

Regulations and other Acts

Gouvernement du Québec

O.C. 1502-2021, 1 December 2021

Petroleum Products Act
(chapter P-30.01)

Integration of low-carbon-intensity fuel content into gasoline and diesel fuel

Regulation respecting the integration of low-carbon-intensity fuel content into gasoline and diesel fuel

WHEREAS, under the first paragraph of section 5 of the Petroleum Products Act (chapter P-30.01), the Government may, by regulation, determine standards and specifications relating to any petroleum product and its components that may, in particular, include standards regarding their quality and impacts as well as prohibit or require the presence of certain elements in a petroleum product and may also prescribe the acceptable quantity or proportion of such elements;

WHEREAS, under the first paragraph of section 5 of the Act, the Government may, by regulation, prescribe, subject to the conditions and procedure it determines, the setting up of a mechanism for the purchase and sale of credits to promote compliance with the standards and specifications determined by regulation;

WHEREAS, in accordance with the third paragraph of section 5 of the Act, a regulation setting standards regarding environmental impacts and the integration of renewable fuels into gasoline and diesel may be made by the Government only following a joint recommendation by the minister responsible for the administration of the Act and the minister responsible for the administration of the Environment Quality Act (chapter Q-2);

WHEREAS, under subparagraph 4 of the first paragraph of section 96 of the Act, the Government may, by regulation, determine, among the provisions of a regulation, those whose violation constitutes an offence;

WHEREAS, under subparagraph 6 of the first paragraph of section 96 of the Act, the Government may, by regulation, prescribe the transmission to the Minister or any other person or body, at the intervals and on the conditions the Minister determines, any information, statement or other document by a person governed by the Act or

the regulations and prescribe the keeping of a register by such a person in the form and on the conditions the Minister determines;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft Regulation respecting the integration of low-carbon-intensity fuel content into gasoline and diesel fuel was published in Part 2 of the *Gazette officielle du Québec* of 12 May 2021 with a notice that it could be made by the Government on the expiry of 45 days following that publication;

WHEREAS it is expedient to make the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of Energy and Natural Resources and the Minister of the Environment and the Fight Against Climate Change:

THAT the Regulation respecting the integration of low-carbon-intensity fuel content into gasoline and diesel fuel, attached to this Order in Council, be made.

YVES OUELLET
Clerk of the Conseil exécutif

Regulation respecting the integration of low-carbon-intensity fuel content into gasoline and diesel fuel

Petroleum Products Act
(chapter P-30.01, s. 5 and s. 96, 1st par.,
subpars. 4 and 6)

CHAPTER I INTERPRETATION

1. For the purposes of this Regulation,

“carbon intensity” means the lifetime greenhouse gas emission of a given fuel compared to the energy generated when it is combusted, expressed in grams of carbon dioxide (CO₂) equivalent per megajoule of energy produced; (*intensité carbone*);

“diesel fuel” means diesel fuel, automotive diesel fuel containing low levels of biodiesel (B1-B5) or diesel fuel containing biodiesel (B6-B20) within the meaning

of Canadian General Standards Board standards CAN/CGSB-3.517-2020 “Diesel fuel”, CAN/CGSB-3.520-2020 “Diesel fuel containing low levels of biodiesel (B1-B5)” and CAN/CGSB-3.522-2020 “Diesel fuel containing biodiesel (B6-B20)”, respectively; (*carburant diesel*)

“distributor” means

(1) a manufacturer that, in Québec, supplies a wholesaler or retailer of gasoline or diesel fuel or that retails gasoline or diesel fuel in Québec;

(2) a person who brings gasoline or diesel fuel into Québec, or causes it to be brought into Québec, and who supplies a wholesaler or retailer of gasoline or diesel fuel in Québec or retails gasoline or diesel fuel in Québec; (*distributeur*)

“eligible material” means

(1) organic material;

(2) residual material within the meaning of section 1 of the Environment Quality Act (chapter Q-2);

(3) carbon monoxide (CO) and carbon dioxide (CO₂).

