

RENEWABLE DIESEL PROGRAM PRODUCER INCENTIVE GUIDELINES

PROGRAM PURPOSE

To support the production of renewable diesel in Saskatchewan for use in all diesel fuel applications.

Renewable diesel is defined as a diesel fuel substitute made from renewable materials such as vegetable oil, waste cooking oil, animal fat or fish oil, fungi, algae or other microbes, and potentially from cellulosic feedstock consisting of agriculture and forest biomass using processes such as transesterification and hydrotreating.

For the purposes of this program, this definition excludes traditional and non-traditional petroleum derived products or resources as well as straight vegetable oils (SVO) or fats which are ‘untransformed’ to meet fuel standards.

The incentive program is effective April 1, 2011 and terminates March 31, 2016.

ELIGIBILITY

In order for product to be considered eligible renewable diesel and qualify for the incentive, it must be produced at facilities located in Saskatchewan, sold, and delivered; delivery must occur during the period to which the incentive relates. Renewable diesel which has been toll processed at a facility in Saskatchewan is also eligible under the program.

Renewable diesel production must be certified as meeting fuel-grade ASTM International specifications such as D6751, or appropriate specifications accepted under Canadian General Standards Board (CGSB) or European (EN) standards. Volumes will be reported on a 100% renewable diesel (also called B100 or ‘neat’ renewable diesel) basis and volume corrected to 15 degrees Celsius.

Incentive payments are subject to individual producer and program caps as noted below.

FUNDING CRITERIA

The program provides an incentive of 13 cents per litre for eligible renewable diesel, subject to the following:

- The producer must deliver a minimum of 500,000 litres of eligible renewable diesel in a fiscal year (April 1 to March 31 of the next year).
- There is a maximum program incentive cap of 40 million (M) litres of renewable diesel per fiscal year.
- The maximum number of litres of renewable diesel eligible for an incentive in a fiscal year is 20M litres per producer.
- There will be no carry forward of eligible renewable diesel or incentive from one fiscal year to the next.
- Funding will be determined by the program budgetary allocation for the year.

If renewable diesel production exceeds the program incentive cap of 40M litres, incentives will be prorated, and calculated based on the total number of litres of eligible renewable diesel claimed for all program applicants at the end of the respective quarter. Once the program incentive cap is reached, no further incentives will be payable for the remainder of the fiscal year.

APPLICATION REQUIREMENTS

To be considered for the program, producers must submit a completed *Producer Incentive Application Form*, which includes the following:

- producer's background and contact information;
- evidence that the product meets appropriate ASTM International, CGSB or EN standards (i.e. BQ-9000 Accredited Producer certification or an arm's length laboratory analysis certification);
- description of eligible products by category, process and feedstock; and
- declaration of regulatory compliance.

An authorized signing officer of the applicant should submit its application and any required supporting documents to:

Financial Programs Branch
Ministry of the Economy
300 – 2103 11th Avenue
REGINA SK S4P 3Z8
Fax: (306) 798-0796
Email: renewablediesel@gov.sk.ca

If successful, producers will be notified and will then be required to enter into and comply with a contribution agreement with the Government of Saskatchewan.

Each applicant must submit a *Quarterly Statement* form, signed by an authorized signing officer, to the Ministry of the Economy (the ministry) within 45 days of the end of each quarter. This form will contain information on the applicant's eligible renewable diesel, as well as supporting documentation. Quarterly Statement forms received after the 45-day filing deadline may not be eligible for an incentive payment.

Payments will only be made to the applicant once it has delivered a minimum of 500,000 litres of eligible renewable diesel in a fiscal year. The amount of eligible renewable diesel will be carried forward into subsequent quarters in the applicable fiscal year. Once the minimum delivery of 500,000 litres of eligible renewable diesel has been achieved, payments will then be calculated. Carry forwards of eligible renewable diesel will not be allowed into the following fiscal year.

PROGRAM ADMINISTRATION

The Ministry is responsible for administering the applications, contribution agreements, collection of Quarterly Statements, program funding and have the discretion to determine product eligibility as well as the amount of incentive to be paid.

All incentive payments are subject to provincial audit as to the verification of eligibility under the program. All applicants must provide the ministry, or auditors selected by the ministry, with reasonable access to files and information for audit purposes.

The information obtained under the program becomes the property of the Minister and will be subject to the provisions of *The Freedom of Information and Protection of Privacy Act*.

Commitment of financial assistance cannot be made until the *Producer Incentive Application Form* and *Quarterly Statement* have been approved in writing by the Ministry of the Economy.

For more information, email inquiries to renewablediesel@gov.sk.ca or call (306)787-0025.