cleanBC Industrial Incentive Program (CIIP) Workshop

May 10, 2022

CleanBC Industrial Incentive Program
Tuesday, May 10, 2022

|	
10:00– 10:05 AM	**Introduction** Opening remarks: John Nagle, Manager, Compliance, Climate Action Secretariat
10:05 – 11:00 AM	**CleanBC Industrial Incentive Program (CIIP) Update** Behzad Bahtooi, Unit Head, Industrial Competitiveness Hanna Vovk, Senior Policy Analyst, Industrial Competitiveness Konstantin Zahariev, Senior Policy Analyst, Industrial Competitiveness *Background of the CleanBC Program, 2022 cycle timelines, and updates to guidance Material and web application.*
11:00 – 11:30 AM	**Question and Answer session** Moderated: Hanna Vovk, Senior Policy Analyst, Industrial Competitiveness

HOUSEKEEPING

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- Webinar mode: participants are muted
- For any questions:
  - During the presentation, please type them in the 'Chat' window
  - After the workshop, please send an email to GHGRegulator@gov.bc.ca

- Closed captioning is available

- For any technical issues, please use the 'Chat' window
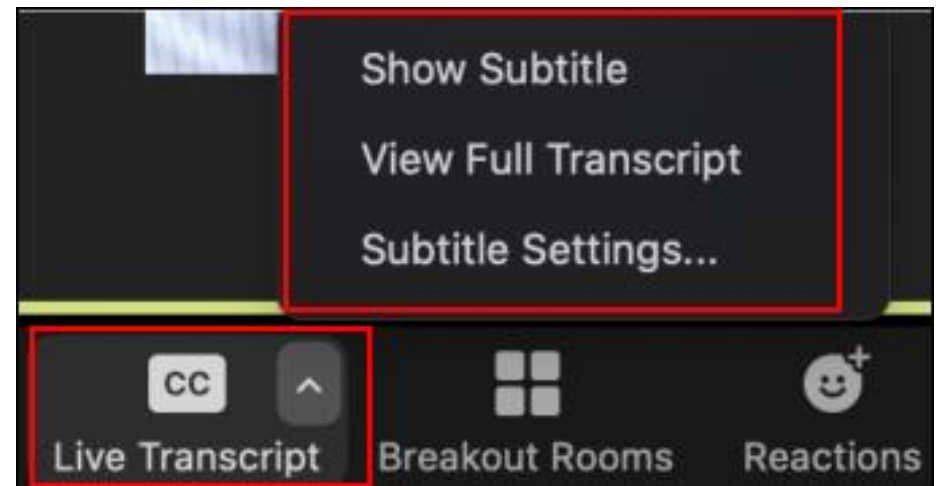
How to Enable the 'Closed Captioning'

CleanBC Industrial Incentive Program (CIIP) Update

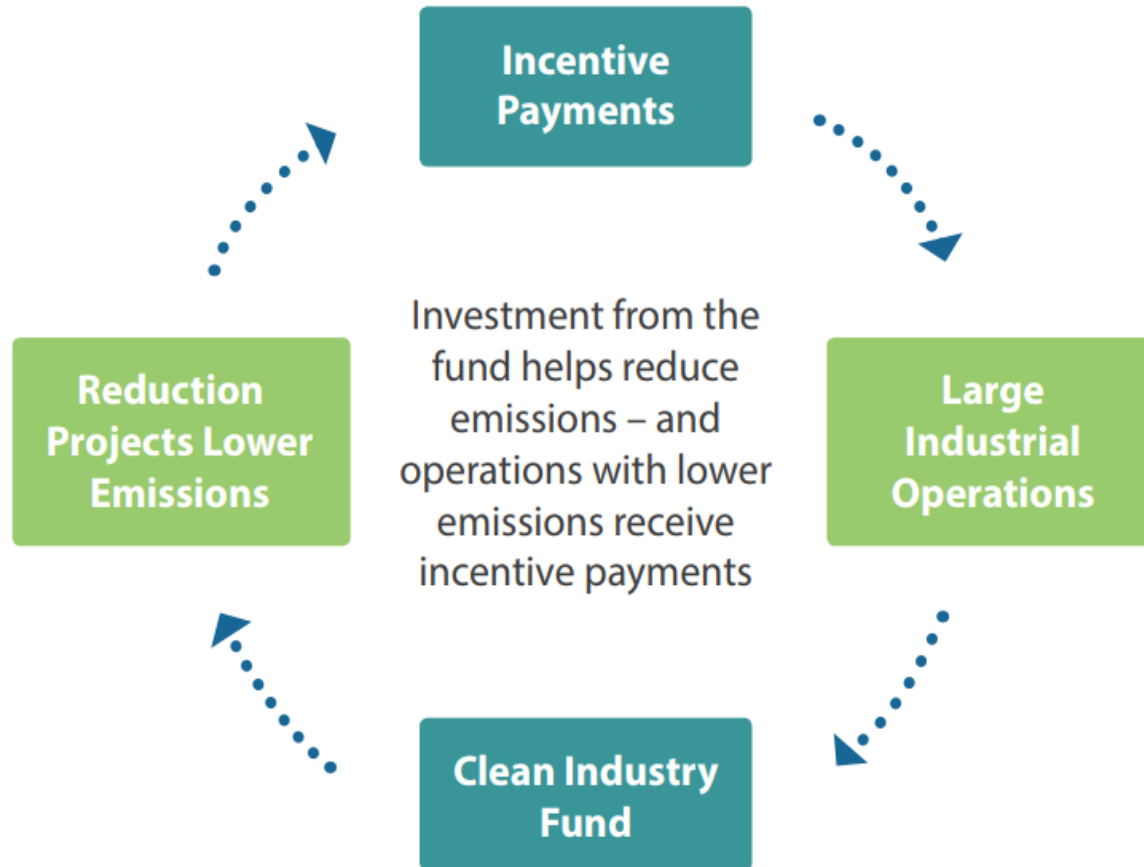May 10, 2022

Presentation Overview

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Context	• Background about CleanBC Program for Industry
CIIP in a nutshell	• Benchmark and Eligibility Thresholds • CIIP Program Requirements
CIIP Updates	• CIIP 2021 • Roadmap
Application Process	• Process Chart for the Next CIIP Cycle and Highlights • Timeline
Registration and User Access	• Existing Users • New Users
CIIP Web Application ("CIIP System")	• Overview of the CIIP Web Application ("CIIP System")
Guidance Materials	• General Guidance and Calculator Guidance for Industrial Sectors and Associated Calculators
Question & Answer	

