

# Session SB64 (2026)

**Session starts:** 08-03-2026

## **Facilitative, Multilateral Consideration of Progress**

A compilation of questions to – and answers by – **Canada**  
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**Title:** Benefits of Uncertainty Analysis in Future Projections

**Question From Party:** Japan

**Question raised on:** 07.04.2026 CEST

**Question Category:** Mitigation actions, policies and measures supporting NDC implementation

**Question:** Canada first introduced Monte Carlo uncertainty analysis for GHG and air pollutant emissions projections in its BTR1. Compared to sensitivity analysis, what advantages do the results of this uncertainty analysis offer for improving and evaluating the progress of Canada's mitigation measures and actions?

**Answer:**

In Canada's BTR1, sensitivity analysis was used to illustrate how projected GHG emissions respond to discrete alternative assumptions related to economic growth and energy prices. These sensitivity cases produce a limited number of point estimates and showed a variation of approximately +3.8% / – 3.9% in projected 2030 emissions. While useful for understanding the directional influence of selected drivers, sensitivity analysis does not provide information on the likelihood of alternative outcomes, nor does it capture the combined effect of uncertainty across multiple parameters.

The Monte Carlo uncertainty analysis introduced in BTR1 extends this approach by providing a probabilistic characterization of future emissions. By simultaneously varying key input parameters related to economic activity and energy prices, the analysis generates a distribution of emissions outcomes rather than a small set of deterministic scenarios. Results are expressed in terms of confidence intervals and cumulative probabilities, allowing assessment of emissions outcomes associated with different levels of likelihood. For example, BTR1 reports a 95% confidence interval around the reference projection and uses cumulative probability results to identify emissions levels associated with an 80% probability, which is often interpreted as a “reasonable” worst-case outcome. Notably, this reasonable worst-case outcome is estimated to be only modestly higher (2.4%) than the With Measures projection.

For the interpretation of Canada's projections, this approach offers important added value. The probabilistic results improve understanding of the magnitude and likelihood of deviations from the reference case, provide information that can support consideration of risks and potential responses in the context of the nationally determined contribution, and help identify which underlying assumptions and parameters are the main drivers of uncertainty in projected national and sector-level emissions. In this way, the Monte Carlo uncertainty analysis complements sensitivity analysis by providing a more informative and policy-relevant characterization of projection uncertainty than deterministic scenarios alone.

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**Title:** Experiences and challenges implementing the Clean Fuels Regulation

**Question From Party:** European Union

**Question raised on:** 08.04.2026 CEST

**Question Category:** Mitigation actions, policies and measures supporting NDC implementation

**Question:** The European Union notes that the adoption of the Clean Fuels Regulation is one of the main levers for decarbonisation in light of the 2030 NDC target. This measure is estimated to reduce emissions by 26,600 ktCO<sub>2</sub>e in 2030. Could Canada please share any information on the scope and applicability of this policy and share any implementation experiences to date, including lessons learned, challenges encountered and any barriers that may affect the implementation?

**Answer:**

### **Scope and applicability of this policy**

The Clean Fuel Regulations (CFR) are one of the key measures for meeting Canada's current GHG emission reduction target under the Paris Agreement, and the goal of net-zero emissions by 2050. The CFR are advancing the use of clean technologies and fuels and have helped drive tens of billions in investments across Canada in projects, such as low-carbon fuels and carbon capture and storage.

The CFR require gasoline and diesel primary suppliers (i.e. producers and importers) to reduce the lifecycle carbon intensity (CI) of the gasoline and diesel they produce and import into Canada from 2016 levels, starting at 3.5 grams of carbon dioxide equivalent per megajoule (gCO<sub>2</sub>e/MJ) in 2023, increasing annually to 14 gCO<sub>2</sub>e/MJ in 2030, representing about a 15% reduction in CI from 2016 levels.

The CFR establish a credit market, where each credit represents the lifecycle emission reduction of one tonne of CO<sub>2</sub> equivalent. Credits can be created from a wide range of actions across all stages of fuel production and use--from extraction through processing, distribution and end use, including:

- Compliance Category 1: Clean tech projects (e.g., upstream emissions reduction projects like carbon capture and storage in the oil sector)
- Compliance Category 2: Supplying low carbon fuels and clean fuels (like ethanol, renewable diesel, hydrogen), and
- Compliance Category 3: Advanced vehicle charging/fuelling (like electric vehicles)

The Regulations also incorporate the minimum volumetric requirements that were set out in the federal Renewable Fuel Regulations (now repealed) requiring a minimum 5% low-carbon-intensity fuel content in gasoline and 2% low-carbon-intensity fuel content in diesel fuel.

