

March 4, 2021

Paola Mellow  
Executive Director  
Low Carbon Fuels Division  
Carbon Pricing Bureau  
Environmental Protection Branch  
Environment and Climate Change Canada  
351 Saint-Joseph Boulevard  
Gatineau, Quebec K1A 0H3  
via email: [ec.cfsnec@canada.ca](mailto:ec.cfsnec@canada.ca)

Dear Ms. Mellow,

I am writing to you on behalf of The Atmospheric Fund (TAF) about the Clean Fuel Regulations (CFR). TAF would like to begin by congratulating you and your team on this exemplary lifecycle emissions-based standard for fuels. TAF is eager to see the CFR implemented so it can begin facilitating market mechanisms for lowering the carbon intensity of fuels, while supporting domestic growth of biofuels and clean energy.

TAF would like to emphasize the considerable benefits of a correctly and promptly implemented CFR. The 20.5 MTs of GHG reduction associated with the CFR is considerable; the only larger single source of reductions by the Government of Canada is from the carbon price. In addition, TAF supports the extension of the 'Credit Class 3' from 2030 to 2035. This extra five years will allow investors greater certainty and time to understand and invest in the category. From an urban climate perspective, we are eager to see CFR incentives accelerate the implementation and growth of low-carbon infrastructure, such as charging stations across Canada. This market-based support will help augment other Government of Canada actions, such as job creation and transitioning to a greener and healthier economy.

TAF has identified two areas of concern if the CFR is to achieve its stated goals and objectives. We urge Environment and Climate Change Canada (ECCC) to consider the following recommendations:

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1. **TAF echoes the recommendations made by the Clean Fuel Standard Advocates, Pembina Institute, and ICCT in their submission, with particular emphasis to maintain the proposed trajectory and timeline for carbon intensity reductions.** The annual lifecycle carbon intensity (CI) reduction requirement for liquid fossil fuels should come into force no later than December 2022, starting at an average reduction of no less than 2.4 gCO<sub>2</sub>e/MJ and increasing linearly in constant annual increments until reaching 12 gCO<sub>2</sub>e/MJ in 2030. The carbon intensity implementation timeline is vital for meeting the stated goals and objectives of this policy and protecting investor confidence. The current timeline provides more than enough time for emitters to comply with the new regulations.
  2. **TAF recommends that in addition to implementing CFR, ECCC initiate a research and consultation process to develop a policy strategy to support the necessary transition from fossil gas to non-fossil alternatives in the buildings sector.** The removal of the Gaseous and Solid streams, along with the 2 MT carbon reduction in the Liquid stream, were significant compromises to the CFR. TAF welcomes and applauds the related decision to increase the carbon price to \$170 by 2030. However, we note that the proposed carbon price alone is not sufficient to incentivize a large-scale shift from natural gas to non-fossil alternatives (e.g. RNG and electrification of heating). Furthermore, a shift from fossil gas to non-fossil alternatives is critical to Canada's decarbonization pathway.

Thank you again for your team's commitment and hard work to bring this regulatory standard to Canadians. TAF looks forward to working together to support this important issue.

Sincerely yours,



Bryan Purcell  
VP Policy & Programs, The Atmospheric Fund

### **About The Atmospheric Fund**

*The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society. Learn more at [taf.ca](http://taf.ca)*