

Bill C-234 Senate What We Heard Report

Agriculture Carbon Alliance (ACA) is a coalition of 15 national farm organizations that collectively represent 190,000 Canadian farm businesses. In a time of rising costs, the increasing price on carbon for critical on-farm practices is a source of significant financial stress for farmers by reducing their profitability and negating working capital to invest in efficiencies on farm. This undermines farmers' ability to be competitive and provide food to Canadians and the world, as well as their ability to further adopt best management practices and improve sustainability efforts. As such, ACA members that include Canadian Canola Growers Association, Canadian Federation of Agriculture, Canadian Cattle Association, Grain Growers of Canada, Canadian Pork Council, Chicken Farmers of Canada, Turkey Farmers of Canada, Fruit and Vegetable Growers of Canada, Canadian Hatching Egg Producers, Canadian Forage and Grassland Association, National Sheep Network, National Cattle Feeders' Association, Dairy Farmers of Canada, Canadian Seed Growers' Association, and Mushrooms Canada have been advocating for the swift passage of Bill C-234, An Act to amend the *Greenhouse Gas Pollution Pricing Act* to extend the exemption of qualifying farming fuel to marketable natural gas and propane.

ACA representatives had an opportunity to meet with a number of Senators this year and have received a great deal of support for this important piece of legislation. In this document, we would like to address some of the questions and concerns we have heard so far from the honourable Senators during our meetings and during their speeches at the second reading of the bill at the Senate.

Climate change is a reality and farmers are at the forefront of it with the ever-increasing weather extremes – from droughts to floods, tornadoes, extreme heat, hail and everything in between. There is a concern that the exemption of farmers from carbon pricing would discourage them to introduce new technologies that could help further lower emissions from agriculture sector.

Climate change is one of the greatest challenges that we are facing today. Canadian farmers, growers and ranchers are at the forefront of it, and it is impacting their operations and livelihoods.

However, Canadian producers have been improving their sustainability practices and reducing emissions for decades without any carbon pricing imposed on them. Agriculture and Agri-Food Canada's (AAFC) briefing to the Standing Committee on Agriculture and Agri-Food (AGRI) indicated that "while production has increased significantly, total emissions from the sector have been relatively stable for twenty years, resulting in a



decrease of GHG emission intensity (GHG/\$GDP) of 50% from 1997 to 2017 compared to a 36% decrease for the Canadian economy as a whole over the same period.”¹ A number of ACA members are currently working on sustainability initiatives to continue to improve their environmental footprint.

In addition to improving their sustainability practices, farmers are also businesspeople, and are always looking for ways to increase the efficiency of their operation and cut input costs where possible. This has corresponding positive implications for broader farm-level sustainability, but also broader corresponding implications for their communities, the sector, and Canadians. As an example, farmers have demonstrated fuel use reductions through practices like conservation tillage, which requires significant upfront investments in equipment (air seeders, etc.). As a result of conservation tillage, there are benefits to soil quality (reduced erosion) and air quality (less dust). This was done in the absence of a carbon price because the incentive to reduce fuel, energy, water and other input costs on-farm is already a strong one, with energy and fuel costs representing one of the largest expense lines already - approximately 6% of farm expenses in 2021² and continuously growing (from 2021 to 2022 heating fuel had a 22% increase in costs, machinery fuel had a 59% increase and combined fuel had a 51% increase).³

Bill C-234 is intentionally targeted to those practices lacking current or imminent viable alternatives, where a carbon pricing signal has no capacity to drive behaviour change. It includes a sunset clause to examine whether this context persists in eight years’ time, ensuring there continues to be justification for such an exemption. The intention is not to shirk responsibility for making progress on climate change, but instead, to ensure available capital is best allocated to meaningful efficiency and productivity improvements in the short-term.

Carbon pricing is designed to change the behaviour, but when viable alternatives do not exist to power, heat or cool farm activities, equipment, and buildings, it just takes away the very capital farmers would be able to invest in their operations to help reduce emissions and adapt to the various challenges climate change brings to their farms.

¹[Briefing from the Department of Agriculture and Agri-Food to AGRI](#). February 27, 2020.

