

# Federal Renewable Fuels Regulations: Primary Suppliers

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.



Primary supplier

Persons who produce and/or import gasoline, diesel fuel or heating distillate oil

## Who is a “primary supplier”?

Under the *Renewable Fuels Regulations* (the “Regulations”), anyone who produces or imports gasoline<sup>1</sup>, diesel fuel<sup>2</sup>, or heating distillate oil<sup>3</sup> is a primary supplier.

## What do the Regulations require of primary suppliers?

Fuel producers and importers are required to have an average renewable content of:

- at least 5% based on the volume<sup>4</sup> of gasoline that they produce or import; and
- at least 2% renewable content based on the volume<sup>4</sup> of diesel fuel and heating distillate oil that they produce or import.

In addition, various reporting and recordkeeping requirements apply, including a requirement for an annual audit by an independent third party.

## How do I demonstrate that I comply with the renewable fuel content requirements?

Primary suppliers must demonstrate they have met their renewable fuel content requirements through the ownership of a sufficient number of “compliance units”.

With the exception of biocrude<sup>5</sup>, each compliance unit represents one litre of

renewable fuel. Primary suppliers may create compliance units or acquire them from other trading system participants.

## How can I create compliance units?

Compliance units may be created by undertaking activities such as blending renewable fuel with petroleum fuel<sup>6</sup>, importing petroleum fuels with renewable fuel content, or by using biocrude<sup>7</sup>. The compliance units must first be confirmed through various recordkeeping requirements<sup>8</sup>.

## Is a written agreement required if I wish to create compliance units by blending?

A written agreement is required when more than one participant under these Regulations owns the “blended fuel on its blending”; in other words, when a participant wishes to create compliance units with another participant and each participant owns a portion of the blended fuel.

The agreement must designate the single owner of the compliance units that will be created by this blending. To ensure its validity, the agreement should also:

<sup>1</sup> Refer to Regulations for full definition of “gasoline” which includes sub-octane blendstocks (or unfinished gasoline).

<sup>2</sup> Refer to Regulations for full definition of “diesel fuel” which may include diesel-like blendstocks.

<sup>3</sup> Refer to Regulations for full definition of “heating distillate oil”.

<sup>4</sup> Refer to subsection 6(4) of the Regulations for excluded volumes.

<sup>5</sup> Units which may be created from biocrude are specified in section 15 of the Regulations.

<sup>6</sup> Petroleum fuel such as gasoline, diesel fuel or heating distillate oil.

<sup>7</sup> Refer to sections 13 to 16 of Regulations for requirements to create compliance units.

<sup>8</sup> Refer to sections 31 and 32 of Regulations for recordkeeping requirements.



- Be dated and signed by the authorized officials of all the participants involved in the agreement;
- Specify the period for which the agreement is valid; and
- At the discretion of the parties, provide further details (such as who owns which fuel, who will blend them, where and at which blending rate, etc.).

If the implicated parties do not enter into such an agreement, no compliance units can be created.

### **I am a primary supplier and wish to create compliance units by blending. What do I need to know?**

As a primary supplier, you may create compliance units without a written agreement provided you are the single owner of the blended fuel on its blending.

If you do not own the blended fuel on its blending, you may not create compliance units with this blend.

If you wish to create compliance units with another party and both parties own the blended fuel on its blending, it may be possible to create compliance units. The requirements will vary depending on the participation status of the other party, as shown in the examples outlined below.

<b>The other party involved in the blending is:</b>	<b>Is a written agreement necessary?</b>	<b>Can compliance units be created?</b>	<b>Who owns the compliance units that are created?*</b>
Another primary supplier	Yes. An agreement is required when two participants both own the blended fuel on its blending.	Yes. Units may be created.	The single participant who is designated in the agreement (you or the other primary supplier).
An elective participant	Yes. An agreement is required when two participants both own the blended fuel on its blending.	Yes. Units may be created.	The single participant who is designated in the agreement (you or the elective participant).
A person who is not a participant under these Regulations	No. An agreement is only required between parties who are participants under these Regulations.	Yes. But only you may create the units (as the participant), provided that you own the blended fuel on its blending.	You (as the participant).

\*Primary suppliers who own compliance units may use them to fulfill their requirement to show adequate renewable content, or may trade them to another primary supplier. Elective participants who own compliance units may only trade them to a primary supplier.

### **I only produce and/or import small volumes of gasoline, diesel fuel, or distillate heating oil. Am I still required to have renewable fuel content under these Regulations?**

If you produce or import less than 400 m<sup>3</sup> (400 000 litres) of fuel in a year, then you are exempted from the renewable fuel content requirement and associated reporting requirements under section 2 for that period. However, you are still subject to some specific record-keeping requirements in sections 29, 37 and 38 and volume measurement requirements in section 4.

If, as a small volume producer or importer, you still wish to participate in the trading system, you may choose to do so by opting into the Regulations under section 3 and would be subject to the Regulations in full.

## 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: Overview*
- *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](mailto: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>.

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