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Transmission by email

Re: CELA response to [Regulations Amending the Sulphur in Gasoline Regulations](#)

For your consideration, the Canadian Environmental Law Association (CELA) is responding to the [Regulations Amending the Sulphur in Gasoline Regulations](#), released for public comments in the [Canada Gazette, Part I, Volume 159, Number 50](#) dated December 13 2025.

[Canadian Environmental Law Association](#) (CELA) is a legal aid clinic dedicated to environmental equity, justice, and health. Founded in 1970, CELA is one of the oldest advocates for environmental protection in the country. With funding from [Legal Aid Ontario](#) (LAO), CELA provides free legal services relating to environmental justice in Ontario, including representing low-income and vulnerable or disadvantaged communities in litigation. CELA also works on environmental legal education and reform initiatives. CELA exists to ensure that low-income and disadvantaged people have access to environmental justice through courts and tribunals. As long as communities face barriers accessing environmental justice, there will be a need for CELA's work.

Canadian Environmental Law Association

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Summary

The *Regulations Amending the Sulphur in Gasoline Regulations* propose to extend a sulphur compliance unit (SCU) trading system that allows gasoline refiners and importers to use credits to meet limits on sulphur concentrations in gasoline, rather than strictly adhering to those limits in absolute levels. CELA urges the government to retract the proposed amendments.

Background

In 1999, the *Sulphur in Gasoline Regulations* were published under the Canadian Environmental Protection Act. Recognizing the harmful effects of sulphur in vehicle and engine emissions, the Department of the Environment sought to improve pollution, air quality, and health outcomes related to the combustion of gasoline. The Regulations imposed a limit on the sulphur content permitted in gasoline offered by refiners and importers in Canada. This limit was set at either 1) an annual average limit of 30 parts per million (ppm), with no batch to exceed 80 ppm, or 2) a simple batch limit of 40 ppm.

In 2015, the *Regulations Amending the Sulphur in Gasoline Regulations* sought to further reduce sulphur levels in gasoline by lowering 1) the annual average limit to 10 ppm and 2) the batch limit to 12 ppm, on a gradual basis. Additionally, the 2015 Amendments introduced a temporary sulphur compliance unit (SCU) trading system, where gasoline suppliers could gain credits from annual sulphur averages below the specified limit and apply them to compensate for future annual averages above the specified limit. With expiration set for 2019, the temporary stopgap was designed to facilitate suppliers' transition to stricter sulphur limits.

In 2020, the *Regulations Amending the Sulphur in Gasoline Regulations* extended the SCU trading system until 2025. Sulphur concentrations remained capped at an annual average limit of 10 ppm or a batch limit of 12 ppm. The Department cited undue difficulties for gasoline refiners and the COVID-19 pandemic as justifications for this extension.

The Proposed Amendments

The current *Regulations Amending the Sulphur in Gasoline Regulations* would again extend the SCU trading system until 2030. The proposed amendment would allow for SCUs from previous periods to be brought forward into the 2026-2030 period. The Department primarily cites commercial and production costs as justifications for this proposed extension.

Specific Concerns

CELA has the following concerns with the government's approach.

First, the proposed amendments would result in increases to sulphur releases and subsequently to air pollution. The Department acknowledges that the proposal would produce "some increases in sulphur and associated air pollutant emissions," triggering "minor effects on the environment and human health." The proposed amendments therefore counteract federal emissions and pollution reduction goals.

Second, the proposed amendments undermine the original objectives of the *Sulphur in Gasoline Regulations*. While the SCU was created as a "temporary mechanism" facilitating refiners' transition to lower sulphur limits, the proposed amendments seek to extend this flexibility for a second time, to eleven years after its original end. Following this proposed extension, the Department is considering a permanent trading system as part of its *Red Tape Reduction Plan and Progress Report*. The proposed amendments thus serve to transform a temporary stopgap into a permanent compliance loophole, contrary to the SCUs' intended application and to the *Sulphur in Gasoline Regulations'* compliance objectives.

Third, the proposed amendments would benefit from full and comprehensive assessment. Although the proposal underwent a *Strategic Environmental and Economic Assessment*, which highlighted health and environmental impacts, they were not made subject to the *Implementation framework for the right to a healthy environment under the Canadian Environmental Protection Act, 1999*. Such an implementation framework would have better accounted for the continued harm associated with sulphur on the health of communities and the environment. In tandem, the review of the regulations should have included a Gender Based Analysis. The Métis National Council, meanwhile, expressed concerns about the consultation of Indigenous stakeholders. Evidently, the proposed amendments would benefit from increased review.

Fourth, the Regulatory Impact Analysis Statement does not provide additional data demonstrating progress in sulphur emissions reductions from the facilities affected by the implementation of the SCU in the 2020-2025 period. Consequently, the proposed amendments do not provide evidence that such facilities are pursuing the necessary operational changes to lower sulphur levels in gasoline. These changes are particularly important for communities located in the close vicinity of several fuel refineries, which may be releasing higher levels of sulphur from their operations. The government should gather and publicly release data justifying that the proposed amendments will lower sulphur levels in gasoline as well as that facilities and companies are prioritizing operational planning and investments for lower sulphur levels in gasoline.

Recommendations

CELA urges the Department to retract the *Canada Gazette, Part I, Volume 159, Number 50: Regulations Amending the Sulphur in Gasoline Regulations*. The proposed

amendments would increase air pollution, undermine the regulation's original objectives, fall short of comprehensive assessment standards, and lack evidence of operational progress.

CELA recommends the government not to develop a permanent trading system for sulphur releases but rather identify how all facilities should be complying with the target sulphur levels of 10 ppm. Such a focus will be more predictable with respect to assessing the impacts of sulphur emissions to the environment and human health.

Canada should invest in meaningful reductions regulations for sulphur emissions, not maintaining substantially high sulphur levels in the long-term through an extended or permanent trading system. The European Union have the European Union's Commission Regulation No 582/2011 of 25 May 2011 (Euro VI) which sets a 10 ppm sulphur limit without a trading or credit system. The European Union demonstrates the feasibility of removing the SCU from the *Regulations Amending the Sulphur in Gasoline Regulations*.

This submission was written by Theresa McClenaghan with research contributions from Cooper Price.

Thank you for considering our comments and recommendations.

If you have any questions regarding these comments, please contact us at 416-960-2284.

Yours truly,

CANADIAN ENVIRONMENTAL LAW ASSOCIATION

A handwritten signature in black ink, appearing to read 'T. McClenaghan', enclosed in a simple rectangular box.

Theresa McClenaghan
Executive Director and Counsel