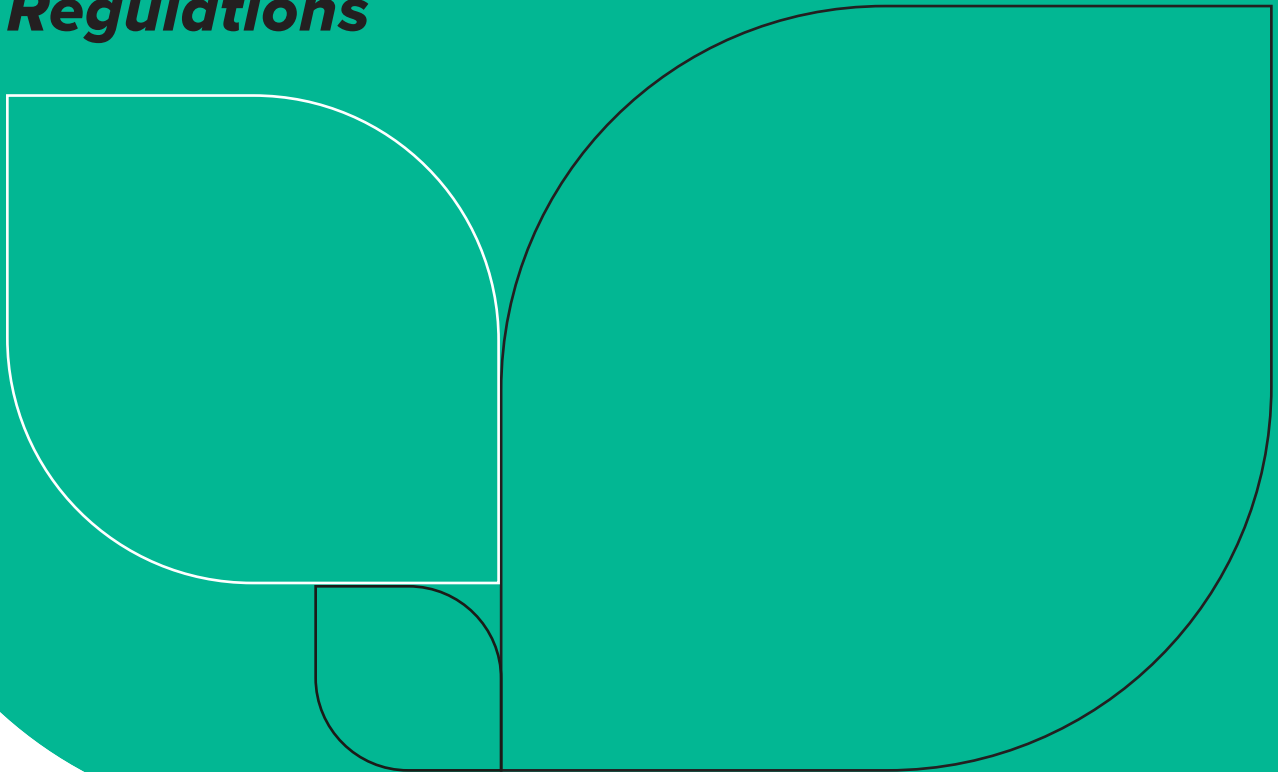


Material Balancing and Declaration Guidance

Clean Fuel Regulations



Cat. No.: En14-562/2024E-PDF
ISBN: 978-0-660-74118-5
EC24024

Unless otherwise specified, you may not reproduce materials in this publication, in whole or in part, for the purposes of commercial redistribution without prior written permission from Environment and Climate Change Canada's copyright administrator. To obtain permission to reproduce Government of Canada materials for commercial purposes, apply for Crown Copyright Clearance by contacting:

Environment and Climate Change Canada
Public Information Centre
Place Vincent Massey building
351 St-Joseph Boulevard
Gatineau, Quebec K1A 0H3
Toll free: 1-800-668-6767
Email: enviroinfo@ec.gc.ca

© His Majesty the King in Right of Canada, represented
by the Minister of Environment and Climate Change, 2024

Aussi disponible en français

Abstract

This is the first version of the *Land Use and Biodiversity Declarations and Material Balancing Guidance Document – Clean Fuel Regulations*. All guidance material may evolve over time. This should be read in conjunction with the *Clean Fuel Regulations* and the *Land Use and Biodiversity Guidance Document*. This guidance document provides information on the eligibility requirements, namely declarations, material balancing and traceability requirements, for feedstock used to produce Low Carbon Intensity Fuel (LCIF) for the purposes of creating compliance credits under the CFR. It provides information on the LCIF supply chain and the demonstration of eligibility requirements. The Low Carbon Fuels Division can be reached at cfsncp@ec.gc.ca.

Disclaimer

This document is provided as guidance only. It does not in any way supersede or modify the *Canadian Environmental Protection Act, 1999* or the *Clean Fuel Regulations (CFR)*, or offer any legal interpretation of those proposed Regulations. In the event of an inconsistency between this document and the Act or Regulations, the Act and the Regulations prevail.

Table of Contents

1.	Introduction	2
1.1.	Scope.....	3
1.2.	Coming Into Force.....	3
2.	Demonstration of Eligibility Requirements.....	3
2.1.	Feedstock Types Eligibility Requirements.....	4
3.	Declarations	5
3.1.	Declaration Issuer	5
3.2.	LCIF Supply Chain and Declarations.....	6
3.3.	Declaration Periods and Retention.....	9
3.4.	Declaration Content.....	9
3.5.	Legislative Recognition	18
4.	Material Balancing	18
4.1.	Material Balancing Requirements.....	19
4.2.	Material Balance: LCIF Producers	20
4.3.	Material Balance: Aggregators and Other Persons.....	23
4.4.	Exclusive Use Clause	24
5.	Additional Record Keeping and Reporting.....	24
5.1.	General Documentation and Information Requirements.....	25
5.2.	Specific Documentation and Information Requirements	25
1.	Annex	i
1.1.	Sample Harvester Declaration Template	i
1.2.	Sample Aggregator Declaration Template.....	ii
1.3.	Sample Foreign Supplier Declaration Template	iii

List of figures

Figure 1: LUB and Traceability Requirements for each feedstock type.....	4
Figure 2: Example of GPS coordinates in harvester declarations	12
Figure 3: Example of GPS coordinates in harvester declarations for forest lands.....	13
Figure 4: Example of GPS coordinates in harvester declarations for feedstock harvested in jurisdictions that receive Legislative Recognition	14
Figure 5: Example LCIF supply chain and material balancing requirements. Error! Bookmark not defined.	
Figure 6: Example of material balancing at a facility.	20
Figure 7: Visual illustration of the quantity of eligible feedstock calculation for LCIF production sites. ...	21
Figure 8: Example of material balance at a LCIF production facility.....	22
Figure 9: Calculation Diagram for the maximum number of credit.....	22
Figure 10: Visual illustration of the quantity of eligible feedstock calculation for sites where the feedstock is harvested, obtained, mixed, processed, or divided.....	23

List of Equation

Equation 1: Expression used to determine the maximum volume of LCIF that is eligible for compliance credit creation.....	20
Equation 2: Expression used to determine the eligible feedstock quantity.....	21
Equation 3: Maximum volume the LCIF producer can use to create compliance credits.	22
Equation 4: Expression used to determine the maximum quantity of exiting eligible feedstock at a site where the feedstock is harvested, obtained, mixed, processed, or divided.....	23

List of tables

Table 1: Different types of declaration categories under CFR.....	6
Table 2: Declaration content for a harvester (farmer/forester).....	9
Table 3: Declaration content for a foreign supplier.....	14
Table 4: Declaration content for a “Other Persons”	16
Table 5: Example of what the LCIF producer must keep track of at their facility.....	22

1. Introduction

In order to create compliance credits under the *Clean Fuel Regulations* (CFR), the feedstock used to produce the Low Carbon Intensity Fuel (LCIF) must meet the Land Use and Biodiversity (LUB) criteria and all applicable eligibility requirements in the CFR at all points along the LCIF supply chain. The registered creator or foreign supplier must ensure that every person/point within the supply chain that harvests, mixes, processes, divides, or obtains all or any portion of a quantity of feedstock used to produce the LCIF must meet the applicable LUB criteria, material balancing requirements (see Chapter 4 of this document) and declaration requirements (see Chapter 3 of this document). In addition, depending on the type of feedstock and its source, different traceability requirements apply. This guidance document provides a description of the specific traceability requirements applicable to each feedstock type and points along the supply chain. It is important to note that feedstock producers who harvest or produce feedstock for purposes other than creating compliance credits under the CFR are not required to comply with the LUB requirements and its associated traceability requirements.

To ensure that all the applicable eligibility requirements demonstrating that the feedstock meets the LUB criteria are documented, and the compliance credits being allocated to the LCIF producer are accurate; traceability methods need to be in place throughout the supply chain.

Traceability: 'Traceability' is the ability to identify and track the origin, processing history, and distribution of the feedstock throughout a LCIF supply chain. Traceability includes the ability to demonstrate how the LCIF has been processed and what quantity of LCIF is eligible for CFR credit creation. The combination of declarations and material balancing allows traceability to be intact throughout the LCIF supply chain.

Declarations: A declaration is a document issued by applicable points in the supply chain that relays pertinent information regarding the feedstock, feedstock harvest, and contains a signed attestation that the feedstock complies with the LUB Criteria. This document is used to demonstrate the feedstock's eligibility and a copy is forwarded to the next point along the LCIF supply chain. The CFR does not require a specific format for the declaration, and it can be incorporated into the feedstock supplier's existing sales documents or contracts provided that it contains the applicable information as referred to in section 58 of the CFR. The maximum period of a declaration is 1 year. See Chapter 3 of this document for more information.

