EMERGENCY FUEL RELIEF PLAN

SEPTEMBER 27, 2026

OVERVIEW

Today, Conservatives are announcing an ***Emergency Fuel Relief Plan*** to save Canadians today and fuel ourselves tomorrow with affordable and autonomous diesel production here at home. It seeks to cut diesel prices immediately through sweeping tax relief and bring home production rapidly to end reliance on the U.S. for diesel. The move comes as diesel prices hit record highs with Canadians paying 32 cents a litre more than the U.S. and 41 cents a litre more than the global average.

Grain Growers of Canada says farmers are paying $15,120 more in fuel for a single combine compared with last year. For larger farms, that can mean spending as much as $5,000 a day on diesel–nearly double the norm. Canadian families will pay massive price increases for everything that is moved by truck, train and ship, worsening the cost-of-living crisis.

Diesel fuel powers the tractors that grow our food, the trucks and trains that move it, construction equipment, generators that supply electricity to hundreds of remote northern communities, pickup trucks that tradesmen need to do their work, and diesel passenger cars that families bought to save money when diesel was cheaper than gasoline so they could afford to drive to work, go on road trips and drive their kids to hockey practice.

Furthermore, President Trump's suggestion of cutting off diesel exports reminds us that we should not rely on any other nation to produce diesel when we have the 4th biggest oil reserves on earth. Right now, the Americans buy our oil at a discount and sell us diesel at a premium.

Canada is increasingly vulnerable to disruptions in global diesel supply. The Strait of Hormuz, which carries about one-fifth of the world's petroleum liquids, has been choked off by the conflict with Iran. President Trump has also raised the possibility of restricting U.S. diesel exports.

On **September 21, 2026**, **diesel averaged $2.74 per litre in Canada**. The U.S. average was US$6.529 per gallon, or about C$2.42 per litre using the Bank of Canada exchange rate for that day. Canadians were paying 32 cents per litre more than Americans and 41 cents more than the world average. **Canadian diesel prices have risen by nearly 80 per cent over the past year**, from about $1.53 per litre to $2.74 per litre.

The ***Emergency Fuel Relief Plan*** will end that costly dependency. It will save Canadians money and fuel Canada at home. This plan will increase Canadian refining capacity, remove federal barriers to new investment, cut federal taxes on diesel, and build a strategic refined petroleum reserve so Canada has supply set aside for emergencies.

The plan includes:

Saving You on Fuel

1. Eliminating all federal tax on diesel sales until at least Canada Day.
2. Removing all diesel production taxes.
3. Eliminate the price gap with the U.S. within 5 years.

Fueling Ourselves At Home

1. Emergency Permitting for diesel refineries, storage and transportation.
2. 100% Year-One Deduction for investments in diesel production and distribution.
3. Build a strategic refined petroleum reserve.

SAVING YOU ON FUEL

The goal: eliminate the cost premium Canadians pay over the U.S. price.

Diesel Price Gap

On September 21, 2026, diesel was $2.74 per litre in Canada. The U.S. Energy Information Administration reported a U.S. average of US$6.529 per gallon on the same date. Using the Bank of Canada exchange rate of $1.4021 Canadian per U.S. dollar, that is approximately C$2.42 per litre. As a result Canadians pay 32 cents per litre more than the United States and 41 cents per litre more than the world average.

The federal government has numerous taxes that raise the cost of diesel. Conservatives want to scrap them.

Clean Fuel Standard: require producers and importers of gasoline and diesel to reduce the lifecycle carbon intensity of the fuel they sell in Canada. The requirement rises each year, and regulated suppliers must generate or purchase credits to comply. Environment and Climate Change Canada reported in 2023 that the CFR will add 6 cents to a litre of diesel in 2026, rising to 16 cents in 2030. It is effectively a new and growing consumer carbon tax. This Plan would scrap the CFR Tax.

GST

The federal government charges 5 per cent GST on diesel, about 13 cents a litre. The GST is applied to the final taxable price, including crude oil, refining and marketing costs and margins, the federal excise tax and applicable carbon and provincial fuel levies.

Canadian diesel production to one million barrels per day, fill demand in all regions of Canada with Canadian-refined diesel, and eliminate the Canada-U.S. diesel price gap, all within 5 years.

Industrial Carbon Tax (OBPS)

Canadian refineries are subject to industrial carbon pricing through the federal Output-Based Pricing System or equivalent provincial systems. Under the federal system, facilities must compensate for emissions above their annual emissions limit. The federal industrial carbon-price benchmark is $95 per tonne in 2026 and is scheduled to rise to $115 per tonne by 2030. According to Dan McTeague, President of Canadians for Affordable Energy, the industrial carbon tax adds 8 cents to each litre of diesel.

