is summarized below:

1. In 2024, Canadian drivers and businesses spent \$112 billion on fuel. Biofuels added \$0.97 billion and saved \$1.25 billion in diesel and gasoline fuel costs, respectively.
2. An [average Canadian household’s annual expenditures](#) are \$76,750. Modeling the CFR’s financial impact to show direct and indirect impact on all aspects of the economy, the data show biofuel in diesel to add \$52/year, offset by biofuel in gasoline (ethanol) savings of \$101/year for each household.
3. Regarding biofuels’ impact on the cost of producing and shipping food, a household’s \$12,925 annual food budget will rise 0.04% (1/17th of one percent) based on the predominance of diesel in the transport of all goods. However, ethanol’s lower cost neutralizes that slight diesel cost impact.
4. Canadian data show transportation costs to be 3% of food costs. This mirrors the US Department of Agriculture’s ‘food dollar’ showing total transportation costs to be 4 cents in every dollar of household spending on food, of which fuel is but one component.

“Criticism of the CFR has relied on incorrectly calculated biofuel costs. In reality, biofuel blending has an indiscernible impact on household spending, including food. The claim that Canadians’ affordability is being worsened from biofuel blending is not supported by actual fuel use and market pricing data.

“Beyond impacts on household budgets, biofuels play a compelling, positive, and broader role in the Canadian economy. They provide an irreplaceable lifeline to a critical economic sector: agriculture. The instability of global markets has reached far into farming’s economics. With strong provincial and federal clean fuel policies, domestic crop demand for biofuel production has replaced unreliable and unstable exports to Canada’s major trading partners. Furthermore, additional biofuel supplies have dampened oil price shocks from global conflicts, limiting increases to fuel costs at the pump for consumers and industry.

"Canada's recent federal-provincial-territorial review of the strategic importance of the biofuels sector reached an accurate conclusion: 'Canada's liquid and gaseous biofuels sector represents a strategic and economic opportunity to support Canada's energy security and competitiveness amid growing global trade uncertainty and energy market volatility. Growing Canada's domestic biofuels sector can help create jobs, contribute to GDP, mitigate tariff and supply chain exposure, and build demand for Canadian agricultural and forestry feedstocks while reducing greenhouse gas emissions.'"

Advanced Biofuels Canada (ABFC) is the national industry voice for producers, distributors, and technology providers for non-fossil, low carbon alternatives which can be blended with gasoline, diesel, marine, and jet fuels. ABFC members produce a portfolio of liquid clean fuels, sustainable feedstocks, and intermediary products. ABFC members operate over 45 billion litres of low carbon fuel production capacity globally and are significant suppliers to renewable and low carbon fuel in Canada and worldwide. For more information, please visit www.advancedbiofuels.ca.

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