² [Statistics Canada. Table 32-10-0136-01 Farm operating revenues and expenses, annual](#)

³ [Statistics Canada. Table 32-10-0049-01 Farm Operating Expenses and Depreciation Charges \(x 1,000\)](#)



There are some promising alternative technologies emerging that could be introduced on farms and help significantly reduce on-farm emissions. Would passing Bill C-234 erode the carbon price signal and delay the implementation of these new technologies?

Farmers are already investing in solar, wind, and other non-GHG emitting energy sources where they can. However, in many instances, a wholesale change in technology and the necessary infrastructure to support new alternatives will take time. Every farm has unique needs and abilities to try new practices or technologies, therefore viable changes should be expected to be made on a gradual curve, promote productivity and be affordable. Farmers have been reducing their carbon footprint for decades, without any carbon pricing incentives. They care about the environment and will continue to implement best management practices and invest in innovations on their farms, whenever possible. Even though some technologies are being developed, they are not commercially viable on a widespread basis yet. Bill C-234 has a sunset clause that would expire after eight years from the day of royal assent, allowing the government of the day to determine if there are viable alternatives in place other than natural gas and propane to support reliable food and broader agricultural production.

As the [Agri-Food Innovation Council](#) indicated in their brief submitted to the House of Commons Standing Committee on Agriculture and Agri-Food (AGRI committee):

“Research and innovation on the use of alternative/renewable energy show significant promise for farming operations. However, the technology is not at a point where it is viable for many farming operations. Further research and new innovations are needed to meet the needs of the agri-food sector. As alternative sources of energy sources are identified, it would be important to think about scalability, affordability, and adoption. Does this mean that we will never get to the point where we’re able to replace propane and natural gas? No. But most experts indicate that we would need at least a decade before we are able to have workable, proven, affordable and scalable alternatives.”⁴

There are some emerging alternatives like electrification, improving insulation and ventilation, installing heat pumps, and using biomass, among others. But as multiple witnesses have indicated during their testimonies at the AGRI committee meetings, they are not scalable and commercially viable at the moment, and there are also some other things to consider when looking at those alternatives. For example, as an ACA Co-Chair indicated during his testimony: “There’s certainly validity to some biomass digesters on-farm, but you would be increasing your diesel use by taking your tractor on farm, and your labour costs. You would also need to dry that feedstock and store it in some manner, which creates a lot of fire hazards, particularly in the Prairies,

⁴ [Brief from the Agri-Food Innovation Council to AGRI on Bill C-234](#). October 2022.



where we have changing weather patterns. Farmers would need to constantly be stocking that thing. Like heating your home through a wood fireplace in your family room, it's a labour-intensive thing. It's not scalable. And we also need to ensure that farmers remain competitive to keep food costs down for Canadians and grow our exports.⁵

Another example that has been discussed is the electrification of grain drying. Not all farmers have access to a viable electrical grid. Additionally, the electrical system would have to provide access to the necessary amount of electricity. At the moment, only propane and natural gas can guarantee access to a very large demand of energy load needed to run a grain dryer. You would need access to at least a three-phase network, but it's not clear if even that would be enough. The challenge with grain drying is that you have a high energy requirement in a short period of time. As the General Manager from [Producteurs de grains du Québec](#) indicated during his appearance at the AGRI committee, "the three-phase network also depends on the power demand. If there are thirty dryers on the same row, the lights should not start flickering in the houses around the grain-producing farms".⁶

Similarly, passive or suction drying of grains in bins present its own challenges. While these approaches may work for some smaller scale operations under ideal climatic conditions, they are generally viewed to be unreliable or unworkable for most commercial operations due to the weather conditions and volume of grain that requires drying post-harvest. Grain farmers that have assessed these technologies and practices find they are generally unable to remove sufficient moisture to keep pace with the volume of grain harvested to meet market specifications and avoid spoilage if anything but a minimal amount of grain drying or conditioning is required for storage. Passive or suction cooling may be able to dry several hundred bushels of moderately dry grain per day under ideal conditions, however a large-scale propane or natural gas fuelled drier can dry anywhere from 500 to several thousand bushels per hour. With farms harvesting in excess of 30,000 bushels a day, there is no existing viable alternative to natural gas or propane-fuelled grain dryers.