Material Balancing: The CFR allows for physical mixing of eligible and ineligible feedstock at any point along the supply chain through a Material Balancing chain-of-custody methodology (also known as "mass balancing"), providing that all applicable traceability and documentation requirements are met. Under material balancing system, physical segregation of the eligible feedstock and ineligible feedstock is not required, and the eligible and ineligible feedstock can be mixed. The key factor that needs to be demonstrated is that at each point in the feedstock supply chain, the volumes of outgoing eligible material that was forwarded to the next point in the supply chain cannot exceed the incoming eligible feedstock at the site. See Chapter 4 of this document for more information.

Traceability allows a third-party verifier to trace the eligible feedstock back and forth along the supply chain from the point of harvest/disposal/gathering to the LCIF producer.

1.1. Scope

The guidance provided in this document applies to points along the supply chain where eligible feedstock used to create compliance credits are handled and processed. The registered creator that intends to create compliance credits (i.e., producer of LCIF in Canada or importer of LCIF into Canada) must ensure that all points along the supply chain meet the requirements set in the CFR in order for their LCIF to be considered eligible. The responsibility is on registered creators and foreign suppliers to identify all key points along the supply chain and ensure that the persons along each point are aware of all the relevant requirements under the CFR applicable to them and issue and retain all required documentation. All applicable documents and records must be made available to a third-party verifier upon request, including the monitoring plan as per subsection 136(1) of the Regulations.

1.2. Coming Into Force

Requirements for material balancing, declarations and any third-party verification of these traceability methods will come into force alongside the LUB criteria as of January 1st, 2024. See Section 60 of the Regulations for more information.

Any feedstock harvested prior to January 1st, 2024 (except for high Indirect Land Use Change (ILUC) feedstock as determined by Section 50 of the CFR) does not have to meet the LUB criteria, declarations requirements or material balancing requirements. However, if the feedstock is used to produce LCIF for the purpose of creating compliance credits after January 1st, 2024, then the registered creator and/or foreign supplier must retain documentation that proves the vintage of the feedstock (see next chapter in this document for more information). The LCIF producer prior to January 1st, 2024, does not have to retain any documentation on site with regards to the LUB criteria.

Stockpiled Feedstock Harvested Prior to Coming into Force

In the case of feedstock harvested prior to January 1st, 2024, the registered creator and/or foreign supplier must retain documentation that demonstrates the dates the feedstock has been harvested, if the LCIF is produced for the purpose of creating compliance credits after January 1st, 2024. Examples of documentation can be sales contracts, weighbridge tickets, etc. with the date of harvest or transport that is prior to January 1st, 2024, clearly stated.

2. Demonstration of Eligibility Requirements

For a feedstock or LCIF to be considered “eligible” and used to create compliance credits, the persons along the supply chain must demonstrate that the feedstock complies with the LUB criteria through the following requirements:

- Declarations (see Chapter 3 of this guidance document),
- Material balancing (see Chapter 4 of this guidance document), and
- Records retention (see Chapter 5 of this guidance document)

The combination of the declarations, material balancing and record retention, ensures that the LCIF supply chain has adequate traceability measures that will allow a third-party verifier to trace the flow of feedstock up the supply chain, to verify compliance with the feedstock’s eligibility criteria. All three

components can be subject to third-party verification if needed, to reach the assurance level required by the intended user of the Credit-Creation reports (see Schedule 11 of the CFR).

2.1. Feedstock Types Eligibility Requirements

Each feedstock type, as referenced in section 46(2) of CFR, has different eligibility requirements as described in the subsections below. See sub-section 46(1) of the CFR for more information on feedstock types and Section 56 of the CFR for more information of eligibility requirements. The Land Use and Biodiversity Guidance Document provides more in-depth information on “Feedstock Types”.

The following Figure 1 presents the different requirements that each feedstock type must comply with in order to be deemed an eligible quantity of feedstock:

	LUB Criteria	Declarations	Material Balancing	Record Keeping
1 Not derived from biomass			✓*	✓
2 Low land use concern feedstock		✓	✓	✓
3 All other feedstock (forest and agriculture)	✓	✓	✓	✓

Figure 1: LUB and Traceability Requirements for each feedstock type

* Note, for type 1 feedstock, feedstock not derived from biomass, the only instance where material balancing calculations are required is when the type 1 feedstock is being mixed with any eligible type 2, type 3 feedstock, or any ineligible feedstock. Low land use concern feedstocks are subject to the indirect land use change.

Eligible Material: Eligible material is the general term used for feedstock, pre-processed feedstock (e.g., crushed seeds), or LCIF that has met the applicable LUB criteria and relevant traceability requirements, (i.e., declarations, material balancing, and record retention) to demonstrate this.

Feedstock Type 1

The LCIF producer (registered creators for domestic production and foreign suppliers for imports) must ensure that the following records are retained on-site to demonstrate the eligibility of type 1 feedstocks (See sub-section 57(1) of the CFR for more information):

- Delivery records, contracts, and invoices with respect to any batch or quantity of feedstock that is brought into the LCIF production facility,
- Sales records for the final LCIF that was produced using all or a portion of the type 1 feedstock, and/or
- Sales records for the co-processed LCIF that was produced using all or a portion of the type 1 feedstock.

Feedstock Type 2 and Type 3

Type 2 and type 3 feedstock are eligible only if declarations are made by the appropriate entities and copies are maintained at the next point along the supply chain. The LCIF producer using type 2 or type 3 feedstock for CFR credit creation must ensure that every point within their supply chain (starting from the point of collection or disposal for type 2 feedstock and point of harvest for type 3 feedstock) issues and retains the declarations for the quantity of feedstock sold. Additionally, they must retain a copy of the declaration issued by the person that possessed the feedstock immediately before them.

The LCIF producer must ensure that all points along the LCIF supply chain retain their applicable records (e.g., declarations, sales contracts, etc.) and perform all applicable material balancing calculations at each point where feedstocks are mixed, processed, or divided. See sub-section 56(b) and 57(2) of the Regulations for more information.

LCIF Producer: A LCIF producer is the entity that produces the LCIF for compliance credit creation. This includes the registered creator for domestic production, registered creator under section 21 agreements, and foreign producer for LCIF imports into Canada.

3. Declarations

Declarations are a type of delivery document issued by applicable points along the supply chain that relays pertinent information regarding the feedstock, feedstock harvesting activities, and contains a signed attestation that the feedstock complies with the applicable LUB Criteria. These documents are used to demonstrate the eligibility of the feedstock and a copy is forwarded through the LCIF supply chain. Note that LCIF produced using type 1 feedstock, feedstock not derived from biomass, does not need to be accompanied by a declaration.

3.1. Declaration Issuer

For Type 2 and type 3 feedstock, the applicable entities along the supply chain must demonstrate the eligibility of the feedstock. A declaration must be issued by the entities/persons along the following point in the LCIF supply chain:

1. For Type 3 feedstock, the harvest site;
2. For Type 2 feedstock, the collection/gathering point after the first point of use or disposal;
3. For Type 2 and Type 3 feedstock, every point in the supply chain where the eligible feedstock is
 - a. divided into multiple portions at a division point;
 - b. mixed with another quantity of feedstock at a mixing point; or
 - c. processed at a processing point.

Feedstock Harvesting Point: A farm or forest where type 3 feedstock is harvested or produced, namely agriculture or forest feedstock.

Feedstock Collection Point: A point along the supply chain after the point of use or disposal for type 2 feedstocks where the feedstock is aggregated. For type 2 feedstock, this will be the first point along the supply chain where a declaration needs to be issued.

Feedstock Division Point: A point where feedstock is physically divided into smaller batches and distributed. Examples include: (Grain elevators, aggregation sites, traders, and storage facilities)

Feedstock Mixing Point: A point where physical feedstock batches are mixed. This can be a point where eligible feedstock is mixed with each other or with ineligible feedstock. Examples include: (Grain elevators, aggregation sites, traders, and storage facilities)

Feedstock Processing Point: A point where the feedstock is processed prior to the LCIF facility or import into Canada by a foreign supplier. Examples include: (Refineries, mills, pre-processing sites, distilleries, sawmills)

Each point in the supply chain must issue and retain a copy of their declaration that is passed down to the next point along the supply chain. They must also retain the declaration that was issued from the point before theirs to demonstrate that the material was eligible coming into the facility. Depending on the point in the supply chain and on which entity/person is issuing the declaration, the content of the declaration will differ. Table 1 shows the different declaration categories.

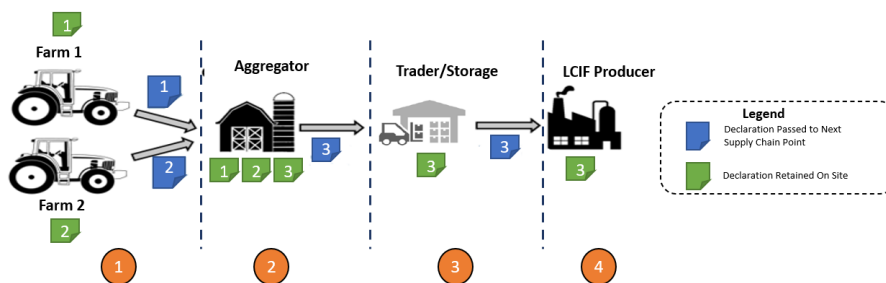
Table 1: Different types of declaration categories under CFR

Declaration Categories	Regulation Section	Declaration Issuer Examples
Harvester	58(1)	Feedstock harvester also known as the Farmer or Forester
Foreign Supplier	58(3)	Foreign supplier that produced the LCIF, using eligible feedstock, that was imported into Canada
Other Persons	58(4)	Any entity/person along the supply chain other than the feedstock harvester or LCIF producer that handles the feedstock (e.g., Aggregators, collection points, division points, mixing points, etc.)