Context

- In Dec 2018, government announced **CleanBC** to reduce climate pollution and build a low-carbon economy

- Includes **CleanBC Program for Industry (CPI)** with the following objective:
  - Enhancing British Columbia's competitive advantages while reducing our own GHG emissions intensity

- Two CPI Initiatives:
  - **CleanBC Industrial Incentive Program (CIIP)**: incentive payments based on operations' emissions intensity compared to a **world-leading performance benchmark**
  - **CleanBC Industry Fund (CIF):** funding for industrial emissions reduction projects

- The program is funded by the carbon tax paid by industry above $30/tonne

CleanBC Program for Industry

Incentive Payments

Large Industrial Operations

Clean Industry Fund

Reduction Projects Lower Emissions

Investment from the fund helps reduce emissions – and operations with lower emissions receive incentive payments
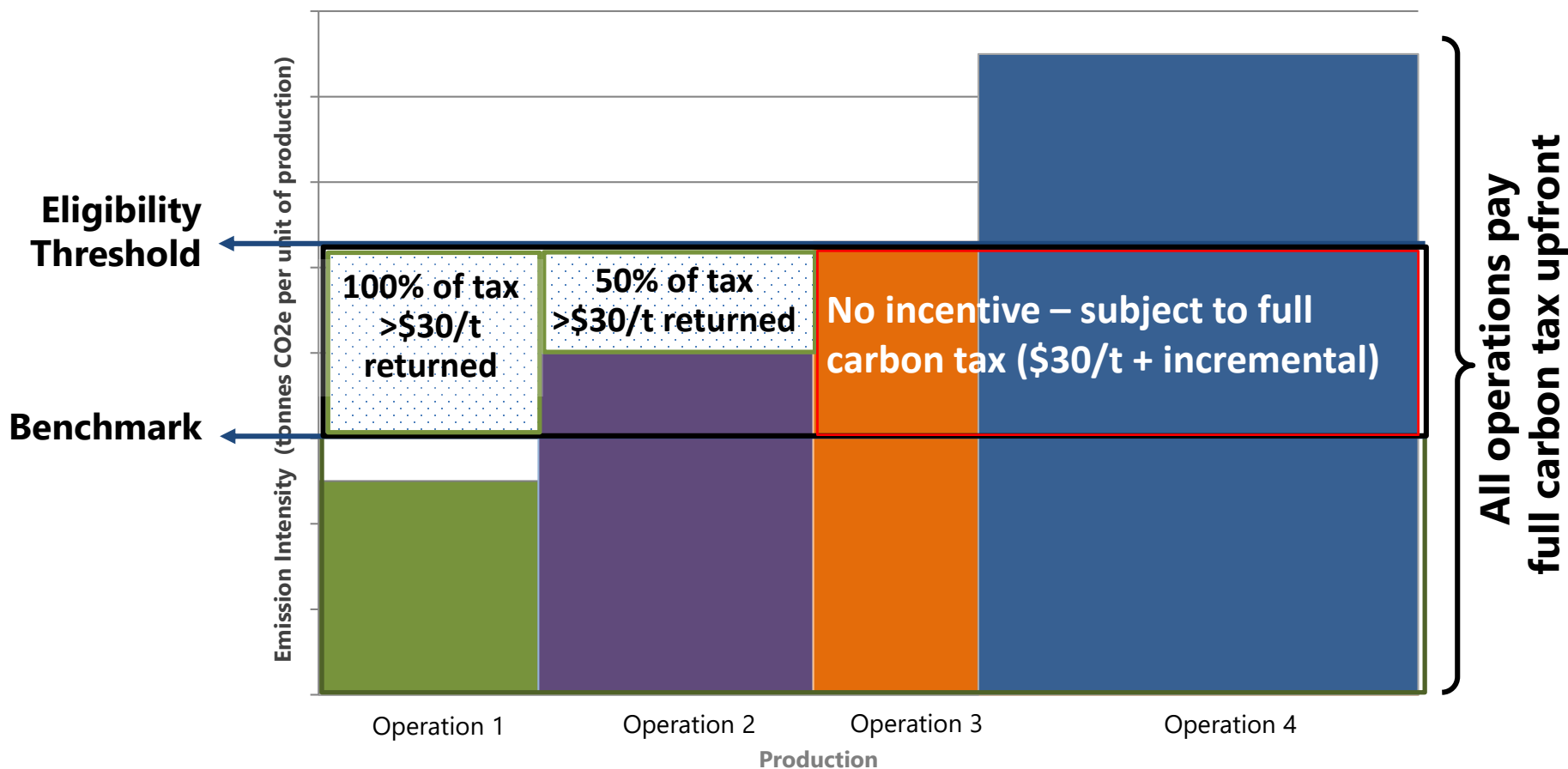
# CIIP Program Requirements

- Eligibility Criteria:
  - Must be a GGIRCA "reporting operation" or part of one
    - Emit 10,000+ tC02e, excl. Sched. C Biomass
    - Submit an emission report for the applicable reporting year
    - Must be in an eligible sector
  - Material non-compliance under GGIRCA could result in ineligibility or impact future payments under CIIP
- Must submit a CIIP application with all required additional information by program deadline
    - If applicable (emissions ≥25,000 tCO2e), must also submit verification statement and report, including for production

CIIP in a Nutshell

Eligibility Threshold

Benchmark

Emission Intensity (tonnes CO2e per unit of production)

100% of tax >$30/t returned

50% of tax >$30/t returned

No incentive – subject to full carbon tax ($30/t + incremental)

All operations pay full carbon tax upfront

Operation 1   Operation 2   Operation 3   Operation 4

Production

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CIIP 2021

	2020	2021	Change
No. of applications	518	459	-11%
No. of Operators	82	75	-9%
% of total emissions covered by CIIP	85%	75%	-10%
Incentive Payment ($M)	$81	$65	-20%
Overall incentive ratio	81%	67%	-17%
Applications with no comment	94	182	94%
Total no. of comments	2387	516	-78%
Administration-related	206	116	-44%
Emissions-related	587	148	-75%
Fuel-related	1138	161	-86%
Production-related	456	91	-80%

