



CleanBC Program for Industry

# **General Application Guidance**

## **CleanBC Industrial Incentive Program**

**2023 Program Year**

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## 1. General Information

### 1.1. About

The CleanBC Industrial Incentive Program (CIIP) supports emissions reductions and industrial competitiveness by providing incentives for cleaner industrial operations that meet a world-leading low-carbon emissions benchmark. The level of incentive payment is based on the performance of each industrial operation.

CIIP is part of the CleanBC Program for Industry, which applies to most large industrial operations that report their emissions under the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA). Incremental carbon tax paid by large industry above \$30 per tonne of carbon dioxide equivalent (CO<sub>2</sub>e) funds the CIIP program.

If a facility's emissions intensity of production is at or below the established benchmark, that facility may be eligible for a payment equal to 100% of incremental carbon tax (i.e. above \$30/tonne CO<sub>2</sub>e) paid in the previous year. If the emissions intensity is above the benchmark but still below the eligibility threshold, the facility may receive a partial payment. Benchmarks can be found on the [CIIP resources webpage](#).

### 1.2. Eligibility Criteria

An industrial operation may be eligible to apply for CIIP if all of the following apply:

- It is a single facility operation required to report under GGERR, or is part of a linear facilities operation required to report under GGERR for which separate emissions information is required;
- It has taken all reasonable measures to comply with the requirements of the Greenhouse Gas Industrial Reporting and Control Act (GGIRCA); and
- It does not operate in a sector listed as being ineligible within the sector eligibility table found on the [CIIP eligibility webpage](#).

### 1.3. Verification Requirements

CIIP facilities that otherwise have facility-specific verification requirements under GGERR must also verify their CIIP product<sup>1</sup> data and (**NOTE: new for 2023 program year**) their energy<sup>2</sup> data.

In addition, note that GGERR section 31(2) was recently amended to strengthen error correction through the verification process by creating new requirements for both verification bodies and operators of reporting operations regarding reported emissions, as explained in [Greenhouse Gas Industrial Reporting and Control Act Bulletin 020](#).

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<sup>1</sup> 'Product' in this document means a product as defined by the CIIP program and published in the Benchmarks table at <https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/cleanbc-industrial-incentive-program/ciip-resources>.

<sup>2</sup> 'Energy' in this document means purchased or sold energy as defined in the applicable CIIP sector guidance and published at <https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/cleanbc-industrial-incentive-program/ciip-resources>

The complete CIIP Verification Policy and the corresponding verification statement template are available on the [CIIP resources webpage](#). Please see selected highlights below.

CIIP applicants must ensure they meet the following verification requirements, as applicable:

- (1) All applicants must meet the verification requirements for their facility, if applicable, as part of their reporting operation verification requirements under the Greenhouse Gas Emission Reporting Regulation (GGERR).
- (2) For an application for either:
  - a. a facility that is a Single Facility Operation (SFO) for which verification is required under GGERR, or
  - b. a facility that is part of a Linear Facilities Operation (LFO) if that facility emitted 25,000 tCO<sub>2</sub>e or more, not including reporting-only emissions, in the current or any of the past three reporting periods,the applicant must also ensure that they submit a verification statement relating to the product data and energy data in their CIIP application that has been prepared by an accredited third-party verification body in accordance with CIIP requirements and uploaded to your CIIP application. Do not submit verification statements via email.

**NOTE:** For clarity, a CIIP facility that, according to its emission reports under GGERR, emitted less than 25,000 tCO<sub>2</sub>e, not including reporting-only emissions, in the current and past three reporting periods, does not need to verify production or energy for CIIP purposes.

A verification body must not provide a positive and/or unmodified opinion in the CIIP production and energy verification statement if:

- The CIIP application contains any errors, omissions, or misstatements related to the reported product and energy data that can be corrected in reasonable amount of time at a reasonable effort, and
- The aggregate effects of errors, omissions, or misstatements related to reported product data, for a product, results in an inaccuracy of greater than 0.1% of the total reported quantity of that product.

## 2. How to Apply for CIIP

There are two required application components for CIIP in 2023:

- Submit the facility's GHG emissions report by May 31, 2023, through the Single Window Reporting System (SWRS system).
  - Attach an emission report verification statement if applicable.
- Submit the facility's CIIP application by June 30, 2023, through the CIIP Web Application ("CIIP System") at [CIIP.gov.bc.ca](https://ciip.gov.bc.ca) (application window opens May 23, 2023).
  - **(NOTE: new for 2023 program year)** Upload a verification statement regarding product and energy data, if applicable, to your CIIP application. Do not submit verification statements via email.