3.2. LCIF Supply Chain and Declarations

All entities/persons within the LCIF supply chain must know their applicable declaration requirements to ensure that the paper trail and traceability is intact throughout the supply chain. Example 1 and example 2 below present an LCIF supply chain and demonstrates when a declaration must be issued, retained, and transferred to the next point along the supply chain.

Example 1: LCIF supply chain demonstrating the declaration process for agriculture feedstock.



Supply Chain Point 1 – Harvesters:

- Farm 1 and farm 2 are geographically separate farms that have different entities/harvesters that produce the same feedstock.

- Harvester at farm 1 and harvester at farm 2 must issue respective harvester declarations for the eligible amount of feedstock being transferred/sold to the next point along the supply chain, which is the aggregator in this example.
- The harvester declaration requirements can be implemented into existing purchase agreements/contracts (for more information on 'Harvester Declaration' requirements see Section 58(1) of the Regulations).
- As per subsection 57(2)(b), the registered creator must ensure that both farm 1 and farm 2 harvesters retain a copy on site of their respective 'harvester declaration'; this copy must be made available to a third-party verifier upon request (for more information on the content of the declaration, see section 3.4 of this document).

Supply Chain Point 2 – Aggregators:

- The aggregator collects feedstock from both Farm 1 and Farm 2 and mixes them together at their site.
- The aggregator must issue a declaration for the eligible amount of feedstock that will be transferred/sold to the next point in the supply chain that states that the feedstock is eligible, and that material balancing was performed at the site (for more information on aggregator declarations see Section 58(4) of the Regulations).
- As per subsection 57(2)(b), the registered creator must ensure that the aggregator retains, on-site, the harvester declarations (declaration #1 and declaration #2) from farm 1 and farm 2, and a copy of their declaration that must be made available to a third-party verifier upon request.

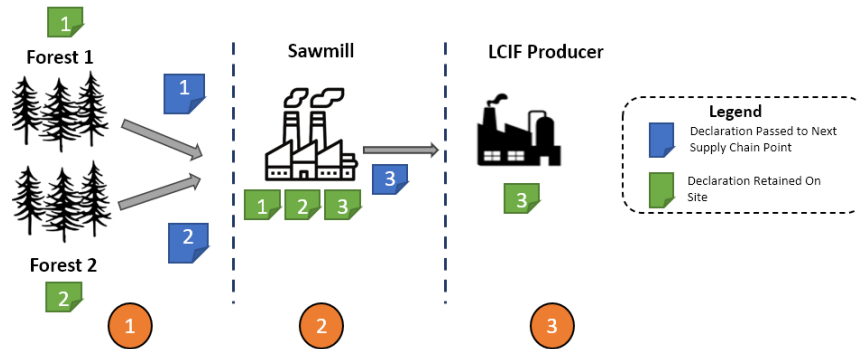
Supply Chain Point 3 – Trader/Storage

- The trader/storage facility in this example stores the aggregated feedstock received from the previous point in the supply chain however does not mix, divide, or process the feedstock, therefore the trader does not need to issue a new declaration and can pass down the declaration issued from the Aggregator (declaration #3).
- As per subsection 57(2)(b), the registered creator must ensure that the trader retains a copy of the aggregator declaration (declaration #3) on site that must be made available to a third-party verifier upon request.

Supply Chain Point 4 – LCIF Producer

- The LCIF producer must have a declaration for the incoming eligible feedstock that is being processed and used to produce the LCIF at the facility in order to demonstrate its eligibility.
- This declaration (declaration #3) must be retained on site and made available to a third-party verifier upon request.

Example 2: LCIF supply chain demonstrating the declaration process for forest feedstock.



Supply Chain Point 1 – Harvesters:

- Forest 1 and forest 2 are geographically separate forests from different entities/harvesters that have separate forest management plans.
- Harvester at forest 1 and harvester at forest 2 must issue respective harvester declarations for the eligible amount of feedstock being transferred/sold to the next point along the supply chain, which is the sawmill in this example.
- The harvester declaration requirements can be implemented into existing purchase agreements/contracts (for more information on ‘Harvester Declaration’ requirements see Section 58(1) of the Regulations).
- As per subsection 57(2)(b), the registered creator must ensure that both forest 1 and forest 2 harvesters retain a copy on site of their respective “harvester declaration”.
- This copy must be made available to a third-party verifier upon request (for more information on the content of the declaration, see section 3.4 of this document).

Supply Chain Point 2 – Sawmill:

- The sawmill collects forest feedstock from both forest 1 and forest 2 and processes the wood at their site.
- The sawmill must issue a declaration for the eligible amount of feedstock that will be transferred/sold to the LCIF producer (which is the next point along the supply chain) that states that the feedstock is eligible, and that material balancing was performed at the site (for more information on these declarations see Section 58(4) of the Regulations).
- As per subsection 57(2)(b), the registered creator must ensure that the sawmill retains, on-site, the harvester declarations (declaration #1 and declaration #2) from forest 1 and forest 2 on site, and that a copy of their declaration is made available to a third-party verifier upon request.

Supply Chain Point 3 – LCIF Producer

- The LCIF producer must have a declaration for the incoming eligible feedstock that is being processed and used to produce the LCIF for CFR credit generation purposes at the facility to demonstrate its eligibility.
- This declaration (declaration #3) must be retained on site and made available to a third-party verifier upon request.

3.3. Declaration Periods and Retention

Declarations can be implemented and incorporated into existing buyer/seller contracts. If under the same contract, multiple batches/shipments of feedstock are sent from the seller to the buyer, the declarations can be aggregated for the respective contract period with a maximum of one year for the total amount of feedstock being sold. Declarations must be kept on site for a period of 10 years as per section 166 (1) of the CFR. Declarations can be retained either through physical means or electronically.

3.4. Declaration Content

The following section provides guidance on the content within declarations. See sub-section 58(1), 58(3) and 58(4) of the Regulations for more information.

Harvester (Farmer/forester) Declaration

Table 2: Declaration content for a harvester (farmer/forester)

Regulatory Section	Declaration Regulatory Requirement	Description of Declaration Contents
58(1)(a)	<i>Issuer name, civic address, postal address, telephone number and, if any, email address</i>	Legal Name of the harvester/forester Civic address of the central location of the harvester or forester (can be their central office)
58(1)(b)	<i>If an authorized agent is making the declaration on behalf of the person, the name, civic address, postal address, telephone number and, if any, email address of the authorized agent.</i>	An authorized agent with respect to a harvester is any person or corporation permitted to act on behalf of the harvester
58(1)(c)	<i>the GPS coordinates to the fifth decimal place and, if any, civic address of the site where the feedstock that is the subject of the declaration was harvested</i>	In the case of a harvest area (farm or forest) that has non-contiguous plots of land, multiple GPS points may be incorporated into one declaration. The declaration must contain 1 GPS coordinate (longitude and latitude to the fifth decimal point) per plot of land where the feedstock was harvested. For foresters and farmers that harvest feedstock in a jurisdiction that has received full Legislative Recognition, 1 set of GPS coordinates (longitude and latitude to the fifth decimal point) representative of the harvest area can be used (the GPS coordinates should reflect the major entryway to the harvest area or location of on-site collection points as appropriate) Note that regardless of the type of compliance method (i.e., Legislative Recognition or on-site), in the event that a harvest area crosses a national or sub-national border, e.g., provincial, or international, the sites will be considered different harvest areas for the purposes of the regulation and therefore each site must have a respective GPS coordinate within the declaration
58(1)(d)	<i>an indication of whether any part of that site is on land referred to in subsection</i>	Only applicable if the harvester is aware that they are harvesting in an area that does not meet the 'Wildlife

	<i>48(1) and, if so, confirmation that they have a record of the Minister's authorization under subsection 48(2)</i>	<p>Habitat' criteria and applied for an exemption from the Minister</p> <p>A confirmation that the harvester has approval from the Minister under the Wildlife Habitat Exception clause (section 48(2)) of the CFR, prior to harvesting activities</p>
58(1)(e)	<i>if the feedstock is sold, the name and civic and postal address of the person to whom it is sold</i>	<p>Legal Name of the feedstock buyer (can be legal entity or company name)</p> <p>Civic address of the facility or site location where the feedstock is sold/transported to</p>
58(1)(f)	<i>the type of the feedstock</i>	Feedstock commodity type (e.g., corn, soy, etc.)
58(1)(g)	<i>the quantity of the feedstock that is sold, expressed in kilograms or cubic metres, as applicable</i>	<p>Quantity of feedstock sold in kg or cubic meters as applicable</p> <p>This can be the total quantity of feedstock that the feedstock provider will be selling to the feedstock buyer under their contract agreement (for a maximum duration of 1 year)</p>
58(1)(h)	<i>a confirmation that the requirements set out in section 48 are met with respect to the feedstock or that the feedstock is the subject of an exemption granted under paragraph 55(1)(a)</i>	<p>A statement confirming that the feedstock was harvested in an area that meets the requirements stated in the 'Wildlife Habitat' criteria on site; or</p> <p>A statement confirming that the feedstock was harvested in a jurisdiction that received Legislative Recognition for the 'Wildlife Habitat' criteria</p>
58(1)(i)	<i>a confirmation that the requirements set out in section 49 are met with respect to the feedstock or that feedstock is the subject of an exemption granted under paragraph 55(1)(b)</i>	<p>A statement confirming that the feedstock was harvested in an area that meets the requirements stated in the 'Damaging Agents' criteria on site; or</p> <p>A statement confirming that the feedstock was harvested in a jurisdiction that received Legislative Recognition for the 'Damaging Agents' criteria</p>
58(1)(j)	<i>if the feedstock is a crop, a confirmation that it was not harvested on land described in section 51 or is the subject of an exemption granted under subsection 53(1) or 54(1)</i>	<p>A statement confirming that the crop-based feedstock was harvested in an area that meets the requirements stated in the 'Excluded Lands' criteria on site; or</p> <p>A statement indicating the country/region of origin of the feedstock and confirming that the crop-based feedstock was harvested in a jurisdiction that is approved under the <i>US EPA RFS2 Aggregate Compliance Program</i></p>
58(1)(k)	<i>if the feedstock is derived from forest biomass, a confirmation that</i> <ol style="list-style-type: none"> <i>i. it was harvested in accordance with the requirements set out in paragraph 52(c)(i) or is the subject of an exemption granted under paragraph 55(1)(c),</i> <i>ii. it was harvested in accordance with the requirements set out in subparagraph 52(c)(ii) or is the</i> 	<p>A statement confirming that the forest-based feedstock was harvested in an area that meets the requirements stated in the 'Forest-based feedstock' criteria on site through a forest management plan; or</p> <p>A statement confirming that the forest-based feedstock was harvested in a jurisdiction that received Legislative Recognition for the 'forest-based feedstock' criteria</p>

