

For Immediate Release

July 6, 2007

Province Investing In Ontario's Ethanol Producers

Ethanol Growth Fund Opens New Round Of Applications

GUELPH - Ethanol producers in Ontario can access \$6 million in capital assistance to help them provide cleaner fuel. Operating grant assistance to support the production of 65 million litres of ethanol is also available.

The 12-year, \$520-million Ontario Ethanol Growth Fund (OEGF) was launched in 2005 following the announcement of the Ethanol in Gasoline Regulation, requiring an average of at least five per cent ethanol in all gasoline sold. The OEGF provides:

- \$32.5 million in capital assistance to help ethanol producers meet financial challenges
- Operating assistance to address changing market prices (up to 11 cents per litre of ethanol produced)
- Support for independent blenders of ethanol and gasoline
- A research and development fund to pursue opportunities for research and innovation.

The newly available funding is the result of the voluntary termination of a project that was previously awarded funding.

Ethanol producers will be able to submit their applications starting the week of July 23, 2007. Further information on the program and application process is available at: www.ontario.ca/omafra.

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Contacts:

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Backgrounder

ONTARIO ETHANOL GROWTH FUND

The McGuinty government is committed to reducing greenhouse gas emissions by increasing the use of ethanol in gasoline. In November 2004, Ontario announced a Renewable Fuels Standard that required an average of five per cent ethanol in all gasoline sold in Ontario by January 1, 2007. Ontario's Ethanol in Gasoline Regulation has created demand for approximately 850 million litres of ethanol annually.

On June 17, 2005, the Ontario Government announced a new \$520-million, 12-year fund to support the production of ethanol fuel in Ontario. Once fully operational, projects funded through the Ontario Ethanol Growth Fund (OEGF) are expected to supply approximately 500 million litres annually of this renewable fuel.

Building a domestic ethanol industry in Ontario could lead to private-sector investments of up to \$500 million in rural Ontario, and create as many as 400 jobs. The key to accomplishing this goal is managing the risks associated with fluctuating corn, crude oil and ethanol prices. The OEGF recognizes that need and will help investors to better manage those risks by allowing fluctuating levels of support from year to year.

The 12-year, \$520-million OEGF has two main components:

- Capital Grants offset a portion of the cost of constructing ethanol production facilities.
- Operating Grants will be available from 2007 until 2017 to promote ethanol production by helping industry manage fluctuating market conditions.

To date, \$26.5 million in capital grants have been approved, with operational grants allocated for 485 million

litres of ethanol over the next 10 years:

- Integrated Grain Processors' Co-operative, Aylmer, scheduled to open in January 2009 and produce more than 145 million litres of ethanol annually
- Collingwood Ethanol, Collingwood, opened in May 2007 and is planning on producing 50 million litres of ethanol annually
- GreenField Ethanol was founded in 1989, and is producing more than 100 million litres of ethanol annually at their Chatham location. A facility in Hensall is scheduled to open in November 2008, with a capacity of 190 million litres.

Support for Independent Blenders

Independent gasoline distributors who were blending ethanol prior to June 17, 2005 were eligible for assistance in order to meet the requirements of the Ethanol in Gasoline Regulation. Funds have been provided to one successful proponent under this program.

Research and Development Fund

A research and development fund will help farmers, environmental and bio-based businesses create research and investment opportunities in the ethanol manufacturing sector, and will help create a platform for a wider bio-based economy. In June 2007, a call for letters of intent was issued with a deadline of September 17, 2007. More information on the requirements for this program can be found at www.ontario.ca/omafra.

Second Round of Funding under the OEGF

Details regarding the competitive application process for the funding now available under the OEGF will be available the week of July 23, 2007, at www.ontario.ca/omafra.

Contact for program details (after July 23):

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(519) 826-3195

Addendum August 2008: Second Round of Funding under the OEGF

As a result of the voluntary termination of a previously approved project, the government is redistributing \$6 million in capital grants and associated operating assistance for an eligible volume of 65 million litres of ethanol. Successful applicants to date:

Suncor Energy Products Inc. was approved for 55 ML operating grant.

Kawartha Ethanol Inc. was approved for a \$4.9 M capital grant.

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