It also discourages new investments in refineries.

FUELING OURSELVES AT HOME

The goal: all Canadians have access to Canadian-made diesel by 2032, by enabling production of 1 million barrels of diesel and other distillate fuels up from 730,000 and connecting Canadian fuel to all Canadian markets.

The Emergency Fuel Relief Plan will bring home production of diesel to end our costly reliance on American refineries for diesel. Right now the U.S. buys our oil at a discount and sells diesel back to us at a premium. Our plan ends that.

Canada produced 42.3 million cubic metres of distillate fuel oil in 2025 (diesel and heating oil combined), equivalent to roughly 730,000 barrels per day. The Conservative plan will increase Canadian production to at least 1 million barrels per day while expanding the refining, storage and transportation capacity needed to supply Canadians in all regions with Canadian-produced diesel.

THE ACTIONS

Emergency Permits

Shovel-Ready Zones that pre-permit areas for diesel refineries, transportation, storage, so firms know that they can build without even applying as long as they follow all safety and environmental rules.

Scrapping C-69 immediately.

Federal Impact Assessment Process

In 2023, the Supreme Court ruled that the federal impact assessment law went too far. Ottawa changed the law in 2024 and has since removed some energy projects from the federal process, but large refinery projects are still covered. Alberta is now challenging the revised law in court, with Saskatchewan supporting the case.

Removing refineries from the federal impact assessment process would not remove environmental protection. Refineries would still have to follow federal rules on pollution, wastewater, leaks and monitoring, as well as provincial environmental laws and permits.

Interprovincial Shipping Barriers

Canada produces enough diesel to meet its national needs, but the fuel is not produced where it is consumed and transportation bottlenecks can leave some regions dependent on U.S. imports. The Canada Energy Regulator says refinery configurations, local logistics and seasonal demand cause Canada to import and export refined fuels at the same time, and concluded that regional energy security will not significantly improve without major transportation infrastructure changes.

POLICY

Building Toward One Million Barrels a Day

Conservatives will increase Canadian diesel and similar refined fuels production to one million barrels a day by 2032 and build enough domestic refining, transportation and storage capacity to supply all regions of Canada with Canadian-produced fuel and eliminate the Canada-U.S. diesel price gap within five years.

Emergency Pre-Permitting for Refineries

Conservatives will provide emergency pre-permitting and tax relief for fuel refining and transportation infrastructure. "Shovel-Ready Zones" will pre-permit areas for diesel refineries, transportation, storage, so firms know that they can build without even applying as long as they follow all safety and environmental rules. All new petroleum refinery projects and refinery expansion projects will be exempt from the federal impact assessment process.

Refineries will continue to comply with applicable federal and provincial environmental rules, including refinery effluent limits, air-pollution rules, leak detection and repair requirements, fenceline monitoring and applicable provincial environmental approvals.

Six-Month Federal Permitting Decisions

All federal permitting decisions required for refinery construction or expansion will be made within six months. Depending on the project, federal approvals can involve Fisheries and Oceans Canada, Transport Canada, the Canada Energy Regulator or other federal authorities. The six-month requirement will apply across federal departments so projects are not left waiting on sequential federal decisions.

Tax Relief for Diesel Energy Infrastructure

Conservatives will provide accelerated tax relief for investments that expand Canadian diesel production and move Canadian fuel to market. The government should grant capital gains tax-free reinvestment and 100% year-one deduction of investments in new refineries, refinery expansions, diesel and crude storage, pipelines and other fuel transportation infrastructure, and equipment needed to increase refinery throughput.

Build a Strategic Refined Petroleum Reserve

Conservatives will build a strategic reserve to protect Canadians during shortages. The federal government will contract Canadian refiners to supply and maintain millions of barrels of emergency gasoline and diesel that can be released during major supply disruptions.

The reserve will create a permanent Canadian emergency fuel supply while providing long-term, government-backed demand for domestic production and storage. This will give refiners greater certainty to invest in additional production and storage capacity instead of waiting for the next international supply crisis.

POLICY (CONT'D)

Fast Track Transportation Infrastructure

Fast-track permits and support investments that make it easier to move Canadian diesel to Canadian consumers, including rail-to-terminal connections, terminal expansions, port and berth capacity and other fuel-distribution infrastructure.

THE PATH FORWARD

Conservatives will move immediately to remove federal barriers to refinery investment, cut federal taxes on diesel, speed up permits, expand domestic refining and transportation infrastructure, and build an emergency fuel reserve. The target is clear: affordable Canadian diesel, supplied by Canadians for Canadians, in five years.