

**Ontario 2021 Pre-Budget Consultations  
Canadian Propane Association  
Submission**

**From: Marcelline Riddell  
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## PROPOSALS

Thank you for the opportunity to provide concrete proposals to assist the Ontario government in environmentally sound, economically viable pandemic recovery. The Canadian Propane Association believes the following initiatives could deliver immediate benefits to thousands of Ontario citizens, communities and businesses and spur economic investment.

### CPA PROPOSAL #1 – Reduce the auto propane gas tax

As you may be aware, propane is subject to a 4.3 cents per litre fuel tax under Ontario's Gasoline Tax Act. (*See citation below*) We propose reducing, and eventually eliminating, this tax.

Given the current fiscal climate, incrementally decreasing the tax over time to align propane with other clean automotive fuels is feasible as follows: In 2021 the tax could be reduced to 3.5 cents per litre; in 2022 to 2.5 cents per litre; in 2023 to 1.5 cents per litre, and in 2024 it could be eliminated entirely.

**Reference: Gasoline Tax Act, R.S.O. 1990, CHAPTER G.5 Districts tax on propane - 2. (4) Every purchaser of propane shall pay to the Minister, on all propane purchased by, delivered to or used by, the purchaser for use in a motor vehicle to which a number plate is attached as required under the Highway Traffic Act, a tax at the rate of 4.3 cents per litre. R.S.O. 1990, c. G.5, s. 2 (4); 1994, c. 18, s. 3 (5, 8); 1996, c. 10, s. 5 (2).**

### CPA PROPOSAL #2 – Switch Off Oil Tax Credit

Ontario families deserve affordable, low emission energy choice. This could be achieved through a **\$2,500 tax credit for remote and rural consumers to switch from oil or diesel to propane heating fuel.** The government of Ontario would work with the Ontario propane industry to develop an **Off-Oil Program** that will result in immediate reductions in Green House Gas (GHG) emissions in residential, commercial, agricultural and industrial applications. Switching from home heating oil to low-emission propane fuel would yield a 38% reduction in GHGs. This initiative addresses climate change challenges while mitigating remediation costs associated with oil and diesel leaks and spills. It also provides an environmentally sound, viable fuel choice for communities without access to the natural gas grid who will remain unserved by the government's natural gas expansion policies and projects.

### CPA PROPOSAL #3 – Government Fleet Conversion Program

That the Government of Ontario show its commitment to immediate reductions in GHGs within the provincial government's fleet through the replacement of diesel, or conversion of gasoline light to medium-sized vehicles in the provincial fleet with vehicles powered by low emission propane. The government should also work with municipalities to institute a similar program. Many Ontario municipalities and commercial carriers have made the switch to propane powered vehicles with significant cost savings, environmental benefits, improved performance and reliability, particularly in cold climates.

## **CPA PROPOSAL #4 – Incentive for Propane Vehicle Conversions**

**A propane tax credit of \$5,000 to convert commercial and passenger vehicles to low emission propane** will reduce transportation costs while making Ontario's air cleaner. Auto propane is a low emission, safe, reliable, cost-effective alternative fuel for commercial and passenger vehicles used worldwide. Conversion costs range from \$7,000 to \$13,000 per vehicle. Every vehicle conversion from diesel to propane represents 20% in fuel cost savings, 98% less particulate matter and 20% less nitrogen oxide emissions. UPS and the London Police Service have used propane vehicles for decades with significant success

## **CPA PROPOSAL #5 – High-Carbon School Bus Replacement Strategy**

The Ontario government should invest in a program that supports the replacement of diesel and gasoline powered school buses with those fueled by low emission propane. Many school districts in Canada (Brandon, Manitoba and New Brunswick) and the U.S. are incorporating propane school buses in their fleets. Propane school buses are manufactured in North America and may be purchased to be put in service immediately as is. Cost savings switching from diesel to propane school buses could be reinvested in the education sector, in much-needed classroom air filtration systems, for example.

## **CPA PROPOSAL #6 – Government Procurements Include Propane**

The Ontario government could help level the playing field for propane fuel applications by explicitly providing for propane solutions in procurement policies and processes. In the past year, government officials have learned more about propane and the foundations of a strong partnership have been laid so that the adoption of low cost and low emission domestic propane fuel and technologies for public sector uses is timely and represents sound government investment.

## **CPA PROPOSAL #7 – Renewable Propane Promotion**

The Ontario government consider the near-term benefits of renewable propane fuel, and include it as an explicitly listed alternative fuel, along with others in all clean fuel policies and programs. This is particularly important as the government contemplates significant investments in hydrogen technology, which won't yield results for decades.

### **Conclusion**

The CPA believes Ontario's propane businesses can help you meet your economic and environmental goals and see the province emerge from the global pandemic as an even better place to live and do business. We look forward to discussing our proposals with you as your budget development deliberations continue and welcome inclusion in more in-depth consultations in the near future.

***See the letter below for more information about Ontario's propane sector, its clients and economic contribution to the health and well-being of the province.***

## LETTER TO THE MINISTER OF FINANCE

Dear Minister Bethlenfalvy,

The Canadian Propane Association welcomes the opportunity to provide the Ontario government with our suggestions for actionable, concrete measures that could be enacted this year to spur provincial COVID-19 economic recovery efforts using environmentally friendly, cost-effective, low- emission domestic propane.

Ontario's propane industry is comprised of over 125 mainly small and medium sized enterprises, employing over 4,000 people in many rural communities across the province. With sales of almost \$1.6 billion, the propane sector supports over \$400 million in economic activity in Ontario. Representing a small percentage of the province's energy mix and funded entirely by the industry itself, propane delivers a disproportionately large benefit to rural and remote communities, businesses and populations. Just over 37% of Canada's overall propane use occurs in Ontario.

Propane is a primary and supplementary fuel used in residential, industrial and agricultural applications province-wide. It is a low emission, cost effective, accessible energy option that offers significant benefits for businesses, consumers and government. While propane has similar greenhouse gas emissions as natural gas, unlike natural gas, it emits no fugitive emissions before use. Converting from home heating oil to propane reduces consumer costs and results in a 39% reduction in Green House Gas (GHG) emissions.

Canadian propane is abundant and available now with over 140 large storage facilities and over 800 small sites across the province. With close to 100 locations currently in use, it also has the largest network of alternative fueling stations in Ontario. The City of Oshawa is currently installing a propane filling location to power their new auto propane fleet. They chose propane because it is a low cost, environmentally friendly, reliable automotive fuel with an expansive, at the ready refiling network. These stations cost about \$85,000 to build and are financed entirely by the industry; while natural gas stations cost about \$1 million each and are often subsidized by ratepayers.

As governments, energy and auto industry leaders study significant invests in hydrogen fuel technologies to power the province and country in decades to come, the Canadian Propane Association asks your government to consider propane fuel as a viable, ready source of low emission, low-cost energy for home, business and vehicle use right now, that requires a small amount of government support to realize considerable economic and environmental benefits.

Sincerely,



Marcelline Riddell

Ontario Director, Government Relations