



**Ministry of
Energy and Mines**

*Issued: March 2013
Revised: July 2016*

Renewable and Low Carbon Fuel Requirements Regulation

Carbon Intensity Approvals

Information Bulletin RLCF-008

Carbon Intensity Approvals under the Renewable and Low Carbon Fuel Requirements Regulation

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1 Who should read this guide?

This guide is intended for fuel producers that wish to sell low carbon fuels into the British Columbia transportation fuel marketplace.

A fuel producer would apply for approval of the carbon intensity of its fuel if the carbon intensity is lower than the default value for that fuel type under the Renewable and Low Carbon Fuel Requirements Regulation. The intention is to create a competitive advantage for low carbon fuels and increase the volume of low carbon fuels supplied to and used in British Columbia. An approved carbon intensity provides certainty and increases the appeal of the fuel to a party purchasing fuel for the British Columbia marketplace. An approval guarantees the carbon intensity of the fuel for the customer of the producer, ensuring that any risk of error in the carbon intensity remains with the producer.

2 Carbon intensity application process

2.1 Application form and supporting documents

The Carbon Intensity Approval Application form is available online at: gov.bc.ca/lowlcarbonfuels. It is strongly recommended that applicants consult *Information Bulletin RLCF-010 – Using GHGenius in B.C.* and the appropriate manuals on www.ghgenius.ca when preparing their application.

The application should include documentation to substantiate the information required in the form. This may include a detailed narrative of the fuel lifecycle assessment, an explanation of any unique features of the lifecycle, and any information that would assist a Ministry employee when verifying the proposed carbon intensity value.

2.2 Fuel production

It is expected that many fuel producers manufacturing fuel from multiple feedstock pathways at a single facility will apply for a carbon intensity for each feedstock pathway produced. However, if a fuel producer does not wish to apply for an individual carbon intensity for each feedstock pathway produced, they may apply for approval of an average carbon intensity for all fuel manufactured at the facility.

2.3 Fuel and feedstock supply

When two or more feedstocks or fuels are delivered in a single shipment, the Mass Balance Accounting method should be used to determine the appropriate quantity of feedstock used or fuel supplied. Mass Balance Accounting is based on the principle that material entering a system either leaves the system or accumulates within the system.

Mass Balance Accounting describes how volumes of fuel enter and leave a shipment or storage facility when there are multiple carbon intensities for one type of fuel. For example, a shipment may have 100 litres of ethanol A and 500 litres of ethanol B. A withdrawal of 75 litres of ethanol A and 25 litres of ethanol B may be made and accounted for, leaving 25 litres of ethanol A and 475 litres of ethanol B remaining.

2.4 Application submission

The application form must be signed and the full package submitted electronically to: lcfrr@gov.bc.ca. Confirmation of receipt will be sent to the applicant via email.

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3 Review by the Director

3.1 Evaluation

Ministry staff will review the application to ensure that it is complete. If the application is incomplete, the applicant will be asked to submit further information, which may result in a delay in the evaluation of the application.

In addition to the review for completeness, Ministry staff will evaluate the application and ensure that the proposed carbon intensity can be reproduced using the approved version of GHGenius (see *Information Bulletin RLCF-011 – Approved Version of GHGenius*). Staff will advise the Director whether the proposed analysis from the applicant is satisfactory and adequately supported by the information submitted in the application.

If an error is identified in the application, the evaluation process will be suspended and the applicant and any authorized representative will be notified. When the correction is agreed to, the applicant or an authorized representative may be required to submit a revised application. When the revised application is received the staff review will resume.

3.2 Evaluation timeline and effective date

In general, Ministry staff will evaluate an application within 30 days of receipt. The evaluation may result in a notification of approval, non-approval, or a request for more information to support the evaluation. Carbon intensity approvals are effective retroactive to the date that the complete carbon intensity application was received by the Ministry.

3.3 Confidentiality

Applications are confidential and will not be posted on the Ministry website. Ministry staff will only discuss an application with a third-party representing the applicant when authorized:

- in the application,
- on a separate letter signed by the applicant, or
- in an email from the applicant.

