PROPOSED AMENDMENTS TO THE DENATURED AND SPECIALLY DENATURED ALCOHOL REGULATIONS

The Canada Revenue Agency proposes to seek amendments to the *Denatured and Specially Denatured Alcohol Regulations* (the Regulations) that would change three descriptions set out in the Table appended to the Regulations. These descriptions include gasoline, diesel fuel, and petroleum derivative, each of which may be used as a denaturant in the formulation of fuel ethanol. The grades of denatured alcohols affected by these changes are DA-2F, in which gasoline is the denaturant, DA-2G (diesel fuel), and DA-2C (petroleum derivative).

The proposed descriptions of gasoline and diesel fuel are largely based on the existing definitions of those terms, as found in the *Sulphur in Gasoline Regulations*, *Benzene in Gasoline Regulations*, and the *Sulphur in Diesel Fuel Regulations*, made pursuant to the *Canadian Environmental Protection Act*. They would replace definitions that presently incorporate by reference various standards set by the Canadian General Standards Board (CGSB). Those standards are subject to changes, from time to time, and also render the current descriptions within the *Denatured and Specially Denatured Alcohol Regulations* less transparent.

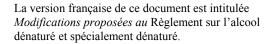
A minor change to the description of petroleum derivative is also needed in order to ensure that domestic and imported denatured alcohol grade DA-2C may include ethyl alcohol that is denatured with natural or crude gasoline.

The text of the proposed amended descriptions to the *Denatured and Specially Denatured Alcohol Regulations* is provided at the end of this notice. It is proposed that these amendments, if they are adopted, be made effective from the date of this announcement.





Agence du revenu du Canada





Proposed Amendments to the Denatured and Specially Denatured Alcohol Regulations

Any comments or concerns about this proposal should be submitted in writing, within the next 30 days, to:

Mr. Phil McLester
Director
Excise Duties and Taxes Division
Excise and GST/HST Rulings Directorate
Policy and Planning Branch
320 Queen Street, 20th floor
Ottawa, ON K1A 0L5

Following are the proposed amended descriptions in the Table appended to the Regulations:

Diesel fuel

A petroleum fuel that can be evaporated at atmospheric pressure, that boils within the range of 130°C to 400°C and that is for use in diesel engines.

Gasoline

A petroleum distillate, or a mixture of petroleum distillates, oxygenates or additives, that is suitable for use in a spark ignition engine and that has the following characteristics, as determined by the applicable test method listed in the National Standard of Canada standard CAN/CGSB-3.5-94, *Unleaded Automotive Gasoline*,

- (i) a vapour pressure of at least 38 kPa,
- (ii) an antiknock index of at least 80,
- (iii) a distillation temperature, at which 10% of the fuel has evaporated, of not less than 35°C and not greater than 70°C, and
- (iv) a distillation temperature, at which 50% of the fuel has evaporated, of not less than 65°C and not greater than 120°C

Petroleum derivative

A volatile, highly flammable liquid having the characteristic odour of light petroleum distillate. Upon distillation, a maximum of 10% by volume of the liquid shall pass over at or below 35°C, or the liquid shall have a vapour pressure at 37.7°C (at a vapour-to-liquid ratio of 4:1) that is less than or equal to 105 kPa, and a minimum of 95% by volume of the liquid shall pass over at or below 225°C. Petroleum derivative does not include gasoline, petroleum naphtha or solvent naphtha.

This Excise Duty Notice does not replace the law found in the Excise Act, 2001 and its Regulations. It is provided for convenience and reference only. Since it may not completely address your particular operation, you may wish to refer to the relevant act or regulations, or contact your regional Excise Duty office for additional information.