Late application submissions cannot be accepted unless a formal deadline extension request was submitted and approved by Climate Action Secretariat (CAS) prior to the application deadline.


Extension requests for submission of verification statements for product data may be considered in extenuating circumstances but could delay payment.

The CIIP application must be submitted by the Operator of the Reporting Operation or, if there is more than one Operator, the Designated Operator as defined by GGIRCA and GGERR. Other representatives of the Reporting Operation may complete the application if authorization from the Operator is provided.

## 2.1. Supporting Resources

CIIP applications must follow sector-specific guidance available on the [CIIP resources webpage](#). Guidance materials include detailed sector-specific information on how to complete the application, quantify facility emissions and production volumes, other application requirements, and include supplemental Excel calculators to further assist with key calculations.

CAS staff are also available to provide support with CIIP applications through [GHGRegulator@gov.bc.ca](mailto:GHGRegulator@gov.bc.ca).

Additional support documentation for applicants on how to use the online [CIIP System](#) is available by clicking the help button (  ) on any page of the application website or at the following link: [Support Documentation for CIIP Applicants](#).

## 2.2. Overview of Application Process

See Figure 1 below for an overview of the steps required to receive a CIIP incentive payment.

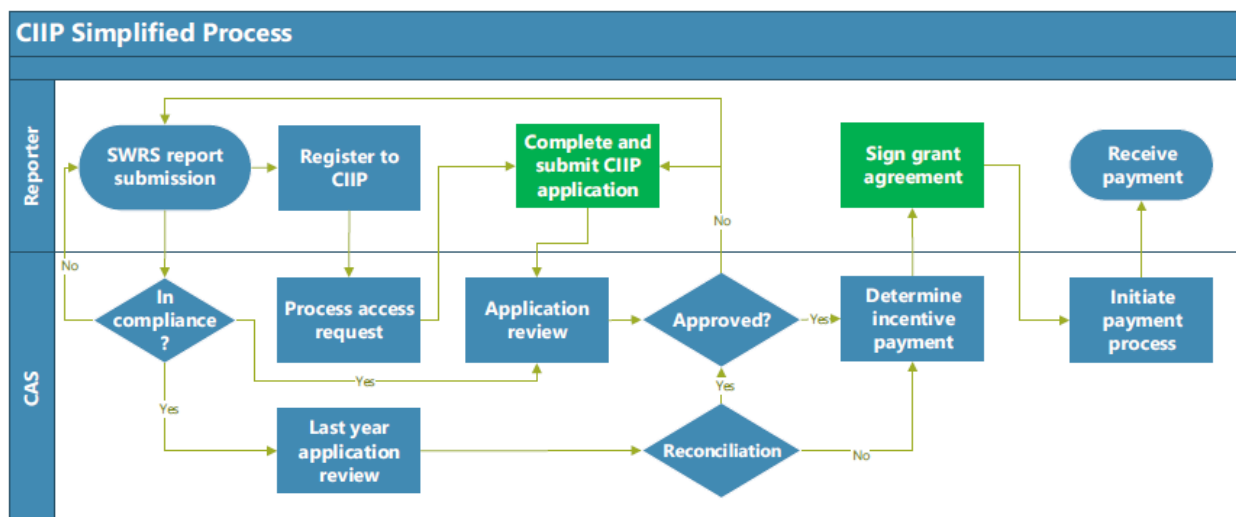


Figure 1: Overview of the CIIP Application Process

## 2.3. Submission to SWRS

The facility's GHG emissions report as required under GGIRCA must be submitted through SWRS prior to applying to CIIP. The SWRS emissions report will be used to pre-populate all applicable fields in the CIIP application.

### Alignment of SWRS and CIIP reporting

Applicants to CIIP must ensure that GHG emissions attributable to their reporting operation(s) for a reporting period and all other information required under GGIRCA coincides with information in their corresponding CIIP application.

All emissions provided in submitted emissions reports must be assigned to benchmarked and non-benchmarked products as described in the sectors' guidance documents. Any additional emissions required to be quantified for the CIIP program (for example, emissions associated with purchased electricity when required by the guidance document) must also be included and assigned appropriately.

