	<p>Ministry of Energy and Climate Solutions</p> <p><i>Issued: November 2024</i></p>	<p>Low Carbon Fuels Act</p> <p>Administrative Monetary Penalties</p> <p>Information Bulletin RLCF-021</p>
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Background

The Ministry of Energy, Mines and Low Carbon Innovation (Ministry) uses a variety of compliance and enforcement tools to gather information, obtain compliance, and deter future non-compliance with the Low Carbon Fuel Standard (LCFS).

The Ministry considers the most appropriate tool necessary to obtain compliance. Compliance and enforcement tools include educational advisories, informal communications, formal letters (information request and/or warning), audits, inspections, administrative monetary penalties and court prosecution.

On January 1, 2024, the *Greenhouse Gas Reduction (Renewable & Low Carbon Fuel Requirements) Act* (Act) and the Renewable & Low Carbon Fuel Requirements Regulation (Regulation) were repealed and replaced with the *Low Carbon Fuels Act*, the Low Carbon Fuels (General) Regulation and the Low Carbon Fuels (Technical) Regulation.

To maintain transparency and accountability, all compliance actions are reported publicly on the Renewable and Low Carbon Fuels website in accordance with both the current and repealed legislation, authorizing the Minister to publish the following information in respect of a fuel supplier on whom an administrative penalty has been imposed:

- (a) legal name;
- (b) amount of the penalty; and
- (c) the provision of the Act or regulations with which the fuel supplier failed to comply.


Penalty Types

Administrative monetary penalties are financial penalties imposed for non-compliance with a regulatory requirement. There are two main types of administrative monetary penalties that apply under the LCFS:

- **Automatic** administrative monetary penalties, based on non-compliance with renewable and low carbon fuel requirements as indicated in a compliance report;
- **Discretionary** administrative monetary penalties based on the director's determination of suppliers' non-compliance with requirements other than renewable and low carbon fuel targets.

Automatic administrative monetary penalties

"Automatic administrative penalty" refers to a non-appealable penalty that a fuel supplier is automatically required to pay if the supplier's compliance report indicates that they are

 <p>BRITISH COLUMBIA</p>	<p>Ministry of Energy and Climate Solutions</p> <p><i>Issued: November 2024</i></p>	<p>Low Carbon Fuels Act</p> <p>Administrative Monetary Penalties</p> <p>Information Bulletin RLCF-021</p>
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in non-compliance with the renewable fuel target and/or the low carbon fuel target. For more information on these requirements, see Information Bulletin RLCF-003.

Payment must accompany the submission of the compliance report.

Renewable fuel targets

An automatic administrative monetary penalty must be paid if a fuel supplier’s compliance report indicates that the supplier has failed to comply with the renewable fuel target for applicable fuel classes under the LCFS. The supplier must pay a penalty based on the volume of renewable fuel that should have been supplied in relation to either fuel class. The penalty amount is calculated by the formula:

$$([Renewable\ fuel\ required\ for\ class] - [Renewable\ fuel\ supplied\ in\ class]) \times [Penalty\ rate]$$

The penalty rates are 30¢/L for a renewable content deficit in the gasoline class pool and 45¢/L for a renewable content deficit in the diesel class pool.

Low carbon fuel targets

An automatic administrative monetary penalty must be paid if a fuel supplier’s compliance report indicates that the supplier has failed to comply with the low carbon fuel targets for applicable fuel classes and were unable to use or purchase credits to offset any debits generated. The supplier must pay a penalty to account for debits that have not been offset by credits. The penalty amount is calculated by the formula:

$$([Gross\ debits] - [Gross\ credits]) \times [Penalty\ rate]$$

Gross debits include:

All debits generated by the supplier’s fuel during a compliance period.

Debits from previous compliance periods which have been offset using credits or for which a penalty has been paid are not carried forward.


Gross credits include:

All credits generated by the supplier’s fuel during a compliance period;

plus

Any validated credits from the current or earlier compliance periods that have been transferred to the supplier that have not been previously transferred or used to offset debits;

plus

	<p>Ministry of Energy and Climate Solutions</p> <p><i>Issued: November 2024</i></p>	<p>Low Carbon Fuels Act</p> <p>Administrative Monetary Penalties</p> <p>Information Bulletin RLCF-021</p>
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Any validated credits carried over from previous compliance periods that have not been used to offset debits in previous compliance periods or transferred from the supplier;
 minus
Any credits transferred from the supplier.

