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BRITISH COLUMBIA LOW CARBON FUEL STANDARD (BC LCFS) AT A GLANCE

	Compliance mechanism
Years in operation	Launched in 2010 under the Greenhouse Gas Reduction Act; amended to Low Carbon Fuels Act effective January 1, 2024. Compliance and credit trading are managed through the Low Carbon Fuel Standard Portal.
Carbon intensity trajectory	<p>The baseline year is 2010. The program initially aimed for a 10% reduction in carbon intensity (CI) by 2020 and 20% by 2030. Recent regulatory updates have strengthened the 2030 target to a 30% reduction relative to 2010 levels, achieved through annual CI step-downs.</p> <p>The program integrates minimum renewable fuel content thresholds for gasoline, diesel, and jet fuel, progressively increasing stringency over time.</p>
Regulated fuels	<p>Regulated fuels include fossil-derived diesel fuel, fossil-derived gasoline, and fossil-derived jet fuel.</p> <p>Eligible renewable fuels include biomass-derived gasoline, ethanol, and naphtha for the gasoline category; biomass-derived diesel and biodiesel for the diesel category; and biomass-derived jet fuel for the jet fuel category.</p> <p>Additionally, the diesel and gasoline fuel categories have a requirement to meet minimum production volumes in Canada.</p>
Initiative agreements	The Initiative Agreement (IA) program supports the development of low carbon fuel projects. These agreements enable selected projects to contribute to long-term compliance pathways, helping to advance low carbon fuel supply and infrastructure while ensuring alignment with carbon intensity reduction targets.
Electricity	Electricity should be reported if it is used instead of a fossil fuel for transportation and other prescribed non-transportation purposes.
Covered entities (2024)	<p>Under the BC LCFS, entities must comply with the program if they are marketers who reportably supply^A diesel, gasoline, or jet fuel in British Columbia during a compliance period. There are specific exemption thresholds based on fuel volume:</p> <p>Volume-Based Exemptions:</p> <ul style="list-style-type: none"> 2015-2020: Companies supplying less than 75 million liters of gasoline and diesel annually were eligible to apply for exemption from renewable and low-carbon requirements. 2021: The exemption threshold was reduced to 25 million liters annually. 2022 and subsequent periods: The threshold was further reduced to 200,000 liters annually. <p>As of July 2025, There are 119 registered credit market participants, out of which 22 have the role of Seller/Buyer, 83 are registered as sellers, and 14 have no active role currently.</p> <p>^A. The term reportable Supply is explained in section 6 (2) [supply and marketing of fuel].</p>
Annual report deadline	<p>The compliance period is from January 1 to December 31.</p> <p>Compliance reports are due on March 31 of the following year</p>

Penalties and program funding	Administrative monetary penalties under the LCFS include two types: automatic penalties triggered by non-compliance with renewable and low carbon fuel requirements shown in compliance reports, and discretionary penalties imposed by the director for other types of supplier non-compliance. These financial penalties enforce adherence to program regulations.
Credits, deficits and bank	Credits under the BC Low Carbon Fuel Standard represent one metric ton of CO ₂ equivalent reductions relative to annual carbon intensity targets; suppliers producing fuels below the target earn credits, while those exceeding it incur deficits that must be offset by buying credits. Managed via the Low Carbon Fuel Standard Portal, these credits are freely tradable and bankable without expiration. In the 2023 compliance period, 3.10 million metric tons of credits were generated, supplemented by 0.42 million metric tons awarded under Initiative Agreements, against total deficits of 3.29 million metric tons, the bank stands at 1.95 million metric tons.
Credit clearance market	Currently, British Columbia does not operate an annual credit clearance market.

MAJOR DEVELOPMENTS

British Columbia's Low Carbon Fuel Standard (BC LCFS) has evolved into a broader program over the past few years. The most transformative update came with the Low Carbon Fuels Act. This reform increased the ambition of carbon intensity (CI) reduction schedules and tightened renewable content requirements across multiple fuel types. The reduction schedule was amended to increase the carbon intensity reduction requirement from 20 percent to 30 percent by 2030 for gasoline and diesel class fuels.

Among the most notable changes, the minimum renewable share in diesel was doubled from 4 percent to 8 percent effective 2025. The minimum renewable share in gasoline is 5%. BC also became the first jurisdiction in North America to embed renewable content requirements for jet fuel, starting at 1 percent in 2028 and climbing to 3 percent by 2030. The minimum renewable volumes must be met with eligible renewable fuels. Effective January 1, 2026, eligible renewable fuels in the gasoline category must be produced in Canada, and effective April 1, 2025, eligible renewable fuels in the diesel category must be produced in Canada. There is no Canadian production requirement for eligible renewable fuels in the jet fuel category.

BC LCFS has also expanded credit generation opportunities by adding incentives for zero-emission vehicle infrastructure such as EV charging networks and hydrogen fuelling stations. Recognition of credits for fuels that integrate carbon capture, utilization, and storage (CCUS) into their lifecycle further broadens the compliance toolbox. In addition, Initiative Agreements have continued to underpin major investment flows, enabling over CA \$2 billion in clean fuel and infrastructure projects across the province.

MARKET PERFORMANCE AND PRICING

Metric	2023 Reporting Period
Credits Generated	3,606,648 (Including 497,989 from Initiative Agreements)
Deficits Generated	3,299,641
Bank	1,951,592 at the end of 2023
Historic Price Range	The average credit price for 2024 – CA \$428.74, in Q3' 2025, CA \$239.04
Credit Generation by Pathway	Renewable diesel 47.9%; ethanol 18.6 %; biodiesel 12.7%; RNG 2.3%; Electricity 8%

MARKET COMMENTARY

Average BC LCFS credit prices have steadily declined from 2023 onwards, reflecting the interplay between strong early credit generation and program requirements. In 2023, the average price was CA \$425 per credit, with quarterly averages in 2024 dropping from roughly CA \$477 in Q1 to \$355 by year's end. By June 2025, average prices had softened further to CA \$274, mirroring the growing market surplus. This trend was led by robust credit creation driven both by low-carbon fuel supply and Initiative Agreement awards which outpaced deficits and resulted in a net surplus of nearly 2 million credits in 2023.

As BC continues to implement stricter carbon intensity step-downs and expands program coverage, demand for credits is expected to rise. If deficits increase and surplus narrows, average credit values may rebound, strengthening incentives for new clean fuel projects and infrastructure.

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