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APRIL 2024

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**GOVERNMENT POLICY
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MISSION

CEMA's mission is to support and elevate Canada's small and medium-sized energy marketers, who are responsible for nearly 100,000 direct and indirect jobs across the country and are deeply committed to ensuring that innovative energy products, including low-carbon transportation solutions, are readily available to Canadian consumers.

CEMA ensures the voices of its membership are heard at all three levels of government in a fair, consistent and advocacy-first manner – members who include progressive leaders responsible for the distribution of diverse products like gasoline, diesel, heating oil, propane and aviation fuel, as well as low-carbon transportation energy solutions including renewable fuels and electric vehicle charging stations across a vast geography, to diverse industries, and to millions of Canadian consumers.

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CEMA GOLF CHALLENGE SAVE THE DATE: SEPTEMBER 23, 2024

You won't want to miss this great event at the stunning Glen Abbey Golf Club in Oakville, Ontario. Save the date – details are coming soon!



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GOVERNMENT POLICY AND INDUSTRY HIGHLIGHTS

This update serves as a recap and reference point for our Members regarding the latest policy impacts on the energy market as well as industry trends. We will continue to monitor and communicate any policy

NATIONAL POLICY & RESEARCH UPDATES

Ethanol excluded from biofuel production incentives in federal budget

The development of Canada's biofuel sector was highlighted in the Canadian government's 2024 budget announced on April 16, but ethanol was

notably absent from the list of renewable fuel categories that will receive support. The budget included a commitment of \$776 million for a retooled Clean Fuels Fund to drive the production of renewable diesel, sustainable aviation fuel, and renewable natural gas, but **ethanol was not mentioned**.

Indigenous loan guarantee program could transform resource sector in Canada

The federal government has launched its long-awaited **Indigenous loan guarantee program**, a move advocates say will help Canadian critical minerals infrastructure get built more quickly and facilitate increased direct First Nations ownership in resource projects. Ottawa's budget released April 16 outlines a program that would provide up to \$5 billion in loan guarantees and be "sector agnostic" – meaning that oil and gas projects could be eligible.

NDP leader not saying if 'fair' carbon price includes levy on gasoline

Federal NDP Leader Jagmeet Singh **did not answer on April 15** when asked by reporters whether his party's climate policy would include a carbon price on gasoline after saying he wants a more "fair" deal for working people. "Our position on fighting

the climate crisis has not changed. We believe absolutely in a price on pollution, but we also believe the price has to be fair, and right now the Liberals are not making a fair plan. They're saying big polluters get bigger and bigger profits and working class people get nothing. That is wrong," Singh said ahead of question period.

Oil firms doubtful Trans Mountain pipeline will start full service by May 1

Oil companies planning to ship crude on the expanded Trans Mountain pipeline are concerned that the **project may not begin full service** on May 1, but they would be nevertheless obligated to pay tolls from that date. In a letter to the Canada Energy Regulator, Suncor Energy and other shippers including BP and Marathon Petroleum have expressed doubts that Trans Mountain will start full service on May 1, as previously communicated, Reuters reports.

For its next trick, Ottawa must unload the \$34B Trans Mountain pipeline. It won't be easy

In her budget speech to the House of Commons on April 16, Finance Minister Chrystia Freeland took a moment to celebrate the finishing touch on expansion of the Trans Mountain oil pipeline. For all the difficulties with developing and building TMX, Freeland still **faces another major hurdle** that is sure to prove contentious — choosing when to sell it, who gets to buy it, and for how much. An upcoming election and more than \$34 billion in construction costs are raising the stakes.

PROVINCIAL & TERRITORIAL POLICY TRENDS

WESTERN REGION

New LNG entrant plots rail shipments in B.C., avoiding need for long pipeline

A new entrant in the race to export liquefied natural gas believes that **rail would be the best option** for transporting the fuel from the B.C. Interior to the West Coast, before shipping it in tankers to Asia. Instead of requiring a lengthy new B.C. pipeline to

the West Coast, Summit Lake PG LNG envisages supercooling natural gas into liquid form near Prince George and then transporting the LNG in specialized shipping containers by rail to the Port of Prince Rupert.

