Follow up to a question asked by the Honourable Senator Massicotte to Jim Grey, Chair and Andrea Kent, Board Member, Renewable Industries Canada on May 3, 2018

Question: Please share information on how important that 30 per cent taxation is compared to your resale price of the product (% on the margin).

Answer: The answer isn’t entirely straightforward, as we don’t yet know all of the details of the final regulation including how much of the indirect costs will be passed through by the marketplace.

However, we have extrapolated the basics for ‘average’ corn and wheat ethanol plants for an example.

At $50/tonne, a 200 million litre a year corn ethanol plant will have direct carbon pricing costs of $1,200,000 per year and could have indirect costs for increased trucking, power, natural gas, and feedstock of another $1,200,000 per year. Some plants may be higher.

The costs for a 130 million litre a year wheat ethanol plant would be the same $1,200,000 for direct and the indirect costs could be the same or a bit higher.

So, to answer your question, costs could be from 10 to 50% of EBITDA and even higher when expressed as a percent of net income.