

Federal Renewable Fuels Regulations: Overview

NOTE: Information below is for compliance promotional purposes only and is not a substitute for the Renewable Fuels Regulations nor does it offer any legal interpretation of these regulations. For requirements under the Regulations, refer to the actual regulations. In the event of discrepancies between this document and the Renewable Fuels Regulations, the Regulations prevail.

What are the main requirements under the Renewable Fuels Regulations?

The *Renewable Fuels Regulations* (the “Regulations”) require fuel producers and importers to have an average renewable content of at least 5% based on the volume¹ of gasoline that they produce or import and of at least 2% of average renewable content based on the volume¹ of diesel fuel and heating distillate oil that they produce or import. The Regulations include a trading system and administrative, compliance and enforcement provisions such as recordkeeping and reporting. The complete text of the Regulations is available at: <http://laws-lois.justice.gc.ca/eng/regulations/SOR-2010-189/index.html>.



WHY IS ACTION NECESSARY?

Why is the Government requiring renewable content in fuels?

Greenhouse gases (GHGs) are primary contributors to climate change and combustion of fossil fuels is a significant source of GHG emissions. The Government of Canada is committed to reducing Canada’s total GHG emissions by 30% from 2005 levels by 2030. These Regulations make a significant contribution to reductions in air pollution from GHGs to protect the health and environment of Canadians.

WHO MUST ACT?

Who is affected by the Renewable Fuels Regulations?

The Regulations place various requirements on the following depending on the nature of their activity:

	Primary Supplier <ul style="list-style-type: none">Persons who produce and/or import gasoline, diesel fuel or heating distillate oil
	Renewable Fuel Producer and/or Importer <ul style="list-style-type: none">Persons who produce and/or import renewable fuel
	Elective Participant <ul style="list-style-type: none">Persons who elect under s.11 of the Regulations to create compliance units as trading system participants
	Seller for Export <ul style="list-style-type: none">Persons who sell for export renewable fuel or petroleum fuel that contains renewable fuel

¹ Refer to subsection 6(4) of the Regulations for excluded volumes.



WHAT ACTIONS MUST BE TAKEN?

What are fuel producers and importers required to do?

Producers and importers of gasoline, diesel fuel and heating oil must demonstrate that they meet the renewable fuel requirement(s) – a minimum average of 5% for gasoline and 2% for diesel fuel and heating oil. Compliance with the Regulations is demonstrated through the ownership of a sufficient number of compliance units. A trading system was designed to enable primary suppliers to acquire compliance units from others, if needed, in order to meet their renewable fuel content requirement(s) under the Regulations.

HOW DOES THE TRADING SYSTEM WORK?

What is a compliance period?

A compliance period is the period over which a primary supplier must meet the renewable fuel requirement for gasoline and diesel fuel and heating oil, respectively. A compliance period is now from January 1st to December 31st (i.e., a calendar year).

What are compliance units?

A compliance unit represents a litre of renewable fuel and is used to demonstrate compliance with the Regulations. There are two types of compliance units (CUs) under these Regulations:

(1) Gasoline CUs:

- Are created from renewable fuel content in gasoline and fuels other than diesel fuel or heating oil; and
- May be used to demonstrate compliance with the 5% renewable fuel requirement based on gasoline.

(2) Distillate CUs:

- Are created from renewable fuel content in diesel fuel or heating oil; and
- May be used to demonstrate compliance with either the 2% renewable fuel requirement in diesel fuel and heating oil or the 5% renewable fuel requirement for gasoline.

Who may participate in the trading system?

Primary suppliers² are automatically participants in the trading system. Other parties who engage in one of the following activities may elect to become participants in the trading system (see section 11 of Regulations):

- blending renewable fuel with petroleum fuel (owner of the blended fuel on its-blending may create compliance units),
- producing petroleum fuel³ by using biocrude as a feedstock,
- importing petroleum fuel with renewable fuel content, or
- selling neat renewable fuel to a neat renewable fuel consumer, or using neat renewable fuel that they produced or imported themselves

Participants in the trading system must register with Environment and Climate Change Canada and are the only persons who can create or trade compliance units.

How can I get compliance units?

Compliance units are created by activities such as adding renewable fuel to petroleum fuel, importing petroleum fuels with renewable fuel content or by using biocrude (see sections 13 to 16 of Regulations) and must be confirmed through recordkeeping requirements (see sections 31 and 32 of Regulations). Generally, one compliance unit equates to one litre of renewable fuel. Sections 21 to 25 of the Regulations contain provisions

² Primary suppliers who produce and/or import less than 400 m³ of fuel per year are exempt from the trading system (see section 2 of the Regulations) but may choose to opt into the Regulations under section 3.

³ Petroleum fuel other than gasoline, diesel fuel or heating distillate oil.

and limits for compliance units to be carried forward into a future compliance period, carried back for use in a previous compliance period, or cancelled if required to do so.

Primary suppliers are the only parties obligated to meet the renewable fuel content requirements and are therefore the only participants able to acquire compliance units through trading. Elective participants may sell or trade compliance units provided that the party receiving the compliance units is a primary supplier.

