

BRITISH COLUMBIA ROYALTY CREDIT PROGRAM
CLEAN INFRASTRUCTURE ROYALTY CREDIT DEDUCTION AGREEMENT

XXXXXXX

THIS AGREEMENT dated for reference _____, 20_____

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
REPRESENTED BY THE PERSON APPOINTED AS THE ROYALTY ADMINISTRATOR UNDER
SECTION 73(3) OF THE ACT
(THE "ADMINISTRATOR")

AND:

[Name of Producer Project Proponent]
(THE "PRODUCER PROJECT PROPONENT")

AND:

[Name of Pipeline Project Proponent]
(THE "PIPELINE PROJECT PROPONENT")

**(together, the Producer Project Proponent and the Pipeline
Project Proponent are the "PROJECT PROPONENTS")**

WHEREAS:

- A. The Producer Project Proponent is a "producer" as defined under the Regulation.
- B. The Pipeline Project Proponent is a "pipeline company" as defined under the Regulation.
- C. The Pipeline Project Proponent has advised the Administrator pursuant to [section 4](#) of the Regulation that the Pipeline Project Proponent intends to undertake the Project in a contractual arrangement with the Producer Project Proponent and that the Project is of a type contemplated in Section 4(12)(b) of the Regulation.
- D. The Parties have agreed to enter into this Agreement to determine the Producer Project Proponent's eligibility to deduct a portion of the costs attributable to the Project from royalty or tax otherwise payable by the Producer Project Proponent under the Act.
- E. A deduction of costs attributable to the Project from royalty or tax otherwise payable by the Producer Project Proponent pursuant to this Agreement is subject to Section 4 of

the Regulation.

- F. The Project Proponents have obtained, or are in the process of obtaining, all necessary permits or authorizations under the OGAA and other applicable laws.

THE PARTIES AGREE AS FOLLOWS:

I. Definitions and Interpretation

1. In this Agreement:

“**Act**” means the [Petroleum and Natural Gas Act](#), R.S.B.C. 1996, c. 361, and any amendments thereto;

“**Agreement**” means this Agreement;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;

“**Closing Time**” means 2:00 PM (Pacific Time) on October 7, 2016;

“**Construction**” means the construction of the Project as described in Step 1 in Schedule A, which, for greater certainty:

- (a) includes any physical alteration of land, vegetation or any other aspect of the natural environment;
- (b) includes the retrofit, replacement or conversion of any existing work or infrastructure; and
- (c) does not include any activities conducted solely for investigative purposes under a valid permit or authorization;

“**Construction Completion Date**” means the date that Construction was completed, as specified in a Statutory Declaration of Completion submitted to the Administrator as part of an application for a Royalty Deduction under Section VII;

“**Eligible Costs**” means the following costs, actually paid by the Project Proponents, to complete the Project:

- (a) costs paid for planning, designing, obtaining licenses and approvals and engineering expenditures; and
- (b) all materials, labour and equipment charge-out costs incurred during Construction and Post-Project Verification of the Project;

but excludes:

- (c) routine maintenance costs;

- (d) goods and services tax (GST);
- (e) costs associated with maintaining compliance with regulations, including the Greenhouse Gas Emission Reporting Regulation, B.C. Reg. 249/2015; and
- (f) contingency allowances, administration costs, overhead, accounting, interest and the purchase of, and amortization and depreciation on, capital equipment that is not integral to the operation of the project;

“Fiscal Year” means a period commencing April 1st and terminating March 31st of the following year;

“GHG” means “greenhouse gas” as defined in Section 4 of the Regulation;

“OGAA” means the [Oil and Gas Activities Act](#), S.B.C. 2008, c. 36 and any amendments thereto;

“Parties” means the Administrator and Project Proponents, and **“Party”** means any one of them;

“Post-Project Verification” means the post-project verification of the Project as described in Step 2 in Schedule A, which, for greater certainty includes providing the Administrator with a report by the Project Proponents that:

- (a) details the actual GHG emissions reductions from the Project, determined using a methodology approved by the Administrator;
- (b) has been verified by an ISO 14065 accredited organization that is independent from the Project Proponents; and
- (c) is otherwise satisfactory to the Administrator, in their sole discretion;

“Project” means the project described in Schedule A and the specifications described in Schedule C, including any amendments to the Project accepted by the Administrator in accordance with Section III;

“Project Completion” means the completion of both:

- (a) Construction; and
- (b) Post-Project Verification;

“Proposed Amendment” has the meaning given to such term in paragraph 1 of Section III.

