



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 Saskatchewan as an affordable, reliable and lower emission energy source.

The CPA has tracked public sentiment surrounding propane as an energy choice for the past several years and we know that now, more than ever, the people of Saskatchewan 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 over 6,000 homes in the province, powers a significant amount of the oil and gas sector and provides an alternative transportation choice across the province with 68 fuelling stations. The CPA looks forward to working with you to ensure everyone in Saskatchewan, no matter where they live, have access to propane as an alternative energy choice.

As a by-product of natural gas production, Canada is blessed with an abundant supply of with propane production has continued to increase, producing 312 kb/d in 2022, up from 189 kb/d just ten years earlier. The propane sector supports local jobs and communities, the sector contributed \$339 million to the provincial GDP in 2022 and \$74 million in government revenues and supports almost 1,000 jobs. Propane demand has remained consistent across Saskatchewan for decades and represents an important energy source for thousands of homes, communities, farms and businesses. For more information on the importance of propane in Saskatchewan please visit [here](#).

Fairness for Propane Customers

The CPA recommends fairness for Saskatchewan families by removing the federal carbon tax for propane users.

The CPA recommends support the federal Bill C-234 when possible, to ensure equality for all energy users, regardless of the energy source, to ensure fairness and equality for the people of Saskatchewan.

Propane supports mining and oil and gas activities, commercial sectors as well as transportation and agriculture activities and the CPA and its members are calling on you and your party to ensure equitable treatment for all energy sources. CPA members provide propane to many farms across the province with more than 80% of grain dryers run on propane. The latest generation are increasingly efficient, designed to optimize drying speed and yield while reducing emissions.

However, propane users are disadvantaged under the current federal system as diesel and gasoline are exempt from carbon tax but cleaner burning propane and natural gas cost more and farmers in Saskatchewan are paying the price.

The CPA also notes that homes using natural gas or electricity are exempt from paying carbon tax for home heating. *Propane users are not included in that exemption.* At a time when affordability is a top concern for many families across the province, 6,000 homes using propane are treated unfairly and are excluded from this important initiative.

Auto Propane

The CPA recommends amending the [Fuel Tax and Road Use Charge Act](#) which imposes a tax on purchasers and importers of fuel in Saskatchewan, specifically at 9 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.

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.

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 Saskatchewan must ensure that propane continues to be an alternative fuel of choice.

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.

Conclusion

The CPA encourages leaders across Saskatchewan ensure propane continues to be an energy of choice. The members of the CPA are proud of the energy they bring to all corners of the province. We are eager to roll up our sleeves and work towards long term and sustainable solutions for the propane sector and the province.

I look forward to hearing from you and discussing our thoughts on supporting a prosperous Saskatchewan.

Sincerely,

A handwritten signature in black ink that reads "K Kachur". The signature is written in a cursive, flowing style.

Katie Kachur
Vice President, Government Relations, West
Canadian Propane Association

CC: Scott Morris, CPA Saskatchewan Committee Chair