Applicants must provide information about their total production levels of benchmarked products in accordance with program guidance and templates. For multi-product/service facilities, facilities must follow allocation processes listed within the guidance documents.

### Differences between SWRS and CIIP reporting

To calculate the emissions intensity of a facility's product, in some instances applicants to CIIP may need to attribute and provide information in a different way than required under GGIRCA. For example, for CIIP purposes, applicants may be required to quantify emissions associated with the production of electricity and/or heat purchased and used at the facility (i.e. scope 2 electricity and heat emissions). Additionally, some information that is required to be reported under GGIRCA (for example, emissions associated with anode production during aluminum production) may be excluded from calculating incentive payments under the CIIP. Please reference sector-specific guidance available on the [CIIP resources webpage](#).

While some GGIRCA and CIIP requirements may differ, facilities applying to CIIP must still meet all legal requirements of GGIRCA and its regulations while, separately, also meeting the specific requirements of CIIP to be eligible to receive an incentive payment.

## 2.4. Registration and User Access

NOTE: Do not use Internet Explorer to access [CIIP.gov.bc.ca](https://ciip.gov.bc.ca)

To submit an application, an applicant must register and request access to apply for CIIP on behalf of a Reporting Operation.

**NOTE: new for 2023 program year: all CIIP app users are required to have either a Basic or Business BCeID to log into the application.** If you do not already have a Basic or Business BCeID, please review the [BCeID](#) website for information on how to register for one prior to requesting access to an operator.

### Requesting Access to an Operator in the CIIP System

This is required in order to apply for CIIP on behalf of an operator

- 1) Visit [CIIP.gov.bc.ca](https://ciip.gov.bc.ca)
- 2) Log in using your Basic or Business BCeID
- 3) Verify or update your information (only required the first time you log in)
- 4) Click on “My Operators” on “My Dashboard”
- 5) Click on “Select an Operator”
- 6) Start typing the operator’s name and select the operator you wish to apply for

CAS will then send an email to the Operation Representative (OR) of the operator, cc’ing the user who is requesting access, asking the OR to confirm or deny the access request.

Upon receipt of the OR’s response, CAS will either grant or deny access to the operator to which access was requested.

## 2.5. Completing a CIIP Application

Once an applicant has access to an operator, they will be able to view all operator facilities that submitted a SWRS report in the last three years and choose a facility they wish to start a CIIP application for. They will also be able to view applications from previous years.

For a new application, most data such as that in the *Administrative Data*, *SWRS Onsite Emissions* and *Fuels* sections, will be pre-populated with information reported through SWRS. Applicants must review, confirm, and, if applicable, update the imported information. Note that if an update is needed, the applicant must also separately update the same information in SWRS. If the form is not pre-populated but a SWRS report had been submitted, please try again in a few days as it may take approximately 10 business days for the data to be imported into the CIIP System.

In the *Administrative Data* form additional contact information is requested for a primary contact person for the CIIP application (pre-populated based on the user who started the application) and a secondary contact if applicable.

To complete the *Production and Emissions Allocation* section, the applicant must enter production and emissions allocation information in accordance with the sector-specific guidance for their sector.

Sector-specific guidance documents for each eligible sector with details for how to complete all parts of the CIIP application are available on the [CIIP resources webpage](#). Calculators are also provided for each sector to assist with any relevant calculations that may be needed to determine application inputs.

### Submitting the Application

To submit the application the applicant must review all data, correct or explain any errors or inconsistencies identified automatically by the system, upload a verification statement regarding product and energy data (if applicable), agree to the legal terms, and submit the application. Note that sign-off by a ‘certifying official’ is not required at this stage – certification will occur at the grant agreement stage.

## 2.6. CIIP Application Review by CAS

CAS staff will review each application and will reach out to the application contact(s) provided with any follow-up questions or clarifications. If any changes to the application are required as a result of CAS review, comments will be entered within the CIIP System, and the application status will be changed to “Changes Requested”. This will allow the applicant to edit the submitted information and re-submit the application.

If no changes are required, the application will be approved, and an automated email will be sent to the applicant through the CIIP System.

