	<b>Ministry of Energy, Mines and Low Carbon Innovation</b>  <i>Issued: January 2011</i> <i>Revised: February 2021</i>	Renewable and Low Carbon Fuel Requirements Regulation  <b>Exemption Reports</b>  <b>Information Bulletin RLCF-005</b>
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## Background

Small suppliers may apply to be exempted from Part 2 (renewable fuel) and/or Part 3 (low carbon fuel) requirements under the Renewable and Low Carbon Fuel Requirements Regulation (Regulation) if they supply an amount of fuel under the exemption threshold in a given compliance period. Between 2015 and 2020 the exemption threshold was 75 million litres per year. The threshold is 25 million litres for the 2021 compliance period, and 200,000 litres in 2022 and subsequent compliance periods.

The exemption threshold applies to the total volume of Part 2 fuels supplied by a given fuel supplier and its “affiliates”, as defined in section 1 (1) of the *Business Corporations Act*. Affiliated companies who collectively supply more than the exemption threshold of Part 2 fuels do not qualify for the small supplier exemption. Affiliated companies may continue to submit compliance reports as separate fuel suppliers under the Regulation.

## Exemption from Part 2 renewable fuel requirements

Suppliers of Part 2 fuels may apply to be exempted from renewable fuel requirements if they supply less than 75 million litres of Part 2 fuels (gasoline and diesel class) in 2020, 25 million litres in 2021 and 200,000 litres starting in 2022. Exemptions from Part 2 requirements will not be approved if the Part 2 fuel supplier notionally transferred fuel or was designated as a Part 2 fuel supplier during the compliance period.


A person who sells all of its Part 2 fuels under the agreements described in section 6 of the Regulation and section 4 of the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* (Act) is not a Part 2 fuel supplier, and is not required to apply for exemption from Part 2 requirements.

## Exemption from Part 3 low carbon fuel requirements

Suppliers of Part 2 fuels may also apply to be exempted from low carbon fuel requirements if they supply less than 75 million litres of Part 2 fuels (gasoline and diesel class) in 2020, 25 million litres in 2021 and 200,000 litres starting in 2022. Part 3 fuel suppliers who do not supply any Part 2 fuels may not apply for exemption. Exemptions from Part 3 requirements will not be approved if the fuel supplier transferred or acquired debits, had credits validated, entered into a Part 3 Agreement or was designated as a Part 3 fuel supplier in the compliance period.

Suppliers of Part 3 fuels who transfer or acquire credits during a compliance period may still apply to be exempted from Part 3 requirements at the end of the same compliance period. This provides small suppliers with the ability to engage in credit trading, such as by selling credits that were earned in a previous compliance period, or buying credits as they prepare to grow their business beyond the exemption threshold. For more information on credit trading, see *Information Bulletin RLCF-013 Validation and Transfer of Credits*.

A person who sells all of its Part 3 fuels under Exclusion Agreements is not a Part 3 fuel supplier, and is not required to apply for exemption from Part 3 requirements. Such a person must still submit an “Exclusion Report”; see *Information Bulletin RLCF-015 Exclusion Agreements and Reports*.

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### Applying for exemption

Suppliers of Part 2 fuels may apply for the exemptions described above by submitting an “Exemption Report” by March 31 following the compliance period. Suppliers who submit an Exemption Report do not need to submit a Compliance Report. An Exemption Report form is available on the Low Carbon Fuels Branch website at [gov.bc.ca/lowcarbonfuels](http://gov.bc.ca/lowcarbonfuels).

### Need more information?

Please see the Renewable and Low Carbon Fuel website at <http://gov.bc.ca/lowcarbonfuels> or email us at [lcfr@gov.bc.ca](mailto:lcfr@gov.bc.ca)

This information is for your convenience and guidance only, and does not replace or constitute legal advice. It is recommended that parties who may be a Part 3 Fuel Supplier review the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* and the Renewable and Low Carbon Fuel Requirements Regulation seek independent legal advice to confirm their status, legal obligations and opportunities. The *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* and the Renewable and Low Carbon Fuel Requirements Regulation can be found on the internet at: <http://www.bclaws.ca>.