What is the trading period?

The trading period begins at the start of a compliance period and ends the March 31 immediately following the end of a compliance period. It provides an additional three months for primary suppliers to review their records, assess compliance with their renewable fuel volume requirements, and to acquire additional compliance units, or trade away excess units. At the end of the trading period a primary supplier must own sufficient compliance units⁴ that were created during, carried forward into, or carried back into, the associated compliance period to meet their renewable fuel volume requirements.

WHEN DOES THIS HAPPEN?

Important dates and reporting deadlines are outlined in the Table below.

Table: Important Reporting Deadlines under the Regulations

Respective Requirements based on Activity (includes Gasoline and Distillate suppliers)					
Information required for Registration and Annual Reporting Requirements	Deadline to submit information to an Environment and Climate Change Canada	Primary Supplier	RF Producer /Importer	Elective Participant	Seller for export
Schedule 1 – Primary Supplier Registration	One day before the first 400 m ³ (400,000 litres) is produced and/or imported*	✓			
Schedule 2 – Trading System Participant Registration	One day before the creation of the first compliance unit	*		✓	
Schedule 3 – Auditor’s Report	June 30 (annually)	✓	✓	✓	
Schedule 4 – Primary Supplier Annual Report	April 30 (annually)	✓			
Schedule 5 – Trading System Participant Annual Report	April 30 (annually)	✓		✓	
Schedule 6 – Producer or Importer of Renewable Fuel Registration	One day before the first 400 m ³ (400,000 litres) is produced and/or imported		✓		
Schedule 7 – Producer or Importer of Renewable Fuel Annual Report	February 15 (annually)		✓		
Schedule 8 – Report on Measurement Methods	Upon registration	✓	✓	✓	
Sales for Export – Annual [Information under 36(2)]	February 15 (annually)				✓

* Primary suppliers are expected to submit all the information required in Schedule 2 as required by item 5 in Schedule 1.

⁴ Calculated in accordance with section 8 of the Regulations

The use of the *Renewable Fuels Regulations Electronic Reporting System* (RFRERS) is required for registration and reporting under these Regulations. In order to access RFRERS, an account must be created by an authorized official⁵ using Environment and Climate Change Canada's Single Window Information Manager (SWIM) system, available at: <https://ec.ss.ec.gc.ca/>. If you have any questions or require assistance with RFRERS, please contact: ec.sdercr-rfrers.ec@canada.ca.

What happens if I do not comply with the Regulations?

Compliance with the Regulations is mandatory. A person who is found guilty of contravening or failing to comply with the Regulations is subject to fines and/or imprisonment. Environment and Climate Change Canada's *Compliance and Enforcement Policy for the Canadian Environmental Protection Act, 1999* sets out the criteria for responses by Environment and Climate Change Canada enforcement officers to alleged violations and is available at: <http://ec.gc.ca/alef-ewe/default.asp?lang=En&n=AF0C5063-1&xml=AF0C5063-F22B-4363-B520-E5FC42F21F23&offset=7&toc=show>.

HOW TO STAY INFORMED?

The full text of the *Renewable Fuels Regulations* and related factsheets as well as Questions and Answers document are available at: <https://www.canada.ca/en/environment-climate-change/services/managing-pollution/energy-production/fuel-regulations/renewable>

- *Federal Renewable Fuels Regulations: Primary Suppliers*
- *Federal Renewable Fuels Regulations: Sellers of Fuel for Export*
- *Federal Renewable Fuels Regulations: Blending Operations*
- *Federal Renewable Fuels Regulations: Renewable Fuel Producers and Importers*
- *Federal Renewable Fuels Regulations: High-Renewable Content and Neat Renewable Fuels*
- *Federal Renewable Fuels Regulations: Small-Volume Suppliers*
- *Federal Renewable Fuels Regulations: Biodiesel Suppliers*
- *Federal Renewable Fuels Regulations: Excluded-Volumes-Only Suppliers*

Questions and inquiries can be directed to Environment and Climate Change Canada's Public Inquiry Centre (**Tel.:** 1-800-668-6767) or Environment and Climate Change Canada's Regulatory Implementation and Operations Section (**Email:** ec.carburants-fuels.ec@canada.ca).

DID YOU KNOW?

There are a number of other federal fuel regulations that you must comply with, if applicable, namely:

- *Fuels Information Regulations, No. 1* (sulphur and additives reporting)
- *Gasoline Regulations* (lead and phosphorus)
- *Benzene in Gasoline Regulations*
- *Sulphur in Gasoline Regulations*
- *Sulphur in Diesel Fuel Regulations*
- *Contaminated Fuel Regulations*
- *Gasoline and Gasoline Blend Dispensing Flow Rate Regulations*
- *Regulations Prescribing Circumstances for Granting Waivers Pursuant to Section 147 of the Act*

For more information, refer to: <https://www.canada.ca/en/environment-climate-change/services/managing-pollution/energy-production/fuel-regulations>.

⁵ Refer to section 1 of the Regulations for the definition of authorized official.

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