

CONNIE HEDEGAARD  
MEMBER OF THE EUROPEAN COMMISSION

Brussels, 2. 12. 2011  
*Ares (11)/1114770*

Dear Minister,

Commissioner Oettinger asked me to thank you for your letter of 19 October 2011 outlining your concerns regarding the implementation of Article 7a of the Fuel Quality Directive (FQD).

Studies on the lifecycle GHG intensity of a wide range of fuels have been conducted for the purposes of the FQD. Values for most of the fuels to be covered in the implementing measure originate from the Well-to-Wheel study. Oil sands, however, were not covered in the original study.

While there is a substantial body of published work relating to the GHG intensity of oil sands, the Commission has finalized a complementary study. The study indicates an average default value for oil sands and that there is evidence that emissions associated with extraction and processing of various feedstock sources can be linked to their natural properties.

As you are aware, the Commission study on oil sands has been subjected to a far-reaching peer review and discussed at a stakeholder meeting, in which Canada participated, and thus is a good scientific basis on which to determine an average default value for oil sands. It is apparent from the study, and as indicated in your letter, that there are overlaps in emissions from Canadian oil sands and other feedstocks for petrol and diesel. I welcome Canada's efforts undertaken to further examine the GHG intensity of oils consumed in Europe. However, when looking at the production weighted average for oil sand feedstocks, it is clear that their GHG emissions are higher than for other feedstocks. This fact was also confirmed in the CERA study.

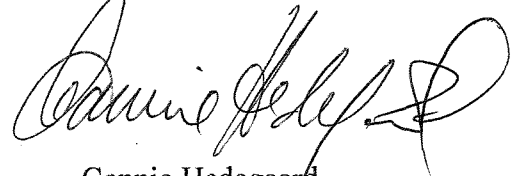
I also wanted to address your comment that the Commission's study is inadequate because it is not based on a comprehensive lifecycle assessment of fuels derived from crude oil that are used in the EU. Yet the central argument made by Canada, that conventional values are similar to oil sands values, also relies on studies that are assembled from results of several other studies and models (e.g. the CERA study). Furthermore, it appears that the prospect of a "comprehensive lifecycle assessment" is not likely to change the fact that, on average, the GHG intensity of oil sand-derived fuels is higher than of conventional crude-based fuels.

The Rt. Hon. Oliver  
Minister of Natural Resources  
Canada

In preparing the implementing measure, the Commission has been discussing various aspects of Article 7a with stakeholders since late 2009. The Commission has considered that the appropriate legislative approach needs to balance the accuracy and complexity of the reporting method with the degree of variability in the GHG intensity of different fuels. The Commission appreciates the efforts of the fuel industry to reduce their GHG impacts and it intends to facilitate and incentivise such improvements in the implementing measure to the fullest extent practicable.

Finally, I note Canada's view that development of a scientifically based default GHG intensity value for oil sand derived fuel would result in trade distortions or discrimination. I can assure you that I have liaised closely with my colleague responsible for trade matters to ensure that our approach is robust.

Yours faithfully,



Connie Hedegaard

c.c. Vice Presidents Ashton and Tajani; Commissioners De Gucht and Oettinger