

McGuinty backtracks on ethanol promise



SUKREE SUKPLANG/REUTERS FILE PHOTO

Gasoline sold in Ontario may not be required to contain 10 per cent ethanol fuel within two years, Premier Dalton McGuinty said today. (July 9, 2008)

July 09, 2008

MARIA BABBAGE
THE CANADIAN PRESS

A long-standing promise to boost the ethanol content in gasoline sold at Ontario pumps may never come to pass, Premier Dalton McGuinty said today, just a few months after he reassured farmers he'd stick to the plan.

McGuinty said he was rethinking his commitment to increase the ethanol content in gasoline to 10 per cent by 2010, given the dubious environmental benefits of the biofuel and the impact it's having on food prices.

"The issue for us is whether it would be in the public's interest to stretch it to 10 per cent," he said.

"I think we've got to pay attention to some of the other developments, including food costs."

McGuinty made the pledge in the run-up to the 2003 election that saw the Liberals seize power. At the time, he promised the move would boost Ontario's rural communities and add thousands of new jobs.

Opposition critics were quick to point out that the premier's latest flip-flop comes just a few months after he dismissed the link between rising world food prices and the growing appetite for ethanol.

In April, McGuinty said he was convinced his government's decision to increase the ethanol content in gasoline wasn't having a significant impact on food costs "because of a whole bunch of circumstances" that were driving up prices.

"I think it's perplexing and worrisome to some degree, because the guy seems to change his mind with whatever's trendy this week or next week," said Opposition Leader Bob Runciman.

The real problem is that the Liberals are all talk and no action when it comes to climate change, said NDP critic Andrea Horwath.

"There has been no solid climate-change plan that has all of the components in it that would make a real difference in terms of Ontario's own air-quality issues," she said.

Currently, gasoline sold in Ontario must contain an average of five per cent ethanol, which is derived from corn, wheat and straw.

Other provinces have also adopted that standard, and a new federal law will require a minimum of five per cent renewable content in gasoline by 2010.

Ontario has invested heavily in its promise to boost ethanol production. It's earmarked \$520 million over 12 years to increase its capacity to 750 million litres a year from the current 350 million litres, according to the Ministry of Agriculture, Food and Rural Affairs.

The province also has a policy to purchase vehicles that can accept 85 per cent ethanol fuel in an effort to reduce greenhouse gas emissions. It bought 1,339 such vehicles in the last 18 months, forming about 20 per cent of the government fleet.

Initially touted as a "clean" energy source, critics warn that the growing demand for ethanol is actually doing little to help the environment while driving up world food prices.

Last week, the C.D. Howe Institute took aim at "misguided" federal and provincial policies designed to boost the production and use of biofuels to reduce greenhouse gases.

The report by economist Douglas Ault at the University of Guelph concluded there was no conclusive scientific evidence that ethanol reduces emissions and has largely failed as a tool to spur rural development.

The Canadian Renewable Fuels Association called the report "inherently flawed" and says McGuinty's backtracking could actually increase already sky-high prices at the pumps.

"In light of the record price of oil, and the need for viable climate change solutions, the case for biofuels has never been stronger," association spokesman Robin Speer said in an email.

"Biofuels cushion the impact at the gas pump by reducing the cost of gasoline by up to 15 per cent."

If the province turns its back on its promise to increase the ethanol content in gasoline, it could also threaten the development of new technologies that could yield "huge" environmental benefits, Speer suggested.

"Just last week, Premier McGuinty's government announced \$7.5 million for two innovative biofuel projects in Ontario," Speer said. "The 10 per cent mandate will ensure a market for these innovative homegrown fuels."

However, research has shown that the environmental benefit of grain-based ethanol fuel is modest at best, said Dale Marshall, a climate change analyst with the David Suzuki Foundation in Ottawa.

Ethanol diverts food crops, requires large amounts of fertilizer and water and uses fossil fuels in production, he said.

It's a good idea to step back and re-examine the pros and cons before increasing the ethanol content in gasoline, he added. But if the province does decide to forge ahead, it should look at using other sources of ethanol that don't impact food prices, such as cellulose, which is derived from wood and grasses.

"That way, you're basically getting the benefits without the disadvantages," Marshall said.