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Mr. Carruthers:

Growth Energy, the Renewable Fuels Association (RFA), and the U.S. Grains Council (USGC) appreciate this opportunity to comment on Environment and Climate Change Canada's (ECCC) Regulatory Design Paper for the Clean Fuel Standard.

Growth Energy is a trade association of ethanol producers in the U.S., comprised of 100 producer members and 89 affiliated companies who serve the world's need for renewable fuel.

RFA is a trade association, comprised of 181 member-companies, representing the United States (U.S.) ethanol industry. The RFA works to advance the development, production, and use of ethanol as a renewable fuel.

The USGC works in more than fifty countries and the European Union (E.U.) to develop new markets for U.S. barley, corn, grain sorghum and related products, including ethanol and distiller's dried grains with solubles (DDGS). The Council has 175 members, made up of American ethanol and DDGS producer organizations and agribusinesses.

Together, our organizations are the U.S.'s ethanol producers and supporters. We thank you for your consideration of our previous comments (April 2017) that discussed the substantial benefits of biofuels to the Canadian environment, economy, and agricultural sector. We appreciate your further consideration of our comments on the recent regulatory design paper of the Clean Fuel Standard (CFS) to best achieve Canada's goal of substantially reducing transportation sector greenhouse gas emissions to combat climate change.

While there are several details that are yet to be determined, we support the laudable and achievable goal to reduce the carbon intensity of the liquid fuel stream by 11 percent, ultimately leading to a 23-megaton reduction in greenhouse gas emissions by 2030. We believe that by using low carbon biofuels such as ethanol, Canada can succeed in its own greenhouse gas reduction goals. We offer a few brief comments on some of the aspects of the regulatory design paper as follows:

Carbon Intensity Calculation

We support the generation of credits through the use and blending of low-carbon ethanol into the Canadian liquid fuel stream and think higher ethanol blends will be critical to the success of the CFS. We continue to support the use of carbon intensity models based on sound science and have experience with both the GREET and GHGenius models, and so we feel strongly that the new modeling tool that is being developed by Earthshift Global must be made available for public comment and stakeholder review. Moreover, we would like to reiterate several of our previous comments:

we believe the LCA tool ultimately selected by ECCC should offer the following features:

- Public availability, transparency, reproducibility: The LCA tool should be easily accessible to the public and transparent. Default input data in the model should come from reputable sources and must be well-documented. All data interactions, calculations, equations, etc. must be clearly explained. Further, the tool must allow users to easily reproduce LCA results generated by ECCC.*
- Reflective of Canadian market conditions: The LCA tool should be robust with regard to data and assumptions about the Canadian market. Certain feedstock and fuel pathways are relatively unique to Canada and any LCA tool adopted by ECCC should include the best available data and information regarding those feedstocks and fuels.*
- Flexibility to respond to changes in the marketplace and improvements in data: The LCA tool adopted by ECCC should be flexible enough that it can be easily updated and modified to reflect changes in the marketplace (such as new feedstocks or fuels) and/or improved data. ECCC should ensure that the tool allows for new pathways to be added in an efficient and timely manner.*
- Ease of use: The LCA tool should be user-friendly and simple to navigate. We believe that the LCA tool should use a software platform (such as Microsoft Excel) that is widely available and familiar to users.*

In addition to the features listed above, ECCC should conduct training sessions for prospective users of the LCA tool. ECCC should also consider assembling an advisory group to periodically assess the effectiveness of the tool and discuss potential modifications or improvements.

Additionally, we applaud ECCC's decision to exclude indirect land use change from the calculation of carbon intensity of biofuels. However, the paper does discuss possible criteria that

are “designed to protect against significant adverse indirect land use impacts.” These criteria must also be based in sound science and additionally should not place undue burden on North American biofuel producers or farmers who supply renewable feedstocks for biofuel production.

Renewable Fuels Regulations (RFR)

The regulatory design paper discusses the 5 percent requirement and the interaction between the RFR and the CFS. We continue to support the RFR and believe that the blending requirement should be increased from 5 to 10 percent, especially with increasing Canadian awareness and momentum on E15. Ontario recently proposed to require 15 percent renewable fuel beginning in 2025. The Canadian General Standards Board (CGSB) published their updated standard to accommodate ethanol blends up to and including E15.¹ We see no reason why the national RFR should not be increased to 10 percent given the momentum on higher blends.

Upstream Fossil Fuel Improvements

The design paper discusses potential improvements in fossil fuels from the “primary fossil fuel supplier” being governed by certain protocols under compliance scenario 1. The discussion in this section and the protocols discussed need to be much more specific, transparent, and ultimately available for stakeholder and public comment and review. Additionally, it is unclear from the paper whether these upstream improvements would be excluded for fossil fuels that are exported. Any emissions reductions tied to fossil fuels that are exported should be excluded.

Compliance Flexibilities

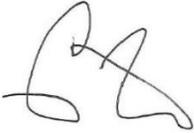
While we understand the need to have certain compliance flexibilities in the program, we do have concerns that if applied too broadly, could stifle and limit the use of low carbon biofuels. Specifically, obligated parties should be limited in their use of payments into the emissions reduction fund to avoid a sizeable portion of their CFS obligation. Instead, obligated parties should only be able to shed a small portion (less than 5 percent) of their obligation with these payments. Likewise, we think that the CO₂E avoidance carry-forward of 10 percent may be too broad and that perhaps, the carry-forward should be limited to no more than 5 percent of the annual compliance obligation.

¹ Canadian General Standards Board (CGSB): “Oxygenated automotive gasoline containing ethanol (E1-E10 and E11-E15)”; July 2018: http://publications.gc.ca/collections/collection_2018/ongc-cgsb/P29-003-511-2016-2-eng.pdf

Conclusion

Again, we appreciate your consideration of our comments and inclusion in the stakeholder review of the regulatory design paper. If you have any questions, please do not hesitate to contact us. We look forward to further participating in the consultation process for the development of the Clean Fuel Standard.

Sincerely,



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