Primary suppliers meet their obligations through credits which they create themselves or buy on from other voluntary parties who create credits. Transactions for credits occur through the credit market. Voluntary parties, such as ethanol and agriculture feedstock producers, face no regulatory obligation to reduce the CI of their fuels and only benefit from the regulations.

The CFR has significant environmental, economic, and human health benefits.

- The Regulations have helped drive tens of billions in investments across Canada in projects, such as low-carbon fuels and carbon capture and storage. These projects support good paying jobs for thousands of Canadians across the country.
- Canadian farmers also benefit from the CFR and the demand it creates for feedstocks for lower carbon fuels. Currently, the CFR is creating demand for canola at a time when tariffs have reduced export opportunities.
- The CFR will cut GHG pollution across the country, helping to prevent the costs of climate change on our health, infrastructure, and environment from increasing.

### **Implementation experiences to date – lessons learned**

**Allow sufficient lead time between regulatory publication and implementation:** In preparation for a new Regulation to come into force, a whole set of tools, processes, and a set of guidance documents must be developed to effectively and efficiently articulate the regulatory provisions and mechanisms embedded in the Regulations. Given the range of regulatory reports and applications to be processed, current regulators would need to have a highly functional electronic platform in place to process these varied submission types in a way that is user-friendly enough to support compliance. As such, appropriate lead time would enable the development and testing of robust IT systems, comprehensive guidance for participants, and time for more effective compliance promotion and outreach activities - ultimately supporting smooth onboarding and strong early compliance outcomes.

**Account for the learning curve among regulated parties:** Implementation timelines should reflect the significant time required for participants to understand regulatory requirements, become familiar with technical tools such as lifecycle analysis models, and develop the capacity to prepare and submit carbon intensity (CI) applications. CI modeling requirements demand a level of expertise, knowledge, and technical skills that will be required throughout the life of the Regulations. The time required to overcome the necessary learning and adaptation curve should not be underestimated. Early and sustained guidance, training, and support are critical to facilitate effective participation and reduce delays in credit creation, which is crucial for compliance.

**Invest early in building and training implementation teams:** Establishing a new regulatory program requires dedicated time and resources to recruit, train, and retain staff capable of reviewing complex applications and compliance reports. Developing internal expertise - particularly in technical areas such as lifecycle analysis, credit generation, and verification - along with standardized review processes and clear guidance, is essential to ensure consistent, timely, and credible regulatory oversight.

**Ensure sufficient lead time to develop verification capacity:** Effective implementation depends on the availability of qualified and accredited verification bodies to assess applications and reports. Establishing this capacity requires early planning with the accreditation organization to support the accreditation processes, build technical expertise, and scale the verifier pool in line with anticipated demand - helping to avoid bottlenecks and delays in credit creation and compliance reporting.

**Plan for regulatory review:** Establishing clear intent to undertake regulatory reviews is key to ensure the system remains effective, responsive, and aligned with evolving market conditions, technological developments, and policy objectives. Regular review processes enable timely adjustments, incorporation of lessons learned, and continuous improvement of program design and implementation by not only taking the above into account but also by acknowledging that the policy landscape changes over time and needs to be accounted for.

**Ensure market transparency with timely reporting on the credit market:** Entering into a new credit market, either as a regulated party or as a voluntary participant (credit creator) brings its share of economic, contractual, or logistical considerations. Regular, clear, and accessible timely reporting of credit market and compliance outcomes can be key to building confidence in the market. Transparent reporting helps participants make informed investment and compliance decisions, supports price discovery, and strengthens overall market integrity by reducing information asymmetries and enhancing accountability. However, it is important to consider that the rules of confidentiality can preclude the publication of certain information. A proper balance between transparency and confidentiality should be achieved.

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**Title:** Clarification on reduction of methane emissions from the oil and gas sector

**Question From Party:** European Union

**Question raised on:** 08.04.2026 CEST

**Question Category:** Progress towards/achievement of the NDC

**Question:** The European Union notes that in December 2023, Canada proposed amendments to strengthen the existing oil and gas methane regulations by increasing the stringency of the requirements and expanding the scope of application. Could Canada provide more details on the implementation status of these measures and their scope? Also, please share your experience on the challenges you have encountered.

**Answer:**

## **Status and Scope**

Canada finalized [Regulations Amending the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds \(Upstream Oil and Gas Sector\)](#), also referred to as the Enhanced Methane Regulations (EMR), in December 2023. The EMR apply to onshore oil and gas production, processing and transmission facilities, including liquified natural gas facilities. The first requirements of the EMR come into force in 2028, with full implementation of requirements by 2030. The EMR are projected to reduce Canada's oil and gas methane emissions by 72% in 2030, relative to 2012 levels.