Production-related
18%

Administration-related
22%

Fuel-related
31%

Emissions-related
29%
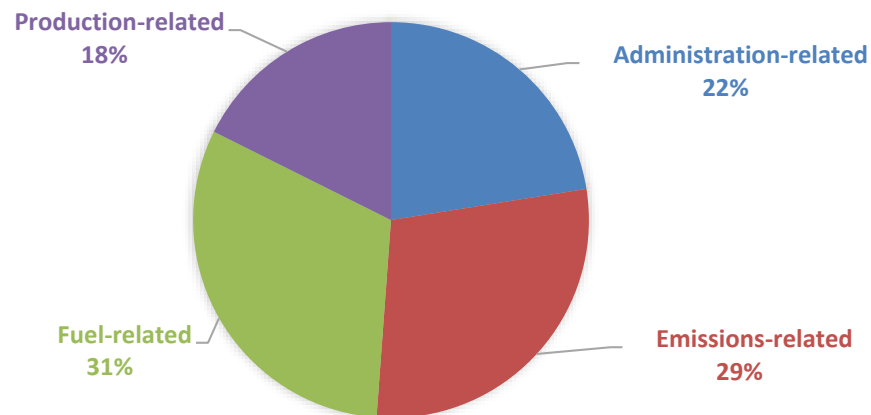
CIIP Updates

- Updated CIIP Web Application ("CIIP System").
- CIIP webpage is updated.
- Updated guidance documents and calculators.
- Verification of production is required for facilities with emissions ≥25,000 tCO2e.
- Reconciliation of previous year payments to be performed as applicable.
- Consultation with industry on additional benchmarking for sold electricity, oil and gas other, petroleum storage.
- Electricity factors (tCO2e/GWh) are updated:
  - Integrated grid: 40.1 → 9.7
  - Fort Nelson grid: 530 → 511
  - Self-generated hydro electricity: 10.5 → 0

Carbon pricing review

- As described in the CleanBC Roadmap to 2030, B.C.'s carbon tax will continue to meet or exceed any federal carbon price requirements for 2023 and beyond

- CAS is currently working with the Ministry of Finance on reviewing B.C.'s approach to carbon pricing, including the CleanBC Program for Industry

- Engagement on carbon pricing approaches is underway and further details on any potential changes will be discussed with industry stakeholders throughout the year

Payment Reconciliation

Why?

- SWRS reports updated after approval of CIIP applications
- New program and processes both to industry stakeholders and program staff

- Consistent tools and more rigorous processes developed in 2021
- Grant agreements allow for a reconciliation to occur as a corrective action
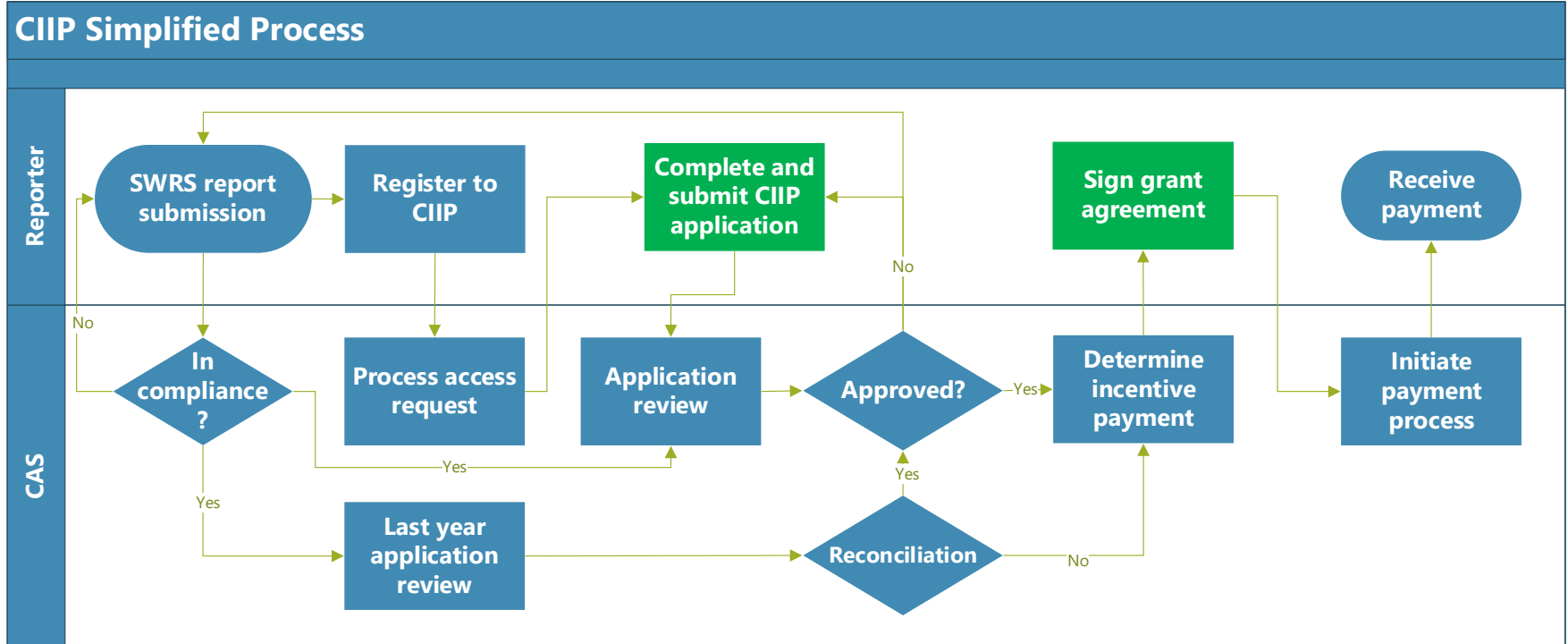
Payment Reconciliation

Corrective Action

- 36 operators were contacted for clarification on their 2020 applications; applications were revised and resubmitted

- Reconciliation amounts (overpayment/underpayment) for 100 facilities added as adjustment to 2021 incentive payments