“Regulation” means the [Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation](#), B.C. Reg. 495/92 and any amendments thereto;

“Royalty Deduction” means a deduction from royalty or tax otherwise payable by the Producer Project Proponent under the Act; and

“**Step**” means a step of the Project as set out in Schedule A;

2. Any headings or titles are for convenience of reference and do not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Sections and Schedules are to Sections and Schedules of this Agreement.
3. In this Agreement, words importing the singular number include the plural and vice versa. The term “including” means “including without limiting the generality of the foregoing”.

II. Schedules

The following attached schedules form a part of this Agreement:

- (a) Schedule A – Summary of Project Work and Step(s);
- (b) Schedule B – Documentation Required for Release of Deductions;
- (c) Schedule C – Construction Schedule and Project Map; and
- (d) Schedule D – Special Equipment, Inventory or Service for the Project.

III. Project Amendments

1. The Project Proponents may, at any time during the term of this Agreement, submit a written request to the Administrator to amend the Project (each a “**Proposed Amendment**”) that includes a reasonably detailed description of the changes to the Project proposed by the Project Proponents. The Administrator may refuse to review or consider a Proposed Amendment until they determine, in their sole discretion, that they have received all information that they consider necessary or advisable to review and consider the request of the Project Proponents.
2. The Administrator has the sole discretion to accept or reject a Proposed Amendment. The Administrator will inform the Project Proponents of the Administrator’s decision whether to accept or reject any Proposed Amendment.
3. If the Administrator accepts a Proposed Amendment, the Parties will amend Schedules A, C, and D, as applicable, to reflect the accepted Proposed Amendment as soon as reasonably practicable after the Administrator informs the Project Proponents that the Administrator accepted such Proposed Amendment.
4. If the Administrator rejects a Proposed Amendment, but the Project Proponents nonetheless construct the Project in a manner that is inconsistent with Schedules A or C:
 - a. the Administrator may demand from the Project Proponents an amount equal to any and all Royalty Deductions that have been allowed by the Administrator under this Agreement, and

- b. the Administrator will not be required to review or consider any subsequent applications for a Royalty Deduction under this Agreement.

IV. Completion of the Project

1. The Parties agree that the Producer Project Proponent will not be eligible for or entitled to any Royalty Deduction in respect of the Project if the Project Proponents commence Construction prior to the Closing Time.
2. The Parties agree that the Producer Project Proponent will only be eligible for Royalty Deductions under this Agreement if:
 - a. completion of Step 1 occurs on or before the earlier of:
 - i. the third anniversary of this Agreement; and
 - ii. January 31, 2020; and
 - b. Project Completion occurs on or before the earlier of:
 - i. the fifth anniversary of this Agreement; and
 - ii. January 31, 2022.

Notwithstanding the foregoing, should unusual or exceptional circumstances arise, the Project Proponents may apply pursuant to Section III to amend Schedule A for the purpose of extending any one or more of the foregoing deadlines for the purpose of maintaining the Producer Project Proponent's eligibility for Royalty Deductions under this Agreement.

3. The Parties agree that a Step will be deemed to be completed as of the date specified by the Project Proponents' authorized representative in a Statutory Declaration of Completion submitted to the Administrator as part of an application for a Royalty Deduction under Section VII, provided however, that any such deeming will not, in and of itself, require the Administrator to allow a requested Royalty Deduction pursuant to Section VII or prevent the Administrator from subsequently determining that the Step was not completed as of such date.
4. The Parties agree that goods or services (such as special equipment, inventory or surveying services) that were purchased by or on behalf of either or both of the Project Proponents before the Closing Time or after the Project Completion Date specified in Schedule A will not be considered Eligible Costs that were expended by a Project Proponent in relation to the completion of such Step under paragraph 1 of Section VII unless the Project Proponents complete and submit to the Administrator a copy of Schedule D that details such goods or services as part of an application for Royalty Deduction under Section VII.

