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Sent: Friday, January 5, 2018 12:58 PM
To: Low Carbon Fuel Regulation EMPR:EX
Subject: Response to Low Carbon Compliance Pathway Assessment Discussion Document

North West Redwater Partnership has received the Pathway Assessment 2017 Discussion Document and appreciates the opportunity to provide this written response.

Background

North West Redwater Partnership (NWRP) is currently completing the construction of the first new petroleum refinery in Canada since 1984. We have recently started to produce some diesel as part of our commissioning process and anticipate achieving full production rates by mid-year 2018 once the final construction is completed.

At the time of the new plant's design, NWRP anticipated tightening environmental rules and incorporated several elements which will reduce its carbon emissions relative to conventional refinery configurations. The most material of these design choices was to include CO₂ capture technology on our gasification unit which will capture approximately 70% of the CO₂ produced at the plant. The CO₂ is treated to a sufficient purity to allow it to be used in an Enhanced Oil Recovery (EOR) application where it will be permanently stored in the reservoir pore space. We will capture and store more than 1 Million Tonnes per year once the pipeline is constructed and is fully operational.

In 2015, NWRP engaged a subject matter expert consulting company (ICF) to conduct a life cycle analysis of its process design including the design feedstock comprised of pipeline grade diluted bitumen blends and the CO₂ which is captured and stored. The conclusion of the study was that NWR's Carbon Intensity was materially lower than the default values in the BC Renewable and Low Carbon Fuel Requirements and could meet the 2020 target without the need for additional renewable content. The BC RLCFR regulations were used as the benchmark for the consultant as BC is considered to be an important target market for NWR's diesel production and NWR intends to offer its product for sale in BC.

Specific Comments

NWRP is a member of the Canadian Fuels Association and generally agrees with the comments made in the CFA's response in the areas of lack of control by the obligated parties on items such as adoption rates of electric vehicles or world wide availability of key renewable supplies when other larger jurisdictions continue with more stringent targets in their LCFS plans.

NWRP views that LCFS regulations can provide an important 'market signal' to encourage innovative designs to improve traditional petroleum operations. The current regulation assigns a static default CI value to all petroleum products in 2 broad pools – gasoline and diesel. While this approach is efficient for compliance reporting and recognizes that the petroleum industry has a high degree of product supply exchanges making tracking CI back to source difficult, it provides no incentive for a refinery to improve its own CI. As a technology such as Carbon Capture and Storage can be very expensive it is important that an LCFS regulation recognize such differentiation to assist the refinery making the internal economic case to install that technology. NWR notes that BC already recognizes the value of CCS in the LCA of certain renewables and would ask that the amended regulation offer a similar differentiation potential to producers of petroleum products.

NWRP appreciates and agrees with intention expressed in section 9.2.3 of the discussion document and will work with the BC regulator to provide answers to any questions it may have regarding operating plans, proposed verification processes or additional LCA analyses that may be required.

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