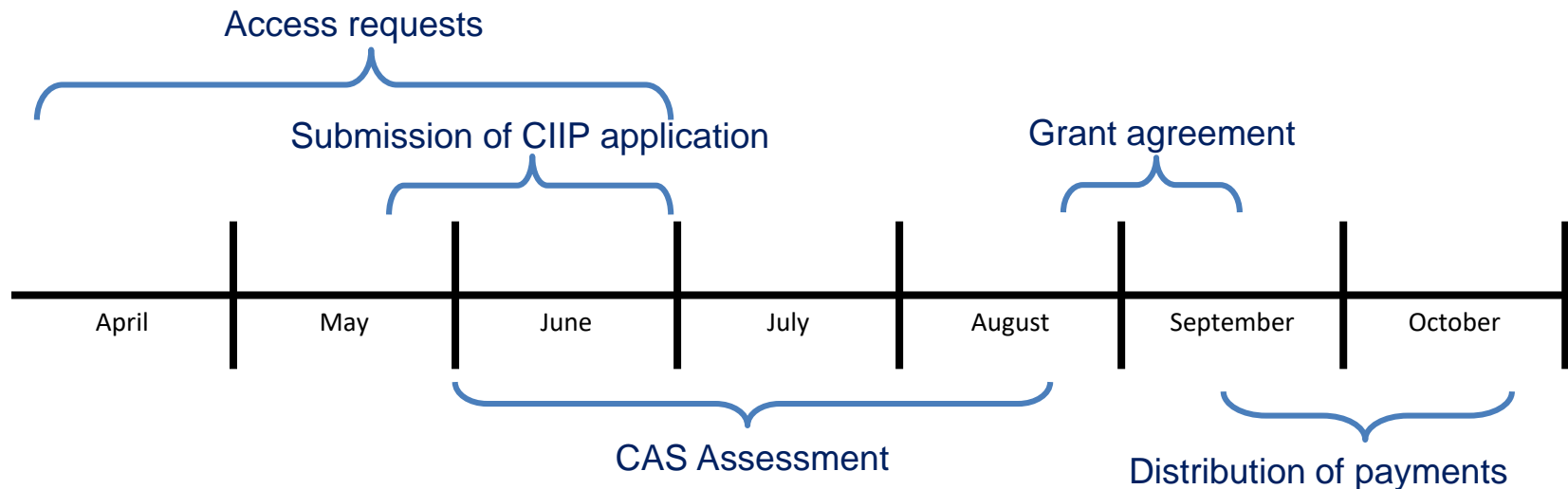- **Reconciliation of previous year submissions is part of the CIIP process**

Application Process

CIIP Application 2020 – External process map

Submission to SWRS	Registration and allow listing	CIIP Application and review	Payment

Reporter

- First round of applying?
  - No
  - Yes
- SWRS report submission / correction
- New user to CIIP?
  - Yes
  - No
- Request to apply
- Register on CIIP application system
- Confirmation/ Revocation of user access
- Complete and submit CIIP application
- SWRS correction required?
  - Yes
  - No
- Review comments, make correction or justification
- Certify & acknowledge the grant agreement
- Provide Banking information

CAS

- Verification report/ statement Check
  - NO
- Methodology and calculation Check
- In Compliance?
  - Yes
- User Access process
- Finalize user access
- Administration and Technical check
- Comment
- Any comment?
  - Yes
  - No
- Prepare Grant agreement letter
- Check for overpayments from previous years
- Determine the incentive payment
- Initiate payment process
- Prepare payment documents
- Payment by Ministry of finance

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Application Process - Simplified

2022 Cycle Timeline

Access requests

Submission of CIIP application

Grant agreement

April | May | June | July | August | September | October

CAS Assessment

Distribution of payments

1. CIIP Web System registration opens in April; CAS confirms user access
2. CIIP Web System expected to open on May 24th and close on June 30th
   - Emissions information pre-filled from SWRS information
   - Submission of verification statement/report with the SWRS reports
3. CAS assesses CIIP applications and may ask clarifying questions
4. CIIP applications approved and grant agreements issued
5. Signed grant agreements received and payments distributed to applicants

CIIP Web Application (CIIP Web App)

- Online application system: https://ciip.gov.bc.ca/

CleanBC Industrial Incentive Program — Register | Login
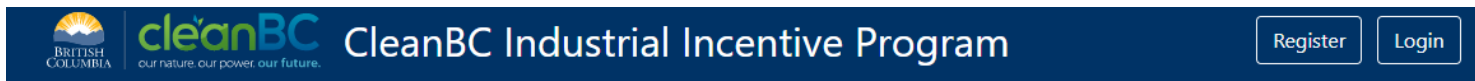
What is the CleanBC Industrial Incentive Program?

The CleanBC Industrial Incentive Program (CIIP) is part of the CleanBC Program for Industry, which applies to large industrial operations that report their emissions under the Greenhouse Gas Industrial Reporting and Control Act (GGIRCA).

The CIIP helps encourage cleaner industrial operations across the province by reducing carbon tax costs for facilities that can demonstrate they operate near world-leading emissions benchmarks.

As the price of carbon rises, the CleanBC Program for Industry will support competitiveness and facilitate emission reductions using revenues from the carbon tax that industry pays above $30 per tonne carbon dioxide equivalent (tCO2e).

Apply for the CleanBC Industrial Incentive Program (CIIP)

The due date for CIIP application forms has passed. You may still log in to view your submitted CIIP applications and submit any changes requested by the Climate Action Secretariat.

Register and Apply

Already have an account? Click here to login.

Registration and User Access

To complete a CIIP application:

- Register with the CIIP Web App at https://ciip.gov.bc.ca/

- On the CIIP Web App, request access to the operator for which you wish to complete a CIIP application

- Existing access status shown on your Dashboard

User Access (cont.)

- Access to an Operator in the CIIP Web App allows users to see data from the SWRS GHG Report

- An Operation Representative must authorize the user's access request

- CAS grants/rejects access to the user as authorized by the Operation Representative

- Users can view previous applications and request access any time

- Start new application – after May 24th
  - Before application cycle opens, only previous year's facilities / applications are visible

