



Canadian
Propane
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du propane

2018 Pre-Budget Submission to the House of Commons Finance Committee

Submitted by

CANADIAN PROPANE ASSOCIATION

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Introduction

Whether discussing energy, the economy or the environment, propane provides solutions to many important issues facing Canada today. As an abundantly available, safe, low-emission, and Canadian-produced energy source, propane is perfect for applications as diverse as heating commercial and residential buildings, fuelling vehicles, drying crops and powering mines, amongst many others. While other energy options require large-scale infrastructure spending or further technological development, propane is ready to go today. The majority – 90% – of Canada’s propane is extracted as part of a Natural Gas Liquid (NGL) mix from natural gas at hundreds of field plants in Alberta, British Columbia and Saskatchewan. The other 15% is produced at oil refineries located in every province except Manitoba, Nova Scotia and PEI.

Productivity and Competitiveness

The Canadian Propane Association (CPA) believes that with sufficient government investment, complemented by training provided by the CPA’s Propane Training Institute (PTI), the propane industry is well positioned to help increase Canada’s productivity and competitiveness.

In transportation, for example, the increased number of vehicle conversions from gas to clean-burning propane will provide more job opportunities and develop increased expertise for businesses of all sizes.

J.P.’s Garage in Moncton, NB is such an example. Owner J.P. Belliveau has seen an exponential increase in business within the past year due to propane conversions, which are in addition to his traditional mechanical services. As a result, jobs are created and/or maintained and his employees are developing new skills as auto propane technicians.

Incentivizing end users to convert to clean-burning propane would lead to increased opportunities for small business owners like J.P. Belliveau.



AS A LOW-COST, LOW-EMISSION HYDROCARBON, PROPANE PROVIDES OPPORTUNITIES FOR ENVIRONMENTALLY FRIENDLY ENERGY SOLUTIONS THROUGHOUT THE COUNTRY AND AROUND THE GLOBE. ITS GHG AND PARTICULATE EMISSIONS ARE SIGNIFICANTLY LOWER THAN MOST OTHER CARBON-BASED FUELS, SUCH AS GASOLINE, DIESEL AND HEATING OIL.

Propane is used...

- **On the road:** school and transit buses, taxis and courier vans, police cars and other fleet vehicles
- **In agriculture:** barn and greenhouse heating, powering irrigation systems, and grain drying
- **In industry:** mining operations, construction heating, powering fork lifts, and metal processing
- **At home:** heating air and water, fireplaces, cooking appliances, fridges, dryers, pool heaters and generators

About Propane

Propane is an efficient and portable fuel. About 90% of propane is produced as a bi-product of natural gas processing. Recognized for its low environmental impact by *Canada's Alternative Fuels Act*, propane is one of the cleanest and most versatile fuels in existence. Propane's GHG and particulate emissions are significantly lower than most other carbon-based fuels, such as gasoline, diesel and heating oil. When upstream (lifecycle) emissions are considered, the case for propane becomes even stronger.

Lowering GHG Emissions

Recognized for its low emissions and environmental impact by *Canada's Alternative Fuels Act*, propane is one of the cleanest and most versatile fuels in existence. Studies show that propane emits up to 26% fewer GHGs than gasoline in vehicles, 38% fewer GHGs than fuel oil in furnaces and half the

carbon dioxide emissions of a charcoal barbecue.

THE FEDERAL GOVERNMENT CAN
LEAD THE WAY BY HELPING MIDDLE-
CLASS CANADIANS CONVERT TO
CLEAN-BURNING PROPANE

Reducing Air Pollutants

Air pollutants negatively affect people and ecosystems worldwide. Propane emits 60% less carbon monoxide than gasoline, 98% less particulate matter than diesel and contains virtually no sulphur – a contributor to acid rain. It emits practically no soot, and low hydrogen and oxides of nitrogen, which are the basic precursors of ground-level ozone, or smog.

Eliminating Spills

In the unlikely event of a leak, propane becomes a vapour that does not contaminate the soil, air or aquifers, unlike liquid fuels. Propane dissipates quickly into the atmosphere – a small amount of air movement is enough to disperse the vapour.

More than just BBQs...

Propane fuels the lives of Canadians in many ways. Most of us know that propane is a popular way to heat up the backyard barbecue or to fuel appliances in an RV. But propane does so much more.