Another point to consider would also be – even if the technology appears and it's commercially viable, how quickly would all farmers have access to it? Would the cost of the initial investment be even reachable for new and young producers, who need so much capital to start their farm operations, or would it be another barrier for them. How much time would it take to produce the technology on a Canada-wide scale and to distribute it to producers? As the Chairman from [Grain Farmers of Ontario](#) suggested during his appearance at the AGRI committee, take for example the case with electric vehicles.⁷ The technology has been around for

⁵ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 3, 2022.

⁶ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 3, 2022.

⁷ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 17, 2022.



decades, but we still don't have the majority of Canadians using them and we still don't have a reliable infrastructure to properly service them across the country.

The Chief Executive Officer from [Agri-Food Innovation Council](#) also pointed out during his appearance at the AGRI Committee last fall: "There's the cost for the first investment. Is the technology manufactured at a scale that will enable all the producers to be there? It's not. Is it viable in various regions of the country? Is it viable in northern Ontario as much as it is in southern Ontario?"⁸

These issues therefore involve multiple stakeholders in the supply chain and will take time to be addressed. In the meantime, the passage of Bill C-234 will keep more capital in farmers hands to invest in efficiencies and technologies now that can reduce emissions and promote productivity.

Fuel charge proceeds paid by farmers are returned to farm businesses in backstop provinces in full. Why would we need to provide exemption to farmers if they receive rebates?

Unfortunately, the current exemptions and rebates are based purely on definitions of eligible farming activity, qualifying farming fuels, and eligible farming equipment outlined in the *Greenhouse Gas Pollution Pricing Act* that does not cover all carbon surcharges that farmers pay. In addition, as was confirmed by the Finance Canada official during his testimony at the House of Commons Committee on Agriculture and Agri-Food meeting, the rebates will differ from farm to farm as the Government is taking an aggregate approach. So, the statements that farmers get 100% of carbon taxes back are not correct:

Mr. Miodrag Jovanovic (Assistant Deputy Minister, Tax Policy Branch, Department of Finance): "I think it's important to clarify revenue neutral. The concept of revenue neutrality here is on an aggregate basis. Again, the approach that has been determined as preferable by the government is to look at the envelope, the total amount of fuel charge paid by the farming sector—as I said, an estimated \$100 million for 2021-22—and give that money back to the sector in an equitable manner, in a way. For each farm, it would be based on the amount of total expenses. The intent is not to pay back what each farm paid. That's different. That's not the objective of this measure."

Mr. Miodrag Jovanovic: "What we know is that the refundable tax credit will provide for the first year about \$820 per farming business. That is the average. We are returning all of the proceeds, so that would be roughly equivalent to the average fuel charge that's paid by these businesses. There is a lot of variability

⁸ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence](#). October 17, 2022.



around that average, as you can imagine, based on the size of the business. There is also a lot of variability based on the type of production. Again, we recognize that this is the average, but yes, it's about \$820.”⁹ In reality, many farmers pay much more in carbon taxes than they get back in refunds (see Carbon Tax Examples section below). We believe that the right approach is to proceed with a targeted and time-limited carbon pricing exemption for specified on-farm fuel. This in turn will allow farmers to keep more working capital to invest back in the efficiency and sustainability of their operations. Investments in these technologies can cost hundreds of thousands of dollars and, when no alternative exists, carbon surcharges pull capital away from these critical investments that would augment the sector’s potential to further reduce emissions. These investments can include energy efficient grain dryers, anaerobic digesters, solar panels, or precision agriculture technologies.

We also heard concerns about possible double dipping, meaning that farmers would receive both the rebates and the exemption if Bill C-234 is passed. While the bill does present the potential for an overlap with the existing rebate offered in backstop provinces, the government has the capacity to resolve this concern after receiving royal assent through a simple policy directive to CRA to not process rebates where an exemption exists.

Government has already introduced a suite of government support programs to help farmers adopt new technologies. Wouldn't this type of support be better than exempting producers from carbon pricing?

