BC Low Carbon Fuel Market

Generating Carbon Credit Revenue from Electric Fleets

The BC LCFS allows EV charging station operators to appoint a third party, such as BMO, to act on their behalf in dealings with the regulator. Our LCFS service provides a turnkey solution for credit creation.

Generating Carbon Credit Revenue from Electric Fleets

British Columbia's Low Carbon Fuel Standard (LCFS) and the new federal Clean Fuel Regulations (CFR) have created new carbon markets. These markets are intended to reduce the carbon intensity of transportation fuels by providing a financial reward for producing and using low-carbon alternatives such as renewable biofuels or electric vehicles. Unlike other climate policy instruments, LCFS and CFR programs do not use taxation to discourage the use of carbon-intensive fossil fuels. They also don't provide government funding for low-carbon alternatives. Instead, they establish a credit market with fossil fuel suppliers directly supporting the transition to low-carbon fuel alternatives.

Carbon Intensity (CI) refers to the amount of carbon dioxide equivalent emitted to the atmosphere per unit of fuel throughout its life-cycle. LCFS and CFR programs set annual CI targets that decline over time. Fuel suppliers earn credits for providing fuels with a CI below the target and incur debits for providing fuels with a CI above the target. Fuel suppliers holding debits must obtain an equivalent number of credits by the end of each year. **An entity holding excess credits can sell them to a fuel supplier**.

This document is intended to provide a brief overview of the requirements for credit generation under **British Columbia's LCFS program** through the provision of electricity for transportation applications.

Electric Charging Equipment Eligibility

Under most LCFS and CFR programs, electricity qualifies as a low carbon fuel when used to displace diesel or gasoline. As of January 1, 2022, in British Columbia, the credit generator is the person or entity that provides the electricity through the final supply equipment (FSE). Examples include electric vehicle charging and some shore power.[1] **See fig. 1** to assess your potential eligibility as a supplier of electricity.

A non-exhaustive list of eligible vehicle and equipment types in British Columbia is also provided (**fig. 2**).

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Fig. 1: Eligible entity for the BC Low Carbon Fuel Standard

