

January 8, 2026

Environment and Climate Change Canada
Clean Fuel Regulations Secretariat

Dear Ms. Ryan

On behalf of the Canadian Propane Association (CPA), I am pleased to submit our comments on the Government of Canada's proposed targeted amendments to the Clean Fuel Regulations (CFR).

The CPA represents propane producers, distributors, and technology providers across Canada. Our members are increasingly engaged in the development and deployment of Canada's emerging biofuel and low-carbon fuels sector, including renewable propane and other lower-emission gaseous fuels. This growing industry has the potential to deliver emission reductions, enhance domestic energy security, and support economic growth while contributing meaningfully to Canada's long-term climate objectives.

We support the Government's intent to strengthen the resiliency of Canada's low-carbon fuel sector. To achieve this, it is essential that the regulatory framework be designed to reduce unnecessary complexity and provide long-term policy consistency. Regulatory certainty and coherence across federal, provincial, and territorial systems are critical for attracting investment and enabling Canadian producers to compete effectively in competitive global energy markets.

In our submission, we emphasize the importance of maintaining an equitable approach to emissions reductions—one that recognizes the value of diverse fuel pathways and technologies and ensures an achievable and inclusive transition to a lower-emissions energy economy. Policies that enable multiple solutions, including gaseous biofuels, will better support affordability, reliability, and innovation for Canadian consumers and businesses.

We appreciate the opportunity to contribute to this consultation and look forward to continued engagement with ECCC as the proposed amendments to the CFR are refined.

Sincerely,



Katie Kachur
Vice President
Canadian Propane Association

Canadian Propane Association submission on the [discussion paper to inform the draft targeted amendments – Clean Fuel Regulations](#)

1. Key Questions on the Regulatory Approach

a) Best design: minimum domestic content, credit multiplier, or other?

The CPA supports an approach that strengthens domestic clean fuel production while upholding equity, consistency, and a level playing field across the emerging Canadian fuels sector. Recent Canadian production of renewable propane at Parkland's Burnaby and Imperial's Strathcona refineries, alongside first imports of renewable propane and rDME in 2025 are encouraging but products currently remain available only in small quantities.

Meanwhile, Canada's fuel system continues to depend heavily on U.S. imports due to stronger, simpler incentive structures under the IRA. A minimum domestic content requirement risks disadvantaging certain regions and suppliers and creates additional compliance challenges, thereby undermining a fair and consistent policy environment. Any approach must ensure policy neutrality across fuels and jurisdictions, avoiding conditions that create market distortions.

Any approach must ensure policy neutrality across fuels and jurisdictions, avoiding conditions that create market distortions. The goal for the federal system should be to support alternatives to lower carbon intensity fuels in Canada by providing more choice of fuel products which in turn establishes a wider net to meet a lower carbon economy.

b) Should a combination of options be used?

Domestic content elements could help stabilize demand for emerging domestic fuels such as renewable propane, while credit multipliers could offset Canada's competitiveness gap with the U.S. However, because domestic renewable propane and renewable diesel are still produced in limited volumes, any mandatory requirement would need to be extremely conservative to preserve a level playing field, avoid penalizing those without access to domestic supply, and avoid creating supply issues. As such, a credit multiplier may be the best approach. This would create flexibility so that no region or market participant faces disproportionate burdens. ECCC should model the proposed mechanism through the lens of equitable treatment across Canada's diverse fuel markets.

c) Temporary or longer-term?

Domestic low-carbon fuels—including renewable propane—are only emerging from Canadian production, and inconsistent or overly rigid requirements could undermine competitiveness relative to the U.S. Further, short-term frameworks do not reflect the long capital planning and investment cycles required to develop low carbon projects, including those that produce renewable propane.

d) If minimum domestic content is used, should requirements stay stable or increase?

