QUARTERLY LOW CARBON FUELS MARKET OUTLOOK

OCTOBER 2026 | NAVIUS RESEARCH

BACKGROUND

Canada's Clean Fuel Regulations (CFR) establishes a market for tradeable compliance credits created through transportation decarbonization actions, such as low-carbon fuel blending, electrification and upstream emission reductions for gasoline and diesel.

BC's Low Carbon Fuels Standard (LCFS) also establishes a market for tradable compliance credits, by requiring renewable content in gasoline and diesel, and an overall reduction in GHG intensity of transportation fuels. Suppliers can comply with the policy by generating or purchasing credits.

Prices for CFR and BC LCFS compliance credits in the future are highly uncertain. This uncertainty is driven by the presence of multiple compliance pathways and overlapping policies across jurisdictions. For market participants, this poses a significant challenge when trying to anticipate how the credit markets will evolve.

Utilizing our comprehensive modeling tools, Navius is uniquely able to capture these uncertainties to deliver forecasts for future CFR and LCFS prices and compliance, as well as fuel prices and fuel demand. This can be leveraged by market participants to better understand and anticipate the future low carbon fuels market in Canada.

MARKET OUTLOOK

Navius Research's Quarterly Low Carbon Fuels Market Outlook provides market participants with an in-depth analysis of the CFR and BC LCFS credit markets, as well as how low carbon fuel demand and fuel prices are expected to evolve over time. These reports provide crucial insights into credit prices, helping industry better understand and plan for the future of the credit market.

The following is included in subscription:

1. **User-friendly excel dashboard** with figures and tables of key CFR and LCFS market metrics in two-year time-steps between 2023 and 2035.
2. **Report** summarizing the market outlook, modelling results, assumptions, and any key updates that have been made since the last quarter.
3. **Meeting** with Navius staff to discuss the results and ask questions.

We simulate several scenarios as part of the market outlook with the option to add additional scenarios as needed. In past forecasts we have explored policy changes in the U.S., potential amendments to the CFR, and impact of announced policies.

THE OUTLOOK INCLUDES

CFR CREDIT PRICES AND CREDIT COMPLIANCE BY TYPE



BC LCFS CREDIT PRICES AND CREDIT COMPLIANCE BY TYPE



FUEL DEMAND (E.G., HDRD, GASOLINE, ELECTRICITY, ETC.)



FUEL PRICES

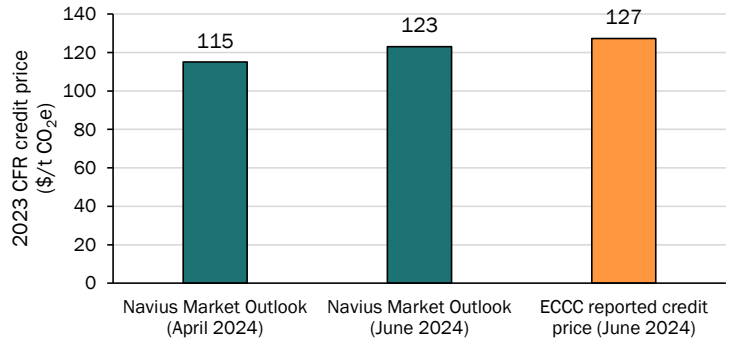


WHY NAVIUS?

Navius Research is an independent and non-partisan consultancy based in Vancouver. We operate proprietary energy-economy modeling software designed to quantify the impacts of policy on energy use and greenhouse gas emissions. Our analytical framework is used by our clients across the country to inform energy and greenhouse gas abatement strategy.

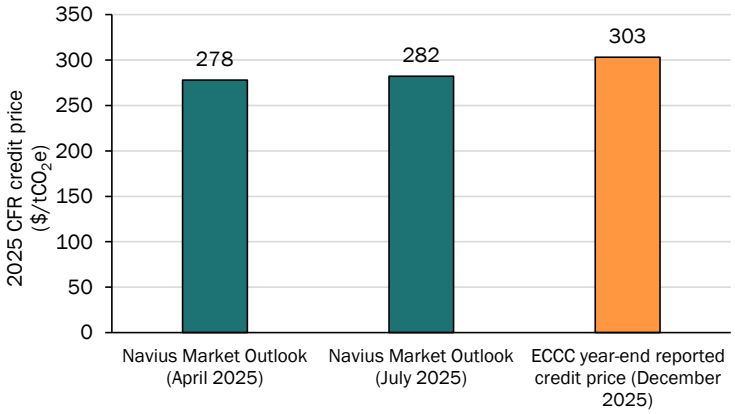
We have a proven track record of forecasting CFR and LCFS prices. Before Environment and Climate Change Canada (ECCC) released their first CFR compliance data, our model was already predicting a credit price within 3% of ECCC's reported price. The figure below shows our projections for the two CFR Market Outlooks completed prior to ECCC releasing their CFR compliance data.