	<p><i>subject of an exemption granted under paragraph 55(1)(d),</i></p> <p><i>iii. it was harvested in accordance with the requirements set out in subparagraph 52(c)(iii) as it relates to soil or is the subject of an exemption granted under paragraph 55(1)(e),</i></p> <p><i>iv. it was harvested in accordance with the requirements set out in subparagraph 52(c)(iii) as it relates to surface and ground water resources or is the subject of an exemption granted under paragraph 55(1)(f),</i></p> <p><i>v. it was harvested in accordance with the requirements set out in subparagraph 52(c)(iii) as it relates to biodiversity or is the subject of an exemption granted under paragraph 55(1)(g), and</i></p> <p><i>vi. it was harvested in accordance with the requirements set out in subparagraph 52(c)(iv) or is the subject of an exemption granted under paragraph 55(1)(h)</i></p>	
58(1)(l)	<i>if the feedstock is a crop, a confirmation that it meets the requirements set out in section 50</i>	A statement indicating that no portion of the feedstock stated in section 58(1)(f) is a high-ILUC feedstock, as defined in section 50 of the CFR
58(1)(m)	<i>the unique identifier for the declaration that they use for their internal accounting purposes</i>	<p>A unique identifier for the declaration is a number used internally at the facility for accounting and monitoring purposes</p> <p>This number must be unique to each declaration issued at their site and indicate the lot number of the feedstock to which it applies</p> <p>If applicable, it must be used in all records related to material balances and quantity bookkeeping at the site to which it applies</p> <p>An example of this is an internal contract number</p>
58(1)(n)	<i>the date on which the declaration is made</i>	Shipping, transport, or contract date
58(1)(o)	<i>the signature of the person or their authorized agent</i>	Authorization signature of harvester (farmer or forester) or in the case of a company or corporation, any person with legal authority to sign on behalf of the harvester

See Annex 1 for a sample Harvester Declaration Template. Note that the template is not a requirement and harvesters can implement the declaration requirements into their existing contracts and systems.

Certification

When a feedstock is recognized under a CFR-recognized certification scheme, for an applicable criterion, harvesters must retain documentation illustrating that they were certified under the scheme throughout feedstock cultivation and harvest and attest to it in the declaration as per the *CFR*. The declaration must be accompanied by a copy of the certificate that contains the following information:

- A list identifying which LUB criteria was certified through the certification scheme,
- The name of the certification scheme,
- The name of the certification body that certified the feedstock,
- The date on which the certification scheme is valid until.

For more information on certification requirements, see sub-section 58(2) and 61 of the Regulations.

GPS Coordinates

A GPS coordinate (i.e., longitude and latitude) is used to identify the harvesting area of the feedstock indicated within a declaration. A GPS coordinate can be any point within the harvest area (e.g., the entry point or gate of the harvest area). See sub-section 58(1)(c) of the Regulations.

For farms or forests that are an aggregate of multiple geographically dispersed fields/plots or cutblocks (i.e., non-contiguous), that are owned by the same legal entity, produce the same feedstock commodity type, and meet the applicable LUB eligibility requirements, a single declaration may be issued with the locations of all fields/plots or cutblocks in the harvest area. This means the feedstock harvesters can aggregate quantities of eligible feedstock from different plots of land into one declaration, provided that they list out 1 set of GPS coordinates for each plot of land/cutblock as referred to subsection 58(1)(c) in the declaration.

Figure 2 is an example of how GPS coordinates in harvester declarations must be implemented for farms with multiple geographically dispersed fields/plots of land.

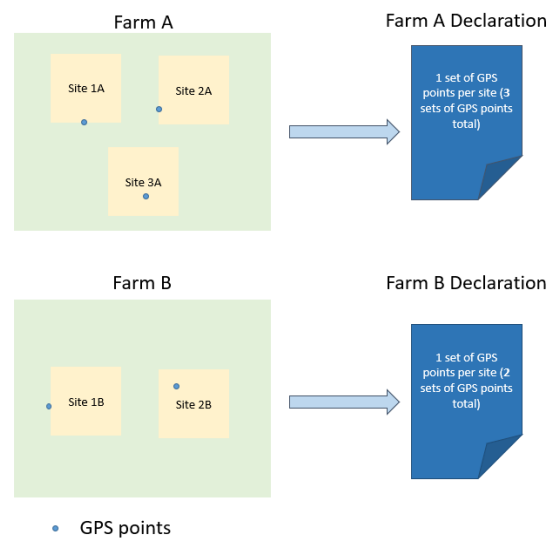


Figure 2: Example of GPS coordinates in harvester declarations

Figure 3 is an example of how GPS coordinates in harvester declarations must be implemented for forest land.

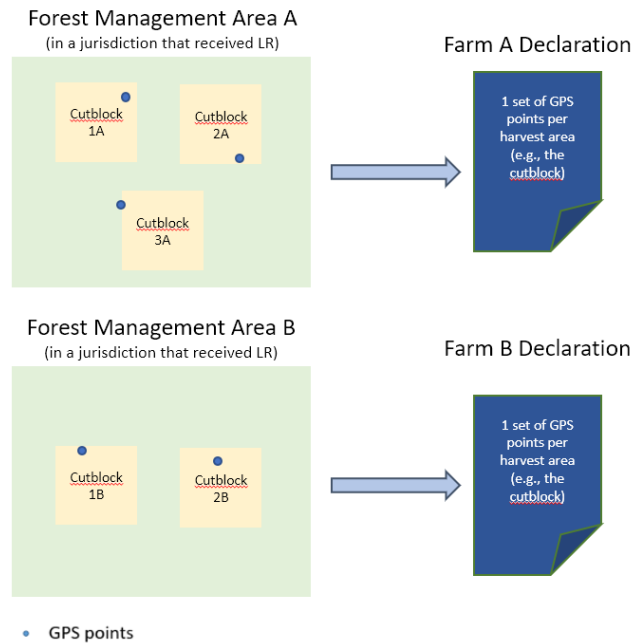


Figure 3: Example of GPS coordinates in harvester declarations for forest lands

Note that regardless of the type of compliance method (i.e., Legislative Recognition or on-site), in the event where a harvest area crosses a national or sub-national border, e.g., provincial, or international, the sites will be considered different harvest areas for the purposes of the regulation and therefore each site must have a respective GPS coordinate within the declaration.

GPS Coordinates for Jurisdictions that receive Full Legislative Recognition

In cases where the feedstock is harvested in a jurisdiction that received full legislative recognition for all applicable LUB criteria, then the GPS coordinates included in the declaration may be provided on the basis of one set of coordinates (to the fifth decimal place) that is representative of the harvest area. The chosen coordinates should reflect the major entryway to the harvest area, or the location of on-site collection point as appropriate.

Figure 4 is an example of how GPS coordinates in harvester declarations must be implemented for farms in jurisdictions that received full Legislative Recognition and with multiple geographically dispersed fields/plots of land.

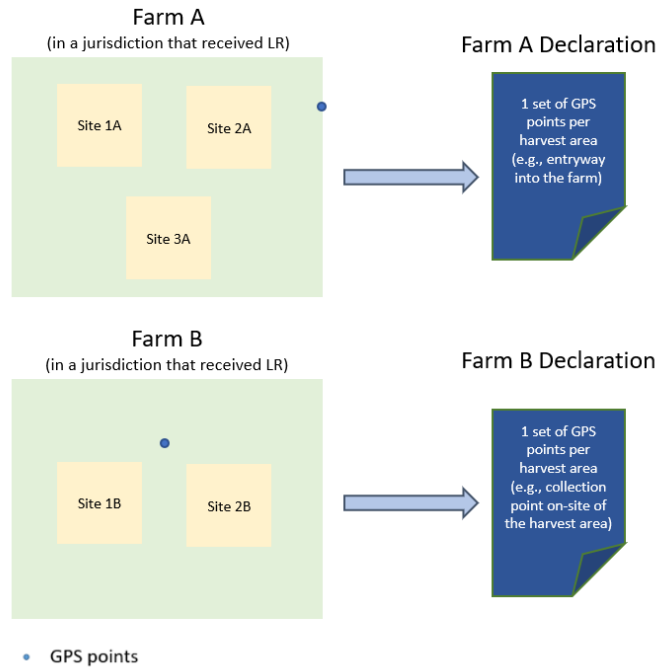


Figure 4: Example of GPS coordinates in harvester declarations for feedstock harvested in jurisdictions that receive Legislative Recognition