Material from an oil palm is not considered to be an eligible material; (*matière admissible*)

“gasoline” means automotive gasoline or oxygenated automotive gasoline containing ethanol (E1-E10 and E11-E15) within the meaning of Canadian General Standards Board standards CAN/CGSB-3.5-2016 “Automotive gasoline” and CAN/CGSB-3.511-2016 “Oxygenated automotive gasoline containing ethanol (E1-E10 and E11-E15)”, respectively; (*essence*)

“low-carbon-intensity fuel content” means liquid content that may be blended with gasoline or diesel fuel and that is manufactured from eligible material; (*contenu à faible intensité carbone*)

“manufacturer” means a person that manufactures gasoline or diesel fuel, including a person that uses refining or blending processes, except a person that modifies gasoline or diesel fuel solely by the addition of additives; (*fabricant*)

“premium gasoline” means gasoline that meets the gasoline antiknock performance level specified in the Canadian General Standards Board standards CAN/CGSB-3.5-2016 “Automotive gasoline” or CAN/CGSB 3.511 2016 “Oxygenated automotive gasoline

containing ethanol (E1-E10 and E11-E15)” for a minimum antiknock index (RON + MON)/2 of 91.0. (*essence de qualité supercarburant*)

CHAPTER II INTEGRATION STANDARDS

2. A distributor must ensure, using the measurement methods and tools determined by the Minister, that the percentage by volume of low-carbon-intensity fuel content integrated into the total volume of the gasoline it distributes or uses in Québec during a calendar year represents a minimum of

- (1) 10% from 1 January 2023;
- (2) 12% from 1 January 2025;
- (3) 14% from 1 January 2028;
- (4) 15% from 1 January 2030.

3. A distributor must ensure, using the measurement methods and tools determined by the Minister, that the percentage by volume of low-carbon-intensity fuel content integrated into the total volume of the diesel fuel it distributes or uses in Québec during a calendar year represents a minimum of

- (1) 3% from 1 January 2023;
- (2) 5% from 1 January 2025;
- (3) 10% from 1 January 2030.

4. The percentages by volume of low-carbon-intensity fuel content indicated in sections 2 and 3 are established on the basis of the reduction in carbon intensity over the period of one calendar year.

5. For the purposes of section 2, the volume of premium gasoline distributed or used and the volume of gasoline distributed or used

- (1) to supply an aircraft, boat or ship engine,
- (2) for scientific research;
- (3) for industrial purposes other than combustion;
- (4) in exclusion zone A as delimited in Schedule I;
- (5) until the calendar year ending on 31 December 2024, in exclusion zone B as delimited in Schedule I;

is excluded from the total volume of gasoline for a given calendar year.

To determine the percentage by volume of low-carbon-intensity fuel content integrated into the total volume of gasoline distributed or used, the distributor may include the volume of low-carbon-intensity fuel content it has integrated into the volumes of gasoline excluded pursuant to the first paragraph.

6. For the purposes of section 3, the volume of diesel fuel distributed or used

- (1) to supply an aircraft, boat or ship engine,
- (2) to supply a heating apparatus;
- (3) for military purposes or scientific research;
- (4) for industrial purposes other than combustion;
- (5) in exclusion zone A as delimited in Schedule I;
- (6) until the calendar year ending on 31 December 2024, in exclusion zone B as delimited in Schedule I;

is excluded from the total volume of diesel fuel for a given calendar year.

To determine the percentage by volume of low-carbon-intensity fuel content integrated into the total volume of diesel fuel distributed or used, the distributor may include the volume of low-carbon-intensity fuel content it has integrated into the volumes of diesel fuel excluded pursuant to the first paragraph.

7. For the purposes of this chapter, a volume of gasoline, diesel fuel or low-carbon-intensity fuel content may not be counted more than once.

CHAPTER III MECHANISM FOR THE PURCHASE AND SALE OF CREDITS

8. Credits to promote compliance with the standards set out in sections 2 and 3 may be established by a distributor when the percentage by volume, in litres, of low-carbon-intensity fuel content integrated into either gasoline or diesel fuel exceeds the minimum percentages set out in those sections.

One credit corresponds to one litre of low-carbon-intensity fuel content.

To establish the credits, an engineer who is a member of the Ordre des ingénieurs du Québec must certify that the litres of low-carbon-intensity fuel content to which they correspond have been accounted for in accordance with the rules in Chapter II.

9. A distributor that has established credits for a given calendar year may, between 1 January and 31 March of the following calendar year, sell the credits to another distributor.

