

New comprehensive data report released on 2015 Canadian biofuel use, greenhouse gas reductions, and costs

Advanced Biofuels Canada commissions second annual report with expanded coverage on costs and tax impacts

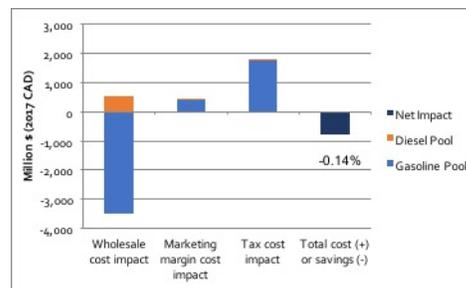
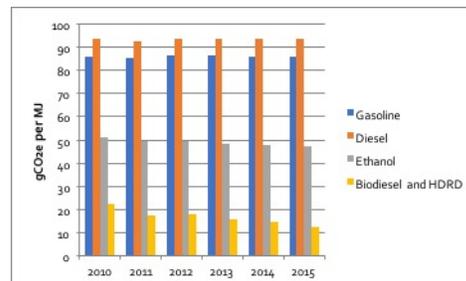
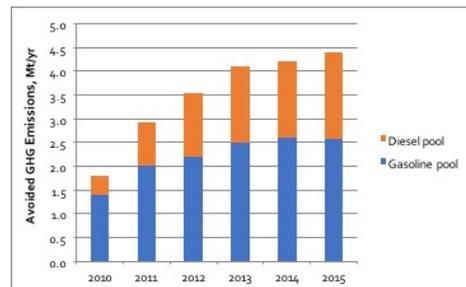
VANCOUVER June 15, 2017 — Advanced Biofuels Canada (ABFC) announced the release today of the most comprehensive study to date of biofuel use in Canada. The study was conducted by Navius Research and follows a study last year by Clean Energy Canada and Navius Research on 2010-2014 biofuel use in Canada.

“Canada lacks the timely, broad, and detailed reporting on the biofuel industry that has aided the growth of low carbon fuels in the US. We know that data is critically important for supply chains and investment decisions to create competitive markets for the production and use of biofuels. This report also aims to inform governments, as they assess the role our industry can play to reduce greenhouse gas emissions and drive clean innovation investments from new fuel regulations, such as the national clean fuel standard,” said Ian Thomson, president ABFC.

The study catalogs biofuel blending rates, biofuel types, and feedstocks utilized at the provincial level. Greenhouse gas (GHG) reductions are assessed annually by fuel type, and coverage in this new study now estimates the impact of biofuels on consumer fuel expenditures, GHG abatement costs, and the impact of taxation policies on lower carbon fuels.

Amongst the study’s highlights:

- National annual ethanol consumption rose from 1.7 billion litres in 2010 to 2.8 billion litres in 2015, biodiesel use rose from 110 to 470 million litres, and renewable hydrocarbon diesel (RHD) use grew from 50 to 150 million litres in the same period
- Annual avoided GHG emissions have likewise grown, from 1.8 Mt in 2010 to 4.4 Mt in 2015, reaching a cumulative 21 Mt of reductions from 2010 to 2015
- Biofuel carbon intensities in British Columbia, as reported for its low carbon fuel standard, show that biofuel production is becoming less emissions intensive over time
- Between 2010 and 2015, blending ethanol, diesel, and RHD with conventional transportation fuels reduced fuel costs in Canada by 0.4%. Other benefits from biofuels, such as reduced air pollution and health care savings, were not calculated.
- Including the inherent octane value of ethanol, gasoline pool GHG reductions were achieved at a net average benefit (savings) of \$101/t, while diesel pool reductions had a net abatement cost of \$77/t.



The report also assesses for the first time in Canada the impact of fuel taxes on biofuels. Because biofuels generally have lower energy densities than gasoline and diesel, volumetric (per litre) fuel taxes, such as excise and carbon taxes, create windfall tax revenues for governments and drive up fuel costs for consumers. The resulting tax impact cost to Canadians on the additional fuel volumes was \$1.8 billion over the six years of the study period.

The report's detailed cost methodologies show how ethanol's high octane content in widely available ethanol/gasoline blends has moderated overall driving costs. As a result, ethanol blending under renewable fuel mandates reduced annual fuel costs for a typical consumer by an average of \$8/year (0.04%). Diesel fuel does not have a comparable value attributed to higher cetane values in biodiesel/diesel blends, and use of biofuels resulted in an estimated annual average fuel cost increase for a typical heavy duty commercial diesel fuel user of \$106/year (0.28%).

A broad range of energy and climate action stakeholders have asked Canadian governments to improve the quality and timeliness of energy systems data in Canada. Advanced Biofuels Canada has called upon provincial governments and Ottawa to reform biofuels taxation to address carbon pricing design failures, modify fuel taxes to be based on the energetic and carbon content, and ensure a consistent application of excise taxes on renewable and alternative fuels. "The century-old practice of taxing fuels based solely on volume does not work in a low carbon world", said Thomson. "Our country and many others have moved into an era of continual, gradual efforts to reduce carbon pollution from transport fuels. The current taxation approach penalizes the fuels we ought to be rewarding, as this report makes clear. Carbon policy should not produce windfall tax gains for government, or unfairly increase fuel prices as the Canadian economy transitions to lower carbon clean fuels."

Advanced Biofuels Canada/ Biocarburants avancés Canada promotes the production and use of low carbon advanced biofuels in Canada, which our members supply across North America and globally. Our members have invested in biofuels processing and supply chain operations across Canada, and are actively bringing to market the next generation of low carbon biofuels. For information on Advanced Biofuels Canada and our members, please visit: www.advancedbiofuels.ca.

Advanced biofuels reduce carbon emissions at least 50% below the fossil fuels they displace, and are made from sustainable biomass. Canada has approximately 750 million litres of advanced biofuel production capacity, and fuels produced in Canada are used across North America and Europe.

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