5. If the Project Proponents have not achieved Project Completion by the fifth anniversary of this Agreement (as may be extended pursuant to paragraph 2 of Section IV), then:
 - a. the Administrator has sole discretion to demand from the Project Proponents an amount equal to any and all Royalty Deductions that have been allowed by the Administrator under this Agreement; and
 - b. the Administrator is not required to consider or review any subsequent applications for a Royalty Deduction under this Agreement.

V. Project Supervisor

The Project Proponents have designated a project supervisor under Section XXIV and the Project Proponents will ensure that the supervisor is available, with reasonable notification, to meet with, and provide information to the Administrator throughout the term of this Agreement. The Project Proponents may appoint a replacement project supervisor at any time during the term of this Agreement by providing the Administrator with written notice of the name and contact details of such replacement project supervisor.

VI. Inspections, Audits and Safety

1. The Administrator, or a designated representative thereof, may, at reasonable times, on written notice to and with the permission of the Project Proponents, with such permission not to be unreasonably withheld, access the Project site and the offices of either of both of the Project Proponents for the purpose of conducting inspections, monitoring progress of the Project, and conducting audits or reviews of documentation concerning the Project (including whether (i) costs claimed by the Project Proponents under this Agreement constitute Eligible Costs, and (ii) such costs have actually been paid by either or both of the Project Proponents). The Project Proponents will, and will cause their respective employees, agents and contractors to, provide reasonable assistance to the Administrator for such purposes.
2. At any time prior to the earlier of:
 - a. the termination of this Agreement pursuant to paragraph 1(c) of Section XIV; and
 - b. the date that is 60 months after the termination of this Agreement pursuant to paragraphs 1(a) or (b) of Section XIV,

the Administrator, or a designated representative thereof, may request, and the Project Proponents must, within 30 days of such request, send in paper or electronic form to the Administrator, all records and information related to the Project requested by the Administrator, and the Administrator may conduct, or cause to be conducted, an audit or review of such records and information for the purpose of determining whether:

- c. costs claimed by the Project Proponents under this Agreement constitute Eligible Costs, and
- d. such costs have actually been paid by either or both of the Project Proponents.

VII. Application for Royalty Deduction

1. The Project Proponents may, during the six month period that begins upon the completion of a Step, apply to the Administrator for a Royalty Deduction in respect of Eligible Costs expended by either or both of the Project Proponents in relation to the completion of such Step.
2. The Project Proponents must include in any application for a Royalty Deduction completed and executed copies of all documents specified under Schedule B.
3. Subject to paragraphs 4, 5 and 6 of this Section VII and paragraph 2 of Section IV, upon receipt of an application for a Royalty Deduction from the Project Proponents, the Administrator will review the application within 90 days, and if the Administrator:
 - a. is satisfied with the information and documentation provided by the Project Proponents in respect of such application; and
 - b. determines that the application meets the requirements of the Regulation and this Agreement,

the Administrator will allow the following Royalty Deductions:

- c. if the application for Royalty Deduction concerns the completion of Construction:
 - i. the Administrator will allow up to 50% of the Royalty Deduction requested in respect of such Step in Schedule A at such time; and
 - ii. the Administrator will allow up to 50% of the Royalty Deduction requested in respect of such Step in Schedule A upon completion by the Project Proponents of Post-Project Verification to the satisfaction of the Administrator; and
 - d. if the application for Royalty Deduction concerns the completion of Post-Project Verification, the Administrator will allow up to 100% of the requested Royalty Deduction at such time.
4. The Parties acknowledge and agree that:
 - a. the aggregate Royalty Deduction allowed by the Administrator in respect of a Step will not exceed 50% of the lesser of:

- i. the total estimated completion costs for that Step specified in Schedule A;
and
 - ii. the amount actually spent by the Project Proponents to complete that Step;
and
 - b. the Administrator may allow a Royalty Deduction in respect of a Step that is less than the total Royalty Deduction requested by the Project Proponents in respect of such Step if the Administrator determines, in their sole discretion, that any cost claimed by the Project Proponents in respect of such Step does not constitute an Eligible Cost.
5. If the Administrator reasonably believes that any application for a Royalty Deduction, or the information accompanying any such application, is incorrect, incomplete or otherwise inadequate, the Administrator will send the Project Proponents notice accordingly and request further information or documentation that the Administrator considers necessary or advisable in the circumstances (“**Further Information**”). The Project Proponents must, within 30 days of receiving such notice, provide such Further Information to the Administrator. The Administrator is not required to continue reviewing or considering the relevant application of a Royalty Deduction, or any subsequent applications for Royalty Deductions by the Project Proponents, until the Project Proponents provide such Further Information to the Administrator and the Administrator is satisfied, in their sole discretion, that no further information is necessary or advisable in order for them to review and consider the application.
6. If the Project Proponents’ application for a Royalty Deduction in relation to a Step is received by the Administrator more than six months after the deadline for completing that Step set out in Schedule A, then the Administrator has the sole discretion to refuse to review the application and/or refuse to allow all or part of the Royalty Deduction requested in such application.

VIII. Notification

1. After the Administrator has allowed a Royalty Deduction pursuant to this Agreement, the Administrator will promptly notify the Producer Project Proponent and the British Columbia Ministry of Finance of the amount of the Producer Project Proponent’s allowable Royalty Deductions.
2. The Project Proponents will promptly notify the Administrator if either or both of the Project Proponents:
 - a. intend to, or have taken steps to, cancel, terminate or suspend the Project or any aspect thereof; or
 - b. experiences any material delay in respect of achieving Project Completion or completing any Step.

IX. Defaults

1. The Project Proponents may not apply for Royalty Deductions under this Agreement if either or both of the Project Proponents are in arrears in making any royalty payments, or any other payment, under this Agreement or the Act, to the Administrator or the Province of British Columbia.
2. If the Administrator determines that a Royalty Deduction allowed pursuant to this Agreement was greater than the amount to which the Producer Project Proponent is eligible under the Regulation, the Administrator may demand from the Project Proponents an amount equal to the difference between the Royalty Deduction allowed pursuant to this Agreement and the amount to which the Producer Project Proponent is eligible under the Regulation.

X. Payments

The Project Proponents must pay to the Administrator the amounts demanded by the Administrator under paragraph 4 of Section III, paragraph 5 of Section IV, or paragraph 2 of Section IX, within 90 days of the issuance of the demand by the Administrator.

XI. Consent to Use and Disclosure

Each of the Project Proponents hereby consents to the use and disclosure by:

- a. the Administrator; and
- b. Her Majesty the Queen in Right of the Province of British Columbia (the “**Province**”) and its servants, employees, officials, agents and representatives,

of information provided by or on behalf of such Project Proponent to the Administrator or the Province in respect of:

- c. total estimated and actual Project costs;
- d. estimated and actual GHG emissions reductions associated with carrying out the Project;
- e. the Royalty Deduction amount for the Project;
- f. any barriers to the implementation of the Project as identified by such Project Proponent; and,
- g. the royalty credit emission reduction ratio from Schedule A.

in such a manner as to not readily identify the location of the Project or that such Project Proponent is one of the persons responsible for the Project.

XII. Dispute Resolution

1. The Parties agree to negotiate all disputes arising from this Agreement in good faith after a Party provides the other Parties with written notice of the existence of a dispute.
2. If the Parties are unable to resolve the dispute within 30 Business Days after any such notice was provided, any Party may refer the dispute to court.
3. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of British Columbia and the courts of the Province of British Columbia will have exclusive jurisdiction to entertain any action arising under this Agreement. Each of the Parties attorns to the jurisdiction of the courts of the Province of British Columbia.

XIII. Project Proponents' Indemnity Related to Work

The Project Proponents indemnify and save harmless the Administrator, Her Majesty the Queen in right of the Province of British Columbia, and its servants, employees, officials, agents, representatives, contractors, and consultants (collectively, the "Indemnified Parties"), from and against all claims, liabilities, demands, costs and expenses, fines, penalties, assessments and levies made against or incurred, suffered or sustained by any of the Indemnified Parties before, on, or after, the completion of the Project or early termination of this Agreement where the same or any of them are based upon or arise out of the negligence of, or for anything done or omitted to be done by, or the gross negligence or wilful misconduct of either or both of the Project Proponents, or their respective directors, officers, employees, agents, consultants, contractors or subcontractors, in connection with carrying out the Project Proponents' obligations under this Agreement, or the Project, which indemnity will survive until the earlier of:

- a. the termination of this Agreement pursuant to paragraph 1(c) of Section XIV; and
- b. the date that is 60 months after the termination of this Agreement pursuant to paragraphs 1(a) or (b) of Section XIV.