Farmers, ranchers and growers are always looking to increase their efficiency and lower their input costs by implementing new technologies and the latest best management practices to their farm operations. To be able to continue to invest and introduce new technologies, which can cost hundreds of thousands of dollars, farmers need available working capital.

While government subsidy programs can help, receiving money from these programs is inherently delayed, and the scale of funding required to benefit all 190,000 Canadian farm businesses requires significantly more investment than current program levels. A multifaceted approach, where farmers retain access to working capital, while having the opportunity to participate in subsidy programming for adoption of practices that otherwise lack a clear business case will give farmers a variety of tools to help with faster uptake of beneficial technologies and practices. Current programming alone is not sufficient.

⁹ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence](#). June 16, 2022.



One of the examples that we heard was the [Supply Management Processing Investment Fund](#). This program is limited to supply managed industries, as a form of compensation for lost markets resulting from market access concessions in recent trade agreements. It is inaccurate to characterize this compensation as a response to the impacts of capital tied up in mounting carbon price surcharges that lack viable alternatives. [The Climate Action Incentive Fund \(CAIF\)](#) is also often raised by the government as a counter-solution to exemptions. The CAIF commits a portion of revenue collected by the carbon tax for rebates and retrofits that reduce carbon emissions for small and medium size enterprises — such as farms.

The CAIF would rebate up to 25% of total eligible costs, no less than \$20,000 CAD and no more than \$250,000 CAD per project and per recipient and was available to applicants operating in the provinces of Saskatchewan, Manitoba, Ontario, and New Brunswick. Unfortunately, CAIF has not been open for applications since the summer of 2019.

Another government program that is often brought up is [Agricultural Clean Technology Program \(ACT\)](#), which aims to create an enabling environment for the development and adoption of clean technology that will help drive the changes required to achieve a low-carbon economy and promote sustainable growth in Canada’s agriculture and agri-food sector. The ACT Program offers cost-shared funding under 2 streams: the [Adoption Stream](#) and the [Research and Innovation Stream](#).

The Adoption Stream provides financial support for the purchase and installation of commercially available clean technologies and processes with a priority given to those that show evidence of reducing greenhouse gas (GHG) emissions, and other environmental co-benefits. The Research and Innovation Stream supports pre-market innovation, including research, development, demonstration and commercialization activities, to develop transformative clean technologies and enable the expansion of current technologies.

While ACA welcomes government initiatives to support farmers, growers and ranchers in their adoption of clean technologies, this program alone cannot be relied upon to enact transformative change. The current allocation of funding for the ACT, for both streams combined, is \$495.7 million.

- Clean technologies, such as energy efficient grain dryers, precision agriculture technologies, or solar panels, cost thousands, to hundreds of thousands of dollars. Even if the federal government budgeted \$25,000 for all farmers (minimum government allocation per adoption stream application) the amount needed to benefit all 190,000 farm operations is \$4.75 billion. Farmers still need to come up with the difference for these projects as this is a cost-shared program of 40% AAFC, and 60% for most farmers.



- Additionally, intake for the adoption stream of the program have been sporadic, with it currently being closed for applications. An exemption on natural gas and propane would allow farmers to keep that money otherwise spent on the surcharge to help invest in more efficient technologies, while also utilizing this program if required.

[The On-Farm Climate Action Fund](#), is a \$200 million federal program to assist producers in adopting beneficial management practices (BMPs) that store carbon and reduce greenhouse gases. While Budget 2022's commitment to add an additional \$470 million from 2022-28 is welcomed, the program alone cannot be responsible for efficient, widespread adoption of practices given the number and variety of scales of farms in Canada. The same reasoning can be applied to the recently implemented federal-provincial-territorial Resilient Agriculture Landscape program (RALP). Also, to be eligible for RALP producers are required to have an Environmental Farm Plan (EFP) in place, and if they don't have it already, this could act as another barrier in terms of time and resources needed to actually access the funding.

Therefore, while these support programs are welcome, collectively they should be used as one policy tool, and not the only, to encourage faster adoption of more efficient technologies and BMPs.