Existing CIIP System Users

- Process for existing users, i.e. those who obtained access to an Operator in the previous year

late April	May	May 23	May 24
CAS contacts Operation Representatives to confirm user access	CAS approves or revokes user access as directed by ORs	CAS revokes all unconfirmed user access*	Approved user can start a new application**
		* If access has been revoked, user can request it again	** If facility GHG report has been submitted to SWRS and received by CAS
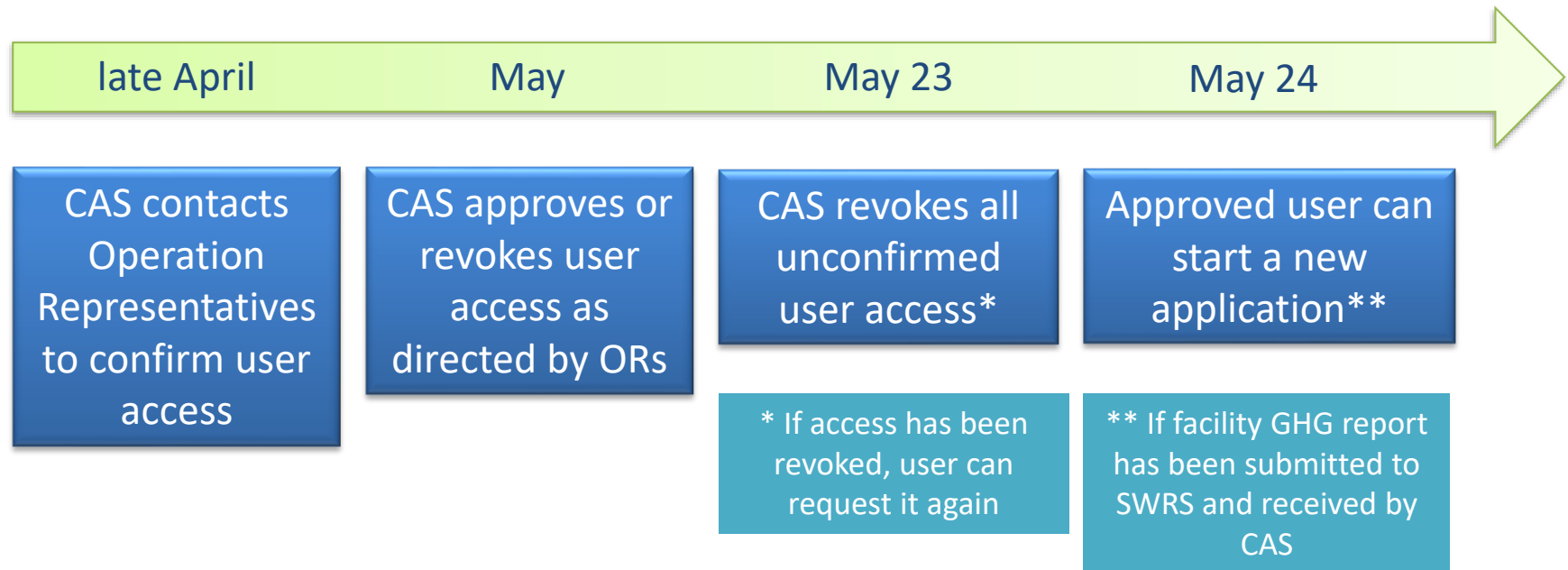
New Access Requests

- Process for new users; and
- Existing users requesting access to a different operator

| User registers or logs in on CIIP Web App | → | User requests access to an Operator | → | CAS contacts Operation Representatives to confirm user access | → | CAS approves or rejects user access as directed by ORs |
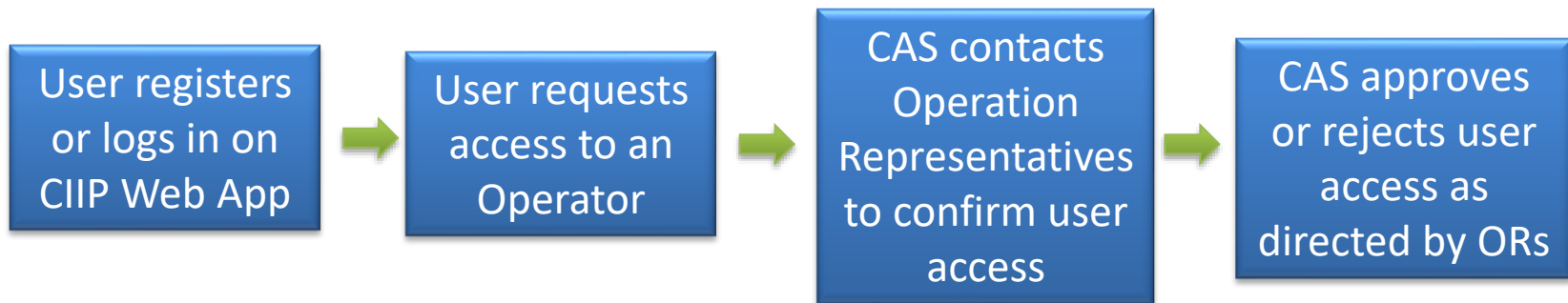
- Registration and access requests can be done at any time
- If user is an Operation Representative (as listed in SWRS report), CAS grants access automatically

Completing a CIIP Application

- Select facility and reporting year

Reporting period

2021

Operator Name	Facility Name	Facility Type	BC GHG id	SWRS Report Received	Application Status	Application #	
Search	Search	...	Search	...	...	Search	Clear Apply
Not started operator	facility 1105	SFO	1105	Yes	Application not started		Apply for CIIP for this facility

Application Tabs

➢ Administrative Data

➢ SWRS Onsite Emissions

➢ Fuels

➢ Production and Emissions Allocation

Data pre-populated from SWRS

○ May take approx. 10 business days; if no data is available, try again in a few days

○ Review and confirm data

○ If updates, also update in SWRS

○ Some instances where information reported differently from SWRS –> see sector guidance

CIIP Application – Administrative

Legal name and BC Corporate Registry Number

- Should match, as appears on OrgBook
- Grant payment will be issued to this name

Primary NAICS code

- Determines products available to report

Application contact

- **Primary contact** – who should CAS be in touch with about the application
    - Should be person submitting application
    - Receives automated system status notifications
- **Secondary contact** – optional
    - must be someone who has been granted access to the application;
    - does not receive automated system notifications
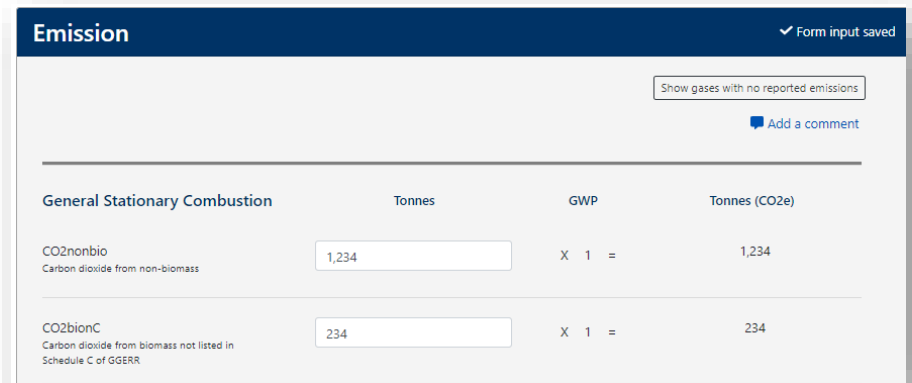
CIIP Application – Emissions and Fuels

