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Ministry: Environment

Status of Posting: Proposal

Date Proposal Loaded: 2005/06/17

Comment Period: 60 day(s)

Written submissions may be made between June 17, 2005 and August 16, 2005.

NOTICE OF PROPOSAL FOR REGULATION

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July 20, 2005: This Notice was re-published to update a hyperlink. This does not impact the comment period for this proposal.

This decision notice was originally published to the Environmental Registry on June 17, 2005. It is being re-published to include missing information in the French notice.

Proposal Title:

Ethanol in Gasoline Regulation under the Environmental Protection Act

Short Description:

As part of its commitments to improve air quality and reduce greenhouse gas emissions, the government of Ontario has committed to ensuring that Ontario's gasoline will contain ethanol (an alcohol-based alternative fuel produced from renewable feedstocks such as corn and other plant materials). The draft regulation of ethanol will implement a renewable fuel standard (RFS) requiring gasoline sold in Ontario to contain an average of 5% ethanol on an annual basis.

The draft regulation is made under the authority of the Environmental Protection Act. This draft regulation is expected to provide air quality benefits (e.g., reduced emissions of carbon monoxide and benzene). It will also reduce greenhouse gas (GHG) emissions by approximately 800,000 tonnes on an annual basis.

In addition, if ethanol is produced in Ontario, Ontario also gains some other local environmental benefits.

Ethanol in gasoline also reduces dependence on fossil-based carbon fuels.

The draft regulation requires that a fuel supplier's annual gasoline sales achieve an average content of 5% ethanol, effective January 1st, 2007. For the purposes of the draft regulation, a fuel supplier is someone that meets at least one of the following conditions:

- i) Receives gasoline from a refinery and distributes it for use or sale in Ontario;
- ii) Blends ethanol with a blendstock to produce ethanol-blended gasoline for use or sale in Ontario; or
- iii) Imports gasoline, or ethanol-blended gasoline, for use or sale in Ontario.

In order to provide flexibility and reduce compliance costs, the draft regulation allows fuel suppliers to transfer surplus compliance volumes to other fuel suppliers. For example, a fuel supplier who sells gasoline with 10% ethanol content can transfer surplus compliance volumes to another fuel supplier who is not blending with ethanol, such that both fuel suppliers achieve a 5% average. Surplus volumes from past or future years cannot be used to achieve compliance.

The regulation also provides additional recognition for ethanol produced from cellulosic feedstocks (e.g., wood, straw). Additional recognition is provided for cellulosic ethanol because:

- i) it provides a greater GHG benefit on a lifecycle basis compared to ethanol produced using grain (e.g., corn) as a feedstock;
- ii) there are fewer environmental impacts since no fertilizers are used during feedstock production (i.e., none of the emissions associated with fertilizer production and no risk of groundwater contamination from fertilizer runoff); and
- iii) potential to supply electricity to the grid, thereby reducing reliance on more polluting forms of generation. For compliance purposes under the regulation, 1 litre of ethanol produced from cellulosic sources is equivalent to 1.5 litres of ethanol.

Adding ethanol to conventional gasoline increases its volatility, which can increase emissions of volatile organic compounds (VOCs) that contribute to smog. For this reason, the draft regulation requires that all ethanol blended gasoline sold or used in Ontario conform to the specifications set out in the standard, CAN/CGSB-3.511-93 (a hyperlink to this Standard can be found at the end of this notice). This standard requires that ethanol blended gasoline meet the same volatility requirements as conventional gasoline.

The provisions outlined in the draft regulation would be reviewed prior to 2010.

The draft regulation can be found by following the hyper-link at the end of this notice.

Context of this Proposal

Implementation of this regulation will fulfill one of many commitments the government has made to improve air quality and reduce greenhouse gases. The government of Ontario has committed to ensuring that gasoline sold in the province will contain an average of 5% ethanol (an alcohol-based alternative fuel produced from renewable feedstocks such as corn) by volume. On a lifecycle-basis, a 5% ethanol blend can reduce GHG emissions by up to 4%. By requiring Ontario's gasoline to contain an average of 5% ethanol, the proposed regulation is expected to result in a GHG reduction of 800,000 tonnes on an annual basis.

Purpose of the Proposal:

The draft regulation is designed to ensure that Ontario's gasoline pool contains an average of 5% ethanol starting in January 2007. This will contribute to Ontario's commitment to improve air quality and reduce greenhouse gas emissions.

Other Relevant Information:

Other governmental air quality and climate change initiatives include:

- replacing coal-fired electricity generation with cleaner energy sources;
- increasing the use of renewable energy to at least 5% of electricity supply by 2007 and 10% by 2010;
- reducing peak electricity demand by 5% in the province;
- reducing electricity demand by 10% in government operations by 2010;
- the Ministry of the Environment's 5-point plan for cleaner air (A hyper-link can be found at the end of this notice)

Other Public Consultation:

Consultations with industry, municipalities, the federal government, and non-governmental health and environmental groups to examine issues and options for achieving the government's ethanol commitment have been ongoing since January 2005.

Comments should be directed to the following Contact Person:

Ellen Klupfel, Senior Policy Coordinator
Air Policy and Climate Change
4th floor, 135 St. Clair Avenue West
Toronto, Ontario, M4V 1P5
PHONE: (416) 314-4195 FAX: (416) 314-4128

Some Government offices have additional information on this proposal for viewing. These are listed below:

Air Policy & Climate Change Branch
135 St. Clair Avenue West
4th floor, Toronto, Ontario, M4V 1P5
PHONE: (416) 314-4148 FAX: (416) 314-4128

Additional material in support of this notice is available by clicking the following hyperlink(s):

http://www.ene.gov.on.ca/envision/env_reg/er/documents/2005/RA05E0010.pdf

<http://www.ene.gov.on.ca/envision/air/airquality/clap.htm>

http://www.techstreet.com/cgi-bin/joint.cgi/cgsb/cgi-bin/detail?product_id=26238

All comments will be considered as part of the decision-making by the Ministry if they:

- a. are submitted in writing;**
- b. reference the EBR Registry number; and**
- c. are received by the Contact person within the specified comment period.**

Please Note: No acknowledgment or individual response will be provided to those who comment. All comments and submissions received will become part of the public record.