



Renewable Industries Canada  
Industries Renouvelables Canada

Standing Committee on Finance  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa ON K1A 0A6

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**Subject: 2018 pre-budget consultations**

*Introduction*

It is with pleasure that RICanada puts forward its recommendations to the House of Commons Standing Committee on Finance (FINA).

RICanada was originally launched as the Canadian Renewable Fuels Association in 1984. As Canada's foremost stakeholder representing the renewable fuels industry, we represent low-carbon-fuel producers, retailers and sellers, as well as the providers of new cutting-edge technologies such as waste-to-biofuels. Our membership has expanded beyond ethanol and biodiesel producers, though they remain at the heart of the work we do.

*About RICanada*

Our association represents 34 member companies across the country. This includes Greenfield Global – Canada's largest producer of ethanol; BIOX Corp, a key innovator in biomass-based diesel; and IGPC Ethanol Inc., which will soon double the production of its ethanol plant in Aylmer to 400 million litres per year, making it one of the largest facilities in the country. In other words, RICanada members are leaders in the Canadian biofuel market and are continuing to make significant investments that help both to grow the country's economy and reduce greenhouse gas emissions.

Canada's biofuels industry generates \$3.5 billion worth of annual economic activity, and has created over 14,000 jobs. RICanada members are 'low-carbon pioneers'. Their products are proven to be the cleanest and most sustainable source of liquid fuel available. Ethanol, for example, reduces GHG emissions by as much as 62%; biodiesel does so by up to 99%; and cellulosic biofuels by up to 87%.

The renewable fuels sector is currently undergoing an exciting growth phase. RICanada members are in the process of expanding, finding new efficiencies, and innovating. Some key examples include:

- IGPC Ethanol Inc. is embarking on an ambitious expansion project, doubling capacity, which will make its ethanol plant one of the largest in Canada. It is the first ethanol plant in the world to implement Fiber Separation Technology that increases ethanol yield from corn and creates two new distillers grain products;

- BIOX Corp. recently purchased a shuttered biodiesel facility in Sombra, Ontario. The company is now investing in upgrades of the facility to increase efficiency and to ensure the biodiesel produced there has the lowest possible carbon intensity. BIOX is also hosting the construction and operation of a demonstration plant at the Sombra site which will produce Renewable Diesel by way of a new technology, in collaboration with Forge Hydrocarbons; and
- Greenfield Global (formerly GreenField Specialty Alcohols Inc.) manufactures high-purity alcohols, biofuels, and biochemicals for thousands of companies in over 40 countries worldwide. Greenfield is also Canada's largest ethanol producer. In addition to its core business lines, Greenfield is one of Canada's leading innovators in the area of advanced biofuels and the development of 'next-generation' bio-refining technologies. To this end, the Company has established a leading-edge technology demonstration platform at its Chatham R&D Centre.

RICanada members are constantly pushing the envelope to provide Canadians with a higher blend rate of renewable fuels mixed into the conventional fuel pool, all the while innovating better and even cleaner products.

*Response to consultation question*

RICanada's submission to FINA is focused on responding to the second question posed, i.e.:

*What federal measures would help Canadian businesses to be more productive and competitive?*

*For example, **what measures would help businesses to undertake research, innovation and commercialization, purchase advanced technology and equipment, invest in the training and development of their employees, participate in global value chains and increase their international market share?**<sup>1</sup>*

Government policy is of paramount importance to supporting innovation in our industry. In some cases, simple regulatory measures can make a big difference in terms of spurring investments in innovative technologies. For example, the existing federal mandates (under CEPA) requiring the blending of ethanol (at a rate of 5%) into gasoline, or biodiesel (2%) into diesel fuel, have created the market certainty that has enabled Canada's renewable fuel entrepreneurs to access the capital necessary to invest in increased capacity and production. Without the federal mandates, the ambitious projects cited earlier in this submission would never have been launched. While the jobs and the billions of dollars of economic activity generated by our industry are significant enough, it is important to remember that the mandates are also playing a significant role in reducing greenhouse gas emissions -- removing the equivalent of 1 million cars from Canada's roads -- without requiring any change in consumer behaviour or imposing any additional costs on consumers.

But, more can be done to promote innovations in renewable fuels. Ontario's Greener Diesel regulation is a good example of a policy which not only establishes a strong minimum content for biodiesel (4%), but also stipulates that the biodiesel used reduces lifecycle GHG emissions by at least 70% compared to petroleum-based diesel. Furthermore, biodiesel that delivers a stronger lifecycle GHG emission is rewarded in that less needs to be blended in to fulfill the regulation's requirements. For example, if your biodiesel reduces lifecycle GHG emissions by 93%, you would only need to blend 3% of this product into

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<sup>1</sup> Emphasis added. See: "News Release - Canadians are invited to share their priorities for the 2018 federal budget". Available at: <https://www.ourcommons.ca/DocumentViewer/en/42-1/FINA/news-release/9002784>

the diesel pool in order to achieve the same GHG reductions as 4% biodiesel, at 70% GHG reduction. The flexibility of Ontario's regulation, which combines a strong required volume, and a "GHG accelerator", means that there are substantial rewards for companies that innovate and make biodiesel that offers a higher reduction in lifecycle GHG emissions.

RICanada's two key recommendations to FINA are therefore:

- 1. Expand Canada's current required volumes for ethanol and biodiesel to 10% and 5% respectively (from the current rates of 5% and 2%).**
- 2. Add a "GHG accelerator", similar to the one used in Ontario's Greener Diesel regulation, that stipulates that ethanol must deliver lifecycle GHG reductions -- compared to petroleum-based gasoline -- of at least 40%, and that biodiesel must deliver at least a 70% reduction.**

### *Conclusion*

Acting on these two recommendations would not only stimulate investment and innovation in the Canadian economy, they would lower Canada's GHG emissions by roughly 4.5 additional megatonnes per year - the equivalent to taking another 1 million cars off Canada's roads. Given that the value of next generation biofuels would increase (since they will offer even greater or more efficient reductions in GHG emissions), considerable investments in the production of renewable fuels from municipal waste, discarded animal fats, used cooking oils, non-fruit bearing plants, and so on, would follow.

We are confident that our proposal aligns well with the government's objective of encouraging additional innovation, and helping to commercialize cutting edge technologies like waste-to-biofuels, renewable diesel production, and cellulosic ethanol production.

RICanada welcomes the opportunity to continue this dialogue with the House of Commons Standing Committee on Finance as the Committee works towards preparing its recommendations for the 2018 federal budget.

### **Contact information**

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