

Five ethanol plants receive \$46 million in government of Canada funding

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Ethanol production received a boost today as the Government of Canada announced a further \$46 million to build or expand five ethanol plants across Canada. The successful companies were announced by Agriculture and Agri-Food Minister Andy Mitchell on behalf of the Government of Canada.

Canada's capacity to produce renewable transportation fuels is set for another substantial increase following the announcement of a second round of funding under the Government of Canada's Ethanol Expansion Program (EEP). The Government of Canada has allocated a further \$46 million for the construction or expansion of five ethanol plants across Canada. The results of the competitive process were announced today by Agriculture and Agri-Food Minister Andy Mitchell, on behalf of the Government of Canada.

The following companies are being allocated contributions under Round 2 of the EEP:

- Commercial Alcohols Inc. -- \$15 million for a new plant in Windsor, Ontario;
- Husky Oil Marketing Company -- \$10.4 million to build a plant in Minnedosa, Manitoba;
- Integrated Grain Processors Co-Operative Inc. -- \$11.9 million for a new plant in Brantford, Ontario;
- Permolex Ltd.-- \$1.1 million to expand its existing facility in Red Deer, Alberta.

-- Power Stream Energy Services Inc.-- \$7.3 million to convert a recently closed starch plant in Collingwood, Ontario; and These contributions are in addition to \$72 million that was previously allocated to six other projects under the first round of the Ethanol Expansion Program.

"The interest in this program is a sign of the ethanol industry's growth and potential in Canada," said Minister Mitchell. "This is good news for the agricultural community, as it creates a new market for Canadian farmers."

In making the announcement, Minister Mitchell noted that projects supported under both rounds of the Ethanol Expansion Program expect to be producing a total of about 1.2 billion litres of fuel ethanol per year by the end of 2007. This would bring Canadian production to approximately 1.4 billion litres per year, seven times what it was prior to the launch of the program, and enough to meet the Government of Canada's climate change target for ethanol production two years ahead of schedule. This target is to have 35 percent of all gasoline in Canada contain a blend of 10-percent ethanol by 2010. Additionally, the \$118 million in funding the Government of Canada has allocated under the EEP will result in close to a \$1-billion investment from the companies involved in the projects.

The three projects in Ontario, combined with the projects that were allocated contributions under Round 1 of the EEP, are expected to increase ethanol production in the province to almost 800 million litres per year. This is enough capacity to meet the requirement, announced by the Government of Ontario, that gasoline sold in the province contain an average of five-percent ethanol by 2007.

"The projects that were announced today will put Canada among the world leaders in ethanol production," said the Honourable R. John Efford, Minister of Natural Resources Canada, from his riding in Newfoundland and Labrador. "The rapid growth of this industry and the

success of the EEP show how we can work together to create a better environment and new economic opportunities for Canadians."

Expanding the availability of fuel ethanol helps address climate change. Ethanol is a renewable fuel that can be produced from grain or other plant material. Blended with gasoline, it reduces the greenhouse gas (GHG) emissions resulting from transportation. Any gasoline-powered vehicle manufactured since the 1980s can use gasoline with up to 10-percent ethanol, a fuel that is available at more than 1,000 retail stations in Canada.

Boosting ethanol production also opens new avenues of economic growth, particularly for the rural communities. It will lead to opportunities to diversify Canadian farming, to create new markets for agricultural products and to inject new vitality into rural economies.

In addition to these projects that produce ethanol from grains such as corn and wheat, the Government of Canada is also working with industry to develop and commercialize new technology that produces ethanol from agricultural residues (including straw and corn stalks) and forestry byproducts. Ethanol produced with this technology is expected to result in even greater GHG reductions.

The \$118-million Ethanol Expansion Program is one part of the Government of Canada's renewable fuels strategy that also includes support for research and development, exemptions from federal fuel excise taxes and consumer awareness activities.

The Government of Canada's approach to climate change is focused on making the right choices for Canada. This will ensure that the actions taken contribute to long-term goals of building a sustainable economy for the 21st century, a healthier environment and strong communities, while affirming Canada's place in the world.

Source: Natural Resources Canada

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