SASKATCHEWAN CANOLA GROWERS ASSOCIATION

210-111 Research Drive   Saskatoon SK S7N 3R2
Telephone (306) 668-2380 Fax (306) 975-1126
email: scga@sasktel.net
www.canolagrowers.ca

Craig Gates, Practice Leader
Meyers Norris Penny
Suite 900, 2010 11th Avenue
Regina, SK S4P 0J3

Dear Mr. Gates:

I am writing you to submit comments from the Saskatchewan Canola Growers Association (SCGA) about the proposed regulations for *The Management and Reduction of Greenhouse Gases Regulations*.

The SCGA has concerns about the proposed regulations for the future of the biofuels industry in Saskatchewan along with the offset credit system and how it may impact canola growers in the province. The proposed regulations have been communicated to be a “made in Saskatchewan” plan. This is a valid concept in theory. The concern of the SCGA is that these regulations will not encourage new business to be established in Saskatchewan or current businesses to expand. If the proposed regulations create a more expensive business model when compared to the regulations in Alberta or other areas of North America there is an economic incentive to not locate in Saskatchewan. The SCGA encourages you to ensure the economics of this proposed regulation do not encourage biofuel producers to be built in other jurisdictions outside of Saskatchewan and therefore Saskatchewan canola growers are not able to benefit in a direct manner.

The current expectation of the SCGA in regard to the proposed regulations would be that any additional cost to the regulated emitters would be passed on to agricultural producers in the province. Whether it is through increased fuel or electricity expenses to name a couple. The SCGA encourages the Ministry of Environment to ensure that any additional costs borne by the emitters does not create a uncompetitive cost of production for Saskatchewan producers of food when compared to other producers around the world.

The SCGA is concerned about the qualifying offset activities and offset credits as proposed in the regulations. The first concern of the SCGA is about the use of offset credits. It is not clear that the regulated emitters have any incentive to purchase offset credits from the market with the establishment of the proposed Technology Fund. It is the understanding of the SCGA that the Technology Fund is a zero cost item for the regulated emitter as any money they put into the fund will be returned to them for carbon reduction projects. In this situation the Technology Fund will be used more than the offset credit market. Without the regulated emitters participating in the offset credit market the purpose of such a market for Saskatchewan is not clear. If the offset credit market is not necessary the agriculture sector in Saskatchewan is unable to play a role in the reduction of greenhouse gases to assist in the “made in Saskatchewan” plan.

Under the proposed regulations the SCGA does not expect the currently operating offset credit market to remain viable or expanded to the benefit of Saskatchewan growers. It is the understanding of the SCGA that the supply of carbon credits that may be available under these regulations would far exceed the need of the regulated emitters. In this case the carbon credit would have a very low value and buying of these credits would be optimal for the regulated emitters if they do not want to use the Technology fund. This low value would not encourage Saskatchewan producers to participate in the program. For this reason the SCGA encourages the Ministry of Environment to seek out methods for Saskatchewan producers to participate in the Alberta process for carbon credits as this would increase the demand and possibly the value of carbon credits.

The SCGA thanks the Ministry of Environment and Meyers Norris Penny for the opportunity to provide comments on this very important issue for canola growers. If you have any question please do not hesitate to contact Wayne Thompson, Executive Director, at 306-668-2380.

Sincerely,

Wayne Thompson
Executive Director