Foreign Supplier Declaration

Table 3: Declaration content for a foreign supplier

Regulatory Section	Declaration Regulatory Requirement	Description of Declaration Contents
58(3)(a)	<i>the name, civic address, postal address, telephone number and, if any, email address of the foreign supplier</i>	<ul style="list-style-type: none"> Name of the legal entity or Company that is producing the LCIF to import into Canada. Civic address of the central location of the company office
58(3)(b)	<i>if an authorized agent is making the declaration on behalf of the foreign supplier, the name, civic address, postal address, telephone number and, if any, email address of the authorized agent.</i>	<ul style="list-style-type: none"> An authorized agent with respect to the Foreign Supplier is any person or corporation permitted to act on behalf of the Foreign Supplier
58(3)(c)	<i>the GPS coordinates to the fifth decimal place and, if any, civic address of the site where the mixing, processing or division, as the case may be, of the quantity of the feedstock was carried out or of the site where the quantity was obtained</i>	<ul style="list-style-type: none"> The GPS coordinates (to the fifth decimal place) of the location of the facility where the LCIF was produced
58(3)(d)	<i>the type of the feedstock that is used</i>	<ul style="list-style-type: none"> Feedstock commodity type (e.g., corn, soy, etc.) that was used to produce the LCIF If multiple feedstock types are used to produce the same LCIF, then a separate declaration needs to be issued for each feedstock type

58(3)(e)	<i>the quantity of the feedstock that is used at the site referred to in paragraph (c) by the person mixing, processing, dividing or obtaining feedstock to produce low-carbon-intensity fuel, expressed in kilograms or cubic metres, as applicable</i>	Quantity of eligible feedstock used to produce the LCIF at the foreign supplier facility in kg or cubic meters (as measured at the site)
58(3)(f)	<i>a confirmation that the requirements set out in subsection 47(2) are met with respect to any portion of the quantity of feedstock that was used to produce low-carbon-intensity fuel and that the foreign supplier has retained evidence of the compliance at the site where the low-carbon-intensity fuel was produced</i>	A statement that confirms that the foreign supplier has material balanced for the respective compliance period (as referred to in section 47(2) in the Regulations) in order to ensure that the feedstock used to produce the LCIF is eligible and does not exceed the amount of eligible feedstock at the facility. A statement confirming that the foreign supplier has retained all material balancing records and evidence on site for the purpose of third-party verification
58(3)(g)	<i>a confirmation that the requirements set out in sections 48 to 52 are met with respect to the feedstock except if it is exempted under any of the sections 53 to 55</i>	A statement confirming that the feedstock was harvested in accordance with the requirements stated in the CFR LUB criteria; and/or A statement confirming that the feedstock was harvested in a jurisdiction that received Legislative Recognition for the CFR LUB criteria
58(3)(h)	<i>the total quantity of low-carbon-intensity fuel that the foreign supplier produced outside Canada and that they sold for import into Canada</i>	Quantity of LCIF produced by the foreign supplier that is imported into Canada for compliance credits creation in kilograms or cubic metres, as applicable, or units of measurement used at their facility
58(3)(i)	<i>confirmation that the foreign supplier is in compliance with subsection 59(1)</i>	A statement confirming that the foreign supplier has retained records and documentation at their site with respect to section 59(1) of the CFR Examples of the records may include sales records for the LCIF produced, delivery records/contracts/declarations with respect to the eligible feedstock used to produce the LCIF, material balancing records, any certification documentation if applicable, etc.
58(3)(j)	<i>in the case of a person who is the producer of the low-carbon-intensity fuel made using the feedstock, any alphanumeric identifier assigned to the fuel's carbon intensity</i>	State the unique alphanumeric identifier that the Minister assigned for the Foreign Supplier's carbon intensity of the LCIF
58(3)(k)	<i>the unique identifier for the declaration that the foreign supplier uses for their internal accounting purposes</i>	A unique identifier for the declaration is an internal number used at the facility for accounting and monitoring purposes This number must be unique to each declaration issued at their site and indicate the lot number of the feedstock or LCIF produced to which it applies If applicable, it must be used in all records related to material balances and quantity bookkeeping at the site to which it applies

		- An example of this is an internal contract number
58(3)(l)	<i>the date on which the declaration is made</i>	- This date may be the shipping, transport, or contract date
58(3)(m)	<i>the signature of the foreign supplier or their authorized agent</i>	- Authorization signature of the Foreign Supplier or in the case of a corporation, individual or other entity, any person with legal authority to act on their behalf.

See Annex 1 for a sample Foreign Supplier Declaration Template. Note that the template is not a requirement and Foreign Suppliers can implement the declaration requirements into their existing contracts and systems.

‘Other Persons’ Declaration

Table 4: Declaration content for a “Other Persons”

Regulatory Section	Declaration Regulatory Requirement	Description of Declaration Content
58(4)(a)	<i>the name, civic address, postal address, telephone number and, if any, email address of the person</i>	- Name of the legal entity or Company that is handling (aggregating, trading, processing, etc.) the feedstock - Civic address of the central location of the company office or aggregation/trading site
58(4)(b)	<i>If an authorized agent is making the declaration on behalf of the person, the name, civic address, postal address, telephone number and, if any, email address of the authorized agent.</i>	- An authorized agent with respect to the legal entity or Company that is handling (aggregating/trader/processing, etc.) the feedstock, is any person or corporation permitted to act on behalf of them
58(4)(c)	<i>the GPS coordinates to the fifth decimal place and, if any, civic address of the site where the mixing, processing or division, as the case may be, of the quantity of the feedstock was carried out or of the site where the quantity was obtained</i>	- The GPS coordinates (to the fifth decimal place) of the location of the mixing, processing, dividing, collection facility where the LCIF was handled - This can be for example an aggregation facility, pre-processing facility, collection point for used cooking oil, etc.
58(4)(d)	<i>if the feedstock is sold, the name and civic and postal address of the person to whom it was sold</i>	- The information on the next point along the supply chain where the feedstock is being transported to
58(4)(e)	<i>the type of the feedstock</i>	- Feedstock commodity type (e.g., corn, soy, etc.)
58(4)(f)	<i>the quantity of the feedstock that is removed from the site referred to in paragraph (c), expressed in kilograms or cubic metres, as applicable</i>	- Quantity of eligible feedstock that was transported or sold from the site to the next point along the LCIF supply chain, in kilograms or cubic meters (as measured at the site)
58(4)(g)	<i>a confirmation that, when the feedstock was removed from that site or was mixed, divided or obtained at that site, the requirements set out in subsection 47(1) were met with respect to the feedstock and that the person who mixed, divided or obtained the</i>	- A statement that confirms that the person has continuously material balanced (as referred to in section 47(1) in the Regulations) in order to ensure that the feedstock sold/transported to the next point along the supply chain does not exceed the amount of eligible feedstock at their site

	<i>feedstock has retained evidence of compliance at that site</i>	- A statement confirming that the person has retained all material balancing records and evidence on site for the purpose of verification
58(4)(h)	<i>a confirmation that the requirements set out in sections 48 to 52 are met with respect to the feedstock except if it is exempted under any of the sections 53 to 55</i>	- A statement confirming that the feedstock was harvested in accordance with the requirements stated in the CFR LUB criteria; and/or - A statement confirming that the feedstock was harvested in a jurisdiction that received Legislative Recognition for the CFR LUB criteria
58(4)(l)	<i>in the case of a declaration referred to in subparagraph 57(2)(a)(iv) with respect to a quantity of a feedstock that is referred to in any of the subparagraphs 46(1)(b)(ii) to (vi), a confirmation that the feedstock meets the requirements set out in section 50</i>	- If the feedstock is categorized as a Type 2 feedstock (as referenced in section 46(1) of the Regulations) and it is gathered in a collection point after it has been used or disposed of, then a statement confirming that that no portion of the feedstock stated in section 58(4)(e) is a high-ILUC feedstock, as defined in section 50 of the CFR
58(4)(j)	<i>in the case of a declaration referred to in subparagraph 57(2)(a)(iv), a confirmation that they have retained at the site referred to in paragraph (c), for each quantity of feedstock referred to in any of the subparagraphs 46(1)(b)(iv) to (vi), delivery records, contracts and invoices that describe the location where that feedstock was first used</i>	- If the feedstock is categorized as a Type 2 feedstock and the feedstock is derived from one of the following: o used or inedible organics from a residential area, retail store, restaurant, caterer or food processing plant, o used fat or used vegetable oil, or o used animal litter - and it is collected in a collection point after it has been used or disposed of, then a statement confirming that the site has kept the applicable records for the purpose of a verification
58(4)(k)	<i>the unique identifier for the declaration that they use for their internal accounting purposes</i>	- A unique identifier for the declaration is an internal number used at the facility for accounting and monitoring purposes - This number must be unique to each declaration issued at their site and indicate the lot number of the feedstock to which it applies - If applicable, it must be used in all records related to material balances and quantity bookkeeping at the site to which it applies - An example of this is an internal contract number
58(4)(l)	<i>the date on which the declaration is made; and</i>	- This date can be the shipping, transport, or contract date
58(4)(m)	<i>the signature of the person or their authorized representative</i>	- Authorization signature of the person issuing the declaration or in the case of a corporation, any person with legal authority to sign on behalf of the President/CEO of the company

See Annex 1 for a sample ‘Other Persons’ Declaration Template (e.g., aggregators). Note that the template is not a requirement and points along the supply chain can implement the declaration requirements into their existing contracts and systems.

3.5. Legislative Recognition

If a jurisdiction receives Legislative Recognition from the Minister, as referenced in section 55 of the CFR, then it can be indicated within the declaration. These confirmations can be incorporated through lines in the contract that state that the harvest was done in a jurisdiction that received Legislative Recognition for all or part of the CFR LUB criteria. The declaration must contain information as set out in section 58(1)(h) to 58(1)(k) of the CFR. See sub-section 55(1) of the Regulations.