In conclusion, by passing Bill C-234, you will show your support to Canadian farmers, growers and ranchers by providing a targeted and time-limited carbon pricing exemption for specified on-farm use. During these volatile times with climate change, increasing input costs¹⁰ and growing interest rates, the rising cost of the carbon price in the absence of viable alternatives will undeniably put downward pressures on farm profitability moving forward¹¹, when realized net farm income has already fallen by 9.5% in 2022¹² and farm debt is on the rise.¹³ Bill C-234 received multi-party support in the House of Commons, with unanimous support from the Green Party, NDP, Bloc and Conservatives. Some Liberal MPs voted in favour of the bill as well, including the Chair of the House of Commons Standing Committee on Agriculture and Agri-Food. We are hoping to see strong support for Canadian farmers from Senators as well. Exempting farmers and leaving more money in their pockets so that they can continue to invest in their farms, contribute to local economies and feed Canadians and the world is absolutely the right thing to do.

¹⁰ [Statistics Canada. Table 32-10-0049-01 Farm Operating Expenses and Depreciation Charges \(x 1,000\)](#)

¹¹ [Backgrounder: Preliminary Costs of the Federal Carbon Backstop on Saskatchewan Agriculture, Agricultural Producers Association of Saskatchewan](#)

¹² [Statistics Canada, "Farm Income, 2022", The Daily. May 25, 2023.](#)

¹³ [Statistics Canada. Table 32-10-0051-01 Farm Debt Outstanding, classified by lender \(x 1,000\)](#)



Examples of Carbon Tax Cost on Farm

From AGRI Committee appearances:

- **Mr. Jasmin Guénette (Vice-President, National Affairs, Canadian Federation of Independent Businesses):**

“From our perspective, it's better to offer not paying the taxes than to offer rebates. You are right that in a previous survey we asked our members how much the carbon tax was costing them, and we came up with the figure of **\$45,000**. The carbon tax is extremely expensive for our farm members. Bill C-234 would be helping our members deal with huge cost increases on their farms, cost increases related to energy and fuel use and other increases. – October 3, 2022¹⁴

- **Mr. Brendan Byrne (Chairman, Grain Farmers of Ontario):**

“Fifth, the rebate that's been presented to us falls far short of what's actually paid. **Less than 15% of what grain farmers are paying is returned by the government rebate.**” – October 17, 2022¹⁵

- **Mr. Raymond Orb (President, Saskatchewan Association of Rural Municipalities):**

“Recent studies have shown that Saskatchewan farmers can expect to lose 8% of their total net income to the carbon tax. For a household managing a 5,000-acre grain farm in Saskatchewan, this will take the form of **\$8,000 to \$10,000.**” – October 17, 2022¹⁶

- **Mr. Mike Medeiros (President, Canadian Mushroom Growers' Association):**

“My farm currently pays carbon tax in excess of **\$150,000 a year**. We have examined the rebates offered, and we have been unable to access any rebates, or we found them too little to offset the costs.” – October 24, 2022¹⁷

- **Mr. Hessel Kielstra (Mountain View Poultry Farms):**

“As for financial viability, we face the following. Every \$10 per tonne of carbon tax costs us significantly more each month, and when the cost goes to the intended level of \$170 per tonne, our cost will rise to an average of approximately **\$40,000 per month**, or approximately **\$480,000 per annum.**”

¹⁴ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 3, 2022.

¹⁵ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 17, 2022.

¹⁶ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 17, 2022.

¹⁷ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 24, 2022.



“Hopefully this helps you in your deliberations. If necessary, I'm available in a number of different forms. I also took a page to show what we paid in the last year. We **paid in the last 12 months \$106,000**. At the projected price of \$170 per tonne, that will come to \$475,000.” – October 24, 2022¹⁸

- **Ms. Peggy Brekveld (President, Ontario Federation of Agriculture):**

“I'll provide this example. This year, the fuel charge added just under **\$10,000 to one turkey farmer's cost of production**. That's significant to him. It's not an old and inefficient operation. In fact, he's already insulated the walls and ceilings of the barn and sought out energy efficiency where it makes financial sense. Why did he make those changes? It was primarily because government incentive and cost-share programs allowed him to meet the threshold for change, and the return on investment was reasonable. With \$10,000 this year and a **projected \$32,000 per year by 2030**, those amounts of fuel surcharges will significantly impact his ability to do any further efficiencies that might exist.” – October 24, 2022¹⁹