If a third-party is managing the application, the written authorization from the applicant must state what the third-party is authorized to agree to on behalf of the applicant.

3.4 Approval

The Director will inform the applicant when a decision regarding an application has been made. If the application is approved, the applicant will receive notification of the approval, and the carbon intensity for the fuel will be posted on the Ministry website. If the Director intends to refuse the application, the applicant will be provided with an opportunity to supply further clarifying information before a final decision is made. The producer will be informed if the Director ultimately refuses to approve the requested carbon intensity.

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3.5 Expiry dates for carbon intensity postings

Carbon intensities may be approved for a maximum of three years. The Director may approve carbon intensities for shorter periods in some situations, such as when a facility is new and does not yet have a full year of production data. However, if there are significant changes to the production process, feedstock or co-products the producer must notify the Director immediately pursuant to section 6 (9) of the Act.

A carbon intensity approval may be expired early by the Ministry for a number of reasons including:

- The Ministry becomes aware that the carbon intensity no longer accurately reflects the fuel lifecycle.
- The fuel supplier has applied for an updated carbon intensity which replaces the approved value.
- An inspection reveals information that shows that the approved carbon intensity is incorrect.

The expiry date is the last date on which the approval is valid. The approved carbon intensity cannot be used for fuel supplied to the British Columbia market after the expiry date, even if no change has occurred in the fuel pathway.

3.6 Posting of fuel codes

The Director is required to publish all approved carbon intensities on the Ministry website (see *Information Bulletin RLCF-012 – Approved Carbon Intensities*). Each approved pathway receives a unique fuel code (e.g., BCLCF101.0, BCLCF102.0) which is retired when the approval expires.

4 Updating an approved carbon intensity

4.1 Applying to update an approved carbon intensity

Under section 6 (9) of the Act, fuel producers are required to inform the Director immediately if the approved carbon intensity of their fuel will change or has changed. This could occur if an error is discovered in the production data that supported the original application, or if there have been significant changes to the approved fuel production pathway. In some cases, a fuel producer may prefer to apply for a second fuel code to reflect the development of a new, more efficient process.

As an illustration, consider a company with a carbon intensity approved for ethanol produced from feedstock grown in Saskatchewan, where dried distillers grains are produced as a co-product:

- If the grain market changes and the supply of feedstock now comes from Iowa, the company can either apply for a new carbon intensity approval to allow the flexibility to change back to Saskatchewan feedstock, or apply for an update if this is a permanent change.
- If the company develops a feedlot business, and now is producing wet distillers grains as a co-product, they must apply for an updated carbon intensity to reflect the new production process.

The application for an update uses the same form and follows the same review procedure as for new carbon intensities. An approved update to a carbon intensity results in the creation of a decimal fuel code, for example BCLCF101.0 becomes BCLCF101.1 (see *Information Bulletin RLCF-012 – Approved Carbon Intensities*).

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4.2 Updates required due to an inspection

All fuel producers may be inspected to ensure the accuracy of their carbon intensity claims.

If, as a result of an inspection, the approved carbon intensity is found not to accurately represent the lifecycle emissions of the fuel, the approved carbon intensity may be updated immediately by the Director. The approved carbon intensity will not be changed retroactively for any fuel that has already been supplied.

4.3 Updates required due to government policy

When a carbon intensity update is required due to a change in legislation or a change in the approved version of GHGenius (see *Information Bulletin RLCF-011 – Approved Version of GHGenius*), the Director will notify fuel suppliers of the intent to change and will conduct consultations as appropriate regarding the expiration of the current carbon intensity and the establishment of a new one.

This Information Bulletin amends and replaces Information Bulletin RLCF-008 issued in July 2013.

Need more information?

Please see the Renewable and Low Carbon Fuel website at gov.bc.ca/lowercarbonfuels or email us at lcfr@gov.bc.ca.

This information is for your convenience and guidance only, and does not replace or constitute legal advice. 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>.