

EXECUTIVE SUMMARY

British Columbia's Low Carbon Fuel Standard has operated since 2010 and was updated under the Low Carbon Fuels Act effective 1 January 2024. The programme requires declining carbon intensity for regulated gasoline, diesel and jet fuel, alongside renewable-content requirements. The 2030 carbon-intensity target for gasoline and diesel is a 30% reduction from 2010 levels. Jet fuel requirements begin with a 2% carbon-intensity reduction in 2026, increasing to 10% in 2030, while renewable aviation-fuel content requirements begin in 2028. Credits are tradable and bankable without expiry, and the 2025 reporting period recorded 4,389,755 credits generated, 4,658,961 deficits and a year-end bank of 2,408,480 credits.

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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.
CI Trajectory	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. The program integrates minimum renewable fuel content thresholds for gasoline, diesel, and jet fuel, progressively increasing stringency over time.
Regulated Fuels	Regulated fuels include fossil-derived diesel fuel, fossil-derived gasoline, and fossil-derived jet fuel. 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. Additionally, the diesel and gasoline fuel categories have a requirement to meet minimum production volumes in Canada.
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. Non-transportation purposes for electricity as an alternative fuel include: • Cargo handling equipment at marine terminals • Ground support equipment at airports • Heavy forklifts
Covered Entities	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: Volume-Based Exemptions: • 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. As of February 2026, There are 122 registered credit market participants, out of which 18 have the role of Seller/Buyer, 86 are registered as sellers, and 18 have no active role currently. ^A The term reportable Supply is explained in section 6 (2) [supply and marketing of fuel].
Annual Report deadline	The compliance period is from January 1 to December 31. Compliance reports are due on March 31 of the following year
Credits, Deficits & Net Surplus	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 2025 compliance period, about 4.07 million metric tons of credits were generated from regulated fuels, supplemented by 0.31 million metric tons awarded under Initiative Agreements, against total deficits of 4.65 million metric tons, resulting in a net surplus of approximately 1.95 million metric tons.
Penalties & 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.

Major Developments

British Columbia's Low Carbon Fuel Standard (BC LCFS) has evolved into a broader program over the past few years.

1. The most transformative update came with the Low Carbon Fuels Act, which took effect on January 1, 2024. 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.
2. The most consequential volumetric change of the past two years was the doubling of the minimum renewable share in the diesel pool from 4% to 8%, which took effect on announcement in February 2025. A Canadian-production requirement was layered on top of it from April 1, 2025. The gasoline pool minimum remains unchanged at 5%, but from January 1, 2026 that content must also be sourced from Canadian production leaving both road-fuel pools subject to domestic-content rules.
3. Jet fuel is being incorporated into the B.C. Low Carbon Fuels framework through phased carbon-intensity and renewable content requirements. The carbon-intensity reduction requirement takes effect first, beginning at 2% in 2026 and increasing to 4% in 2027, 6% in 2028, 8% in 2029, and 10% in 2030. Renewable content requirements for aviation fuel follow from 2028, set at 1% in 2028, 2% in 2029, and 3% in 2030 and subsequent compliance periods. The 2026 compliance period is the first in which jet fuel is subject to the carbon-intensity requirement and associated deficit generation, with the corresponding obligation reported in the compliance report due March 31, 2027.
4. Following the inclusion of jet fuel under the B.C. Low Carbon Fuel Standard on January 1, 2024, only SAF-related proposals that support the new requirements for jet fuel are encouraged. The Initiative Agreement program is not accepting project applications that are not related to SAF.

Market Performance & Pricing

Metric	2025 Reporting Period	2024 Reporting Period
Credits Generated	4,389,755 (Including 313,492 from Initiative Agreements)	4,509,487 (Including 440,224 from Initiative Agreements)
Deficits Generated	(4,658,961)	(3,785,624)
Bank	2,408,480 at the end of 2025	2,677,687 at the end of 2024
Historic Price Range	The average category A transfer credit price for 2025 - CA \$237.21	The average category A transfer credit price for 2024 - CA \$379.13,
Credit Generation by Pathway	HDRD, 48.64% Ethanol, 18.91% Electricity (Gasoline), 8.64% Biodiesel, 8.55% Ren. Gasoline, 5.41% Electricity (Diesel), 4.06% Others, 5.79%	Renewable Diesel, 54.75% Ethanol, 17.79% Biodiesel, 9.06% Electricity (Gasoline), 6.81% Ren. Gasoline, 4.93% Electricity (Diesel), 3.95% Others, 2.71%

References

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