



MANITOBA ETHANOL REGULATIONS ETHANOL MANDATE AND REPORTING REQUIREMENTS

Q: What is ethanol?

A: Ethanol is a high-octane, water-free alcohol that is usually produced from renewable resources such as corn, wheat, straw and other biomass. Ethanol can be used as a fuel, as an additive to fuel or fuel extender, and as an industrial chemical. When ethanol is blended with gasoline, the result is a cleaner, higher-octane fuel than regular gas.

Q: What is denatured ethanol?

A: Denatured ethanol is ethanol that has been made undrinkable. When ethanol is used as a fuel, adding a small amount of gasoline denatures the ethanol.

Q: What is Manitoba's denatured ethanol sales mandate?

A: Manitoba's ethanol mandate requires fuel suppliers in Manitoba to replace at least 8.5% of their gasoline available for sale with ethanol. This pool average will result in roughly 130 million litres of ethanol used in Manitoba each year.

Q: When did the mandate begin?

A: The mandate began on January 1, 2008 with 5% denatured ethanol content for the first quarter of 2008, ramping up to 8.5% for the remainder of 2008 and subsequent years.

Q: Does the mandate mean that every litre of gasoline sold in Manitoba will be blended with ethanol?

A: No, the mandate is a total fuel volume average and gives fuel suppliers flexibility in how they blend ethanol into their gasoline supply. Fuel suppliers can determine which pumps will dispense ethanol-blended fuel.

It is expected that some non-ethanol blended gasoline will continue to be sold.

Q: Does the mandate apply to all gasoline?

A: No, the mandate applies only to gasoline sold in the Manitoba market. Aviation gasoline, gasoline sold for export and gasoline in transit through Manitoba are not subject to the mandate.

Q: Are there geographic exemptions from the mandate?

A: Yes, gasoline sold for use in Churchill and the surrounding area and gasoline sold for use in areas of Manitoba serviced by winter roads are exempt from the mandate.

Q: Does only Manitoba-made ethanol have to be used to meet the mandate?

A: No, there are no restrictions of the origin of the ethanol blended into gasoline to meet the mandate.

Q: Is ethanol-blended fuel taxed at the same rate as gasoline?

A: Yes, ethanol-blended fuel is taxed at the same rate as gasoline, at 11.5¢/litre.

Q: Why is Manitoba implementing a requirement to blend ethanol in gasoline?

A: Mandating the use of ethanol in Manitoba benefits the environment through reduced greenhouse gas and other emissions and helps boost rural economic development. Millions of dollars leave Manitoba annually in income transfers for gasoline produced in other jurisdictions. Producing ethanol in Manitoba from Manitoba-grown products can reduce this annual financial drain.

Q: Who is considered to be a fuel supplier for the purpose of the mandate?

A: A fuel supplier is a registered collector under Manitoba's *Fuel Tax Act*.

Q: How is the denatured ethanol sale mandate administered?

A: Each fuel supplier must keep records of denatured ethanol purchased and their sales of gasoline and gasohol (ethanol-blended fuel). Fuel suppliers are required to report on the amount of fuel sold and whether they have met the mandate requirement.

Q: To whom does a fuel supplier report for the purposes of the mandate?

A: A fuel supplier must report to the Department of Finance on compliance with the mandate.

Q: The *Ethanol General Regulation* refers to reporting periods for the mandate. What is a reporting period?

A: A reporting period is the period of time during which a fuel supplier must meet the mandate requirement. Each reporting period runs for 12 months from January 1 to December 31.

Q: When do mandate compliance reports have to be filed?

A: Compliance reports must be submitted within three months after a reporting period ends.

Q: How do fuel suppliers determine if they have complied with the mandate?

A: The *Ethanol General Regulation* contains a formula for determining compliance. This formula is also found in the forms that must be submitted when fuel suppliers report on their compliance with the mandate. Copies of the forms and the regulations are available from the Energy Division, Manitoba Innovation, Energy and Mines (IEM) and on the IEM website.

Q: What happens if a fuel supplier does not meet the mandate?

A: A fuel supplier must pay a monetary penalty on any shortfall. The penalty is calculated on the basis of 11.5 cents/litre for each litre of denatured ethanol below the mandated amount. A penalty is a debt owing to the government.

Q: Are there other reporting requirements for fuel suppliers under *The Biofuels Act* and the *Ethanol General Regulation*?

A: In addition to the annual mandate reports, fuel suppliers who blend denatured ethanol with gasoline will be required to submit quarterly reports to the Minister of Innovation, Energy and Mines. The relevant forms are available from the Energy Division and on the IEM website. Quarterly reports must be filed within 30 days after the end of each quarter.

For further information, contact

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