XIV. Termination

1. This Agreement terminates on the earlier of:
 - (a) the written mutual consent of the Parties;
 - (b) termination in accordance with paragraph 2 of Section XIV; or
 - (c) 10 years following Project Completion.
2. Subject to paragraph 3 of this Section XIV, the Administrator may terminate this Agreement in the event of a breach by either or both of Project Proponents of any obligation under this Agreement if, after giving 60 days written notice to the Project

Proponents, the Project Proponents have not rectified or commenced to rectify the breach to the satisfaction of the Administrator. If, any time after the expiry of such 60-day period, the Administrator forms the opinion that the Project Proponents have failed to diligently continue actions to rectify such breach, the Administrator may terminate this Agreement immediately upon providing written notice to the Project Proponents.

3. If either or both of the Project Proponents dispute the existence of a breach in a court under paragraph 2 of Section XII, the Parties agree that the period of 60 days referred to in paragraph 2 of this Section XIV, is extended until a decision confirming the existence of the breach is made by the court.
4. Sections VI, XI, XII, XIII, XIV, XVI and XXIV of this Agreement, any accrued by unpaid payment obligations, and any other sections of this Agreement which, by their terms or nature, are intended to survive the completion of the termination of this Agreement, will continue in force indefinitely, even after this Agreement ends.

XV. No Fettering; Not an Authorization

The Parties acknowledge and agree that nothing in this Agreement is intended to or is to be construed in any way that fetters the discretion of any government (including the Province), or any official, appointee or employee thereof, in exercising any powers provided pursuant to any enactment. This Agreement does not operate as a permit, license, approval or other statutory authority which either or both of the Project Proponents or any other person may be required to obtain from the Her Majesty the Queen in Right of the Province of British Columbia, any official, agency or employee thereof, or any other government, agency, or person (including the Oil and Gas Commission and the National Energy Board), in order to carry out the Project or for any other reason.

XVI. Governing Law

This Agreement is governed by and must be interpreted in accordance with the laws of the Province of British Columbia.

XVII. Assignment and Enurement

This Agreement, and the rights and obligations of a Party hereunder, may not be assigned by a Party without the prior written consent of the other Parties. Any purported assignment in breach of this restriction is void. No Party may unreasonably withhold consent to assignment of this Agreement, provided however that it will be reasonable for the Administrator to withhold consent to assignment if such assignment would result in the benefit of Royalty Deductions allowed by the Administrator under this Agreement to be transferred from the Producer Project Proponent to any other person. This Agreement is binding upon and enures to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

XVIII. Waiver

Any Party may waive a breach of an obligation set out in this Agreement. However, no waiver has any effect, or binds the Party making the waiver, unless it is in writing and, unless otherwise provided, such waiver will be limited to the specific breach waived. A waiver does not limit or affect the rights of a Party with respect to any other breach.

XIX. Counterparts and Electronic Execution

This Agreement may be executed manually or electronically and in counterpart and all executed counterparts together constitute one agreement. Delivery of an executed signature page to this Agreement by a Party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such Party.

XX. Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior agreements, understandings, negotiations, and discussions between the Parties with respect to the subject matter hereof. Other than as may be provided under applicable law, there are no representations, warranties, terms, conditions, undertakings or collateral agreements, express or implied, between the Parties with respect to the subject matter hereof other than as expressly set forth herein.

XXI. Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

XXII. No Third Party Beneficiaries

This Agreement is solely for the benefit of the Parties and their successors and permitted assigns and, except as provided in Sections XI and XIII and as otherwise expressly contemplated herein, nothing herein is intended to or shall confer upon or give to any other person any legal or equitable right, benefit or remedy of any nature or kind whatsoever under or by reason of this Agreement.

