



Subsidized Natural Gas Expansion Hurts Small Businesses and Employees in the Propane Industry

OTTAWA, January 30, 2017 – “The Natural Gas Grant Program announced by Premier Wynne today flies in the face of the most basic principles of governance and economics,” says Andrea Labelle, Executive Director of the Canadian Propane Association (CPA).

Principle #1: If Government appoints experts to consider an issue, it should listen to those experts.

The Ontario Energy Board (OEB) is an independent regulatory agency of the government, made up of energy experts. After an 11-month hearing process (EB-2016-0004), the OEB experts determined in November, 2016, that natural gas expansion to rural communities could not justify subsidies paid by all Ontarians.

Today, two months later, Premier Wynne is announcing a \$100 million subsidy program for natural gas expansion to rural communities, paid for by all Ontarians, completely contradicting the written decision and the independent expertise of the OEB, suggesting that her office alone, after hearing in private from Union Gas and Enbridge lobbyists, knows better than the OEB did after 11 months of public hearings.

Principle #2: Our economic system relies upon the concept of a level playing field for those willing to invest in Ontario – a chance to succeed or fail on the merits of your product, your service, your price and your business plan.

Today’s announcement means that propane gas companies and natural gas companies, competing to serve the heating needs of the same rural customers, will not be competing on a level playing field at all. Natural gas companies will be able to build their networks using \$100 million of taxpayer money, whereas propane gas companies will have to build that \$100 million into their retail prices, rendering it impossible to compete fairly.

Worse still, the Grant Program will be available to fund LNG services. That means that trucks travelling Ontario’s highways carrying natural gas tanks to a rural town would be paid for by a government subsidy, whereas the same truck travelling the same highway to the same town but carrying propane tanks (instead of LNG tanks) will not receive any subsidy. How can long-established local propane businesses be expected to compete in this environment where the government decides to pick winners and losers, and puts hard working local propane employees out of work?

Most surprising of all, the Grant Program funding will not be made available to communities who decide to switch from expensive electric heat to cheaper propane heat. If the intent is to help those suffering under the burden of high electric heating bills, then it should be available to support the cost of switching away from electricity, without the government deciding to use this as an opportunity to interfere with the natural economic competition between natural gas and propane – competition which, for the record, helps keep the cost of both gas and propane in check.

Principle #3: A government for all the people should not pick winners and losers among its citizens.

The program announced today may benefit a small group of people. It likely will not even do that because while the funds will help the privately-owned gas companies fund their expansion pipelines, it will do nothing to help rural customers fund the high cost of converting their heating equipment from electricity to gas, or the high cost of running a long pipe across their property to the gas main. This could be in the tens of thousands of dollars.

Even if a small group does connect, those in communities that Union, Enbridge or EPCOR decide not to serve will be left out. Those who need it most – those who will continue to heat using electricity – will not be eligible for any of this funding.

Principle #4: You can't spend the same money twice.

The Government previously announced the Moving Ontario Forward outside the GTHA funding with great fanfare. The funding was intended to help non-GTHA municipalities with their own infrastructure assets, like replacing municipally-owned roads, bridges, and water mains.

Today, they are taking up to \$100 million *away* from that fund, and re-announcing it as “new” funding for privately owned gas pipelines – funding that will end up in the pockets of Union Gas, Enbridge, and EPCOR shareholders.

That represents a \$100 million reduction in spending on municipal roads, bridges, water mains, hospitals, and other important taxpayer-owned assets, all for the purpose of subsidizing a few private companies so that they can compete against over 100 hard-working self-funded propane companies.

Today's announcement ignores these basic principles of good governance and a competitive economy.

In these times of increasing financial pressure on Ontario businesses and families, taxpayer money should not be taken away from critical local municipal projects and used to subsidize corporate-owned projects that may have been built anyway, in order to give those large corporations an unfair leg up over competing non-subsidized local businesses.

- 30 -

About the Canadian Propane Association

With over 400 members, the Canadian Propane Association (CPA) is the national association for a growing, multi-billion dollar industry that impacts the livelihood of tens of thousands of Canadians. The CPA develops and produces industry training materials, offers an emergency response assistance plan to its members and provides advocacy services for the propane industry.

The CPA does not monitor or provide an analysis of propane prices or supply, and is not in a position to comment on individual businesses' operations.

For further information:

Tammy Hirsch, Director, Communications

e. info@propane.ca p. 587-349-5876