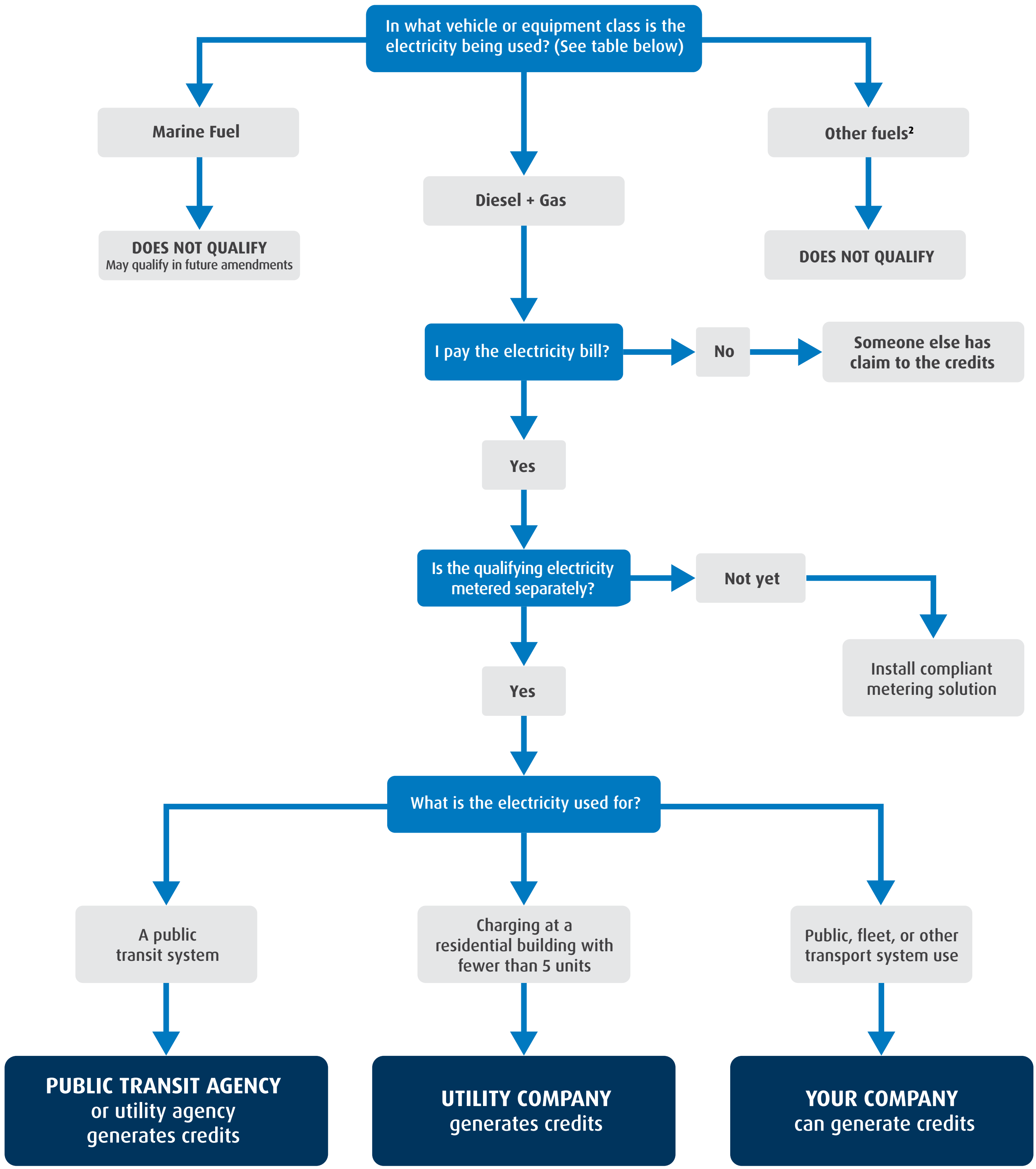

Fig. 2: Eligible vehicle or equipment types

Category	Equipment/Vehicle type	Eligible
On-Road	Any (cars, vans, trucks, etc.)	Yes
Marine vehicles	Ocean-going vessels (OGVs)	Not yet
	Tugs and harbour vessels	Case-by-case[3]
	Shore power	Case-by-case[3]
Cargo-handling equipment	Aerial lifts	Case-by-case[3]
	Cranes	Case-by-case[3]
	Forklift	Case-by-case[3]
	Reach stackers	Yes
	Conveyor systems	Yes
	Yard & other trucks	Yes
	Positioning equipment	Case-by-case[3]
Rail transport	Switcher locomotives	Case-by-case[3]
	Rail car pushers	Case-by-case[3]

Marine vehicles

Credits can only be generated using shore power or by charging electric or hybrid marine vessels that fall into a gasoline or diesel fuel classification, as determined on a case-by-case basis by the regulator[4]. The BC LCFS does not currently regulate marine fuels.

Cargo-handling equipment

Electricity supplied for cargo handling equipment that displaces diesel or gasoline is eligible for credit generation with regulatory approval.

Rail transport

Electricity supplied for rail transport that displaces diesel or gasoline is eligible for credit generation with regulatory approval.

Why Work With BMO?

The BC LCFS allows fuel suppliers to appoint a third party, such as BMO, to act on their behalf in dealings with the regulator. Our LCFS service provides a turnkey solution for credit creation, which can include:

- Assessment of program eligibility
- Registration into the program
- Setting up and administering a BC Transportation Fuels Reporting System (TFRS) account
- Monitoring data as it is received
- Adapting to regulations as they evolve
- Compliance reporting
- Monetization of credits to generate a revenue stream for your business

BMO is one of the largest developers of compliance-grade credits in Canada, with over 15 years of experience developing regulatory-approved credits.

How Much Can You Earn?

Just a few qualifying vessels or electric vehicle chargers could **generate credits that lead to monetary gains**. And, the number of credits your business generates could increase as you replace more traditional transportation fuel with electricity—in most cases 0.7 credits for every MWh of electricity used for transportation.[5]

Your project may also qualify to generate Canadian CFR credits, which can stack on top of BC LCFS credits.

Ready to get started?

Our team of experts are eager to explore LCFS credit opportunities for your business. Get in touch to determine whether you qualify for the LCFS program in British Columbia or anywhere else.

Reach out to your BMO Representative today.

[1] The regulator (British Columbia Ministry of Energy, Mines and Low Carbon Innovation) has the authority to modify program design elements and has some discretion over the details of program application for participants. BMO will work with the regulator on your behalf for your project.

[2] Aviation fuel is excluded from consideration here since electrification is not a viable option today.

[3] Must demonstrate the displacement of gasoline or diesel fuel. Subject to regulator's approval.

[4] The regulator has indicated its intent to include marine fuels in the scope of the program. For now, however, the electrification of vessels that would otherwise use bunker fuel, distillate marine diesel, marine fuel oil, or any other non-road fuel do not generate credits.

[5] BMO does not forecast market prices and makes no explicit or implied guarantee regarding monetary gains, credit prices, or volumes.

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