

Backgrounder
ETHANOL FUEL GRANT PROGRAM
Ministry of the Economy

The current programming in support of the Ethanol industry began in 2002 and had two primary objectives: 1) to mandate the blending of ethanol into all gasoline sold in the province, and 2) to provide a monetary incentive to attract and accelerate investment in ethanol production in Saskatchewan.

The enabling legislation required that a review of the program be undertaken in 10 years. That review was completed in 2013 and the report of the review committee is available on the Ministry of the Economy website.

Industry consultation has been conducted directly by the Minister of the Economy.

The review concluded that the objectives of the program had been largely met and the committee made two primary recommendations. Firstly the committee recommended that the required blend rate for gasoline sold in the province remain in place at 7.5 per cent; secondly, that the grant program be discontinued. The program originally provided a grant of 15 cents per litre for ethanol used and produced in Saskatchewan which was reduced to 10 cents per litre in the 2013-14 Budget. Industry has received approximately \$149 million from the program to the end of February 2014.

The government is proceeding with a further reduction in the program to 5.0 cents per litre for 2014-15 with an annual cost of \$8 million (down from \$16 million currently). The government will also support small Saskatchewan producers who produce less than 25 million litres annually by requiring blenders to maintain purchasing 30 per cent of ethanol from small producers. Regulations are being developed.

The federal government, Alberta, and Manitoba programs are all scheduled to be phased out. Alberta and Manitoba will start with a reduction to 10 cents per litre annually with Alberta's program winding down in 2015-16 and Manitoba's program winding down in 2014-15. The federal government has announced a reduction to 6.0 cents per litre initially with gradual reductions in the program winding down in 2016-17. The Saskatchewan program is the longest running ethanol program in Canada.