Figure 1: 2023 CFR credit prices (forecast & actual)



Our forecasts have continued to track the market as they have evolved. CFR credit prices more than doubled between 2023 and 2025, and our April and July 2025 Market Outlooks forecasted a 2025 credit price of $278 and $282 per tonne, respectively, within 9% of the $303 year-end price ECCC reported in December 2025.

Figure 2: 2025 CFR credit prices (forecast & actual)



WE ARE PROUD TO HAVE WORKED WITH

ALL PROVINCIAL AND TERRITORIAL GOVERNMENTS

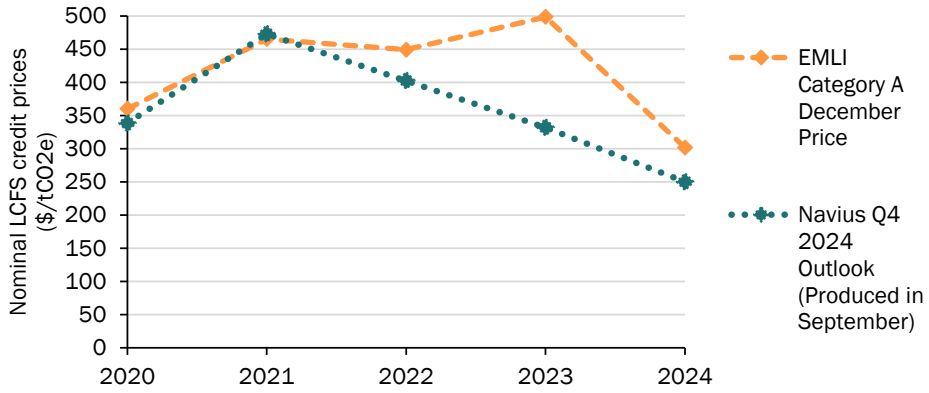
FEDERAL GOVERNMENT (E.G., ECCC, NRCAN, TRANSPORT CANADA)

UTILITIES, INDUSTRY ASSOCIATIONS AND ENERGY COMPANIES

NON-PROFIT AND RESEARCH ORGANIZATIONS

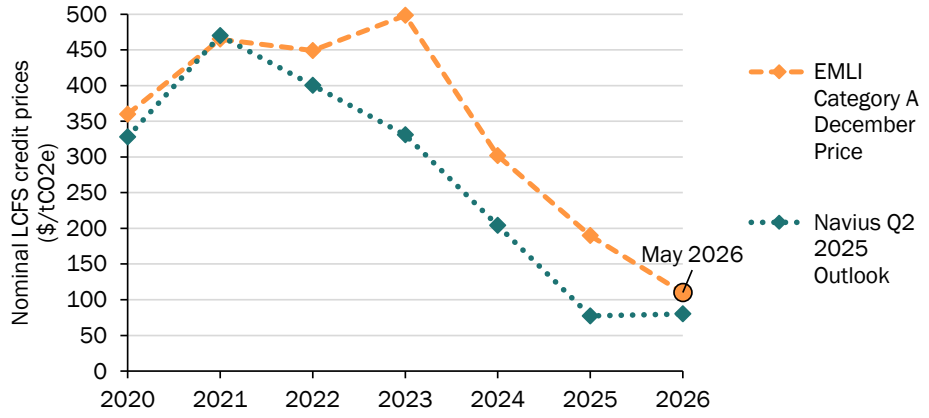
Navius also has a proven track record of predicting the trajectory of the future LCFS price. The figure below shows the BC Government's reported December LCFS credit price compared to Navius' Q4 2024 outlook, produced in September of 2024. Navius' gTech model excels at predicting the underlying cost of generating compliance credits, and we predicted the decrease in BC LCFS credit prices long before it happened.

Figure 3: BC LCFS credit prices (forecast & actual)



Our BC LCFS forecast continues to predict fundamentals before they are priced into the credit market. In July 2025, while the monthly BC LCFS credit price was at $240, our Q2 2025 Outlook forecasted a 2026 credit price of $80. By May 2026, the BC Government reported price had declined to $110.

Figure 4: BC LCFS credit prices (forecast & actual)



POWERED BY OUR gTech MODEL

FULL CGE ECONOMIC MODEL

TECHNOLOGICALLY EXPLICIT

CREDIT PRICES AND COMPLIANCE SIMULATED, NOT ASSUMED

ACCOUNTS FOR POLICY INTERACTIONS

LINKED TO AN HOURLY ELECTRICITY MODEL

FOR MORE INFORMATION PLEASE CONTACT: aurora@naviusresearch.com