Credits from previous compliance periods which have been previously used to offset debits are not carried forward.

The penalty rate is \$200/net debit for all compliance periods of 2022 and prior. Beginning on January 1, 2023, the penalty rate increased to \$600/net debit for 2023 and future compliance periods.

Discretionary administrative penalties

For other non-compliances with the LCFS, the director has the discretion to impose penalties. Section 38 of the *Low Carbon Fuels Act* and section 29 of the *Low Carbon Fuels (General) Regulation* cover prescribed contraventions and maximum penalty amounts pertaining to non-compliance in 2024 and consecutive compliance periods. For matters of non-compliance for compliance periods 2023 and earlier, section 12 and 13 of the *Renewable and Low Carbon Fuel Requirements Regulation* outline prescribed contraventions and maximum amounts that can be imposed for a contravention, and other matters related to imposing this form of penalty.

Paying Low Carbon Fuel Standard penalties

All administrative penalties must be paid within 30 days from the date that the penalty is imposed. Current interest rates and penalties of up to 10% of outstanding balances can be imposed for each 14-day period a penalty balance remains unpaid. For more information on the BC government's revenue and receivables management, please see section 7.2.20 "Interest on Overdue Accounts Receivable" of the [Core Policy and Procedures Manual \(CPPM\)](#).

Acceptable forms of payment include electronic funds transfer (EFT), wire transfer, or cheque. Specific instructions on paying penalties are provided once penalties are invoiced.

History of penalties imposed

Table 1 on the following page contains a complete list of compliance actions that have resulted in compliance penalties.



**Ministry of Energy and
Climate Solutions**

Issued: November 2024

Low Carbon Fuels Act

Administrative Monetary Penalties

Information Bulletin RLCF-021

Table 1: List of compliance actions that have resulted in administrative monetary penalties

Compliance Period	Company Name	Provision of the Act or Regulation	Amount of Penalty
2023	214086 BC Ltd. dba The Kaslo Pump	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$6,906.60
2023	7-Eleven Canada Inc.	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$6,218.10
2023	AFD Petroleum Ltd.	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$155,863.35
2023	Brilliant Resources Ltd. dba The Salmo Pump	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$2,173.05
2023	GP Fuels Inc.	Part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$269,400.00
2023	PetroValue Products Canada Inc.	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$8,523.45
2023	SFJ Inc.	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$138,028.65
2023	Western Direct Fuels	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$40,198.35
2022	214086 BC Ltd. dba The Kaslo Pump	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$137,631.05
2022	650273 Alberta Limited dba Centex Petroleum	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$752,655.95
2022	AFD Petroleum Ltd.	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$2,083,861.15
2022	Brilliant Resources Ltd. dba The Salmo Pump	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$150,117.90
2022	Canco Petroleum Ltd.	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$1,042,451.55
2022	Gary Young Agencies Ltd.	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$0.45
2022	Glade General Store Ltd.	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$30,080.00



Ministry of Energy and Climate Solutions

Issued: November 2024

Low Carbon Fuels Act

Administrative Monetary Penalties

Information Bulletin RLCF-021

2022	GP Fuels Inc.	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$266,513.45
2022	Greenery Fuels Canada Inc.	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$246.15
2022	PetroValue Products Canada Inc	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$268,814.65
2022	SFJ Inc.	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$20,944.45
2022	SOJ Holding Inc. dba Maple Leaf Store	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$135,969.55
2022	United Farmers of Alberta Co-operative Ltd.	Part 2 requirements under section 2 and part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$1,592,788.60
2021	Federated Co-operatives Ltd.	Part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$23,297,400.00
2020	Federated Co-operatives Ltd.	Part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$13,932,800.00
2020	Elbow River Marketing Ltd.	Part 2 requirements under section 2 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$1,861.65
2019	Federated Co-operatives Ltd.	Part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$5,214,000.00
2019	Husky Oil Operations Ltd.	Part 3 requirements under section 6 of the <i>Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act</i>	\$329,200.00

Need more information?

Please see the Renewable and Low Carbon Fuel website at <http://gov.bc.ca/lowcarbonfuels> or email us at 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)



**Ministry of Energy and
Climate Solutions**

Issued: November 2024

Low Carbon Fuels Act

Administrative Monetary Penalties

Information Bulletin RLCF-021

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>.