



September 13, 2024

Dear Candidate,

The Canadian Propane Association (CPA) represents over 400 companies in every region of the country. Our members include propane producers, wholesale marketers, transporters, retail marketers and Manufacturers of Appliances, Cylinders and Equipment (MACE) across Canada. Propane is produced, transported, and distributed across the province and we want to draw your attention to the important role propane plays now, and for the future of B.C. as a lower-emission, affordable and reliable energy source.

The CPA has tracked public sentiment surrounding propane as an alternative energy choice for the past several years and we know that now, more than ever, the people of B.C. support propane as an energy option, with 80% of respondents in August 2024 showing strong support for propane as an alternative energy choice. The CPA has continued to advocate for energy equity, noting that it will take a variety of energy sources across the province, and Canada, to ensure access to reliable, affordable, and cleaner energy. Propane provides heat for almost 15,000 homes in the province, powers a significant amount of the transportation sector and is B.C.'s third most exported fuel. B.C. is blessed with abundant natural resources, and CPA members are proud of the role propane has played in the prosperity of the country and for the people of B.C.

As a by-product of natural gas production, B.C. has an abundant supply of propane with production increasing to 41,000 kb/d in 2022, up from 12,000 kb/d just ten years earlier. Compared to gasoline and diesel, propane has a [lower carbon intensity](#) and emits less air pollutants, making it an excellent choice for communities not connected to the electrical grid system, and for the transportation sector for medium- and heavy-duty fleets. The CPA encourages the leaders of the province to support domestic propane use as part of an overall emissions reductions plan, as a cleaner energy source, particularly with the [new research supporting decarbonized pathways for Canadian propane](#).

In B.C., propane is used in various sectors across the province including transportation, commercial, residential and construction activities. Supporting local jobs and communities, propane contributed \$446 million to the government revenue and 1.1 billion in GDP in 2022. The demand for propane has remained consistent and directly employs almost 5,000 people province-wide. To learn more about the impact propane has in B.C. please visit here: [Regional-Statistics-BC.pdf \(propane.ca\)](#). As a leader in the province, we hope you consider the recommendations below.

### **Homes Using Propane**

**The CPA recommends the implementation of a Provincial Home Heating Rebate Program for homes, communities and small businesses using propane.**

Almost 15,000 homes across B.C. relying on propane as a primary heating source. Homes and communities that rely on propane are often not connected to the electric or natural gas grid, and

propane continues to be the most reliable, affordable, and lower-emission energy choice for people living in rural and remote communities in the province. While affordability continues to be a key concern for the people of B.C., implementing a home heating rebate program, similar to [Alberta's 2021 initiative](#), will demonstrate that government understands families concerns surrounding high energy costs, and provide a program that acknowledges this pressing issue.

### **Auto Propane and Transportation**

**The CPA recommends the immediate amendment of the [Motor Fuel Tax](#) for propane (\$2.70 cents per litre for propane). Removing this tax will incentivize customers to pursue propane as an affordable, reliable, and lower emission option for transportation, particularly for fleets looking to move from gasoline and diesel to reduce emissions.**

Propane demand has been consistent across B.C., with auto propane making up 22% of the overall demand in 2022. Auto propane vehicles are one of the top alternative energy choices for Canada's fleets. The average Canadian price of auto propane is about 40% less than gasoline and diesel – and over 50% cheaper in some markets. Depending on where you live, propane fleets may cost a fraction of the cost of tying a new charging station into the electric grid. It is also significantly easier and less costly to scale up when it is time to grow your fleet. Auto propane vehicles can start in temperatures as low as -40 degrees Celsius, removing the need for block heaters that diesel vehicles require in cold weather. There are reasons why there are over 26 million auto propane vehicles on the road worldwide, and leaders in B.C. must ensure that propane continues to be an alternative fuel of choice.

We note that [Quebec eliminated the fuel tax in 1997](#), to encourage the use of propane in vehicles. As a province with some of the most stringent climate targets, Quebec has maintained the fuel tax exemption for propane vehicles due to the lower emission qualities noted above. We encourage you to follow the same approach.

### **The Future of Propane**

**The CPA recommends the creation of a provincial incentive (tax credit) program for renewable propane. This approach would enable the most cost effective and efficient pathways to decarbonization, especially for hard-to-electrify end-uses.**

While propane is already a lower-carbon energy choice, the industry is charting its path to produce renewable propane to reduce its emissions even further. Already available on the market today in other countries, renewable propane allows homes and businesses to significantly reduce their carbon footprint without expensive retrofitting or changes to heating systems. We must act now to capitalize on the advantages Canada has to produce its own renewable propane.

Renewable propane can provide up to 85% emissions savings and even more under certain conditions. The CPA's recent study, [Decarbonization Pathways for Canadian Propane](#), offers an exciting future that looks at a full lifecycle approach of emissions reductions and seeks alternative pathways to reduce emissions, while still ensuring consumers have access to the same reliable properties that has always made propane a valued energy choice. Initial research suggests that renewable propane production pathways are likely to be less expensive than many other biofuel pathways. Considering that liquid biofuel incentives in the U.S. have been successful in building

the first-of-kind plants and ramping up production, similar incentives per unit of energy delivered could also produce renewable propane. B.C. should prioritize investments in renewable propane.

### **Propane Exports in B.C.**

**The CPA recommends supporting the Northern B.C. corridor, to ensure Canadian propane exports can continue to grow and supply energy to global partners.**

B.C. is well-positioned to export clean energy to emerging economies, displacing higher-emission sources overseas. Propane exports from B.C. have grown steadily over the past decade, spurred by strong domestic production and access to new markets. Propane is exported from the west coast of B.C. with two terminals in operation since 2019. [AltaGas RIPET](#) began exporting in 2019 and [Pembina's Prince Rupert Terminal](#) in 2021. In March 2021, Canadian propane exports to non-U.S. destinations hit a record high, and by June 2021, for the first time, exports to non-U.S. destinations exceeded those to the U.S. Propane exports off the coast of B.C. continue to surpass previous years' export volumes, indicating a desire from international markets for this Canadian energy product. With Canadian propane increasingly destined for overseas destinations such as Japan, South Korea, China and Singapore and Mexico, B.C. is ideally situated to reduce global emissions while ensuring Canadians continue to have stable and secure domestic access.

### **Conclusion**

As the province continues to transform its energy system, the CPA encourages leaders to ensure propane continues to be an energy of choice. The members of the CPA are proud of the energy they provide across the province. We are eager to roll up our sleeves and work towards long-term and sustainable solutions for the propane sector and the people of B.C.

I look forward to hearing from you and discussing your thoughts on collaboration to support a prosperous B.C.

Sincerely,



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