Alberta says tax credit fuels investments in bioprocessing industry

Alberta says it will be home to the **largest renewable diesel facility in Canada** as Imperial qualifies for the Agri-Processing Investment Tax Credit program. Officials say the tax credit is attracting large-scale investment in value-added manufacturing with Imperial's \$720-million project to build the facility. When production begins in 2025, the government says Imperial's new facility will convert locally sourced biofeedstocks like canola oil into lower-emission renewable diesel, creating new demand for Alberta producers.

Alberta municipalities, farmers agree to cut water use as drought persists

Municipalities and irrigation districts in Alberta **have agreed to use less water** this summer to combat a severe ongoing drought, the provincial government said on April 19. Environment Minister Rebecca Schulz said water licence holders had signed new memorandums of understanding covering four river basins in the southern half of the province. Alberta opened water-sharing negotiations among licence holders for the first time in two decades as it entered its fourth year of drought this year.

PRAIRIE REGION

Provincial government refers federal oil, gas cap to Saskatchewan assessment tribunal

The Saskatchewan government is **taking issue with some new federal regulations** affecting the oil and gas industry. April 8 at the Saskatoon Cabinet office, provincial Justice Minister Bronwyn Eyre and Minister of Energy and Resources Jim Reiter announced the government's decision to refer recently announced federal regulations regarding an oil and gas emissions cap and with new regulations regarding methane to the Saskatchewan Economic Impact Assessment Tribunal. The tribunal, which was created as part of the Saskatchewan First Act, will be charged with examining the potential economic impact of the new regulations.

Trudeau says Saskatchewan to get carbon rebates despite province not paying levies

Prime Minister Justin Trudeau says Saskatchewan residents will **continue to get carbon rebates** even though the province has stopped remitting levies from natural gas to Ottawa. Trudeau says the Canada Revenue Agency has mechanisms to collect money the province owes. Ottawa had initially suggested rebates to Saskatchewan could be at risk, but that is no longer the case.

Report explores Regina-Moose Jaw Industrial Corridor's potential hydrogen economy

A new report from the Transition Accelerator and the Saskatchewan Research Council (SRC) has concluded that a hydrogen hub in the Regina-Moose Jaw Industrial Corridor (RMJIC) **has potential for the successful development of an industrial hydrogen supply chain** and related CCUS infrastructure. Co-authored by SRC and University of Regina, **"Hydrogen Hub Potential: A Feasibility Study for the Regina-Moose Jaw Industrial Corridor"** looks at the potential for the RMJIC to tap into that opportunity, producing, using, and exporting hydrogen to help build Saskatchewan's economy toward a net-zero future.

ONTARIO/QUEBEC REGION

Ontario premier calls cost of gas 'absolutely disgusting,' raises price-gouging concerns

Ontario drivers woke up to an average fuel price of 170.2 cents per litre on April 18 and Premier Doug Ford was among those frustrated by the gas price increase. During a question and answer period at a stop in Oakville, Ont., Ford **went off on gas prices**, mentioning concerns about price gouging and comparisons to gas prices south of the border.

Honda's \$15B Ontario EV plant marks 'historic day'

Japanese automaker Honda is putting \$15 billion into their Ontario operations with a new **electric vehicle manufacturing plant** in Alliston, Ont. with a joint \$5 billion coming from the federal and Ontario governments. Prime Minister Justin Trudeau, Ontario Premier Doug Ford, and Honda executives made the announcement at the Alliston plant April 25. The

\$15-billion project also includes plans to retool the existing Alliston plant to make solely electric vehicles and build a battery plant nearby and two battery part facilities elsewhere in Ontario.

ATLANTIC REGION

Stung by byelection loss, Furey has strong words for Trudeau and carbon tax

Newfoundland and Labrador Premier Andrew Furey says a number of factors could have played into the Fogo Island-Cape Freels district going from red to blue in the **April 15 byelection** — including views on the federal carbon tax. Progressive Conservative candidate Jim McKenna took 58 per cent of the vote in the byelection, defeating Liberal candidate Dana Blackmore and NDP candidate Jim Gill. PC Leader Tony Wakeham said the election showed residents aren't happy with the cost of living in the province, including the federally implemented carbon tax.