Part 1 of the EMR requires facilities to take specific actions to manage methane, including taking actions to manage fugitive emissions, with the requirements calibrated according to the degree of risk; a prohibition on venting, with exemptions (e.g. for safety reasons or for maintenance); and requirements that set conditions for the use of flaring.

Part 2 is an optional, performance-based pathway, where facilities must demonstrate and maintain a low methane intensity. Facilities that opt in to Part 2 are no longer subject to the requirements of Part 1. Part 2 requires facilities to monitor emission rates at operating sites with a continuous monitoring system, and to take action if real-time methane emission rates exceed certain levels. The greater the emission rate, the faster a facility must take action to return levels to normal.

## **Implementation of the Enhanced Methane Regulations**

Canada is still preparing to implement the EMR, as the first requirements under the regulation take effect in 2028, and all regulatory requirements in effect by 2030.

ECCC has established an Enhanced Methane Regulation Guidance Technical Working Group to support the development of regulatory guidance. This group brings together regulated parties and technical experts to ensure that regulatory guidance is grounded in technical and operational expertise. Engaging stakeholders in the development of regulatory guidance builds confidence of regulated parties and ensures a common understanding of the regulations.

Equivalency agreements have been a success story for delivering methane emissions reductions in Canada. Under the Canadian Environmental Protection Act, 1999, equivalency agreements allow federal regulations to be stood down in favour of provincial rules that deliver, at minimum, equivalent emission reductions to the federal regulations. The Government of Canada is working with interested provinces on new equivalency agreements for the Enhanced Methane Regulations.

## **Implementation of Existing Methane Regulations for oil and gas**

Equivalency agreements respecting the 2018 federal methane regulations are currently in place in Canada's largest oil and gas producing provinces, Alberta, British Columbia, and Saskatchewan. This means that federal requirements are stood down in these jurisdictions where equivalent environmental outcomes between the federal and provincial regimes have been established.

The equivalency agreements require the provinces to submit an annual information sharing report that confirms that the provinces' regulatory regimes continue to be equivalent to the 2018 federal methane regulations. Information sharing requirements include reporting on the status of regulated facilities,

information assessing the implementation and effectiveness of the provincial regime, and a summary of compliance verification and enforcement or sanction measures applied to regulated facilities.

Canada's 2026 National Inventory Report (NIR) indicates that Canada achieved a 44% reduction of oil and gas methane emissions below 2012 levels in 2024, one year ahead of Canada's 2025 target to achieve a 40-45% reduction. The NIR employs a hybrid methane estimation framework that integrates traditional bottom-up inventory methods with independent top-down atmospheric measurements. This approach enhances the completeness, accuracy, and verification strength of methane emission estimates from the oil and gas sector as, unlike systems reliant solely on facility reported volumes, the NIR combines operator data with atmospheric measurements to detect, quantify, and correct emissions that may be underestimated or unreported in bottom-up datasets.

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**Title:** Use of monitoring results to adjust mitigation policies

**Question From Party:** New Zealand

**Question raised on:** 08.04.2026 CEST

**Question Category:** Mitigation actions, policies and measures supporting NDC implementation

**Question:** The technical expert review of Canada's first Biennial Transparency Report noted that Canada's monitoring of emissions and the results of mitigation actions allows adjustments to be made as needed towards achieving Canada's NDC. Could Canada provide further information on how monitoring results are used in practice to support achievement of the NDC, including details of the adjustment process?

**Answer:**

Canada has an iterative policy and planning cycle to support achievement of its Nationally Determined Contribution (NDC). Monitoring of greenhouse gas (GHG) emissions and mitigation actions is an important part of that cycle. Monitoring results are derived from several complementary sources, including the annual National Inventory Report and ongoing tracking of the implementation and estimated impacts of climate mitigation policies and measures. These data inform annual updates to Canada's emissions projections, including "with measures" and "with additional measures" scenarios. Canada's progress towards the 2030 target is then assessed and reported on annually. This analysis enables the identification of emissions trends, providing an evidence base for decision-making.

Canada's climate planning process is formalized through the *Canadian Net-Zero Emissions Accountability Act*, which requires regular progress reports and assessments of Canada's trajectory toward its emissions reduction targets. Progress reports on Canada's 2030 Emissions Reduction Plan are required in 2023, 2025 and 2027, and an assessment report in 2032. For the progress reports, if the projections indicate that the plan's greenhouse gas emissions target will not be met, the report must include details of any additional measures that could be taken to increase the probability of achieving that target. Examples of policy responses that could be noted include strengthening the stringency of existing measures, introducing new regulations or programs, or adjusting fiscal investments. These adjustments, if pursued, would be reflected in federal budget decisions and future reporting, including through BTRs and progress reports. This continuous feedback loop ensures that monitoring results are systematically translated into policy action, enabling adaptive management and supporting Canada's progress toward achieving its NDC.

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