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**Comments regarding draft regulation: *Integration of low-carbon-intensity fuel content into gasoline and diesel fuel***

*Introduction*

The U.S. Grains Council, Growth Energy, and the Renewable Fuels Association (RFA) are pleased to put forward comments with regards to Quebec's draft regulation on the *Integration of low-carbon-intensity fuel content into gasoline and diesel fuel*.

We believe that strong environmental policy needs to show results in the short, medium, and long term. Renewable fuels like ethanol offer instant decarbonization, but also have the potential to attain a carbon intensity score of zero using proven technologies available today. The Ministère de l'Énergie et des Ressources naturelles' (MERN's) draft regulation helps to point industry in this direction by ensuring that the carbon intensity of fuels is measured and counted.

In recent history, fossil fuels have been dominant in the transportation sector. As we move towards commitments made across the globe to attain net zero by 2050, it has become increasingly clear that the future will not be about one specific fuel, but rather a mix of a few clean fuels that consumers can use. There is no doubt that ethanol will be one of these fuels, especially given the current pace of innovation which is further reducing carbon intensities.

Quebec has taken a comprehensive approach to decarbonizing energy which addresses clean fuels such as electricity, renewable natural gas, hydrogen – and once these draft regulations are finalized – liquid biofuels like ethanol. Together, this policy suite creates winning conditions for the environment.

While we fully expect the bulk of the economic benefits from this regulation will be realized in Quebec, we are very supportive of the draft regulations. Ultimately, having a strong ethanol mandate in Quebec is beneficial to all of North America, if only because it sets the right tone for other jurisdictions to follow this leadership, and implement sound policy.

#### *About us*

The U.S. Grains Council is an organization with specialization in markets for barley, corn, sorghum, and related products – particularly ethanol.

The RFA is the leading trade association for America’s ethanol industry, working to advance development, production and use of ethanol as a beneficial renewable fuel.

Growth Energy is the world’s largest association of biofuels and supporters, representing 89 ethanol plants and 91 associate members who serve North America’s need for renewable fuel.

## **RECOMMENDATIONS**

**Maintain proposed ramp up of ethanol blending through to 2030, and commit to reviewing the GHG reduction requirement once a year.** MERN has proposed the following schedule of implementation for volume and carbon intensity requirements of the draft regulation:

- 10% as of January 2023, with ethanol providing an average 45% GHG reduction
- 12% as of January 2025 with ethanol providing an average 45% GHG reduction
- 14% as of January 2028, with ethanol providing an average 50% GHG reduction
- 15% as of January 2030, with ethanol providing an average 50% GHG reduction

Our organizations are supportive of this timeline for increases to volume blended. The US Environmental Protection Agency has approved the use of E15 for all light duty vehicles as of model year 2001. If MERN considers changing these requirements, it could implement the E15 blend requirement sooner, given that we do not expect there to be many pre-2001 models on the road in 2025.

However, as seen above, the GHG reduction component of the regulation is much slower to progress over time. The carbon intensity of ethanol has declined markedly over the last decade, and ethanol will continue to decarbonize. We therefore recommend that the GHG reduction requirement be reviewed once a year, and adjusted as needed to reflected the new efficiencies being implemented by our sector. The danger of not reviewing this requirement is that industry’s innovations could outpace the policy. This would have the consequence of watering down the total volume blended and thereby weakening the signal sent by the regulation.

**Set targets past 2030 for 25% ethanol use.** While Quebec has policy that favours a transition towards zero emission vehicles, it is important to recall that similar results can be obtained using high ethanol blends. Technology to run cars on E85 is already proven, and it is an inexpensive way for consumers to decarbonize their commuting. Quebec should therefore consider a 25% ethanol blend mandate by 2035, to send a signal that moving forward, the fuel of choice for the internal combustion engine will be mid and high-level biofuel blends.

Automakers have technology available to build high-compression engines that are ultra efficient with the octane of a high ethanol blend. Policy needs to point automakers in this direction in order to implement this kind of affordable solution to vehicle emissions.

**Apply the ethanol blending requirements to all grades of fuel.** Ethanol is the cleanest and least expensive source of octane (rating of 113). Excluding high-octane gasoline appears to be against the principle of the regulation which is to obtain GHG reductions in a way that is consumer friendly, and cost-effective.

**Ensure that carbon capture and sequestration (CCS) counts towards ethanol's carbon intensity.** As currently written, the draft regulation uses the GHGenius model which accurately accounts for the benefits of CCS when calculating the carbon intensity of ethanol. Our organizations support this decision. We also note that in the future, it is possible the MERN could decide to use a new lifecycle assessment (LCA) model, such as the one under development by Environment and Climate Change Canada. Should that come to fruition, we would ask that MERN ensure that CCS continues to count towards the carbon intensity of fuels like ethanol. Ultimately, this kind of policy stability is valuable since once finalized, this regulation will lead to important business decisions within Quebec, and possibly in neighbouring jurisdictions.

**Avoid delays in implementation and apply ethanol blend requirements across the province.** Ethanol is fully compatible with Quebec's climate, and should be blended across its geography, including in northern and remote areas. Furthermore, administrative regions included in Zone B include important centres in the Quebec economy such as Trois Rivières and Quebec City. In this key zone, blending requirements should come into force in 2023. Fossil fuel suppliers in Quebec have had significant notification that higher biofuel blends will be required through the publication of the MERN's previous draft regulation, and through policy at the federal level such as the Clean Fuel Regulations. Most importantly, adding ethanol to gasoline does not require substantial changes to infrastructure, especially at the 10% initial blend rate.

## CONCLUSION

The U.S. Grains Council, the Renewable Fuels Association and Growth Energy are supportive of Quebec's leadership on biofuel blending.

As Canada and the US move towards streamlined commitments to attain net zero emissions by 2050, it is fully expected that several clean energy sources will be needed to achieve results in the transportation sector. Ethanol has an important role in this future. Our organizations would be pleased to offer any follow up information you may find helpful.