SWRS Onsite Emissions

- Review and confirm
- Should be same as in SWRS

Fuels

- Review and confirm
- Should be same as in SWRS
- Oil and gas sector – different from SWRS in reporting flaring and venting
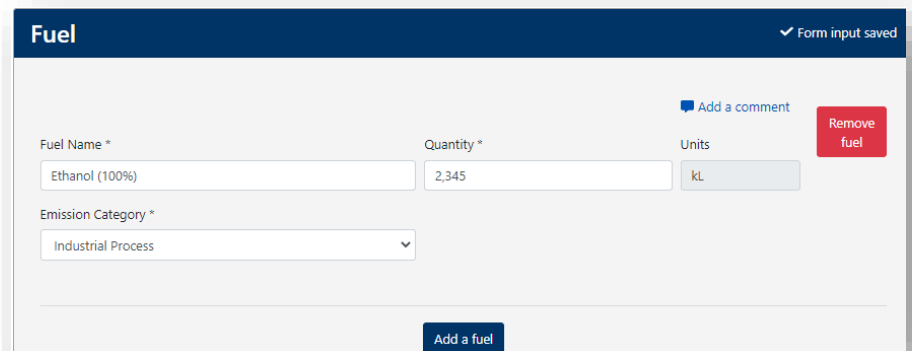
CIIP Application - Production

Production and Emissions Allocation
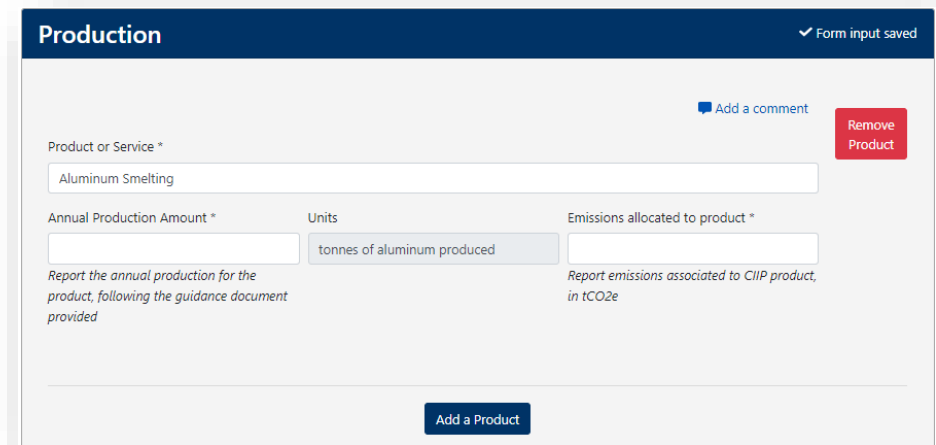
Review sector guidance documents on CIIP website for

- How to report production
- Allocating emissions and which to include or exclude
- Allocating if more than one product applies

e.g. $E_{Facility}^{CIIP} = E_{Attr.}^{SWRS} - E_{CO2bioC}^{SWRS} + E_{Purchased}^{Electr.}$

Note:

- CO2bioC (Schedule C biomass CO_2 emissions) are excluded
- Purchased electricity to be reported by all facilities (may or may not factor into incentive calculation depending on sector - see guidance)
- Electricity and heat are reported as products (if not applicable, enter "0")

Production ✔ Form input saved

💬 Add a comment · Remove Product

Product or Service *

Aluminum Smelting

Annual Production Amount *	Units	Emissions allocated to product *
	tonnes of aluminum produced	

Report the annual production for the product, following the guidance document provided · *Report emissions associated to CIIP product, in tCO2e*

Add a Product

CIIP Application Submission

Summary page

- Review all data

- Automated checks for some errors or inconsistencies

  - (SWRS vs CIIP data, emissions vs fuels reported, no primary (non-energy) product reported, emissions intensity within expected range)

- Address any warnings (correct or explain identified inconsistencies)

- Review legal terms

- Submit application

Summary of your application:
Please review the information you have provided before continuing.

Some inconsistencies were found in your application. Please address these items before submitting by correcting the reported values or adding a comment in the relevant section to provide an explanation.

- There are no reported fuels in some emission categories where emissions were reported. Please report fuels corresponding to all emission categories with reported emissions.
- There is no reported production of a primary (non-energy) product. At least one product must be reported.

Your application contains errors

Please correct the errors shown below before submitting. Alternatively, you may provide justification to override this and submit without corrections. Your justification will be reviewed by CAS and may cause a delay in processing your application.

Override and Justify ▾

Administration Data

Facility Information

Resources

- [CIIP Homepage](#)

  - [CIIP Resources Subpage](#)

    - Overall program guidance
    - Sector-specific guidance and calculators
    - Benchmarks and thresholds
    - Production verification policy and template

- CIIP Web Application - [CIIP.gov.bc.ca](#)

  - [Support Documentation for CIIP Applicants](#) or in the CIIP Web App

  - Web App technical issues contact: [GGIRCS@gov.bc.ca](#)

  (Do not use Internet Explorer to access CIIP Web Application)

- CIIP Team: [GHGRegulator@gov.bc.ca](#)

Guidance Materials

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General Guidance

Guidance Materials

New Verification Requirements (Production)

- Starting with 2022 application cycle, CIIP facilities that otherwise have facility-specific verification requirements under GGERR must also verify their CIIP product data.

NOTE: For clarity, a CIIP facility that, according to its emission reports under GGERR, emitted less than 25,000 tCO2e, not including reporting-only emissions, in the current and past three reporting periods, does not need to verify production for CIIP purposes.

- The aggregate effects of errors, omissions, or misstatements related to reported product data, for a product, must not be greater than 0.1% of the total reported quantity of that product.