The percentage by volume of low-carbon-intensity fuel content integrated into the total volume of gasoline or diesel fuel that a distributor distributes or uses during a calendar year is adjusted on the basis of the credits purchased or sold.

No person may sell credits that have not been established in accordance with section 8.

If a distributor sells or purchases credits that have not been established in accordance with section 8, the volume of low-carbon-intensity fuel content is reduced, in the case of a sale, or increased, in the case of a purchase, in proportion to the value of the credits.

10. A distributor that has established credits pursuant to section 8 may carry their use over to the following calendar year, for up to 20% of the percentage indicated in sections 2 and 3.

The percentage by volume of low-carbon-intensity fuel content integrated into the total volume of gasoline or diesel fuel that a distributor distributes or uses during a calendar year is adjusted on the basis of the credits carried over from the previous year.

11. A distributor that establishes, purchases or carries over credits on the basis of the percentage by volume of low-carbon-intensity fuel content integrated into gasoline or diesel fuel may adjust the percentage by volume of low-carbon-intensity fuel content integrated into the gasoline or diesel fuel using the following ratios:

(1) for credits established for a distributor in proportion to the volume in litres of low-carbon-intensity fuel content integrated into gasoline that exceeds the minimum percentages set out in section 2, one credit equals 0.33 credits for the purposes of section 3;

(2) for credits established for a distributor in proportion to the volume in litres of low-carbon-intensity fuel content integrated into diesel fuel that exceeds the minimum percentages set out in section 3, one credit equals one credit for the purposes of section 2.

12. Credits that have not been sold in accordance with section 9 or carried over in accordance with section 10 can no longer be sold or carried over pursuant to this Chapter for the following calendar year.

CHAPTER IV COMPLIANCE

13. A distributor must file with the Minister a report using the form provided for that purpose, not later than April 30 following the end of the calendar year covered by the report, containing the following information and documents:

- (1) the calendar year covered by the report;
- (2) the information needed to identify the distributor and the contact information for the distributor;
- (3) the information needed to identify the person who signed the form, and the contact information for that person;
- (4) the values used to calculate the percentages referred to in sections 2 and 3 and the information needed to calculate those values;
- (5) for each volume of low-carbon-intensity fuel content used for compliance purposes: the type of low-carbon-intensity fuel content, the type of eligible material used in its manufacture, its allocation method, its supplier and its carbon intensity;
- (6) for credits purchased: the name and address of the vendor, the date of purchase, the volume in litres of the low-carbon-intensity fuel content corresponding to the credit, and whether the volume was integrated into gasoline or diesel fuel by the vendor;
- (7) for credits sold: the name and address of the purchaser, the date of sale, the volume in litres of low-carbon-intensity fuel content corresponding to the credit, and whether the volume was integrated into gasoline or diesel fuel;
- (8) the credits carried over and accounted for to meet the integration requirements for the calendar year covered by the report, and the credits carried over to the following calendar year pursuant to section 10, and the date on which they were carried over;
- (9) a statement of the volumes of gasoline and diesel fuel excluded for the reasons mentioned in subparagraphs 1 to 3 of the first paragraph of section 5 and subparagraphs 1 to 4 of the first paragraph of section 6;
- (10) a statement of the volumes of gasoline and diesel fuel distributed or used in exclusion zone A, by Québec administrative region;
- (11) a statement of the volumes of gasoline and diesel fuel distributed or used in exclusion zone B, by Québec administrative region;

(12) a statement of the volumes of premium gasoline excluded pursuant to section 5.

The information required by subparagraph 5 of the first paragraph must be accompanied by a declaration signed by an engineer who is a member of the Ordre des ingénieurs du Québec, certifying that the carbon intensity of each volume of low-carbon-intensity fuel content used for compliance purposes was calculated in accordance with the measurement methods and tools determined by the Minister.

For the purposes of this section, “administrative region” means a region established pursuant to the Décret concernant la révision des limites des régions administratives du Québec (chapter D-11, r. 1).