XXIII. Remedies Cumulative

The rights and remedies of the Parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.

XXIV. Notices

- 1. All communications under this Agreement between the Parties must be in writing. Any communication under this Agreement is deemed to have been received:
 - (a) if served personally, on the date of receipt;
 - (b) if by regular mail, on the fifth Business Day following mailing;
 - (c) if, between the time a notice is mailed in accordance with subparagraph (b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it;
 - (d) subject to subsection (f), if delivered by electronic mail before 1630 hrs (Pacific Time) on a Business Day, on the day it was sent;
 - (e) subject to subsection (f), if delivered by electronic mail and sent (i) after 1630 hrs on a Business Day, or (ii) on a day that is not a Business Day, then the communication will be deemed to be received on the next Business Day; and
 - (f) If a communication is sent by electronic mail, the party sending the communication must take reasonable steps to ensure that the transmission has been successfully completed.

The addresses for the Parties are:

Royalty Administrator: Ministry of Natural Gas Development
Physical Address: 5th Floor, 1810 Blanshard Street, Victoria BC V8T 4J1
Mailing Address: P.O. Box 9323 Stn Prov Government, Victoria BC V8W 9N3
Email Address: Project Manager email: XXXX.XXXXX@gov.bc.ca

Project Proponents: XXXXXXXXX
Physical Address: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Mailing Address: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Email Address: XXXXXXXXXXXXXXXXXXXXXXXX
Project Supervisor: XXXXXXXXXXXXXXXXXXXXXXXX

XXV. Joint and Several Liability

- 1. In the event that any liability of any kind whatsoever is incurred under this Agreement by any of the Project Proponents, each of them shall be jointly and severally liable for such liability.

2. For the purposes of this Agreement, the Administrator shall be entitled to treat any act or communication made by any one of the Project Proponents as being made as agent of the other Project Proponents and the Administrator may rely on that presumption of agency, unless that Party expressly states in writing that it is acting or communicating solely on its own behalf.

SIGNED on behalf of **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, by the person appointed **ROYALTY ADMINISTRATOR** under section 73(3) of the *Petroleum and Natural Gas Act*

Name: Inés Piccinino
Royalty Administrator

Date

Signed on behalf of *(Name of Producer Project Proponent)* by a duly authorized signatory

Name (Printed):
Title:

Date

Signed on behalf of *(Name of Pipeline Project Proponent)* by a duly authorized signatory

Name (Printed):
Title:

Date

Schedule A – Description of Project Work and Step(s)

Summary of Project Work and Step(s) Table <u>GHG Emissions Reduction Project</u>			
SUMMARY DESCRIPTION OF PROJECT: Must Include: type of GHG emission reduction project, the amount, make and model of all equipment involved in the project (including existing and new equipment/technology); locations of equipment for the project; and timelines for installation.			
Project Start Date <i>(must be after the RFA Closing Time)</i> <i>(mm/dd/yyyy)</i>		Project Completion Date <i>(on or before the earlier of the fifth anniversary of the Agreement and Jan 31, 2022)</i> <i>(mm/dd/yyyy)</i>	

PROJECT STEP 1: Description of Step 1 - Construction					
Step 1 Start Date <i>(mm/dd/yyyy)</i>		Step 1 Completion Date <i>(on or before the earlier of the third anniversary of the Agreement and Jan 31, 2020)</i> <i>(mm/dd/yyyy)</i>		Total Number of Months for Step 1	
Project Step 1: Construction Components				Expected Completion Date <i>(mm/dd/yyyy)</i>	Step 1 Estimated Completion Costs
Design (planning, applications and surveying)					\$
Construction (installation, labour costs)					\$
Equipment (retrofit or replacement equipment costs)					\$
Other:					\$
TOTAL				DO NOT use this space	\$

PROJECT STEP 2: Description of Step 2 - Post-Project Verification

Please provide a Draft Verification Plan: Must Include: the expected verification body, the scope of verification activities and schedules, a sampling plan, quantification methodologies, and identification of what data may be required (and how it will be collected) to calculate the GHG emissions reductions in the GHG Emissions Reduction Report. An outline of the GHG Emissions Reduction Report must also be provided as part of the Draft Verification Plan.

