	<b>Ministry of Energy and Climate Solutions</b>  <i>Issued: May 2024</i>	<i>Low Carbon Fuels Act</i>  <b>Allocation Agreements</b>  <b>Information Bulletin RLCF-015a</b>
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**Background**

Compliance with renewable and low carbon fuel requirements under the *Low Carbon Fuels Act* (Act) and its associated regulations is the responsibility of the organization who reportably supplies fuel in British Columbia. An organization may enter into ‘allocation agreements’ with another organization to transfer responsibility from the point of first supply (see [Information Bulletin RLCF-003: Compliance Reporting Requirements](#), [RLCF-009: Reporting Responsibility for Type B Fuels](#) and [RLCF-020: Electricity Supply and Reporting Requirements](#)).

**Allocation agreements**

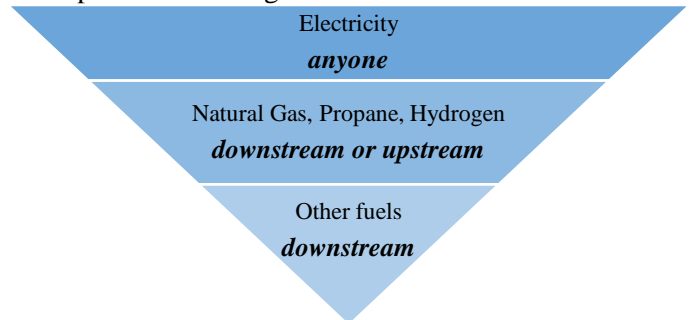
Beginning in the 2024 compliance period, allocation agreements replace and expand the role of exclusion agreements. Under section 7 of the Act, an organization can transfer all legal compliance obligations to another organization through an allocation agreement.

Organizations may enter into an allocation agreement if they meet the prescribed criteria to receive or transfer the responsibility for the fuel, and include the mandatory information prescribed in sections 9-11 of the LCFGR. These agreements have no predefined writing format or standardized template.

**Acceptable transfer of responsibility**

Compliance obligations for different fuel types can be allocated as per the following:

- a. **Electricity:** responsibility may be allocated to anyone, regardless of whether they supply fuel or not.
- b. **Type B fuels** that are not electricity (compressed natural gas, liquified natural gas, propane and hydrogen): responsibility may be allocated either to the recipient of the fuel (downstream purchaser) or to the supplier of the fuel (upstream seller).
- c. **Type A fuels** (diesel, gasoline, jet fuel and any other non-type B fuel): responsibility may be allocated to the recipient of the fuel (downstream purchaser). Note that transfers downstream for fossil-derived diesel, gasoline and jet fuel are known as inter-refiner agreements. Inter-refiner agreements are a subset of allocation agreements for Type A fuels and are not reported in the same manner as allocation agreements that are for eligible renewable fuels.




**Mandatory details in allocation agreements**

Allocation agreements, including inter-refiner agreements, must specify the identifying information of the fuel including the fuel name (e.g., ethanol), fuel category (e.g., gasoline) and the fuel code as published in [RLCF-012: Approved Carbon Intensities – Current](#) at the time the agreement is signed. If there is no fuel code, the prescribed or default carbon intensity of the fuel as set out in Section 10 or Schedule 3 of the Low Carbon Fuels (Technical) Regulation must be specified.

In addition, an allocation agreement that is not an inter-refiner agreement must have the following information.

1. Contact information for each organization subject to the agreement, including:

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- a. the legal and operating name,
  - b. telephone number,
  - c. an address for service, including both a postal address in B.C. and an email address.
2. For allocation agreements that include electricity, the organization will also need to include the following information:
- a. identifying information for the final supply equipment (FSE);
    - i. the address and GPS coordinates of the FSE location,
    - ii. the manufacturer, serial number and the level of the FSE, or an explanation of why this information is unavailable,
    - iii. the intended use of fuel (e.g. light-duty motor vehicle),
  - b. dates of supply under the agreement which must not exceed three years;
  - c. a term confirming that the organization who is receiving the allocated fuel will provide the organization who has allocated the fuel with information on the number of compliance units issued for the total electricity supplied and the fair market value of the compliance units on the date of issuance.

### **Allocating total fuel supply**

An organization who allocates **all of the electricity** that they supply and does not supply or allocate any other fuel type **must not** submit a compliance report. This organization must maintain the allocation agreement records for seven years per section 26 (2) (b) of the Low Carbon Fuels (General) Regulation (LCFGR).

However, an organization who has allocated other type B fuels, or type A fuels that are not allocated through inter-refiner agreements, **must** submit a compliance report.

### **Sector or community cooperation in reporting**

A small number of credits may be challenging to sell on their own. Therefore, it could be beneficial for associations, communities or industries that supply low carbon fuels to work together for reporting and participating in the compliance unit market. These groups could:

- facilitate collective sale of compliance units which may make it easier to find a prospective buyer,
- retain more revenue than through the use of other third-party representation, and/or
- have a central location for fuel suppliers and marketers wanting to purchase compliance units.

### **Need more information?**

Please visit the Renewable and Low Carbon Fuels website at <http://gov.bc.ca/lowcarbonfuels> or email us at [lcs@gov.bc.ca](mailto:lcs@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>.