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The Honorable Liane M. Randolph, Chair

California Air Resources Board

1001 I Street

Sacramento, CA 95814

## **Re: Proposed Amendments to the California Low Carbon Fuel Standard**

Dear Chair Randolph,

Canada appreciates the opportunity to submit the following comments on the proposed amendments to the California Low Carbon Fuel Standard (LCFS). Canada is writing today to express concerns with the proposed amendments as they relate to oilseed feedstocks.

Canada and California share a longstanding and strong agricultural trading relationship, with bilateral trade in 2023 totaling USD \$9 billion. California exported USD \$4.9 billion to Canada in 2023, making Canada the state's top agriculture and agri-food export market. One of Canada's top exports to California is canola oil, with California importing USD \$525 million worth of Canadian canola oil in 2023, a portion of which would have been used for biofuel production. In 2023, 15% of Canada's canola oil was exported to California and represented 95% of all canola imported to the state of California. Similarly, Canada is one of the top exporter of soybeans seeds into California, a portion of which may be processed further into biomass-based diesel production.

Like California, Canada recognizes the valuable opportunities to reduce the lifecycle greenhouse gas emissions of biofuels, including by adopting climate smart agricultural practices. Canada supports harnessing innovative solutions that encourage and reward the adoption of sustainable practices by producers while pursuing our shared sustainability objectives. Clean fuels create jobs, support rural communities and provide opportunities for a more sustainable future.

Canada supports the production and use of low-carbon fuels, including agricultural biofuels, through the Canadian Clean Fuel Regulations (CFR). The Land Use and Biodiversity (LUB) criteria are incorporated into the CFR to ensure the sustainability of biofuel feedstocks and prevent adverse land use and biodiversity impacts related to cultivation and harvesting. This LUB Criteria recognizes the strong sustainability record of Canadian and U.S. farmers. Under the CFR, Canadian and U.S. agricultural feedstocks are deemed compliant with Land Use and Biodiversity criteria, through Legislative Recognition and recognition of the US EPA aggregate compliance approach. The LUB criteria set requirements that must be met for participation in the CFR. The LUB criteria aim to reduce cost and administrative burden for farmers and the agricultural supply chain



by leveraging existing mechanisms and regulations within respective jurisdictions through Legislative Recognition and aggregate compliance. Canada believes that the LUB criteria sufficiently meets the sustainability objectives that California's proposed amendments would require.

Canada is concerned with California's proposed amendments to limit credit creation for canola, soybean, and sunflower oilseeds to twenty percent of total biomass-based diesel annual production per company. The twenty percent limit being proposed appears to be arbitrary and duplicative of carbon intensity scoring, especially due to the lack of transparent, science-based justification or data supporting these limitations. Likewise, the choice of canola, soybean, and sunflower oilseeds appears contrary to the significant amount of data globally that highlights the critical role of oilseed feedstocks in reducing emissions.

To ensure reliable and stable trade, Canada supports policy development that is transparent, science-based, recognizes the highly integrated nature of the North American agricultural sector, reduces administrative burden on our supply chains and minimizes trade disruptions. Due to the size and scale of the California market, limiting feedstocks in California biofuel production could have unforeseen impacts on North American's supply chain and markets. Canadian oilseeds are exported to California for further processing and value-added use, creating and sustaining high paying jobs that contribute to the implementation of California's energy policy objectives. Canada is concerned that without the recognition of national approaches (e.g. Canada's Clean Fuel Regulations or the U.S. Renewable Fuel Standard), California's amendments will create a disruptive sub national patchwork of regulations that would negatively impact the biofuel market and undermine our shared commitment to sustainability. To avoid potential economic impacts from misalignment and to ensure continued growth, it is important that California promote ongoing collaboration, coordination, and consistency with internationally recognized standards and their close trading partners such as Canada.

To avoid inadvertently minimizing the effectiveness of the biofuel sector, Canada suggests that California consider the two following LCFS amendments:

- Remove the twenty percent limitations on biomass-based diesel produced from soybean, canola, and sunflower oil.
- Reduce administrative burden and support the recognition of Canadian oilseed in compliance with the CFR LUB criteria that is consistent with California's proposed sustainability certification requirement.

Should California proceed with certification requirements on oilseeds, Canada would appreciate additional guidance on implementation to assist in streamlining the



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requirements, especially as it relates to the biomass input geographic shapefiles and coordinates of plot boundaries.

To discuss this important issue, Canada would like to request a meeting with Chair Randolph prior to the final approval of the proposed amendments to the LCFS.

Canada thanks California for the opportunity to submit comments and looks forward to further information sharing, collaboration, and coordination on this important topic.

Should you have any questions, please contact [Holly.McCoubrey@agr.gc.ca](mailto:Holly.McCoubrey@agr.gc.ca)

Sincerely,

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**Michelle Cooper**

Director General

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