The harvester declaration can state the Legislative Recognition received by the jurisdiction for each applicable LUB criteria. Example 3 demonstrates how statements regarding Legislative Recognition can be incorporated into the harvester declaration.

Example 3: Declaration text that can be used for Legislative Recognition Exemptions

The feedstock sold to the buyer was harvested in ON, Canada and meets the following requirements set in the Clean Fuel Regulations through Legislative Recognition:

- Wildlife habitat (section 48 of the Clean Fuel Regulations) via the X Act
- Damaging agents (Section 49 of the Clean Fuel Regulations) via the Y Act
- Forest regeneration
- Naturally regenerated stands
- Quantity and quality of soil
- Quantity and quality of surface and groundwater resources
- Biodiversity
- Watercourse connectivity (section 52(b)(iv) of the Clean Fuel Regulations) via the Z Act

4. Material Balancing

For the LCIF to be eligible for compliance credit creation, the LCIF producer (foreign supplier or registered creator, as the case may be) and parties along the supply chain handling the eligible feedstock must demonstrate that the quantity of eligible feedstock used or sold at any point along the supply chain does not exceed the amount of eligible feedstock supplied.

The CFR allows for physical mixing of eligible and ineligible feedstock at any point along the supply chain through a material balancing chain of custody method (also known as ‘mass balancing’), providing that all applicable traceability and documentation requirements are met. Under the material balancing system, the key factor that needs to be demonstrated is that at each point in the feedstock supply chain, after the point of harvest or collection/gathering point, the volumes of outgoing eligible material that was forwarded to the next point in the supply chain cannot exceed the incoming eligible feedstock at the site.

In the case of an LCIF producer, the eligible portion of a LCIF (that will be used to create compliance credits) exiting the production facility must not exceed the portion of eligible feedstock used to produce the LCIF, within an accounting period. Therefore, under the material balancing method, the eligibility claim can be allocated to any physical product leaving the facility as long as the volumes are accurately balanced.

Note that the following section and all applicable requirements come into force after January 1st, 2024, alongside the LUB criteria.

4.1. Material Balancing Requirements

All sites between the feedstock harvester and LCIF producer (LCIF producer inclusive) must perform material balancing calculations. The details differ between LCIF producers and other entities or points along the supply chain that handle the feedstock. In both cases, the person handling the feedstock must record the quantity of eligible feedstock at the facility at the start of the period ($Q_{\text{inventory}}$) and the quantity of eligible feedstock coming into the facility during the period (Q_{incoming}) in units of measurement of kilograms (kg) or cubic meters (m^3), as applicable. **Error! Reference source not found.** is a scenario of a LCIF supply chain and demonstrates which points along the supply chain must perform material balancing.

Farm: Material balancing is not required **unless** the farmer or forester harvests both eligible and ineligible feedstock and mixes the feedstock in an internal site within the farm/forest.

Collection Points: Material balancing is required to demonstrate the amount of outgoing batch of feedstock that is eligible.

Trader or Storage: Material balancing is not required if the batches of feedstock are only stored **unless** the feedstocks are mixed or divided then material balancing is required to demonstrate that the output batch of feedstock is eligible.

LCIF Producer: Material balance is required for the end LCIF that will be used to create compliance credits.

Scope of a Material Balancing

LCIF Producers

LCIF producers must conduct a separate material balance for each compliance period (see section 45(3) of the CFR) and for each unique CI alphanumeric identifier with the same following characteristics:

- The feedstock type (e.g., corn, soy, etc.) used, if applicable;
- The final LCIF produced.
- The energy density of the LCIF, if applicable.
- The facility where the LCIF was produced; and,
- Person or persons, defined as the legal entity, organization or company producing the LCIF.

If any of the above characteristics differ, then a separate material balance must be conducted as seen in Figure 5.

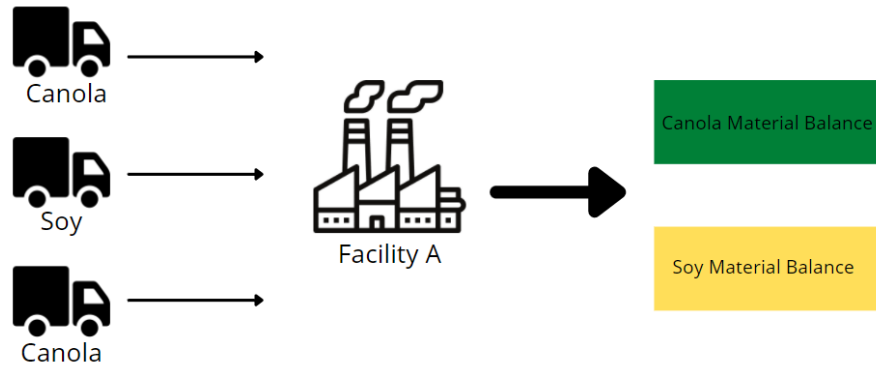


Figure 5: Example of material balancing at a facility.

Aggregators and Other Persons

Aggregators or sites where the feedstocks are mixed or divided must conduct a separate material balance for feedstock that have the same following characteristics:

- The feedstock type used, if applicable.
- The facility or site where the feedstock was mixed, divided or processed; and
- Person or persons, defined as the legal entity, organization, or company.

If any of the above characteristics differ, then a separate material balance must be conducted.

4.2. Material Balance: LCIF Producers

Maximum Volume Equation

The maximum volume of LCIF that can be used for CFR credit creation is determined by the proportion of feedstock that is compliant with the LUB criteria (i.e., eligible) used in the production of LCIF volume. The volume of LCIF that is eligible to create compliance credits is referred to as the *Maximum Volume*. This value is based on the ratio of eligible to total feedstock that was used in production of the volume of LCIF and is calculated using Equation 1 below. See sub-section 45(1) of the Regulations.

Equation 1: Expression used to determine the maximum volume of LCIF that is eligible for compliance credit creation

$$\text{Maximum Volume} = V_{\text{fuel}} \times \left[\frac{Q_{\text{eligible}}}{Q_{\text{eligible}} + Q_{\text{ineligible}}} \right]$$

Where,

V_{fuel} is the total volume of the LCIF produced at the facility during the compliance period (defined in section 45(1) of the Regulations).

Q_{eligible} is the quantity of the feedstock that satisfies the feedstock eligibility requirements and that was used at the facility to produce that LCIF volume.

$Q_{\text{ineligible}}$ is the quantity of the feedstock, other than the quantity of eligible feedstock that was used at the facility to produce that LCIF volume.

Quantity of Eligible Feedstock – Production of Fuel

To calculate the Q_{eligible} (referenced in Equation 1) the LCIF producer must ensure that the following equation is being met at their facility (See sub-section 47(2) of the Regulations):

Equation 2: Expression used to determine the eligible feedstock quantity.

$$Q_{\text{eligible}} \leq Q_{\text{inventory}} + Q_{\text{incoming}}$$

Where,

Q_{eligible} is the quantity of feedstock that satisfies the feedstock eligibility requirements and that was used at the LCIF facility to produce the LCIF volume.

$Q_{\text{inventory}}$ is the quantity of eligible feedstock that was at the LCIF facility at the start of the material balance period (defined in section 45(1) of the regulations).

Q_{incoming} is the quantity of eligible feedstock that was brought to the LCIF facility during the material balance period (defined in section 45(1) of the regulations).

A visual illustration of the calculation of eligible feedstock to produce LCIF at production sites is presented below in Figure 6.

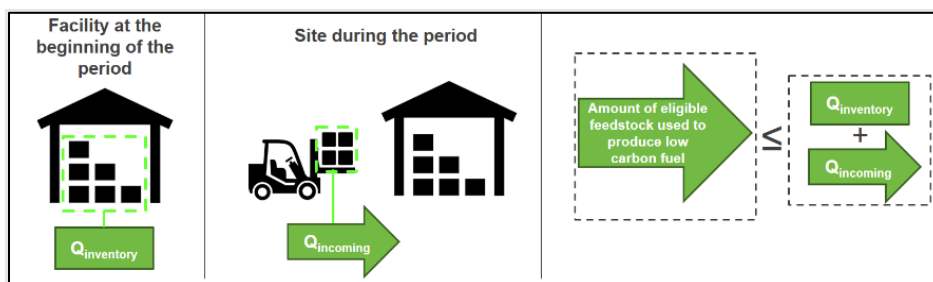


Figure 6: Visual illustration of the quantity of eligible feedstock calculation for LCIF production sites.

Example of Material Balancing at LCIF Facility

Example 1 is an illustration of a maximum volume calculation (as seen in Equation 1) carried out at a facility that uses both eligible and ineligible feedstock to produce LCIF. Note that physical segregation of eligible and ineligible feedstock is not required to create compliance credits.

Example 1: Material Balancing Calculations at an example LCIF Facility

In an example LCIF facility, the producer must keep track of all feedstock shipments coming in and out of their facility using an accounting system for the period set out in section 45(3) of the *CFR*.