The Draft Verification Plan must follow the guidance provided by ISO 14064. Further information on the draft verification plan is available in Appendix B of the RFA.

The Proponent must ensure the plan is approved by the Administrator prior to the completion of Step 1 to ensure that the Administrator will allow royalty deductions requested in respect of Step 1.

Step 2 Start date (mm/dd/yyyy)		Step 2 Completion Date <i>Completion must occur on or before the earlier of the fifth anniversary of the Agreement and Jan 31, 2022 (mm/dd/yyyy)</i>	
Project-Step 2: Verification Components		Expected Completion Date (mm/dd/yyyy)	Step 2 Estimated Completion Costs
Report development (sampling, analysis, reporting)			\$
Verification			\$
Other:			
TOTAL		DO NOT use this space	\$
TOTAL ESTIMATED PROJECT COST: (Step 1 + Step 2)		DO NOT use this space	\$

Royalty Deduction Request

PLEASE NOTE: The amount of royalty deduction requested below will be used to determine the maximum amount of royalty deduction that the Province would allocate to the project if successful under this RFA.*

Total Royalty Deduction Request: (as \$ amount, cannot exceed 50% of Total Estimated Project Cost)	\$
Total Royalty Deduction Request: (as % of Total Estimated Project Cost)	% (maximum 50%)
Anticipated Maximum Royalty Deduction Request for Completing Step 1: (cannot exceed 50% of the estimated completion costs for Step 1)	\$
Anticipated Maximum Royalty Deduction Request for Completing Step 2: (cannot exceed 50% of the estimated completion costs for Step 2)	\$

* Despite any request for royalty deductions by the proponent, the amount of any royalty deductions allowed by the Administrator will be subject to the provisions of, and limits set out in, the *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation* and any agreement concerning royalty deductions between the Province and the proponent(s).

Royalty Deduction Allocation *(Please fill out this section if this is a joint application involving multiple producers; add additional rows if necessary; allocated percentages must total exactly 100%)*

Percent of Requested Royalty Deduction Allocated to Producer #1:	%
Percent of Requested Royalty Deduction Allocated to Producer #2:	%

Estimated GHG Emissions Summary

Estimated Greenhouse Gas Emissions Reductions: <i>(over 5 year period Jan 1, 2017 – Dec 31, 2021) (refer to Section 4)</i>	tonnes CO ₂ e
Royalty Credit Emission Reduction Ratio: <i>(refer to Section 5)</i>	\$/tonnes CO ₂ e

Schedule B - Documentation Required for Release of Royalty Deduction

(All Schedule B materials to be provided by the Project Proponents to the Administrator when applying for a deduction.)

Documentation required for application for Royalty Credits in respect of Step 1 – Construction:

1. Statutory Declaration of Completion (attached);
2. Post-Project Verification Plan;
3. Summary of Final As Built Costs (sample attached); and
4. Detailed List of Invoices of Final As Built Actual Costs (sample attached).

Documentation required for application for Royalty Credits in respect of Step 2 – Post-Project Verification:

1. Statutory Declaration of Completion (attached);
2. GHG Emissions Reduction Report;
3. Verification Statement from a qualified third party verification body;
4. Summary of Final As Built Costs (sample attached); and
5. Detailed List of Invoices of Final As Built Actual Costs (sample attached).



IN THE MATTER OF THE *EVIDENCE ACT*, 1996 RSBC c.124 AND IN THE MATTER OF CERTAIN DISBURSEMENTS MADE IN CONNECTION WITH THE BRITISH COLUMBIA ROYALTY CREDIT PROGRAM CLEAN INFRASTRUCTURE ROYALTY CREDIT DEDUCTION AGREEMENT

dated the _____ day of _____, _____ between:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the Person Appointed as the Royalty Administrator under Section 73(3) of the *Petroleum and Natural Gas Act*

(the Administrator)

and:

(the Project Proponents)

pertaining to Project Name: _____

I, _____, being the
(PRINT OR TYPE FULL NAME AND POSITION OR TITLE)

duly authorized representative of and agent for the Project Proponents, solemnly declare and attest that:

- i) the Step identified below has been completed in the manner and to the extent required by the Agreement on the date indicated below,
- ii) the Project Proponents intend to complete the project, and
- iii) the completion costs for which the deduction amount is calculated have actually been paid.

