

ALTERNATIVES TO GASOLINE

The Government of Canada will provide taxable grants of up to \$400 per vehicle as an incentive to convert gasoline-fuelled vehicles in commercial fleets (e.g. taxis, utility trucks, etc.) to propane fuel systems.

The Government will convert its own vehicles to propane fuel systems wherever practicable. The target is to convert 8,000 vehicles in five years.

The Government will also promote the use of compressed natural gas as a motor fuel, through federal-provincial demonstration programs, or, if necessary, by direct action.

OIL-USE EFFICIENCY

REFINERY UPGRADING

The Government of Canada has obtained commitments from four refiners to reduce substantially their output of heavy fuel oil by installing equipment to upgrade this byproduct into light products, which include gasoline, aviation fuel, diesel fuel, home heating oil and petrochemical feedstocks. As a result, the production of heavy fuel oil, which will be replaced in industrial applications by alternatives to oil, will fall by 75,000 barrels per day by 1984—adding that amount to Canada's supply of oil feedstocks and opening new industrial markets for fuels other than oil.

In addition, Petro-Canada is studying the feasibility of a plant to upgrade a further 80,000 barrels per day of heavy fuel oil being produced in Montreal-area refineries.

WESTERN HEAVY CRUDE OIL UPGRADER

Much of Canada's heavy crude oil production has traditionally been exported because Canadian refineries are not equipped to handle all the heavy oil produced. However, this crude oil can be

upgraded into a synthetic light crude oil that can readily be transported to and processed by Canadian refineries. The Canadian Government will, therefore, be a financial partner in the construction of a \$1 billion heavy crude oil upgrading plant in Saskatchewan. The Government is negotiating a joint Canada-Saskatchewan venture, involving Petro-Canada and Saskoil, a provincial Crown corporation, but private sector producers of heavy crude oil will be invited to participate as well.

CONSERVATION

Recognizing that conservation is the cleanest, most enduring, and in many cases the cheapest way to reduce dependence on imported oil and achieve domestic energy balance, the National Energy Program will expand and strengthen conservation actions in the private and public sectors.

HOMES

Federal funding for the Canadian Home Insulation Program, which provides home insulation grants to up to \$500, will be increased from \$80 million to \$265 million annually, to ensure that its objective—upgrading of 70 per cent of Canadian homes by 1987—is achieved.

The *National Housing Act* will be used to support national energy objectives. Any new house for which federal financing (e.g. from the Canada Mortgage and Housing Corporation) is sought after July 1, 1981, will be required to meet federal energy-efficiency standards. Where possible, these standards will be as agreed with provincial governments. Also, the federal government will develop new energy-efficiency standards for houses built in northern Canada, and accelerate its program to upgrade its own buildings, including 25,000 housing units at defence bases, weather stations, transport facilities and national parks.