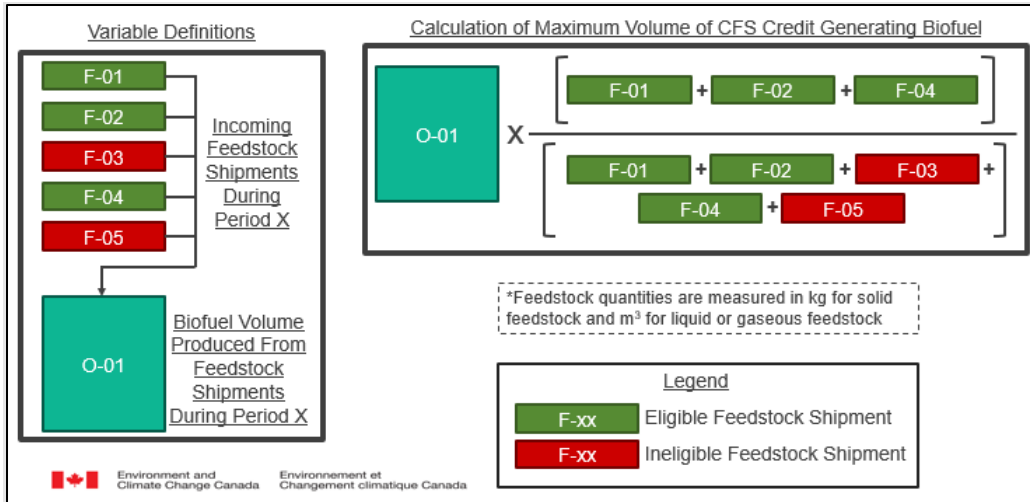


Figure 7: Example of material balance at a LCIF production facility

At the end of each quarter (material balance/credit creation period), the LCIF producer must calculate the maximum amount of eligible LCIF they produced using the equation below.

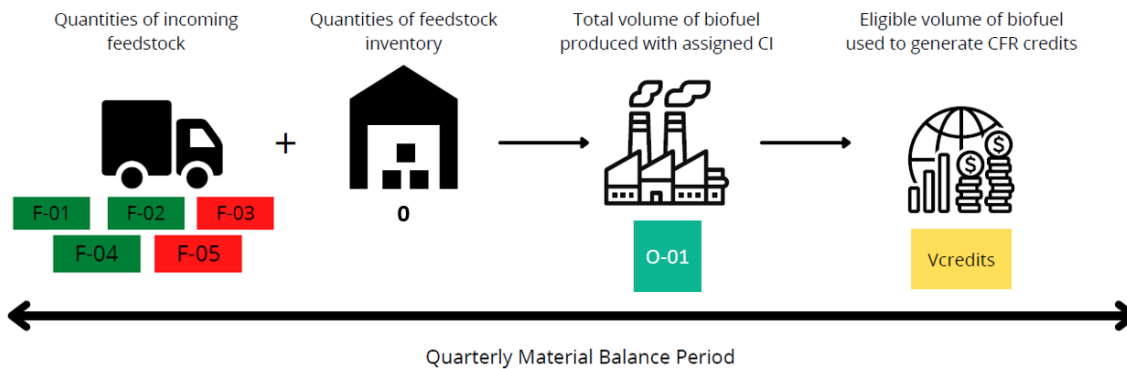


Figure 8: Calculation Diagram for the maximum number of credit

At the end of the material balance period, the LCIF producer must meet the requirement that the volume used to create compliance credits is less than or equal to the maximum eligible volume.

Equation 3: Maximum volume the LCIF producer can use to create compliance credits.

$$V_{\text{credits}} \leq V_{\text{MAX}}$$

The following table gives an example of what the LCIF producer must keep track of at their facility in an accounting system at their site:

Table 5: Example of what the LCIF producer must keep track of at their facility

Record Keeping and Reporting to ECCC	Example
Total volume of LCIF produced	O-01
Volume of LCIF produced using eligible feedstock	Vmax
Quantity of eligible feedstock	F-01 + F-02 + F-04
Quantity of ineligible feedstock	F-03 + F-05
Quantity of eligible feedstock inventory	0
Quantity of eligible feedstock incoming	F-01 + F-02+ F-04

4.3. Material Balance: Aggregators and Other Persons

Any points along the supply chain that handle eligible feedstocks, other than the LCIF producer, must keep track of all batches of eligible feedstock coming in and out of their facility and each outgoing batch of feedstock must comply with Equation 4. These sites may include aggregators, collection points, storage facilities, etc.

Equation 4 and relevant documentation to demonstrate this equation, needs to be used to evaluate the maximum amount of outgoing feedstock that can be claimed as eligible.

Equation 4: Expression used to determine the maximum quantity of exiting eligible feedstock at a site where the feedstock is harvested, obtained, mixed, processed, or divided.

$$Q_{outgoing} \leq Q_{inventory} + Q_{incoming}$$

Where,

$Q_{outgoing}$ is the quantity of the feedstock that satisfies the feedstock eligibility requirements and that is removed from the site.

$Q_{inventory}$ is the quantity eligible feedstock that was at the site at the start of the material balance period (defined in section 45(1) of the CFR).

$Q_{incoming}$ is the quantity of eligible feedstock that was brought to the site during the material balance period (defined in section 45(1) of the CFR).

A separate material balance must be issued for each feedstock type entering the site (i.e. corn, soy, etc.). A visual illustration of this calculation for sites where the feedstock is harvested, obtained, mixed, processed, or divided is presented below in Figure 9.

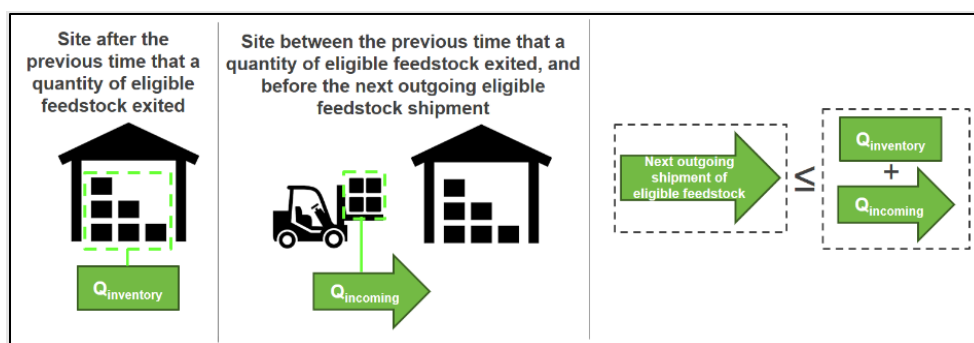


Figure 9: Visual illustration of the quantity of eligible feedstock calculation for sites where the feedstock is harvested, obtained, mixed, processed, or divided.

Material Balancing Periods

The maximum volume must be calculated for the compliance credit creation periods and therefore a separate material balance must be performed for each of the following periods:

- January 1 to March 31
- April 1 to June 30
- July 1 to September 30

- October 1 to December 31.

The maximum eligible volume of LCIF produced, as calculated by the equation referred to in section 45(1) of the CFR and Equation 1 of this document, must be calculated for each unique carbon intensity alphanumeric identifier or default carbon intensity (as per section 45(2) of the Regulations), facility, and production period as described previously.

At the end of the material balancing periods:

- the outgoing deliveries of eligible feedstock must be balanced with the incoming deliveries of the respective eligible feedstock.
- the outgoing amount of eligible feedstock cannot be greater than the available amount of eligible feedstock purchased or used to produce LCIF for compliance credits; and
- the quantities of feedstock coming in and out must be balanced.

The material balancing period will need to be continuous in time which means there should not be breaks between periods. If no eligible material was delivered or sold during this period, then a balance of zero would still need to be kept on record.

- At the end of the material balancing period, if more eligible material was received than was sold, the surplus of the eligible material can be transferred to the next period as a positive balance (and it will be identified as “inventory” in the next period).
- If, after the inventory period, there is a negative balance (which means more eligible material has been sent than what is physically present), then the compliance credits could be deemed invalid unless remedied in a timely fashion.

4.4. Exclusive Use Clause

The LCIF used to create compliance credits (as referred to in Section 45(1) of the CFR) must exclude any quantity of LCIF that is used for credits creation or to comply with requirements related to GHG savings goals which the entity benefits from or any carbon markets under jurisdictions outside of Canada, as per subsection 45(4) of the CFR. An example of a GHG savings goal or carbon market is the European Union's *Renewable Energy Directive (RED II)*.

5. Additional Record Keeping and Reporting

Under the CFR, the entities/points along the supply chain that handle the feedstock, and the LCIF producer, can be subject to third-party verification upon request by a third-party verifier, as required by the foreign supplier or registered creator. Therefore, these points must retain records at their on-site location in the case of a third-party verification. The following section will provide guidance on the types of records, in addition to declarations, that must be kept on site for each entity within the LCIF supply chain.

The registered creator must ensure that all points along the LCIF supply chain are aware of the declaration, material balancing and documentation requirements and maintains an accounting system that will be able to retain all the information on site. If the registered creators outsource or delegate tasks that are related to CFR eligibility requirements, such as declaration or material balance requirements, to other service

providers (e.g., transport, storage, or processing of eligible materials), they must ensure that the service providers comply with the eligibility and traceability requirements as well. This includes contractual agreements, declarations, and passing relevant information and documentation between points along the supply chain (i.e., aggregators and LCIF producers).

The registered creator must ensure that all points along the supply chain that handle the eligible feedstock (i.e., mixes, divides, processes) meet the material balancing requirements to ensure that the quantity of eligible feedstock leaving the site is less than or equal to the quantity of eligible feedstock that entered the site. The records demonstrating that the facility has performed a material balance of their feedstock (i.e., excel sheets or accounting system) must be kept on-site in the case of third-party verification. These records do not have to be forwarded through the supply chain.

See sub-section 57(2) of the Regulations for more information.

Accounting System: An accounting system in the context of material balancing and traceability is a physical or electronic methodology that allows the site to record all incoming and outgoing batches of eligible feedstock, their respective amounts, and any applicable declarations and contracts.

5.1. General Documentation and Information Requirements

All points along the supply chain that handle CFR eligible feedstock must have documentation and record retention methodologies in place to ensure traceability throughout the supply chain, in addition to declaration and material balancing requirements. The following records must be kept at each point along the supply chain:

- Contracts between the eligible material buyer and seller,
- Declarations with the information regarding the eligible material coming into the site as per subsection 57(2) of the CFR,
- Quantity bookkeeping for eligible and ineligible material at the site and if applicable, material balance calculations,
- Weighbridge tickets, bills of landing or other documentation that demonstrate the quantity of incoming and outgoing eligible feedstock,
- If applicable, any CFR-recognized certification information

5.2. Specific Documentation and Information Requirements

The following sub-chapter summarizes specific records or documentation that is required at the different points along a supply chain, in addition to declaration and material balancing requirements.

