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January 15, 2024

Re: CPA comments on the Clean Fuel Regulations pre-publication - updated carbon intensity of natural gas and propane.

The Canadian Propane Association (CPA) thanks Environment and Climate Change Canada (ECCC) for the opportunity to comment on the proposed changes to the carbon intensity (CI) of natural gas and propane in the Fuel Life Cycle Assessment (LCA) Model (the Model) for the next formal publication in June 2024.

The CPA represents over 400 companies in every region of the country. Our members include propane producers, wholesale marketers, transporters, retail marketers and Manufacturers of Appliances, Cylinders and Equipment (MACE) across Canada. Canadian propane is produced, transported, and distributed across a wide-reaching supply chain, and we appreciate stakeholder engagement efforts with the CPA, as low carbon Canadian propane is an essential component of the national energy system. The Canadian Propane Association (CPA) is focused on supporting Canada's climate change goals while continuing to ensure access to a secure, reliable, and affordable energy supply for Canadians, including millions living and working in rural, and remote Indigenous communities and industrial operations.

The CPA is supportive of the proposed changes to the Fuel LCA Model, in particular, the changes noted in the [Pre-publication: Updated carbon intensity of natural gas and propane](#). As ECCC is aware, the CPA recently conducted a peer reviewed, third-party [life cycle analysis of Canadian propane](#), which concluded that Canadian propane carbon intensity (CI) pathways should be based off natural gas production as the representative production pathway (less than 5% of Canadian propane is produced from oil refinery production). The CPA supports the proposed CI for propane as a more accurate representation of propane production and use in Canada.

However, the CPA membership still views the administration (proving that propane is a fuel for a vehicle to create provisional credits), as too complex. For example, receiving approval from ECCC to use an approved CI factor (using the Fuel LCA Model) requires an application per station/facility (as the application for an Approved CI factor is required to be facility specific). This application process is burdensome for most CPA members to be able to use under CFR compliance reporting. The CPA recommends that ECCC permit one application (perhaps administratively using an agreed number for transportation and energy as an average of all stations) and companies may file- all their stations/facilities based on that agreed number (therefore needing only one application and one approval from ECCC).

The CPA also supports ECCC including multiple pathways (CI's) for Canadian propane, as most of the Canadian propane is produced and consumed in Western Canada, which has a much lower carbon intensity than the (minority) amount of Canadian propane consumed in Eastern Canada (and transported via rail or pipeline pathways). While we recognize multiple LCA pathways for Canadian propane are not included in the proposed updates, future versions of the publication should consider more regionalized approaches to LCA, to ensure science-based, accurate and representative modelling.

Finally, the CPA encourages ECCC to work with provincial jurisdictions to continue to share information in the hopes of greater consistency and accuracy in baseline data supporting climate change policies. In

particular, the CPA notes that the current modelling in B.C. (under the Low Carbon Fuel Standards using GHGenius) differs greatly from the federal LCA model, which then produces two very different CIs for Canadian propane. These diverging approaches add unnecessary complexities in emissions reduction goals. The CPA encourages governments to work collaboratively and use current, science-based modelling to develop and implement emission reduction policies.

The propane industry must be responsive to ensure that climate policies accurately reflect the low-carbon characteristics of propane, and as the propane industry looks to improve its carbon intensity, ensuring that governments are aware of the role propane can and should play in a low-carbon future. Major advances are being made today regarding renewable propane and renewable dimethyl ether (rDME), sourced from used cooking oil and other waste products, for a potentially carbon-neutral energy source that adds no new carbon to the atmosphere when burned. Both renewable propane and rDME are available across the U.S. and Europe as a low carbon energy source. The CPA and our members are encouraged to note favorable conditions for a potential Canadian biofuels market (including low-cost resources and feedstocks, and leading technology providers), but face large investment risks from securing financing, planning and regulatory permitting, new and unproven technologies and processes, changing carbon policies, uncertain future markets and competition for investment dollars with jurisdictions eligible for incentives under the U.S. Inflation Reduction Act and others. The CPA looks forward to continuing to work with governments to encourage renewable propane as a strategic biofuel in the net zero future, particularly in terms of its unique storability, portability, affordability, zero downstream fugitive methane emissions, versatility for many end-use applications from heat through transport to use as a chemical feedstock or ultra-low GHG refrigerant, low air quality emissions impacts, and an existing distribution infrastructure with low costs.

The CPA appreciates the opportunity to comment on the proposed changes and looks forward to continued collaboration with ECCC on the Fuel LCA Model. The CPA is committed to the development of regulations that will result in meaningful emission reductions while providing practical and cost-efficient pathways to compliance. We are happy to meet with you to discuss any of the points raised in further detail.

Sincerely,

A handwritten signature in black ink that reads "K Kachur". The signature is fluid and cursive, with the first letter of each name being significantly larger and more stylized.

Katie Kachur
Vice President, Government Relations, West
Canadian Propane Association