## 2.7. Grant Agreement

Based on approved applications, CAS will issue a grant agreement addressed to the Operation Representative(s) of the operator with the incentive amount the operator is eligible to receive, the terms and conditions of the agreement and next steps to receive the incentive payment. For multi-facility operators, a single grant agreement will be issued per operator.

To receive the incentive payment, a ‘certifying official’ at the reporting operation must sign the agreement and return a signed copy to CAS, along with the organizations direct deposit information. The certifying official for the purpose of the CIIP application must be a senior level official at the organization that has signing authority to enter into an agreement on behalf of an operator. It is preferred that the certifying official is a person identified as an Operation Representative, however it can be another person with an appropriate level of signing authority.

The legal name of the recipient organization for the direct deposit must match the name on the CIIP application.



### 3. Incentive Payment

The process map shown in Figure 2 describes how the incentive payment is calculated.

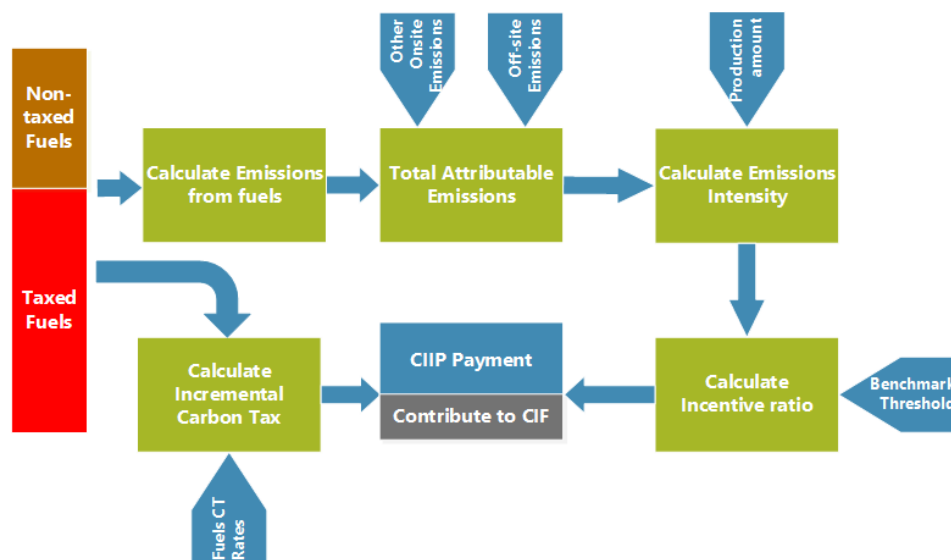


Figure 2: Process Map for CIIP Payment Calculation

#### 3.1. Carbon Tax

The carbon tax rate per tonne of CO<sub>2</sub>e is translated based on the type of fuel used as listed in Schedule 1 and Schedule 2 of the *Carbon Tax Act*. The carbon tax is paid to the government, at the time of fuel purchase.

As the carbon tax rates typically increase on April 1<sup>st</sup> of each year as prescribed in the *Carbon Tax Act*, industry pays less carbon tax during the first 3 months of the calendar year. However, for the purposes of the CIIP, the rates that are applied on April 1<sup>st</sup> of each year are used to calculate the incentive payments.

#### 3.2. Benchmarks and Eligibility Thresholds

To calculate the incentive payment, the following terms are defined:

**Emissions Intensity** is the amount of GHG emissions per unit of product as defined in the sector's guidance document.

**Eligibility Threshold** is the emissions intensity level above a product's benchmark at and above which a facility is not eligible to receive an incentive payment. The eligibility thresholds for most industrial sectors are set at two times the provincial weighted average for the product or activity. If the product's emissions intensity is above the benchmark but below the eligibility threshold, the facility may receive a partial incentive payment.

**Benchmark** is defined as the world-leading or best-in-class emissions intensity for each product. The benchmarking studies for the products relevant to the program have been produced by third-party consultants.

The benchmarks and eligibility thresholds are published on the [CIIP resources webpage](#). For some sectors, the threshold is not published for confidentiality reasons.

**NOTE: new for 2023 program year:** All benchmarks (and thresholds if applicable) were updated to reflect the BC government's adoption of updated global warming potentials (GWPs) for non-CO<sub>2</sub> GHGs<sup>3</sup>.