Domestic LCIF Producer Records

The domestic LCIF producer is a registered creator under the CFR and therefore must retain records to ensure traceability and to demonstrate the quantity of eligible LCIF used to create compliance credits.

To complete their 'Annual Credit-Creation Report' (see Schedule 11 of the CFR), 'Quarterly Credit-Creation Report' (see Schedule 12 of the CFR), 'Credit-Adjustment Report' (see Schedule 13 of the CFR) and

'Material Balance Report' (see Schedule 15 of the CFR), the registered creator must report the maximum eligible volume produced at their facility (as referred to in section 45(1) of the CFR).

To demonstrate that they meet the material balance requirements for the quantity of LCIF used to create compliance credits, the following documentation must be retained on site:

- Records that demonstrate the incoming and outgoing quantities of eligible and ineligible feedstock at their site such as weighbridge tickets, bills of landing, delivery records, etc.
- Records that demonstrate the inventory amounts of eligible feedstock at the start of each period
- An accounting system or quantity bookkeeping that keeps track of the incoming and outgoing quantities of eligible and ineligible feedstock at their site (this can be physical or electronic), that must be kept up-to-date and accessible in case of third-party verification.
- Records demonstrating the total amount of fuel produced during the period (3 months) such as sales records or contracts for all final LCIF produced.

Importer Records

The importer is a registered creator under the CFR who imports a quantity of LCIF into Canada to create compliance credits, and therefore must retain records to ensure traceability and to demonstrate the quantity of eligible LCIF used to create compliance credits.

In the case of verification, the importer will need to retain the following documentation at their site:

- delivery records, contracts and invoices with respect to the quantity of LCIF that was purchased/imported from the foreign supplier.
- the sales records for that quantity of LCIF; and
- if the low-carbon-intensity fuel is produced using an eligible feedstock (type 2 or type 3 feedstock) referred to in paragraph 46(1)(b) or (c), a copy of the declaration made by the foreign supplier (refer to subsection 58(3) of the CFR) must be provided.

Foreign Supplier Records

In order to complete their 'Material Balance Report', the foreign supplier is required to report the maximum eligible volume produced at their facility (as referred to in subsection 45(1) of the CFR). See Schedule 15 of the CFR for more information.

To demonstrate that they meet the material balance requirements for the quantity of LCIF used to create compliance credits, they will have to retain the following documentation at their site:

- Records that demonstrate the incoming and outgoing quantities of eligible and ineligible feedstock at their site such as weighbridge tickets, bills of landing, delivery records, etc.
- Records that demonstrate the inventory amounts of eligible feedstock at the start of each material balancing period
- An accounting system or quantity bookkeeping that keeps track of the incoming and outgoing quantities of eligible and ineligible feedstock at their site (this can be physical or electronic), that must be kept up-to-date and accessible in case of verification.

- Records demonstrating the total amount of fuel produced during the material balancing period such as sales records or contracts for all finished LCIF produced.

1. Annex

1.1. Sample Harvester Declaration Template

Note: this is only for guidance purposes and not a requirement. The entities handling the feedstock can implement the requirements stated in section 58(1) into their existing contracts.

Farm ABC/Forest Company		Company/Farm/Forest Address Ph: (XXX) XXX-XXXX Fax: (XXX) XXX-XXXX Email: company@email.com	<i>Section 58(1)(a)</i>
Agreement / Contract between [Seller Name] and [Buyer Name]			<i>Section 58(1)(e)</i>
Contract Type: Buyer Contact Information: Buyer Delivery Location:			
Contract/Farm Information			
Contract Number:	123ABC		<i>Section 58(1)</i>
Contract Date:	01-01-2024		<i>Section 58(1)</i>
Feedstock Commodity Type:	2CE Corn		<i>Section 58(1)(f),(l)</i>
Quantity of CFR eligible feedstock:	1000 kg		<i>Section 58(1)(g)</i>
Harvest Jurisdiction:	Ontario, Canada		<i>Used for LR</i>
GPS Points of Harvest Area:	(XX.XXXXX, -XX.XXXXX) , (XX.XXXXX, -XX.XXXXX)		<i>Section 58(1)(c)</i>
Price Information:	<i>Internal to their own business</i>		
Shipping Details			
Shipping Dates:			
Delivery Mode:			
Special Instructions and Conditions			
<p>The seller attests that the crop-based feedstock sold to the buyer was harvested on land that meets the requirements set in the Clean Fuel Regulations and is CFR eligible.</p> <p>The feedstock meets the Excluded Lands criteria through the US EPA RFS2 Aggregate Compliance and is CFR eligible.</p> <p>The feedstock meets the following requirements set in the Clean Fuel Regulations through Legislative Recognition:</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Wildlife habitat criteria (section 48 of the Clean Fuel Regulations) via the X Act</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Damaging agents criteria (Section 49 of the Clean Fuel Regulations) via the Y Act.</p> <p><i>Add any other exception clauses or additional information here</i></p>			<i>Section 58(1)(j)</i> <i>Section 58(1)(h),(i)</i> <i>Note: this is a sample text that can be added</i>
<hr/> Authorized Signature of the Seller/Harvester		<hr/> Authorized Signature of the Buyer	
Date:		Date:	
		<i>Section 58(1)(o)</i>	
		<i>Section 58(1)(n)</i>	

1.2. Sample Aggregator Declaration Template

Note: this is only for guidance purposes and not a requirement. The entities handling the feedstock can implement the requirements stated in section 58(4) into their existing contracts.

Company ABC		Company Address Ph: (XXX) XXX-XXXX Fax: (XXX) XXX-XXXX Email: company@email.com	<i>Section 58(4)(a)</i>
Agreement / Contract between [Seller Name] and [Buyer Name]			<i>Section 58(4)(d)</i>
Contract Type: Buyer Contact Information: Buyer Delivery Location:			
Contract/Farm Information			
Contract Number:	123ABC		<i>Section 58(4)(k)</i>
Contract Date:	01-01-2024		
Feedstock Commodity Type:	2CE Corn		<i>Section 58(4)(e)</i>
Quantity of CFR eligible feedstock:	1000 kg		<i>Section 58(4)(f)</i>
Harvest Jurisdiction:	Ontario, Canada		<i>Used for LR</i>
GPS Point/Location of Facility:	(XX.XXXXX, -XX.XXXXX)		<i>Section 58(4)(c)</i>
Price Information:	<i>Internal to their own business</i>		
Shipping Details			
Shipping Dates:			
Delivery Mode:			
Special Instructions and Conditions			
<ul style="list-style-type: none"> - The seller attests that the crop-based feedstock sold to the buyer was harvested on land that meets the requirements set in Land Use and Biodiversity Criteria in the Clean Fuel Regulations and is CFR eligible. - The seller attests that they have met the material balancing requirements at the facility and meets section 47(1) of the <i>Clean Fuel Regulations</i>. 			<i>Section 58(4)(h)</i>
<i>Add any other exception clauses or additional information here</i>			<i>Section 58(4)(g)</i>
<hr/> Authorized Signature of the Seller		<hr/> Authorized Signature of the Buyer	<i>Section 58(4)(m)</i>
Date:		Date:	<i>Section 58(4)(l)</i>

1.3. Sample Foreign Supplier Declaration Template

Note: this is only for guidance purposes and not a requirement. The entities handling the feedstock can implement the requirements stated in section 58(3) into their existing contracts.

Company ABC		Company Address Ph: (XXX) XXX-XXXX Fax: (XXX) XXX-XXXX Email: company@email.com	<i>Section 58(3)(a)</i>	
Agreement / Contract between [Seller Name] and [Buyer Name]			<i>Section 58(4)(d)</i>	
Contract Type: Buyer Contact Information: Buyer Delivery Location:				
Contract/Farm Information				
Contract Number:	123ABC		<i>Section 58(3)(k)</i>	
Contract Date:	01-01-2024			
Feedstock Commodity Type:	2CE Corn		<i>Section 58(3)(d)</i>	
Quantity of eligible feedstock used:	1000 kg		<i>Section 58(3)(e)</i>	
Quantity of LCIF sold to importer:	10000 L		<i>Section 58(4)(h)</i>	
GPS Point/Location of Facility:	(XX.XXXXX, -XX.XXXXX)		<i>Section 58(3)(c)</i>	
Unique Carbon Intensity ID:	CFR-CI-Company-ABC		<i>Section 58(3)(j)</i>	
Price Information:	<i>Internal to their own business</i>			
Shipping Details				
Shipping Dates:				
Delivery Mode:				
Special Instructions and Conditions				
<ul style="list-style-type: none"> - The LCIF producer attests that the crop-based feedstock sold to the buyer was harvested on land that meets the requirements set in Land Use and Biodiversity Criteria in the <i>Clean Fuel Regulations</i> and is CFR eligible. - The LCIF producer attests that they have met the material balancing requirements at the facility and meets section 47(1) of the <i>Clean Fuel Regulations</i>. - The foreign LCIF producer attests that it meets the requirements set out in subsection 59(1) of the <i>Clean Fuel Regulations</i> 			<i>Section 58(3)(g)</i>	
			<i>Section 58(3)(f)</i>	
			<i>Section 58(3)(i)</i>	
<i>Add any other exception clauses or additional information here</i>				
_____ Authorized Signature of the Seller		_____ Authorized Signature of the Buyer		<i>Section 58(3)(m)</i>
Date:		Date:		<i>Section 58(3)(l)</i>