

# **British Columbia's Clean Infrastructure Royalty Credit Program**

## **2018 Request for Applications Webinar March 20, 2018**

Before we start:

- The audience will be placed on mute during the webinar presentation
- We will unmute the lines and take questions at the end of the webinar via phone and chat box
- The session will be recorded
- The presentation will be posted to the CIRCP Website



## Disclaimer

This webinar is about the Clean Infrastructure Royalty Credit Program - 2018 Request for Applications (RFA). If there are any discrepancies between the webinar and the CIRCP website, the website documents take precedence.



## Presentation Outline

- Introduction & Timeline
- Eligible Projects
- Application Process
- Evaluation, Ranking and Selection
- Approved Projects
- Approved Project Flow Chart
- Release of Royalty Deductions
- Audit Reviews
- GHG Emissions Calculations
- GHG Emissions Verification



## Introduction

- The CIRCP advances clean technologies and solutions for reducing GHG emissions linked to the development and production of BC's oil and natural gas resources
- \$19.3 M available in royalty deductions for approved projects
- Awarded through a competitive RFA process
- Applicants fund the entire cost of an approved project, and are eligible for deductions of up to 50% of eligible project costs



## Introduction

CIRCP Website:

- Contains the following documents:
  - RFA Document
  - RFA Guidance Document
  - RFA Q&A Document
  - RFA Response Templates
  - Sample Project Agreements
- Provides a link to additional information for requesting the release of a royalty deduction (for approved projects)

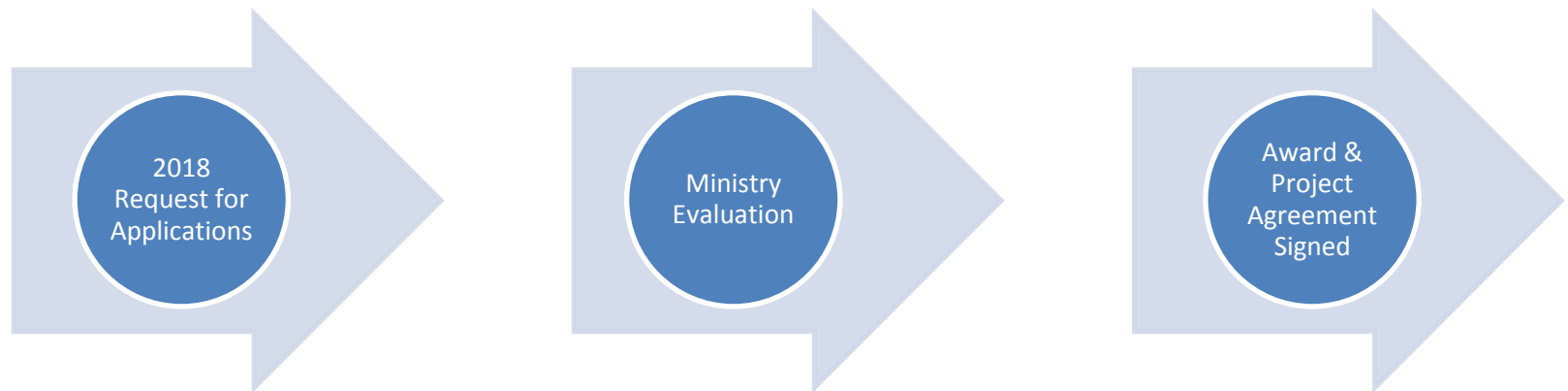
<https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/oil-gas-royalties/clean-infrastructure-royalty-credit-program>.



# Introduction

## RFA Timeline

- RFA Opened March 5<sup>th</sup>, 2018
- RFA Closes May 18<sup>th</sup>, 2018
- Applications must be received before 2:00pm Pacific Daylight Saving Time







## Eligible Projects

- Are defined in the RFA Section B
- Classified as either:
  - Category 1 (Vented)
  - Category 2 (Electrification)
- \$9.65 million royalty deduction allocated to each category
- Following evaluation, any unused royalty deductions from one category will be made available to applications in the other category
- Applications that include a combination of both project categories will be evaluated under the category where the most GHG emissions reductions are estimated to occur



## Eligible Project – Category 1

An “Eligible Project” is one undertaken by a Producer(s) or combination of Producer(s) and Pipeline Company(ies) that reduces GHG emissions from vented sources by the retrofit, replacement, or conversion of equipment currently in operation in British Columbia.

Example project types include:

- 1) High-bleed to low-bleed conversions;
- 2) Instrument gas to instrument air conversions;
- 3) Pump conversions; and,
- 4) Vent gas capture projects.





## Eligible Project – Category 2

An “Eligible Project” is one undertaken by a Producer(s) or combination of Producer(s) and Pipeline Company(ies) that reduces GHG emissions through the electrification of equipment and/or facilities in British Columbia.

Example project types:

1. Greenfield electrification of oil and gas equipment and/or facilities such as wellpads, wellsites compressors and other equipment; and
2. Retrofitting such equipment and/or facilities for electrification.