### 3.3. Incentive Ratio and Incentive Payment

**Incremental Carbon Tax** is the portion of carbon tax corresponding to tax over \$30/tonne.

**Incentive Ratio** is used to determine the portion of the incremental carbon tax returned to a facility and is defined in the formula below.

**Incentive Payment** = Incentive Ratio \* Incremental Carbon Tax.

The incentive payment is the portion of the incremental carbon tax which is returned to facilities based on their emissions performance in the reporting period. The remainder of the incremental carbon tax goes to the CleanBC Industry Fund (CIF).

The maximum incentive payment to a facility is equal to its incremental carbon tax and is paid to facilities with emissions intensities equal to or lower than the applicable benchmark(s). (Incentive Ratio = 1)

Facilities with an emissions intensity equal to or higher than the eligibility threshold are not eligible to receive incentive payments. (Incentive Ratio = 0)

If the emissions intensity is between the benchmark and the eligibility threshold, i.e.  $B_{Product} < EI_{Product} < T_{Product}$ , the incentive payment is a linearly-proportional fraction of the maximum based on the emissions intensity value between the two indicators. ( $0 < \text{Incentive Ratio} < 1$ )

For single-product facilities then:

$$\text{Incentive Ratio} = 1 - \left\{ \frac{EI_{Product} - B_{Product}}{T_{Product} - B_{Product}} \right\}$$

For multiple-product facilities, the facility's incentive ratio is a weighted-average of the incentive ratios for each product based on their share of allocated emissions out of the total facility emissions:

<sup>3</sup> See [B.C. Reg. 271/2022](#) amending the Schedule to the Carbon Neutral Government Regulation under the Climate Change Accountability Act.

$$Incentive\ Ratio = \sum_{i=1}^N \left\{ Incentive\ Ratio_i * \frac{E_{Product_i}^{CIIP}}{E_{Facility}^{CIIP}} \right\}$$

Where:

$Incentive\ Ratio_i$  is the incentive ratio of product  $i$  calculated as for one-product case

$E_{Product_i}^{CIIP}$  are the emissions allocated to product  $i$  according to the sector's guidance document

$E_{Facility}^{CIIP}$  are the facility's total CIIP Emissions according to the sector's guidance document

$N$  is the total number of products at the facility

### 3.4. Incentive Payment Estimator

For each sector, an incentive payment estimator is available as part of the corresponding sector calculator (see Table 'Sector guidance documents and calculators' on the [CIIP resources and links](#) webpage). It can be used to estimate the incremental carbon tax, incentive ratio and incentive payment.

To use the estimator, fuel names and product names should be selected from the drop-down menus. For sectors with confidential threshold values, the threshold values must be entered by the applicant.

NOTE: For NAICS code 111419 (greenhouse sector, eligible plants) the incentive payment is multiplied by 0.2 since approximately 80% of carbon tax is already reimbursed through the Carbon Tax Relief Grant Program.

### 3.5. New Entrant Provision

Reporting operations for which all of the following apply, are eligible for the 'New Entrant Provision' (NEP) of the CIIP. They:

- a) are required to report greenhouse gas emissions under GGIRCA;
- b) have over 10,000 tonnes carbon dioxide equivalent emissions annually, excluding CO<sub>2</sub> from Schedule-C biomass; and
- c) have started operations on a greenfield site (i.e. one that has not been occupied previously by a facility in a comparable sector) within the last 24 months.

Facilities participating in the NEP are eligible to receive 100% of their incremental carbon tax for up to 24 months following start of operations. If they wish to participate in the NEP, facilities are required to apply to the Climate Action Secretariat. A letter from the organization's representative must be sent to the Director listed in GGIRCA through [GHGregulator@gov.bc.ca](mailto:GHGregulator@gov.bc.ca), requesting a start date for participation. This start date must be no earlier than the date the facility first obtained leave to operate and no later than the date of the first product shipment from the facility.

### 3.6. Reconciliation of payments from previous year

Prior to finalizing the CIIP payment amounts and as part of the application review process, CAS will also determine if there may be a need for a reconciliation of any under- or over-payments from the previous program year. As operators may need to update SWRS reports after approval of CIIP applications and errors or discrepancies in applications or calculations may be identified later, the grant agreement allows for corrections to payments to occur. The agreement states that if any funds are determined to either be inconsistent with program rules or not supported by evidence related to fuel usage and tax paid, they may be subject to an adjustment.