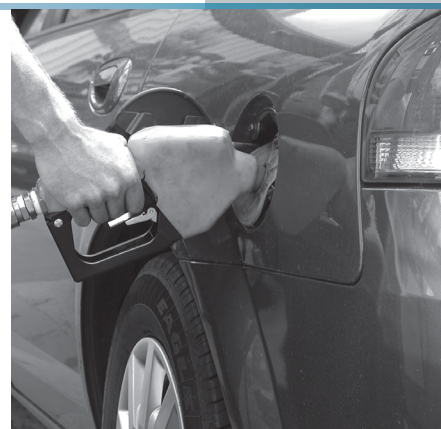




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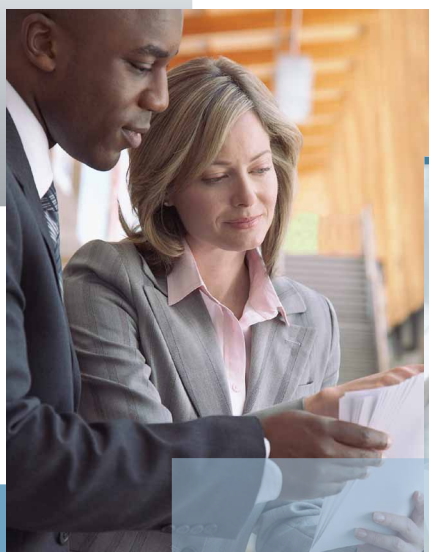
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Report on the Application of the *Alternative Fuels Act*

Fiscal Year 2011–12



Canada



**Report on the Application
of the *Alternative Fuels Act***

Fiscal Year 2011–12

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President's Message

I am pleased to table in Parliament the annual *Report on the Application of the "Alternative Fuels Act"* for the fiscal year 2011–12, pursuant to the *Alternative Fuels Act*.

Original signed by

The Honourable Tony Clement

President of the Treasury Board and Minister responsible for FedNor

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Introduction

The *Alternative Fuels Act* (AFA) requires the President of the Treasury Board to report annually on the application of the AFA in respect of all federal bodies (departments and agencies) named in schedules I, I.1, and II of the *Financial Administration Act*. This is the 15th annual report on the application of the AFA.

The *Alternative Fuels Act*

The AFA received Royal Assent on June 22, 1995, and took effect on April 1, 1997. The purpose of the AFA is to accelerate the use in Canada of alternative fuels in motor vehicles in order to reduce the emission of carbon dioxide and other greenhouse gases, thereby lessening dependence on petroleum-based fuels for transportation. These alternative fuels include ethanol, methanol, propane gas, natural gas, hydrogen, or electricity, when used as a sole source of direct propulsion energy.

The AFA stipulates that, where cost-effective and operationally feasible, any motor vehicles operated by federal departments and agencies must use alternative fuels. More specifically, the AFA stipulates that:

- ▶ Of the newly acquired vehicles, 75 per cent must be physically capable of operating on alternative fuels where it is cost-effective and operationally feasible; and
- ▶ Where it is cost-effective and operationally feasible to do so, a federal body must use an alternative fuel in the operation of any motor vehicle capable of operating on such a fuel.

Compliance with the *Alternative Fuels Act*

Treasury Board policy requires departments and agencies to comply with the AFA when making motor vehicle procurement decisions. Supporting guidelines developed by the Treasury Board of Canada Secretariat provide departments and agencies with additional information on meeting their AFA obligations and on effectively applying the AFA and the *Alternative Fuels Regulations*.

Constraints related to cost-effectiveness and operational feasibility

During 2011–12, there were a number of constraints that continued to work against the acquisition of alternative fuel vehicles and the viability of using these fuels in the federal fleet.

Cost-effectiveness

- ▶ The price of regular gasoline was generally lower by several cents per litre in comparison with ethanol 85-gasoline (E85) fuel.
- ▶ Mileage efficiency was about 20 to 25 per cent higher for gasoline in comparison with E85 fuel.

Operational feasibility

- ▶ Although manufacturers increased their production of alternative fuel vehicles with flexible fuel engines (engines that are capable of running on gasoline alone or on any blend of gasoline and ethanol, up to a maximum of 85 per cent ethanol, i.e., E85), there continued to be a limited supply of factory-produced alternative fuel vehicles suitable for federal government operations in some of the required categories.
- ▶ The number of fuelling stations that offered E85 fuel commercially in Canada remained limited to two, both in Ontario. It was not operationally feasible to run alternative fuel vehicles on E85 fuel in most areas throughout Canada.
- ▶ The supply of propane and natural gas remained limited outside of urban areas, and suppliers' operating hours were often restricted.
- ▶ The use of propane vehicles in certain areas of some jurisdictions was restricted for safety reasons, e.g., underground parking garages and airport tarmacs.

New alternative fuel vehicle acquisitions

During 2011–12, the federal government acquired a total of 3,707 vehicles. Of these, 2,341 (63 per cent) were alternative fuel vehicles.

All new alternative fuel vehicles acquired during this fiscal year were equipped with flexible fuel engines (E85).

Use of alternative fuels in the federal fleet

The estimated amount of E85 fuel consumed by the federal government's alternative fuel vehicles was approximately 97,309 litres during 2011–12.

The estimated amount of natural gas consumed by the federal government's natural gas vehicles was approximately 10,687 litres, and its propane vehicles consumed approximately 9,003 litres of propane.

The federal government has also made use of low-level blended fuels, consuming 7,713,032 litres of E10 gasoline (a blend of 90 per cent gasoline and 10 per cent ethanol) and 1,432,255 litres of biodiesel.

Mitigating measures

Despite the constraints listed above, the federal government endeavoured to meet the objective of the AFA to accelerate the use of alternative fuel vehicles in order to reduce the emission of carbon dioxide and other greenhouse gases. This was accomplished through the following:

- ▶ The continued use of some of the E85 fuelling tanks installed on federal government sites across Canada, to increase the viability of alternative fuel usage in those regions.
- ▶ The application of environmental criteria during the procurement process of most vehicles. These criteria provide an advantage to alternative fuel and hybrid gasoline-electric vehicles, as well as to vehicles equipped with fuel-efficient, four-cylinder engines.
- ▶ Treasury Board policy requires departments and agencies to fill up with E10 fuel whenever possible and to take measures to eliminate unnecessary idling.
- ▶ A total of 47 hybrid gasoline-electric vehicles were acquired during 2011–12, but since they are not considered alternative fuel vehicles under the AFA, they were not included in the total number of alternative fuel vehicles acquired (2,341).

Conclusion

During 2011–12, the federal government complied with AFA requirements governing vehicle acquisition where it was cost-effective and operationally feasible to do so. The systematic constraints that limit the federal government’s ability to reach the 75 per cent target set by the AFA continued to exist and are not expected to change in the near future.

It is clear that the automotive industry is shifting its focus to hybrid technology, which will increase the availability of hybrid vehicles in more classes. This should expand the federal government’s opportunities to purchase more hybrid vehicles and, as a result, reduce the greenhouse gas emissions of its fleet.

Copies of this report are available online at <http://www.tbs-sct.gc.ca/reports-rapports/aafa-alcr/index-eng.asp>.