The complete CIIP Verification Policy and the corresponding verification statement template are available on the CIIP resources and links webpage.
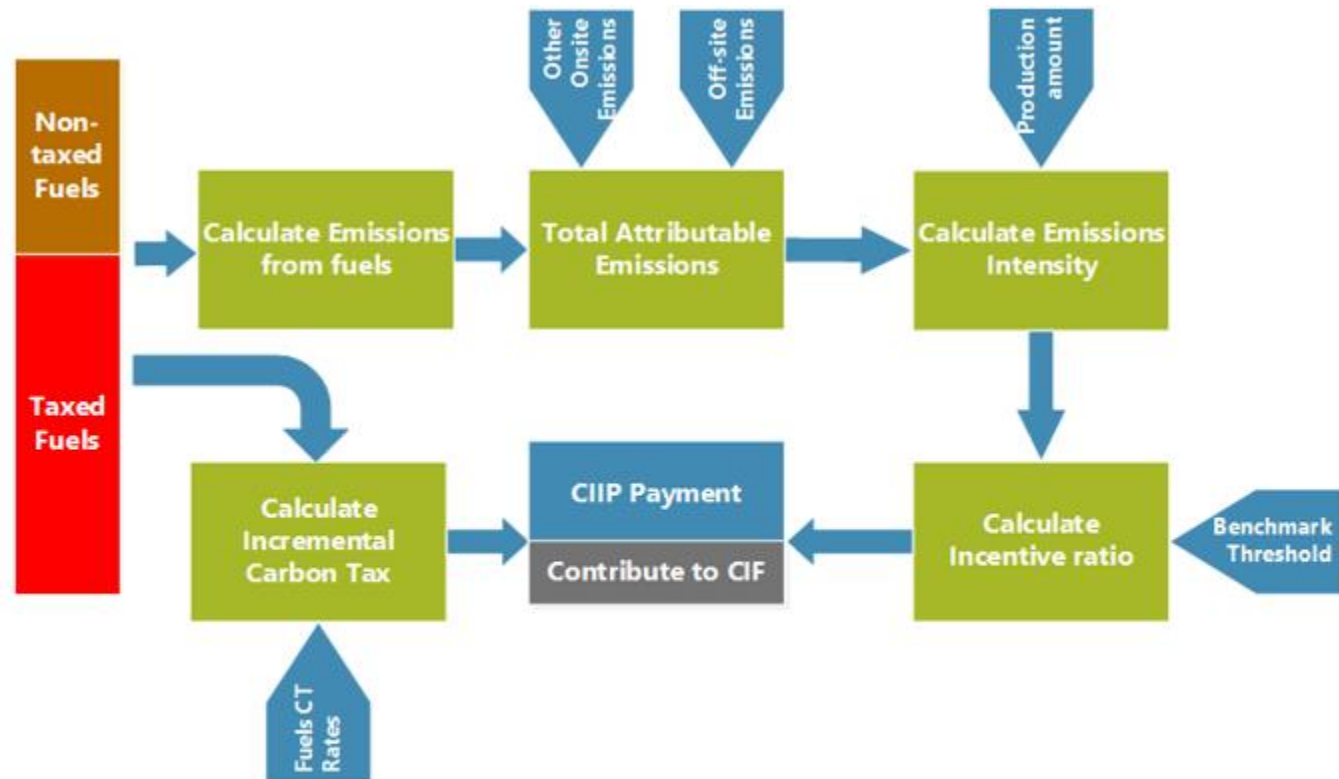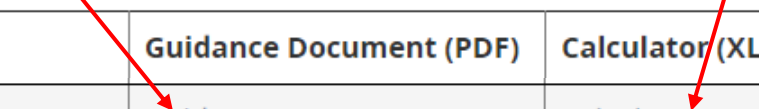
Guidance Materials

General Guidance

Figure 2: Process Map for CIIP Payment Calculation

Guidance Materials

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Sector-specific _Guidance Documents and Calculators_

Sector	Guidance Document (PDF)	Calculator (XLSX)
Aluminum Sector	Guidance (456KB)	Calculator (210KB)
Bituminous Coal Sector	Guidance (430KB)	Calculator (209KB)
Cement Sector	Guidance (428KB)	Calculator (210KB)
Chemical Sector (hydrogen peroxide)	Guidance (429KB)	Calculator (212KB)

Available on the CIIP resources and links webpage under **Sector guidance documents and calculators**

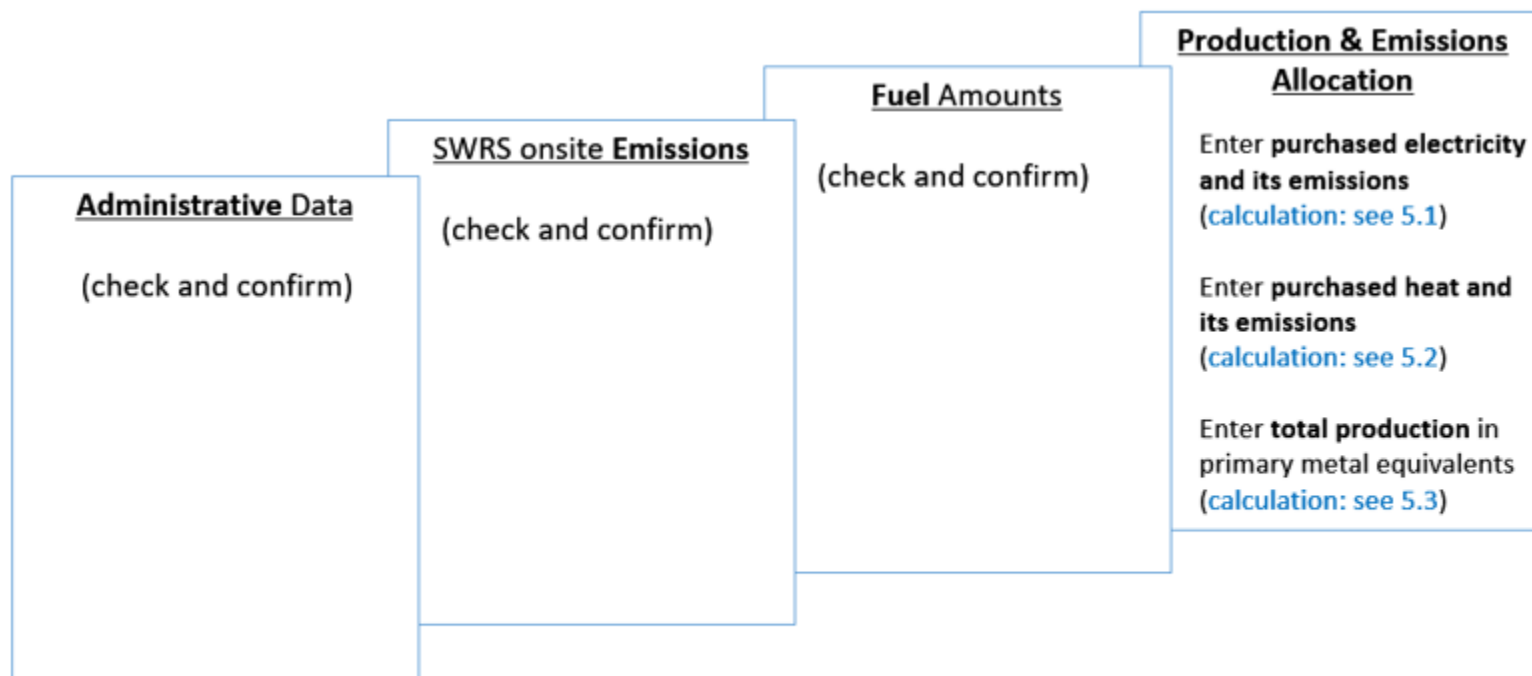NOTE: The incentive estimator is now part of each sector's calculator on a separate tab.

