

Public Consultation on: “British Columbia Low Carbon Fuels Compliance Pathway Assessment”

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Company Background:

Highbury Energy Inc. is a BC-based technology provider with the goal to produce economically viable renewable hydrocarbon-based low-carbon transportation fuels using the thermochemical conversion of residual biomass to syngas, combined with a Fischer-Tropsch conversion. Currently, Highbury is raising funds to build a demonstration plant on the UBC campus in conjunction with its industrial partners.

The comments expressed in this paper reflect Highbury’s interest as to how BC’s Renewable and Low Carbon Fuel Requirements Regulation can benefit the development of BC’s renewable fuel sector.

1. Are there any mechanisms being considered to engage and support the production of low-carbon fuels that are currently in the early phases of development? According to the current guidelines, Part 3 projects that involve the production of low carbon fuels will only generate compliance credits once the fuel is supplied to the BC market. For low-carbon fuels that are still in the development phase, it is expected that it will take a number of years before their production reaches commercially significant volumes and are thus unable to generate sufficient credits in the short term. On the other hand, the support and advancement of these technologies will form the basis for BC’s renewable fuel sector and utilise locally sourced resources such as forest by-products or other waste streams.

In general, does the BC government intend to use the LCF regulations to help develop BC’s own renewable fuel’s industries?

2. The question in the above comment can be expressed from a different perspective. BC businesses are shouldering increased energy costs to pay for the LCF regulations. These additional costs are, for the most part, supporting renewable energy development in jurisdictions outside of BC. Are there any strategies that would keep the funds in BC by encouraging investments in the BC renewable energy sector? This may have been one of the original intentions of the Part 3 Agreements but a quick review shows that most of the approved Part 3 projects are concerned with refinery infrastructure (see rlc-f-014).

It should be noted that Highbury’s business plan includes the construction of plants in rural BC which coincides with the BC government’s policy of creating high-value jobs in remote communities.

3. The applicability of compliance credits across different classes of low-carbon fuels may deter development in novel renewable fuels that have not reached commercial production levels yet.

For example, airline industry representatives (e.g. Boeing and Airbus) have publicly stated that their priority will be to purchase compliance credits from the marketplace before they support the production and use of biojet. The airlines' strategy is discouraging for any biojet producer because renewable diesel (including biojet) will have to compete directly with bio-ethanol or biodiesel destined for land-based transportation.

Given the long development time for renewable diesel from biomass, investors will need a regulatory framework that will guarantee a stable offtake. If the offtake volumes were to depend on the availability and price of compliance credits, this will not deliver the necessary investor confidence. With BC looking to recognize biojet as part of its LCF strategy, offtake stability will need to be assured to ensure the economic viability of the producers.