14. A distributor must keep an annual register for each petroleum equipment installation, other than a service station or a filling station, that the distributor is using or operating in Québec, containing

- (1) the information referred to in subparagraphs 4 to 12 of the first paragraph of section 13;
- (2) information on transactions for the sale, purchase or trade of volumes of gasoline, diesel fuel or low-carbon-intensity fuel content completed in Québec;
- (3) information on transactions of volumes of gasoline, diesel fuel or low-carbon-intensity fuel content purchased or sold outside Québec;
- (4) the information included in dated readings of meters, bills of lading, invoices, sales receipts and sales contracts.

A distributor must keep the annual register for 7 years following the calendar year it covers. The information contained in the register, and all supporting documents, must be provided to the Minister on request.

CHAPTER V PENAL PROVISION

15. Every person who contravenes section 9, 13 or 14 commits an offence.

CHAPTER VI FINAL PROVISION

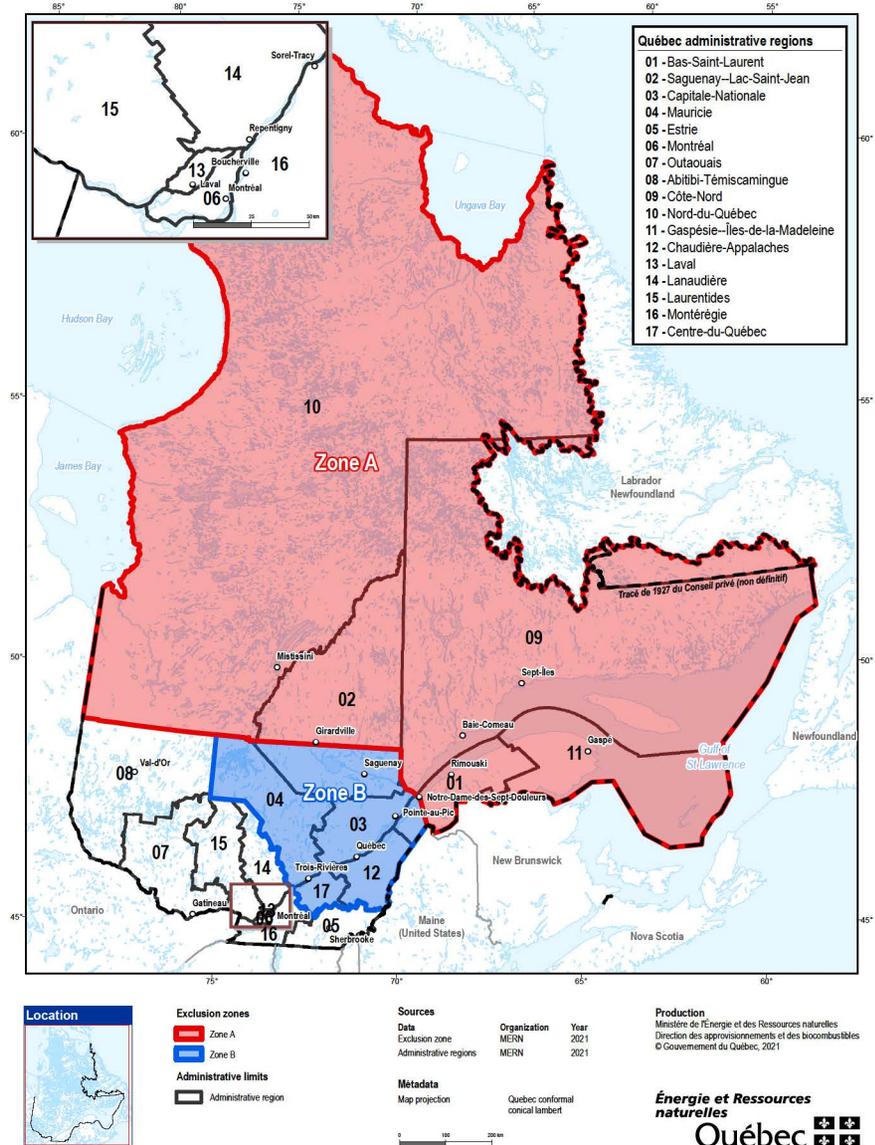
16. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

SCHEDULE I

(ss. 5 and 6)

EXCLUSION ZONES FOR LOW-CARBON-INTENSITY FUEL CONTENT IN GASOLINE AND DIESEL FUEL

Exclusion zones of low-carbon-intensity fuel content into gasoline and diesel fuel



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