Newfoundland and Labrador must improve policies and government red tape to tap oil and gas potential

Newfoundland and Labrador's oil and gas sector remains a key component of the provincial economy. But with the ongoing sanctions on Russia's energy sector and recent attacks on commercial vessels in the Red Sea by Yemen's Houthi rebels, the province has an even greater opportunity to help Europe and the world overcome its energy supply challenges. To seize this opportunity, policymakers in St. John's **must remove the barriers that hamper investment** in the province's oil and gas industry, according to EnergyNow.ca.

GLOBAL RESEARCH TRENDS

Peak oil won't happen before 2030: energy researcher

Global oil demand **won't peak before the end of this decade** because of underwhelming fuel economy standards and slowing adoption of electric vehicles in the U.S., energy researcher Enverus says. Enverus is dismissing peak oil predictions by the International Energy Agency and instead forecasting that crude demand will rise to about 108 million barrels a day by 2030, according to a recent report by

the firm. "People including ourselves have been overestimating the impact of electric vehicles and fuel economy standards," the report's author, Al Salazar, said in an interview.

Industry-backed analysis touts 'climate advantage' of LNG exports

U.S. liquefied natural gas is **better for the climate** than coal or Russian gas when used for power generation in Europe and Asia, according to a new industry-backed report. The analysis, released April 16 by consulting firm Berkeley Research Group, assessed the life-cycle emissions of U.S. LNG and competing fuels in 13 countries: eight in Europe and five in Asia. LNG Allies and the American Exploration and Production Council commissioned

the report, which comes amid the Department of Energy's pause in LNG export approvals as it updates climate and economic analyses.

ATRI study touts renewable diesel's benefits

There are **operational and environmental gains** to be realized for fleets that favour renewable diesel fuel over battery-electric vehicles, according to a new study by the American Transportation Research Institute (ATRI). Along with cost savings tied to infrastructure and vehicle purchase price, the report contends that there also are significant negative environmental impacts at play when trucks already using renewable diesel convert to battery-electric. The ATRI study, "Renewable Diesel — A Catalyst for Decarbonization," was made public on April 23.

road chats

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ADVOCACY CORNER

Featured in the newsletter on a monthly basis, Advocacy Corner provides insight into federal and provincial political activity of importance to our Members. Read on to find out what decisions are being made, what's on the horizon, and what it all means for our sector.

Carbon Tax Redux, Part Two

Does it feel like the world revolves around the carbon tax? While it might not actually revolve around the carbon tax, the Canadian political ecosystem certainly does.

With key ministers dispatched across the country to strategically leak key pillars of the now-tabled federal budget, the Liberals did their best to change the channel of political commentary in Canada. To their credit, they did generate discussion about their plan to tackle the housing crisis, but with increasingly more provincial and territorial leaders joining Pierre Poilievre's campaign to "axe the tax," the Liberals' hopes were dashed.

Saskatchewan Premier Scott Moe, Alberta Premier Danielle Smith, and New Brunswick Premier Blaine Higgs each took their message to the Standing Committee on Government Operations and Estimates, where they railed on the federal program for making life unaffordable and doing little to meaningfully reduce global carbon emissions.

Newfoundland and Labrador Premier Andrew Furey took out his frustrations on the Prime Minister, placing the blame for a byelection loss squarely at the feet of the Prime Minister for defying his demands to cancel the carbon tax, which Furey argues doesn't work for his province.

What the premiers got in return was a combative Trudeau, who has become more forceful in the defence of his signature climate policy. There was Trudeau, challenging premiers to propose alternatives

to the Liberals' preferred market mechanism to price pollution and noting that Canada does not get "credit" for emissions reductions abroad.

With the two sides firmly entrenched in their respective positions, the political debate is bound to continue in circles until at least the next federal election.

Carbon Tax Debate?

Speaking of endless conversations, that appears to be precisely what's on offer from the carbon tax's opponents, with premiers calling for a First Ministers Meeting to discuss the program and federal MPs passing an Opposition Motion calling for the same.

The Opposition Motion presented a unique opportunity for Trudeau and company. Specifically, it called for the Prime Minister to host a televised meeting with his provincial and territorial counterparts to discuss the carbon tax.

While an hours-long, televised lambasting from provincial and territorial leaders on the carbon tax would be a no-go for the Prime Minister or his team, a televised conversation about climate action and the merits of the alternative proposals has drawn the interest of many pundits who believe this could be precisely the outlet the Prime Minister needs to quash the debate once and for all.

