	<p>Ministry of Energy and Climate Solutions</p> <p><i>Issued: January 2011</i> <i>Revised: January 2024</i></p>	<p><i>Low Carbon Fuels Act</i></p> <p>Compliance Reporting Requirements</p> <p>Information Bulletin RLCF-003</p>
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Background

Compliance with the *Low Carbon Fuels Act* (Act) and its associated regulations is the responsibility of the organization who markets fuel in British Columbia (B.C.). An organization markets fuel if it is reportably supplied and the organization is responsible for the fuel at the end of the compliance period. An organization reportably supplies a type A fuel (i.e. diesel, gasoline, jet fuel) if the organization manufactures or imports the fuel into B.C. A type B fuel (i.e., electricity, natural gas, propane, and hydrogen) is reportably supplied by the organization that supplies the fuel through final supply equipment in B.C., if the fuel is displacing a base fuel (i.e., fossil-derived diesel, gasoline, or jet fuel) for use in transportation or another prescribed applicable purpose.

The compliance responsibility for a fuel may be transferred from one organization to another through an “allocation agreement” in accordance with section 7 of the Act (see [Information Bulletin RLCF-015a: Allocation Agreements](#)).

Beginning in the 2024 compliance period:

- Any fuel reportably supplied in B.C. that is later transferred out of B.C. will need to be reported in compliance reports as a reportable export.
- An organization that supplies less than 15,000 kWh of electricity, without supplying other type A or type B fuels, does not file a compliance report.
- Fuel used in cargo handling equipment, ground support equipment and some forklifts are subject to the Act and must be reported (see *Information Bulletin RLCF-022 Reportable Purposes other than Transportation*).
- Jet fuel must be reported, however negative compliance units (debits) will not be incurred until 2026.

Compliance periods

All organizations responsible for a fuel subject to the Low Carbon Fuels (General) Regulation (LCFGR) are required to report to the Ministry of Energy and Climate Solutions (Ministry). The compliance period aligns with the calendar year, and compliance reports are due on or before March 31 following the end of the compliance period. Exemptions are available for supply of base fuels below a threshold in a given compliance period, through the submission of exemption reports (see *Information Bulletin RLCF-005 Exemption Reports*).


Renewable fuel requirements

Marketers of diesel, gasoline and jet fuel must ensure that they have the minimum renewable fuel content, on an annual average basis, in the fuel category they supply during a compliance period. Marketers have the flexibility to vary blend percentages and can choose where in the province they supply renewable fuel blends as long as they meet the annual average requirement for renewable fuel content by fuel category.

The renewable fuel requirement is assessed against the total volume of “tracked fuel” marketed in a compliance period. Tracked fuel is defined as:

Automatic administrative penalty rate for failure to meet renewable fuel requirements.

- 45¢/L for renewable content deficit in diesel fuel category
- 30¢/L for renewable content deficit in gasoline fuel category
- 50¢/L for renewable content deficit in the jet fuel category beginning in 2028

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- the base fuel for the fuel category (e.g., fossil-derived diesel, gasoline, or jet fuel),
- any fossil-derived components of that base fuel (e.g., fossil-derived naphtha, kerosene, etc.), and
- any eligible renewable fuel in the fuel category.

The renewable fuel requirement is five (5) percent for gasoline and four (4) percent for diesel for each compliance period. The renewable fuel requirement for the jet fuel category is zero (0) percent up to and including 2027, whereby it increases to one (1) percent in 2028, two (2) percent in 2029 and three (3) percent in 2030 and subsequent compliance periods.

Notional transfers of renewable fuel

Records of excess renewable fuel by fuel category may be transferred from one organization to another who may need additional renewable fuel to meet its obligations. This transfer of records does not require a physical transfer of the fuel itself and is referred to as a notional transfer. Notional transfers must occur on or before the reporting deadline to be used for compliance within a compliance period.

Retention of renewable fuel

An organization subject to the renewable fuel target in a compliance period may notionally retain a certain amount of eligible renewable fuel. The amount that can be retained is up to 5% of the amount of eligible renewable fuel required. Only those that are in compliance with the target have the option to retain excess renewable volumes.

Deferral of renewable fuel

An organization subject to the renewable fuel target in a compliance period that fails to meet that target, may defer a portion of the target. This deferral cannot exceed the lesser of the deficiency and 5% of the amount of eligible renewable fuel required. The deferred portion is added to the target for the next compliance period.

Low carbon fuel requirements


Starting in 2024, credits and debits are referred to as positive and negative compliance units respectively. An organization subject to the low carbon fuel requirements must ensure that they do not have a negative balance of compliance units for each compliance period, otherwise they will incur a penalty.

Automatic administrative penalty for failure to meet low carbon fuel requirements.

\$600 for each negative compliance unit (debit) at the end of a compliance period 2023 and onwards.

Positive compliance units can be generated through the supply of low carbon fuels whose carbon intensity has been determined in accordance with the Low Carbon Fuels (Technical) Regulation (*see Information Bulletin RLCF-006: Carbon Intensity Records*). Positive compliance units may also be acquired from other organizations registered to participate in the compliance unit market (*see Information Bulletin RLCF-013 Validation & Transfer of Compliance Units*), or through an Initiative Agreement.

Positive compliance units for jet fuel may be generated beginning in 2024, however negative compliance units, for fossil-derived jet fuel will not be incurred until the 2026 compliance period.

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Compliance reporting

Compliance reporting is managed through the [Transportation Fuels Reporting System](#) (TFRS). Instructions for obtaining a TFRS account and the TFRS User Manual, which includes detailed guidance for filing compliance reports, can be found on the TFRS page of the Renewable and Low Carbon Fuels website.

For electricity supply compliance reporting, visit the [Electricity](#) page for additional submission requirements.

The Ministry will not accept compliance reports with inconsistent data. Paper copies of compliance reports will not be reviewed or accepted.

Responsible parties who wish to submit or update fuel supply information for past compliance periods should contact the Low Carbon Fuels Branch at lcfs@gov.bc.ca.

All reports submitted to the Ministry are held in confidence. Reported information is compiled in a confidential database and all information is held in a secure records management system.

Need more information?

Please see the Renewable and Low Carbon Fuels website at <http://gov.bc.ca/lowcarbonfuels> or email us at lcfs@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 fuel supplier review the *Low Carbon Fuels Act*, Low Carbon Fuels (General) Regulation and the Low Carbon Fuels (Technical) Regulation and seek independent legal advice to confirm their status, legal obligations and opportunities. The *Low Carbon Fuels Act*, Low Carbon Fuels (General) Regulation and the Low Carbon Fuels (Technical) Regulation can be found at: <http://www.bclaws.ca>.