

Clean Infrastructure Royalty Credit Program

2018 RFA Questions and Answers

Question 1:

Are Vapour Recover Units (VRUs) eligible as an electrification project under the 2018 CIRCP?

Answer 1:

Installing a VRU that reduces GHG emissions is eligible for the 2018 CIRCP. If the VRU compressor is electric driven, the project can apply under Category 2. If the VRU compressor is not electric driven, Category 1 can be applied for.

Question 2:

Could you please comment on a potential BC Pneumatics Offset Protocol? I.e. is that mechanism imminent and how would/could it complement the BC CIRCP?

Answer 2:

The offset protocols are still in development. The final version of the fuel switch protocol (which was put out for consultation late last year) should be published soon. It is anticipated that the draft version of the 'vented methane' protocol should also be out soon. The BC Government's intent is to avoid overlapping incentives for the same emissions reductions, so stakeholders should expect that acceptance of a project under CIRCP negates eligibility for those emissions reduction to generate BC carbon offsets.

Question 3:

Are there details as to how you would calculate the baseline GHG for a greenfield project?

Answer 3:

Information related to the calculation of baseline emissions is provided in the RFA Appendix A, and in the Guidance Document (see Section C and Appendix A). Example calculations are also provided in Appendix B of the Guidance Document.

Question 4:

Is the third party GHG Verification only provided post construction or is the RFA to be reviewed by the third party before submitting?

Answer 4:

The third party verification of GHG Emissions should occur post construction as part of Step 2 (Verification) activities. There is no requirement for the third party to review the RFA application.

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Question 5:

Could the Ministry indicate how a proposed project would screen relative to other projects that have been applied for in the past? In other words, whether a given project would be worthwhile applying for?

Answer 5:

We can not provide this information as each application is ranked relative to the other applications that are received under the same RFA. Therefore, each installment will vary based on the type and number of project applications submitted. In addition, the use of 2 project categories under the 2018 CIRCP would also affect how projects are ranked compared to 2016 CIRCP.

Question 6:

For category 2 (greenfield) electrification projects, the “applicant must simulate a baseline scenario by collecting an inventory of equipment specifications from a statistically representative sample of similar facilities constructed within the past 5 years (constructed after Jan 1, 2013) by the same operator.”

a) What is a "statistically representative" sample?

b) If the same operator does not have a similar facility built within the last 5 years, will the Ministry be flexible with extending this timeline further back?

Answer 6:

a) The applicant is expected to use best available data to demonstrate the simulated baseline, substantiated by supporting documents including detailed emission calculations, references to data sets, emission calculation methodologies references, etc.

b) Yes, the Ministry will allow flexibility in the calculation of greenfield electrification baselines given each project is unique and will have different variables. Slightly older data will be acceptable but only from facilities built after Jan 1, 2011.

Question 7:

Regarding calculation of a baseline scenario for a greenfield electrification project, if an operator doesn't have the required data from their own facility, how would they go about finding supplemental data from other operators with facilities in the same region? Does the Ministry aid in the collection of this data?

Answer 7:

No, the Ministry does not aid in the collection of this data. Supplemental data can be obtained from other sources including literature reviews or industrial equipment surveys as long as the applicant can provide reasonable grounds to conclude that it is a statistically representative sample of similar facilities.

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Question 8:

The RFA Table A-1 refers to projection-based baseline methodologies. What does this mean in terms of calculating the baseline?

Answer 8:

RFA Table A-1 provides examples of baseline estimation methodologies for the different CIRCP Eligible Project types, and the methodology's associated parameter of interest. There are many baseline options including historic benchmark, performance standard, comparison based, adjusted baseline, and projection based. For projection-based, the baseline emissions that would have occurred in the absence of the project are estimated based on the measurements of a 'parameter of interest' in the project condition. Parameters of interest are also provided in Table A-1 for each Eligible Project type. The projection-based approach assumes functional equivalence between the project condition and baseline condition. Functional equivalence refers to the project and baseline providing the same function and quality of products or services.

Question 9:

If the project is a lump sum from an Engineering, Procurement and Construction (EPC) company, it may be difficult to get an itemized budget since the EPC would be hesitant giving this out in case their uplift is found out. Are there any other ways some of the components of cost detail or other information in the required RFA application materials can be submitted to the Ministry?

Answer 9:

Yes. If it is not submitted with the completed RFA application package by the Applicant(s), the Detailed Cost Estimate Table may be submitted confidentially and directly to the Ministry by the EPC company, separate from the overall RFA application package submitted by the Applicant(s). The required cover letter to the RFA application should indicate if this Table will be sent separately to the Ministry and indicate the name of the EPC company, and the total lump sum cost should be noted in the completed RFA Response Template. The Ministry will then use this Table received from the EPC company, along with the rest of the completed RFA application package submitted from the Applicant(s), to evaluate the proposed project.

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Question 10:

If the gas analysis to be provided as part of a project application is not exact to a specific surface location (it is the downhole location), can the average of the data be used? Or can a region-specific average be used?

Answer 10:

A site-specific specific gas analysis is required. Table A.1 on page 16 of the RFA notes historical emissions should be calculated using site-specific, historical operating information (see table footnote 3). In addition, page 17 of the RFA Guidance Document notes Applicants should assume a gas analysis has been conducted, and if this breakdown is not known, it should be “based on historical operating data or operating data of other operators in the same region”. Note Section 67 of the Drilling and Production Regulation requires permit holders to take a representative natural gas sample from each producing formation from a well within 6 months of initial production and to submit a report of the component analysis of the natural gas and liquids.

Question 11:

If construction is completed by December 31, 2020, would the project period be from January 1, 2021 to December 31, 2028 for the calculations (i.e. 8 years) or should you extend the project period past 2028 to make the project emissions period a total of 10 years (i.e. January 1, 2021 to December 31, 2030)?

Answer 11:

Emissions reductions from the proposed project must only be calculated within the ten-year period between January 1, 2019 and December 31, 2028. In the example given above, the project period would be from January 1, 2021 to December 31, 2028 (8 years).

Question 12:

Why does the RFA template mention a greenhouse gas emission reduction period of 10 years but then in the RFA example calculations, a period of 9.5 years is used?

Answer 12:

The RFA Response Template Section 8, third bullet states, *“The emissions estimates should begin with Step 1 Completion Date and end on December 31, 2028. If the Step 1 Completion Date occurs prior to January 1, 2019, use January 1, 2019 as the start date”*. The example GHG emissions reduction calculations in the RFA Guidance Document Appendix B use a project period of July 1, 2019 to December 31, 2028. As the Step 1 Completion date (July 1, 2019) is not prior to January 1, 2019, the project period is only 9.5 years.

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Question 13:

Will an application be considered if it does not include a completed Cost Breakdown Table?

Answer 13:

The Cost Breakdown Table is a mandatory program requirement for an application. This is clearly indicated in Sections D and E of the RFA.