- **Mr. James Bekkering (Board Chair, National Cattle Feeders' Association):**

“We are one of the few feedlots in our sector so far that does a steam-flaking process, because we utilize a lot of corn on our farm and it's a more efficient way of processing that grain. There's been some increase in that as well, and it's essentially adding efficiency to the grain that we're feeding, thus making the cattle more efficient. I just pulled up the numbers and, in our last six months, since our last increase to the carbon tax, our farm in that process alone has paid **\$14,000**, which equates to 75¢ per tonne of grain that we produce.” – October 24, 2022²⁰

Further Examples from ACA Members:

Mushrooms Canada:

A medium-sized mushroom farms that employs about 100 people can pay up to **\$15,000 in carbon tax each month** while using natural gas to heat and cool the buildings where the mushrooms are grown. The carbon tax bills paid are as follows:

- The carbon tax bill is \$9,000 for the month of July.
- The carbon tax bill is \$14,200 for the month of January.
- The total annual cost is **more than \$150,000 per year** for the carbon tax for one single farm alone.

¹⁸ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 24, 2022.

¹⁹ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 24, 2022.

²⁰ [House of Commons Standing Committee on Agriculture and Agri-Food, Evidence.](#) October 24, 2022.



Canadian Hatching Egg Producers:

In 2022 one of our hatching egg farmers in SK paid **\$9,107.48 in carbon taxes** on electricity, propane and natural gas. Three energy sources that their farm cannot go without to operate throughout the cold winters. **The rebate received was only \$2,637.41** leaving them out of pocket for \$6,470.07 in direct carbon tax costs on energy. This is only a drop in the bucket when you must consider the additional cost the farmer has to pay for feed that required grain drying and transportation. Unfortunately, it is quite clear that the carbon tax rebate for our farmers does not come close to covering the amount paid.

Canadian Cattle Association:

Two example farms are presented to outline the wide variation in carbon surcharges faced by cattle farms across Canada. The first cattle farm example uses natural gas to heat a calving shed and a small shed for holding a couple of tractors and their work bench. The second example cattle farm has a steam flaker that uses propane to flake corn to improve the digestibility of the feed. The first farm will have a **\$6500 annual carbon tax** while the second will have a **\$63,000 annual carbon tax** once the carbon tax reaches the expected \$170/tonne.

Chicken Farmers of Canada:

In 2017 Alberta Chicken Producers conducted an energy utilization survey among their farmers to quantify the impact of the carbon price. Depending upon the size of the operation, the carbon price is estimated to cost an **average of \$41,000 annually to our chicken farmers.**

Fruit and Vegetable Growers of Canada

Currently, the exemption provided specifically for greenhouse growers is partial relief at 80% of the fuel charge applied to the natural gas and propane used for heating. That relief is essential for Canadian-owned farms to continue to produce, handle and ship perishable fruit, vegetables and other products in Canada. As the federal carbon price is slated to increase to \$170 per tonne CO₂e in 2030, that remaining 20% continues to grow substantially in absolute dollar value to the point where the 80% relief provided at \$20 per tonne CO₂ equivalent (CO₂e) is negated.

Across Canada, there are a total of 837 commercial greenhouse vegetable growers in Canada ranging in size from <30 acres to over 200 acres. Total impacts on the sector are not simple to calculate or forecast. However, based on publicly available data collected by Environment and Climate Change Canada's Greenhouse Gas Reporting Program (GHGRP), we know that for the largest 30-45 greenhouse operations in BC, AB, and ON who must report their emissions, the fuel charge costs continue to rise substantially:

- \$2.4 million in fuel charge costs, each year in 2017, 2018. (\$20 per tonne CO₂e)
- \$2.9 million in fuel charge costs in 2019. (\$20 per tonne CO₂e)



- \$5 million in fuel charge costs in 2020. (\$30 per tonne CO₂e)
- If we assume for a moment that emissions remain at 2020 levels, when the price on pollution rises to \$170 per tonne CO₂e, as it will in 2030, it will mean that for this small subset of greenhouse operators, the expected (20%) fuel charge costs would climb to over \$25.5 million.

