

Carney kills the fuel charge: Impacts on the oil and gas sector

March 17, 2025

Mark Carney wasted no time after being sworn in as Prime Minister of Canada on Friday, dismantling the federal consumption-based carbon tax, the fuel charge, by way of an order-in-council on the same day. The new Federal Government described the **policy as part of changes “...refocusing pollution pricing on industrial carbon pricing by effectively eliminating the fuel charge and removing the requirement for a consumer carbon price.”** Notably, the **Output-Based Pricing System (OBPS) will remain, and it is only the regulatory Fuel Charge being removed.** This raises questions about the future regulation of industrial facilities, how the price on carbon will be impacted over time, and if there can still be a reduction on emissions in Canada.

The changes were implemented by way of amendments to the Fuel Charge Regulations and were in effect as of Friday March 14, 2025. The key takeaways are as follows:

1. As of April 1, 2025, the rate of the Fuel Charge will be changed to zero (as listed in Schedule 2 of the Greenhouse Gas Pollution Pricing Act).
2. Every registration under Part 1 of the Greenhouse Gas Pollution Pricing Act will be cancelled on November 1, 2025.
3. As of April 1, 2025, there will be no requirement to be registered as a distributor, emitter, importer, user, user of combustible waste, air carrier, marine carrier, rail carrier, or road carrier.
4. As of April 1, 2025, there will be no requirement to file Fuel Charge returns.

British Columbia has already announced that they intend to follow suit and eliminate their provincial consumer carbon pricing legislation.

As the fuel charge is inherently interconnected to the OBPS regime imposed under Part 2 of the Greenhouse Gas Pollution Pricing Act, the authors anticipate further changes to **Canada’s federal carbon tax framework to come.**

Should you have questions about how the elimination of the fuel charge impacts your business, please reach out to any of the authors or key contacts listed below.

By

[Owen Clarke](#), [Laura Jochimski](#)

Expertise

[Tax, Energy - Oil & Gas](#)

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2025 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.