Working for a Low-Emission Canada

We believe there is an openness by governments at all levels to include an expanded use of propane as part of the energy mix because its benefits are becoming increasingly apparent. Propane is a smart choice not just because it is cost-effective, efficient, abundant and Canadian. It is also a smart choice because it is a low-emission, non-toxic energy that provides environmental benefits for numerous sectors, including residential, commercial, agriculture, mining, petrochemical and transportation.

Recommendations to the Federal Government for Budget Consideration

1. Ensure policy development includes propane

No matter where they live, Canadians deserve an opportunity to choose the energy source that is best for them and meets the Federal Government's goal of reducing GHGs.

- **RECOMMENDATION:** *That the Federal Government ensure Canadians have real fuel choice, whether for their homes, businesses, or transportation. It is important that clean-burning propane be given an equal opportunity within the Federal Government as it develops its environment and energy programs. This would include incentives to end users as well as including the propane industry's participation in the development of programs at the federal level, which are designed to reduce GHGs.*

2. Support middle class Canadian homeowners, businesses and public institutions

Homeowners and businesses alike continue to choose propane as their fuel of choice, for reasons of availability and affordability. The government must support this choice just like it supports other cleaner fuels.

- **RECOMMENDATION:** *That the Federal government invest in a \$200 million fund to assist homeowners, public institutions and businesses in the conversion from fossil fuels such as diesel and furnace oil to propane.*

3. Support Indigenous, and northern communities

Indigenous, and northern communities face unique challenges in trying to address their heavy dependence on fossil fuels such as diesel and furnace oil. Propane is well positioned to help reduce this dependence on carbon intense fuels.

- **RECOMMENDATION:** *That the Federal government invest in a \$75 million fund specific to Indigenous and northern communities to assist in the conversion from fossil fuels such as diesel and furnace oil to propane. The additional funding would recognize the higher cost burden faced by residents in these communities and better able them to switch to clean-burning propane.*

4. For transportation

Transportation generates about 25% of GHGs in Canada. Because of its low-emissions and an existing spread-out network that reaches all parts of Canada, propane can provide immediate reductions in GHGs and reduce transportation costs to municipalities, governments, private fleet-owners and consumers.

Converting a vehicle to propane is approximately half the cost of converting a vehicle to natural gas in Canada. Installing a propane fuelling station will typically cost up to 95% less than a natural gas fuelling station (approximately \$70,000 vs over \$1,000,000, respectively).

- **RECOMMENDATIONS:**
 - *That the Federal Government lead by example and convert to propane*
 - *That the Federal Government introduce a \$5,000 tax credit per vehicle for converting municipal and commercial fleets from traditional fossil fuels to propane.*

About the Canadian Propane Association

The Canadian propane industry supports 23,000 jobs, and each year generates over \$16 billion for the Canadian economy and contributes over \$1 billion in taxes and royalties. Propane infrastructure in Canada is well-developed, with tremendous capacity to produce an abundant supply that is highly portable via truck, rail and pipeline across Canada and into the U.S.

The Canadian Propane Association is the national association for Canada's propane industry and is dedicated to promoting propane, a clean, available, affordable and versatile energy solution, through industry training, emergency response and advocacy activities.



THE USE OF PROPANE IS INCREASING EVERY YEAR BECAUSE OF ITS LOW EMISSIONS AND AFFORDABILITY.

PROPANE IS THE MOST POPULAR ALTERNATIVE TRANSPORTATION FUEL IN THE WORLD. UPWARDS OF 20 MILLION PEOPLE USE PROPANE-POWERED VEHICLES FOR TRANSPORTATION EVERY DAY.

IN CANADA, PROPANE IS THE MOST COMMON ALTERNATIVE FUEL FOR TRANSPORTATION – THERE ARE APPROXIMATELY 60,000 VEHICLES ON THE ROAD AND OVER 2,000 FUEL OUTLETS ACROSS THE COUNTRY

The mission of the Association is to champion propane and the propane industry in Canada, and to facilitate best practice, safety and a favourable business environment, through advocacy, training, emergency response.

The CPA's vision: a safe and thriving propane industry that plays a vital role in Canada's energy sector.

The CPA is headquartered in Ottawa, Ontario and maintains a presence in each region of the country. Its Calgary office houses its Propane Training Institute and Emergency Response Assistance Canada, a wholly-owned subsidiary of the CPA. The Association has over 400 members in six-member categories:

- Producers
- Wholesalers
- Retailers
- Transporters
- Manufacturers of Appliances, Cylinders and Equipment (MACE/Service)
- Associates