If it comes to pass, we'll be tuned in with popcorn in hand.

Renewable Fuel Infrastructure

In closing, we turn our attention to the federal budget. The Super Bowl of the political calendar, the budget is the biggest news-making opportunity for a government during the course of a year.

For CEMA members, Budget 2024 delivers three action items that will benefit the downstream sector and the rollout of clean fuels that support the industry's carbon reduction efforts:

- Retooling the Clean Fuels Fund to make \$776.3 million available to support clean fuel projects until 2029-2030. Natural Resources Canada intends to launch a call for proposals under the Clean Fuels Fund by the end of this year.

- Leveraging up to \$500 million per year from Clean Fuel Regulations compliance payment revenues to support biofuel production in Canada (more details will be provided in the 2024 Fall Economic Statement).
- Leveraging the Canada Infrastructure Bank to invest at least \$500 million in biofuel production under its green infrastructure investment stream.

As the voice of downstream industry proponents, CEMA continues to engage government decision-makers on how retail and distribution will be able to participate in these programs.



NEWS UPDATES

The following section is a summary of the top media headlines and coverage of key policy and issues impacting the transportation fuel marketing space. Please note that all orange text in the following section is hyperlinked. If viewing electronically, you can click to read full articles directly from the publication source.

GLOBAL

[OIL SETTLES LOWER AS U.S. BUSINESS ACTIVITY COOLS, CONCERNS OVER MIDDLE EAST EASE](#)

Oil prices fell on April 24 worries over conflict in the Middle East eased and business activity in the United States slowed, although a fall in U.S. crude oil inventories put a floor on those losses. Brent crude futures fell 40 cents to settle at \$88.02 a barrel, while U.S. West Texas Intermediate crude futures slipped 55 cents to \$82.81.

[ANALYSTS WARN HORMUZ CLOSURE WOULD CAUSE MAJOR OIL AND GAS PRICE SPIKE](#)

If tensions between Iran and Israel lead to the closure of the Strait of Hormuz, there will be a surge in crude oil and liquefied natural gas prices, say analysts with Indian Motilal Oswal Financial Services. The firm acknowledged that de-escalation efforts would help avoid a price spike.

[GLOBAL OIL PRODUCTION DROPPED BY 1.2 MILLION BPD IN FEBRUARY](#)

The world's crude oil production fell by 1.2 million barrels per day (bpd) in February compared to the same month last year as steep output declines in Saudi Arabia and Iraq were partially offset by a large annual production gain in the United States, data by the Joint Organisations Data Initiative showed on April 17.

EUROPE MOVES FORWARD WITH MAJOR HYDROGEN PROJECTS

Large-scale hydrogen production schemes are moving forward under clear EU directives and regulatory regimes. While the discrepancy between the number of announced projects and those reaching financial close remains large, some of the more credible projects are getting financed and starting construction.

EUROPE'S LOVE AFFAIR WITH ELECTRIC CARS WANES AS SALES PLUNGE

Volkswagen's EV sales in Europe have declined by 25 per cent due to heightened inflation, escalating energy costs, reduced subsidies, and softening EV goals by governments. Traditional combustion engine vehicles are witnessing a resurgence in demand in Europe, outpacing EV sales.

CARBON PRICE FALL DEPRIVES EUROPE'S GREEN FUNDS OF BILLIONS

A drop in the European Union's carbon price this year could mean that a fund intended to be among the world's biggest schemes for new green technologies will be smaller than budgeted for and potentially jeopardize some low-carbon projects in the EU.

UNITED STATES

BIDEN LIKELY TO TAP OIL RESERVE FOR SUMMER DEMAND

The Biden administration will likely need to tap oil from the country's emergency reserves to counter a spike in gasoline prices and amid inflation fears during the summer driving season. Motor fuel demand is expected to hit a new post-pandemic high.

EPA ISSUES EMERGENCY WAIVER ALLOWING CONTINUED AVAILABILITY OF E15 THIS SUMMER

The U.S. EPA on April 19 issued an emergency waiver allowing E15 to continue to be sold during the summer 2024 driving season. The action aims to provide relief from ongoing supply issues created by the war in Ukraine and conflict in the Middle East.