Escalating requirements before domestic supply is proven could create supply challenges and disadvantage jurisdictions far from production facilities, undermining equity. Any requirements must be evidence-based, conservative, and evaluated through formal reviews that consider regional impacts, supply, logistics, and competitiveness. Only once a truly national supply base exists should gradual increases be considered. Fairness across provinces and suppliers must guide all adjustments.

f) Special circumstances, cases, or exceptions

A fair and consistent policy framework requires recognizing that access to domestic low-carbon fuels varies across Canada. Suppliers in regions distant from Burnaby or Strathcona, or without blending infrastructure, would face inequitable burdens under a uniform requirement. Small suppliers serving rural and Indigenous communities also need flexibility to avoid compromising affordability and reliability. Exemptions ensure that national policy does not unintentionally penalize specific regions or segments of the sector. Equity must be a guiding design principle.

i) Other elements or data to consider

ECCC should integrate real production data from emerging Canadian sources of renewable propane, recognizing that domestic supply remains limited. Policies must also account for the competitive imbalance created by the U.S. incentive regime to ensure Canadian producers are not placed at a structural disadvantage. A credit multiplier approach would be more consistent with what has been done in the U.S. Regional logistics and blending constraints, rail capacity, and storage limitations should be considered to avoid inequitable compliance burdens across provinces. The CPA stresses the importance of equitable and consistent policy design across all fuels and jurisdictions. Impacts on essential fuel users should also be modeled to preserve affordability and energy security.

2. Questions on Scope

a) Which fuels should be in scope?

All fuels that deliver verifiable lifecycle emission reductions should be included, ensuring neutrality and equity across fuel pathways. Gaseous fuels should be included in scope for CFR if Canada seeks to reduce reliance on U.S. imports of fuels and increase the supply of domestic lower emission fuels.

b) What considerations should inform scope?

Scope should reflect lifecycle emissions performance, market readiness, scalability, and fuel accessibility across regions. Ensuring equity means recognizing fuels—such as renewable propane—that provide practical decarbonization solutions for rural and off-grid users. Policy must also consider competitive dynamics with the U.S. to avoid disadvantaging Canadian producers.

3. Special Circumstances & Exemptions

b) Should criteria justify different requirements?

Criteria should include supply of domestic low carbon fuels available, logistics, regional access to domestic low-carbon fuels, blending capacity, and reliance on imports. Equity demands

acknowledging that volumes of domestic production (e.g., including renewable propane) are not evenly distributed across Canada. Seasonal constraints and essential service needs also warrant differentiated treatment.

c) Should requirements apply only above a threshold?

A minimum volume threshold safeguards fairness by preventing disproportionate impacts on small and remote suppliers but should be applied to all obligated parties to create a level playing field. Smaller entities often lack the economies of scale to secure domestic low-carbon fuels, particularly in a market dominated by U.S. imports. Thresholds help ensure that compliance obligations do not unintentionally disrupt essential-fuel delivery in rural or remote communities.

4. Maintaining Focus on Emission Reductions

The CPA supports policies that reward all legitimate low-carbon pathways fairly including renewable propane. Maintaining equity across fuel types ensures no technology is advantaged or disadvantaged arbitrarily. A level playing field and consistent policy treatment will drive more durable outcomes.

5. Additional Information Requested

a) Constraints to obtaining Canadian-made low-carbon fuels

Constraints include the limited, early-stage renewable propane production and Canada's smaller-scale incentive structure relative to the U.S. These factors limit access and increase competition for domestic product, limiting this as a pathway for compliance. Logistics, blending capacity, and transportation barriers add further challenges, especially outside Western Canada. A level playing field requires acknowledging regional inequities in access to domestic supply. Policies must avoid creating compliance obligations that only some suppliers are positioned to meet. The CFR is overly complex and difficult for smaller producers to access. Developing simplified guidance or hiring government experts to help smaller producers navigate the regulations would go a long way to supporting the business case for renewable production. We have numerous members that have given up on developing credits and the CPA would be happy to provide further feedback on how better to support small but regionally important biofuel producers and retailers.

d) Measures needed for producers to remain competitive

Producers need predictable, technology-neutral incentives to ensure fair competition. This includes stronger signals for renewable propane and clearer long-term regulatory certainty for the Canadian biofuel sector. Measures must avoid creating structural disadvantages for Canadian producers relative to their U.S. counterparts. Streamlined approval processes and targeted investment support would help level the playing field.

f) Other considerations

ECCC should design amendments that uphold equity, consistency, and competitiveness across all regions and fuel types. Renewable propane should be integrated into the regulatory framework, avoiding bias toward specific technologies or jurisdictions. The CPA urges



modelling of regional impacts to prevent unintended inequities in rural, northern, and off-grid communities. Federal and provincial policies should work in alignment to avoid overlapping or contradictory requirements. Above all, a level playing field will best support Canada's decarbonization objectives while maintaining energy reliability.