Chief, Fuels Section
Oil, Gas and Alternative Energy Division
Energy and Transportation Directorate
Environment Canada
Gatineau QC K1A 0H3

Re: *Proposed Renewable Fuels Regulations*

June 4, 2010

Dear Sir/Madam:

Please accept the following comments regarding the federal government's proposed Renewable Fuels Regulations as published in the Canada Gazette, Part I dated April 10, 2010. For this submission, we have focused our comments in three specific areas.

First, the cost-benefit statement is missing a key component of life-cycle analysis that is currently included in other international efforts to estimate the greenhouse gas (GHG) emissions associated with the production and use of renewable fuels. To the best of our knowledge, the model used to estimate the GHG emission reductions associated with the proposed regulations (GHGenius) does not include emissions associated with indirect land use change. In contrast, indirect land use change is currently included in a number of similar regulatory processes including processes led by the United States Environmental Protection Agency, the California Air Resources Board and the European Commission. We would like to request that a similar effort be undertaken by the Government of Canada to help ensure that Canadians are adequately informed of the full life-cycle GHG impacts of the proposed regulations. Including indirect land use change in the life-cycle GHG analysis is important as it could shrink the estimated GHG reductions of this policy by about 85% if the factors recently published by the United States Environmental Protection Agency or the California Air Resources Board were used, for example.

Second, using the GHGenius model, it is clear that some types of renewable fuels are very likely to reduce GHG emissions significantly more than other types of renewable fuels. As the stated intent of the regulations is to reduce GHG emissions, it is advantageous to design the policy so that it provides an incentive for renewable fuels with significantly lower life-cycle GHG emissions. As stated in the Regulatory Impact Analysis Statement published in the Gazette, renewable fuel producers opposed the use of such incentives during previous consultations. However, since incentives for lower GHG emitting renewable fuels are not a direct detriment to these producers, we would request that the Government of Canada include such a mechanism in the final regulations as a means of encouraging the introduction of new

renewable fuel products to the marketplace. This could take the form of additional compliance units awarded for fuels with significantly lower life-cycle GHG emissions, for example.

Third, the Regulatory Impact Analysis Statement outlines a number of outcomes that will be tracked in order to measure the performance of the proposed regulations; however, there are a number of additional outcomes that would be worthwhile to track to help monitor any potential unintended consequences. There are several potential negative impacts of increased renewable fuel production that have been both directly observed and inferred both inside and outside of Canada. These include an increase in the use of fertilizers, pesticides and irrigation, as well as an impact on world prices for agricultural products. In the interests of both Canadians and the renewable fuel industry, we would request that the Government of Canada monitor these outcomes so that all parties can be well informed as to the impacts of this regulation in these areas.

I would appreciate it if a response to these comments could be provided.

Sincerely,

Jesse Row
Director, Sustainable Communities
Pembina Institute