Project Step(s): _____

ROYALTY PAYOR CODE No. _____
(FOR ALLOCATION OF ROYALTY CREDIT)

Date applicable Step was completed _____
(mm/dd/yyyy)

I MAKE THIS SOLEMN DECLARATION, conscientiously believing it to be true and knowing that it is of the same legal force and effect as if made under Oath.

DECLARED BEFORE ME AT THE _____)
 _____)
 _____)
 of _____, in the _____)
 _____)
 Province of _____, on this _____)
 day of _____, _____)
 _____)
 _____)
 A Commissioner for taking Affidavits for _____)
 (Province) _____)

Signature of Project Proponents' Authorized Representative

SUMMARY OF FINAL AS BUILT COSTS PER STEP(S)

(Summary to be provided by the Project Proponents should include the following information. Layout below is for illustrative purposes – alternative format satisfactory to Administrator may be submitted by the Project Proponents.)

Project-Step 1: Construction Components	ESTIMATED COMPLETION COSTS (as Per Schedule A)	FINAL AS BUILT COSTS
Design (planning, applications and surveying)	\$	\$
Construction (installation, labour costs)	\$	\$
Equipment (retrofit or replacement equipment costs)	\$	\$
TOTAL	\$	\$

Project-Step 2: Verification Components	ESTIMATED COMPLETION COSTS (as Per Schedule A)	FINAL AS BUILT COSTS
Report development (sampling, analysis, reporting)	\$	\$
Verification	\$	\$
Other:	\$	\$
TOTAL	\$	\$

GRAND TOTAL FOR ALL COSTS	\$	\$
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Detailed List of Invoices of Final As Built Actual Costs Per Step(s)

(List to be provided by the Project Proponent **MUST** include the information as per the headings below, the layout is for illustrative purposes- an alternate format satisfactory to the Administrator may be submitted by Project Proponent.)

Authority for Expenditure # for the Project:

STEP(S) (separate costs by Step)	Invoice Number	Invoice Date	Invoice Amount (less GST)	Item /Category	Vendor Name	Description of Service or Goods	Vendor Location (address)	Eligible Cost Category (Costs Paid)	Comments (identify any information of importance)
<i>Design</i> (planning, applications, surveying),	1. 2. 3. 4.								
<i>Construction</i> (installation, labour costs) and	1. 2. 3. 4.								
<i>Equipment</i> (retrofit or replacement equipment costs) -----	1. 2. 3.								
For Project-Step 2 <i>Verification</i> (report development, verification)	1. 2. 3.								
TOTAL									

Schedule C – Proposed Construction Schedule and Project Map

1. Proposed Construction Schedule (attached);
2. Project Map (attached);

PROPOSED CONSTRUCTION SCHEDULE

Project Name _____ **Proponent Company** _____

Work Type	Weeks	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Design and Planning	4									
Applications	2									
Surveying	4									
Site Preparation	6									
Other	4									
Other	4									
Installation	8									

Contact Name:

Phone Number:

PROJECT MAP: (new page)

Schedule D – Special Equipment, Inventory or Services

For clarity and audit review purposes, please provide a complete list of the goods or services purchased prior to the start date of this Project. The goods and services purchased must qualify as eligible costs under the Clean Infrastructure Royalty Credit Program relevant to the Project.

Note: Project Proponents may be required to provide receipt/support for the costs included in Schedule D. Submitting the projected costs in advance does not take the place of a valid invoice/documentation of actual costs.

	Special Equipment / Inventory or Services required for project (outside of project dates) Eligible Item Description	Date Purchased [Month XX, Year]	Cost	Comments / Explanation
	Example: Low bleed pneumatic device (include make and model)	Time prior to commencement of project start date	\$xx.xx	Example: This piece of equipment had to be purchased in advance to ensure it was available at the start of construction.
	Example: Surveying costs	Time prior to commencement of project start date	\$xx.xx	Example: This surveying work was required because...[provide explanation]
1.			\$	
2.			\$	