Guidance Materials

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Sector-specific Guidance Documents and Calculators

Guidance Materials

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Sector-specific Guidance Documents and Calculators

→ **2. Quick Summary – Main Steps in CIIP application**

Administrative Data

(check and confirm)

SWRS onsite Emissions

(check and confirm)

Fuel Amounts

(check and confirm)

Production & Emissions Allocation

Enter **purchased electricity and its emissions**
(calculation: see 5.1)

Enter **purchased heat and its emissions**
(calculation: see 5.2)

Enter **total production** in primary metal equivalents
(calculation: see 5.3)

(calculation) steps are detailed in section **5. Calculation Methodologies** below.

Guidance Materials

Sector-specific Guidance Documents and Calculators

Guidance Materials

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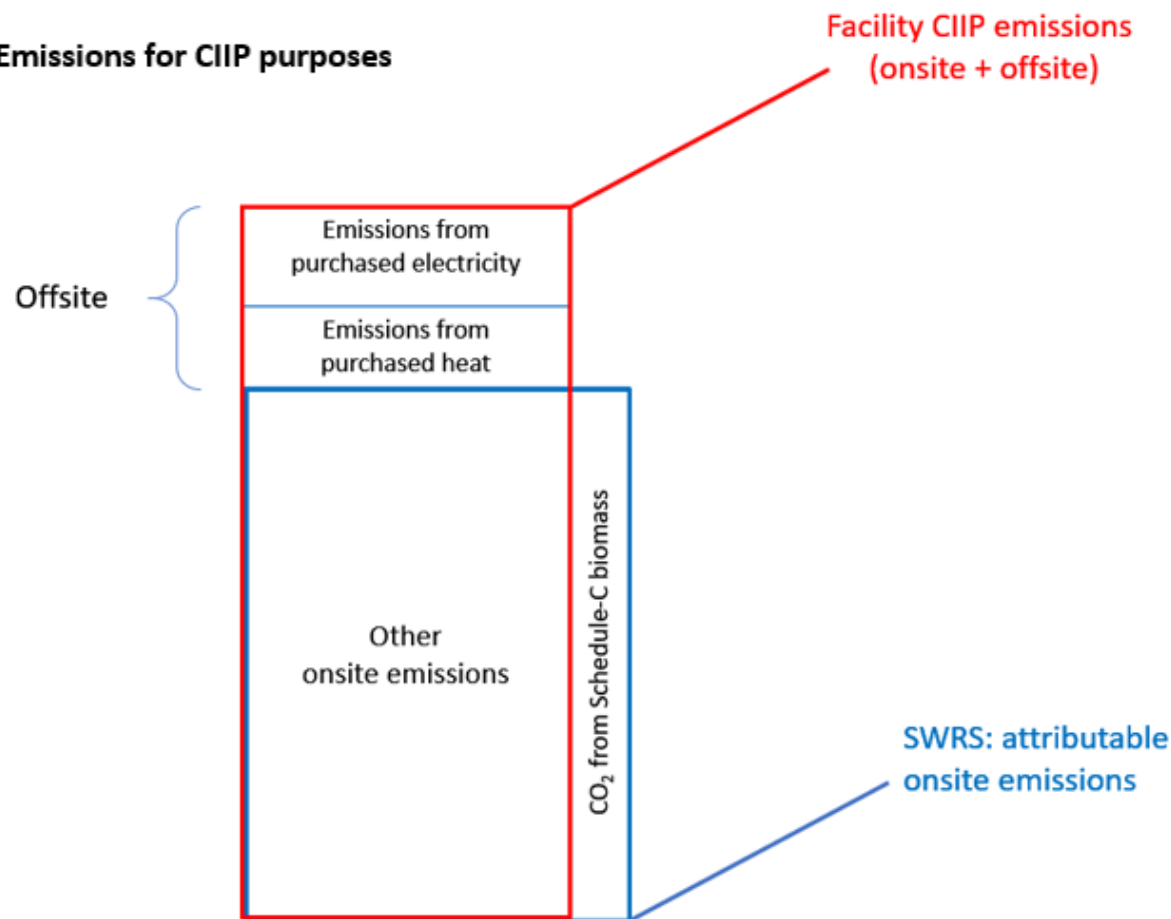
Sector-specific Guidance Documents and Calculators

5.1 Calculating emissions associated with purchased grid electricity

The ministry provides a calculator spreadsheet with the appropriate calculation formulas built in, to assist in calculations at this step of the CIIP application process (available via e-mail and at this link).

In the blue cell, enter the amount of purchased electricity (in GWh).

Emissions associated with purchased grid electricity are then automatically calculated and displayed in cell G13, in tonnes CO2e. For example:

Purchased Electricity

INPUT each variable listed below:

Purchased Electricity

	Electrical Grid		Amount	Units
Emissions Intensity Factor of Grid	Integrated Grid ▾	$EIF_{El.Grid}$	9.7	tCO_2e/GWh
Amount of electricity purchased		$Q_{EL\_PURCHASED}$	300.00	GWh
Emissions from Purchased Electricity		$E_{EL\_PURCHASED}$	2,910.00	tCO_2e

Choose grid from dropdown menu

Enter the amount of emissions from purchased grid electricity in the CIIP application.

Q & A