MINNESOTA BEGINS TRANSITION TO B20 FOR SUMMER MONTHS

Minnesota is beginning its transition toward a 20-per cent biodiesel blend (B20) for the summer. From October through March, the state requires all diesel to contain at least five per cent biodiesel (B5). From April 1-14, all diesel must contain at least 10 per cent (B10) biodiesel. Starting April 15, all diesel must contain a B20 biodiesel blend through the rest of the summer.

U.S.-JAPAN ALLIANCE INCLUDES ETHANOL AS CARBON REDUCER

President Joe Biden and Japanese Prime Minister Fumio Kishida in mid-April announced several new strategic initiatives to further advance the U.S.-Japan alliance, including the importance of ethanol as a decarbonization solution within the transportation sector.

TESLA TO LAY OFF 10% OF ITS WORKFORCE AS SALES FALL

Tesla will lay off more than 10 per cent of its global workforce, according to an April 15 internal memo, as it grapples with falling sales and an intensifying price war for electric vehicles. In a sign of further instability at the EV maker, Tesla's senior vice-president Drew Baglino announced his resignation the same day.

RIVIAN CUTS 1% OF WORKFORCE IN SECOND ROUND OF LAYOFFS

Electric vehicle upstart Rivian, which recently paused plans to build a Georgia factory, said in mid-April it is laying off more workers as it cuts costs to buttress its balance sheet. California-based Rivian said it will cut about one per cent of its workforce, the second announced round of layoffs for the EV maker this year.

CANADA

TRANS MOUNTAIN PIPELINE EXTENSION COULD BE TROUBLE FOR OPEC MEMBER IRAQ

Canada's newest oil pipeline may spell trouble for Iraq. The Trans Mountain pipeline's expansion, which will almost triple Alberta oilsands producers' ability to

ship their heavy crude to the Pacific Coast, will most directly affect a similar grade called Basrah Heavy that's produced in the Middle Eastern country.

WESTERN REGION

ELEMENTAL, CARIBOO TEAM UP TO ADVANCE CLEAN FUELS HUBS IN WESTERN CANADA

Next-generation clean fuels hubs will advance the production and distribution of low-carbon fuels including hydrogen and renewable natural gas in Western Canada as part of a new partnership between Elemental Clean Fuels and Cariboo Low Carbon Fuels Inc.

TRANS MOUNTAIN A 'GOOD STOPGAP,' BUT CANADA NEEDS MORE OIL PIPELINES, TAMARACK SAYS

The expansion of Canada's Trans Mountain oil pipeline is nearly ready for action. But Tamarack Valley Energy Ltd. chief executive Brian Schmidt sees a need for even more export capacity in the long run as drillers ramp up output from newer fields like the Clearwater play his company specializes in.

ONTARIO/QUEBEC REGION

QUEBEC EYED AS PRIME SPOT TO SUCK CARBON FROM ATMOSPHERE

Direct air capture has attracted hundreds of millions in financing in Canada and around the world. Project developer Deep Sky is aiming to establish carbon removal projects starting in Quebec, where access to cheap hydroelectric power is a draw for the energy-intensive technology.

ATLANTIC REGION

HOW NEWFOUNDLAND IS BECOMING A GREEN HYDROGEN HOTBED

In June 2023, World Energy GH2 purchased the port of Stephenville, N.L. Under the banner

of Project Nujio'qonik (Mi'kmaw for "where the sand blows"), and gunning to be Canada's first commercial producer of green hydrogen, it laid out plans to build three wind farms and to convert the town's decommissioned pulp and paper mill into a hydrogen-processing plant.

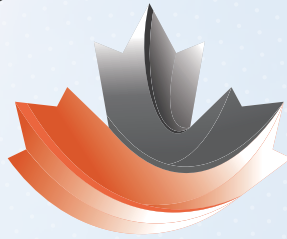
NORTHERN REGION

NEW COMPRESSED NATURAL GAS PROJECT TO BRING ENERGY SECURITY TO CANADA'S NORTH

The approval of the first compressed natural gas facility in the Northwest Territories is bringing energy security one step closer to remote and Indigenous communities in Canada's North. The Inuvialuit Energy Security Project will convert natural gas into compressed natural gas, propane, and diesel to be used for power, heat, and fuel in the Inuvialuit Settlement Region.



