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January 20, 2005

Mr. Jeffrey Guthrie
Program Engineer
Oil, Gas and Energy Branch
Environment Canada
351 St. Joseph Blvd.
Gatineau, Québec K1A 0H3

Re: Request from Yukon Environment and Northern Cross (Yukon) Limited (NCL) to Limit Off-road, Vessel and Locomotive Engines Diesel Sulphur to 750 mg/kg until 2010-2012

Dear Jeff:

CPPI has received views from a few of our members regarding your email request of December 21, 2004 to provide comments on the Yukon Environment/ NCL proposal for flexibility to allow 750 mg/kg sulphur (versus the Gazette 1 requirement of 500 mg/kg) in diesel fuel used in off-road, vessel and locomotive engines north of the 60th parallel until 2010 - 2012.

The proposal is not supported. The Notice of Intent for the regulatory requirement was issued in February 2001 thereby, allowing all refiners in Canada sufficient time to appropriately plan the needed changes to their plants to meet the 500 mg/kg requirement in the timeframe specified in the Gazette 1 Regulations. We see no valid reason to exempt the northern region because one single refiner, NCL, for what appear to be reasons of project economics, is unable to meet the 500 mg/kg sulphur limit.

In addition, we are not aware of any issue around reliability of supply to the Yukon, so there is no reason to grant the proposed flexibility on these grounds.

Finally, there are already built in flexibility provisions for northern regions in the Gazette 1 Regulations which provides more time for diesel fuel produced, imported and sold to meet the 500 mg/kg limit.

We hope these comments are helpful and would be pleased to discuss them further.

Sincerely,

Jack Belletrutti
Vice-President

cc: Bruce McEwen, Environment Canada