

MANITOBA'S ETHANOL PROGRAM

In November 2007, the Manitoba legislature passed new biofuels legislation. What does the legislation say about ethanol?

The 2007 *Biofuels Amendment Act* establishes the legislative framework for requiring (mandating) ethanol in gasoline sold in Manitoba. It also provides for a new incentive structure for ethanol produced in Manitoba.

Why is Manitoba implementing a requirement to blend ethanol in gasoline?

Mandating the use of ethanol in Manitoba benefits the environment through reduced greenhouse gas and other emissions and helps boost rural economic development. Millions of dollars leave Manitoba annually in income transfers for gasoline produced in other jurisdictions. Producing ethanol in Manitoba from Manitoba-grown products can reduce this annual financial drain.

Why should we use ethanol?

Ethanol is a cleaner, renewable alternative to regular gasoline. Ethanol-blended fuel burns more cleanly than petroleum-based fuels and contributes to reduced emissions including greenhouse gases.

What is Manitoba's ethanol mandate?

Manitoba's ethanol mandate requires fuel suppliers in Manitoba to replace at least 8.5% of their gasoline available for sale with ethanol. This pool average will result in roughly 130 million litres of ethanol used in Manitoba each year.

When will the mandate begin?

The mandate will start on January 1, 2008 with 5% denatured ethanol content for the first quarter of 2008, ramping up to 8.5% for the remainder of 2008 and subsequent years. A 5% level is being adopted for the first quarter of 2008 to provide flexibility to fuel suppliers and to better coordinate the amount of ethanol required for the mandate with the availability of Manitoba-produced denatured ethanol as production moves to full capacity at Husky Energy's ethanol plant.

Does the mandate mean that every litre of gasoline sold in Manitoba will be blended with denatured ethanol?

No, the mandate does not require every litre of gasoline to be blended with ethanol. The mandate level is a pool average and gives fuel suppliers flexibility in how they blend ethanol into their gasoline supply. It is expected that some non-ethanol blended gasoline will continue to be sold.

Does only Manitoba-made ethanol have to be used to meet the mandate?

No, there are no restrictions of the origin of the ethanol blended into gasoline to meet the mandate.

Will I know if my service station is selling ethanol-blended gasoline?

Fuel suppliers have the option of labelling their pumps. If you are uncertain whether a particular pump contains ethanol-blended fuel, ask an attendant.

How will the price of ethanol-blended fuel compare to regular gasoline?

Consumers are not expected to see a difference in price. Gasoline and ethanol are commodities and their price fluctuates according to market conditions. Ethanol-blended fuel has been competitively priced and sold in Manitoba for over two decades at Husky/Mohawk stations.

When Saskatchewan and Ontario introduced their ethanol mandates, there was no reported impact on the cost of fuel to consumers.

What is the new grant incentive for Manitoba ethanol?

The Biofuels Act provides that a portion of gas tax revenue will be credited to a fund called the Ethanol Fund for the purpose of paying the ethanol production grant. The grant will run for a total of eight years. For the first two years (2008 & 2009), ethanol producers will receive 20¢/litre of ethanol produced and sold in Manitoba to fuel suppliers, followed by 15¢/litre for the next three years (2010-2012), and 10¢/litre for the remaining three years (2013-2015) of the incentive program. Annual payouts will be capped by the amount of ethanol required to meet the mandate and taxable sales of gasoline.