2024 GOLF CHALLENGE

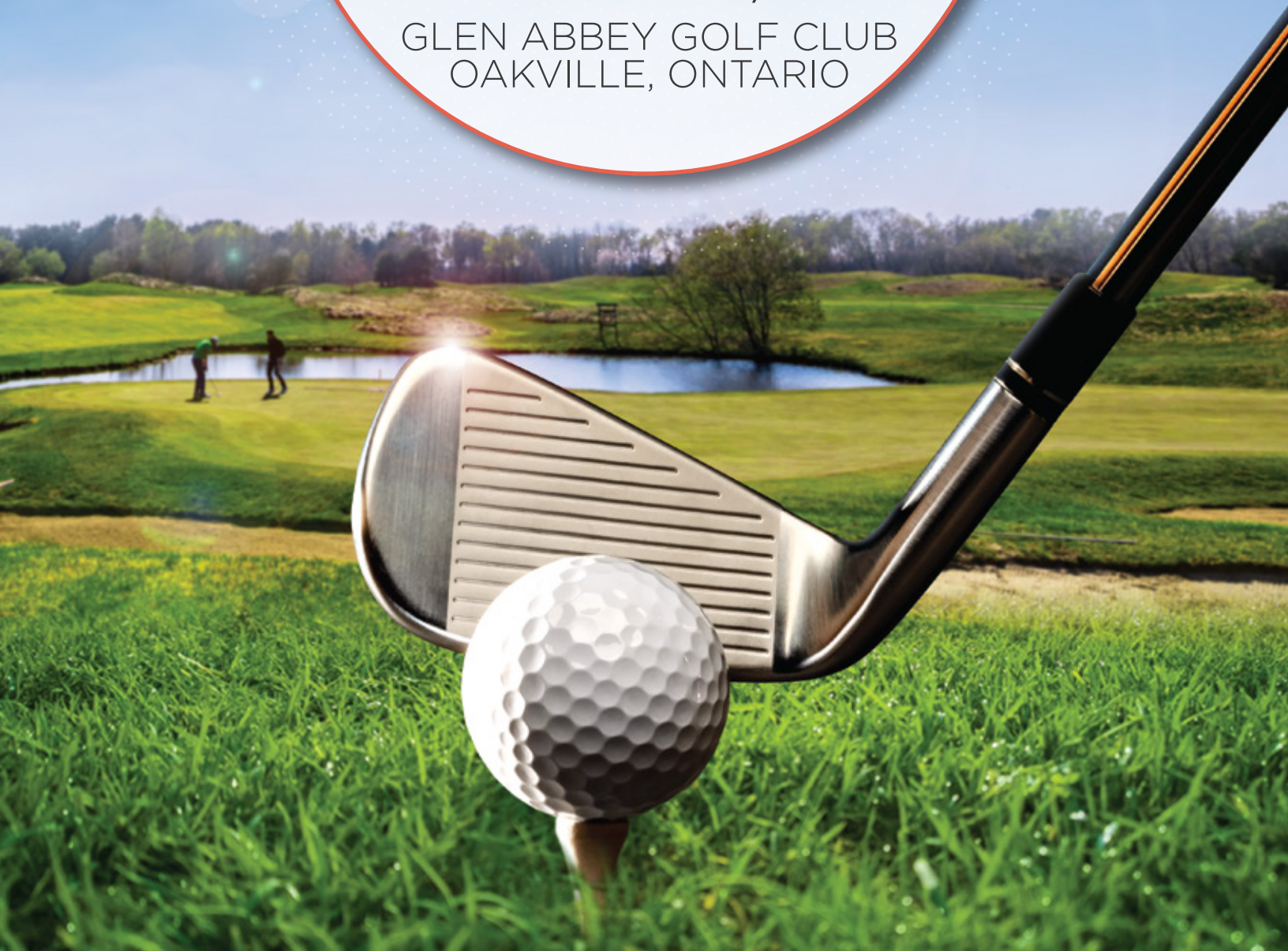


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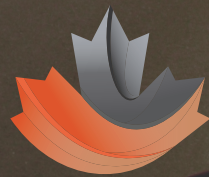
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