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HOUSE OF COMMONS
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The Honourable Jonathan Wilkinson
Minister of Environment and Climate Change
House of Commons
Ottawa, ON
K1A 0A6

March 4, 2021

Dear Minister,

Thank you for the opportunity to respond to the proposed Clean Fuel Regulations (CFR). Low carbon fuel regulations, such as the Clean Fuel Standard (CFS), are proven to be effective in reducing emissions. The federal government must no longer delay implementing the CFS.

The Clean Fuel Regulations must contribute to Canada's commitment in the Paris Agreement to hold global average temperature to no more than 1.5 degrees C, and as far below 2 degrees as possible. At the moment, Canada is in non-compliance with the Paris Agreement, firstly by having a target that is incompatible with holding to 1.5 degrees C, and secondly, by failing to meet our commitment under paragraph 24 of the COP21 Decision Document to enhance our NDC in 2020.

The current focus on achieving net-zero emissions by 2050 is misplaced without a more focused near-term commitment to massively increase efforts over the next few years. To be close to our Paris commitments, our NDC needs to significantly increase to 60% below 2005 levels by 2030.

Canada's climate targets must be updated to reflect the recommended targets set out in the 2015 Paris Agreement and the 2018 Intergovernmental Panel on Climate Change Special Report on 1.5 degrees. Moving forward with the CFS is one small step to advance these goals.

The Clean Fuel Regulations were originally meant to be published in 2019. However, the draft regulations were not published until December 2020. The proposed regulations exclude gaseous and solid fuels and have been narrowed down to include only liquid and transport-destined fuels. This move was applauded by the Canadian Association of Petroleum Producers. We urge a reversal in that decision.

The primary point in this brief is that the federal government must adopt the regulations without further delay. In order to achieve the targeted emission reductions, clean fuel production and clean fuel use will need



adequate time to scale up. The government must ensure that the CFS has come into force and is operational by December 1, 2022.

Carbon intensity (CI) reductions

In response to the COVID-19 pandemic, the carbon intensity (CI) reduction requirements have been reduced for the first few years of their implementation. CI reductions will then be increased to higher levels than originally intended. The government must remain committed to the proposed trajectory for carbon intensity reductions.

The government must also commit to updating and revisiting the CI calculations that have been established for different jurisdictions within Canada. If these calculations do not consider carbon intensity variations and are not continuously updated, the policy may misrepresent the Canadian EV market.

One final point on carbon intensity (CI) calculations: the value of Indirect Land Use Change (ILUC) for all fuels is not zero. ILUC should be included as a part of the calculation of the lifecycle carbon intensity of different fuels.

Exported fuels

Exported fuels must be included as a part of the regulations; they are currently exempt. It has been clearly documented that a significant portion of Canada's refined and crude production of fuel is exported, primarily to the United States. Other jurisdictions, such as California, already consider exported fuels as falling under its regulatory policy. Canada must do the same.

Credit generation

Rather than refusing to provide residential EV credits for home charging stations after 2030, the federal government must adopt a policy that incrementally phases out the earning of credits until the year 2035.

With a policy in place that incrementally phases out credit earnings, residents who install a home charging station in 2031 would receive fewer credits than residents who install a station in 2030, but more credits than residents installing stations in 2034. Residents would no longer be eligible for credits in 2035. By committing to an incremental credit phase out, the government will communicate the message that the policy acknowledges the role of vehicle electrification in the broader, long-term vision of fuel decarbonization in Canada.

The Clean Fuel Regulations must ensure that there are undeniable incentives for generating credits from clean fuels. Credits must be assigned to reductions that occur as a result of the CFS. Credits earned under the Compliance Category 1 must be added.

The social cost of carbon and the opportunity of clean economy growth

In Canada, measures of the social cost of carbon do not adequately consider recent science-based estimates, nor do they consider estimates proposed by other jurisdictions such as the United States and Germany. The social cost of carbon is an economic estimate of the damages that result from emitting one additional ton of greenhouse gas emissions into the atmosphere. The government must ensure that Canadian measures of the social cost of carbon are based upon contemporary estimates that are informed by science. These updated estimates must then inform Canadian impact assessments.

Implementing the CFS has the potential to deliver significant emission reductions for Canada, particularly in the transportation sector, driving new clean economy growth. The bio-fuel sector is on the cusp of an



enormous economic opportunity. We urge that in considering bio-fuels, the full lifecycle of impacts must be considered. Bio-fuel must not be produced from food. Bio-fuel must be sourced from waste materials, such as used vegetable oil, wood wastes, or, in the case of cellulosic ethanol, grasses and straw.

The path to 60% reductions below 2005 levels by 2030 requires ambitious planning and rejection of the incrementalism that has plagued climate policy for three decades.

Many thanks,

A handwritten signature in black ink, reading "Elizabeth May". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Elizabeth May, O.C.
Member of Parliament
Saanich-Gulf Islands
Parliamentary Leader of the Green Party of Canada