## Eligible Projects

- In addition:
  - Construction activities cannot start before May 18, 2018
  - Step 1 (Construction) must be completed within 3 years
  - Step 2 (Verification) must be completed within 5 years start
  - Require 3<sup>rd</sup> party verification of emissions
  - Applicants may submit more than one application to the program

# Application Process





## Application Process

- Application requirements listed in Section D & E of the RFA
- Submit the following documents:
  - Cover Letter
  - Supporting Letter (if applicable)
  - RFA Response Template
  - Cost Breakdown Table
  - GHG Emissions Reductions Calculation
  - Industry Payback Period Calculation
  - Project Schedule
  - Project Map



## Application Process

- Cover Letter
  - On company letterhead
  - 3 pages max
  - Should be signed
- Supporting Letter
  - Only required if a partner application
  - On partner company letterhead
  - Must indicate the % allocation between partners



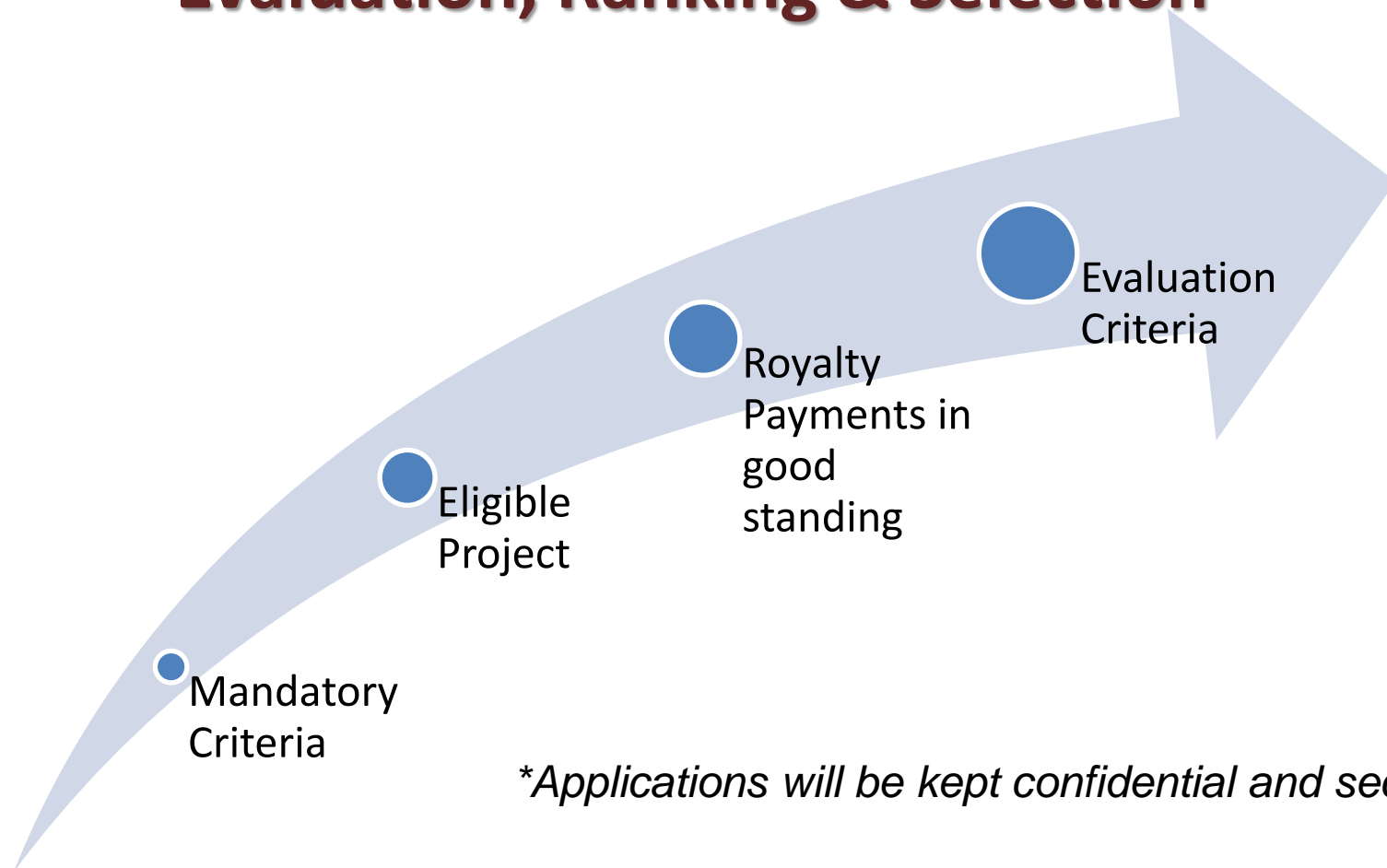
## Application Process

- RFA Response Template
  - Signed original page 1 provided in hard copy format
  - Can provide as much detail as you want in Section 5
  - Response limited to 4 pages for Section 9
  - Required to attached documents for Section 6, 8 & 9 (templates on website)





## Evaluation, Ranking & Selection



*\*Applications will be kept confidential and secure*



## Evaluation, Ranking & Selection

Table F.1: Mandatory Criteria

a)	Applications must be in English.
b)	Applications must be received by the Ministry at the closing location by the specified Closing Time.
c)	Applications must be received by Courier or Hand Delivery. Applications must NOT be sent by facsimile, e-mail or regular Canada Post mail.
d)	Applications must be submitted in required format (as outlined in Sections D & E).
e)	An original signed page 1 of the RFA Response Template must be submitted as part of the application.
f)	Physical construction activities cannot start before the Closing Time.



## Evaluation, Ranking & Selection

Table F.2: Evaluation Criteria

Evaluation Criteria	Weight
Royalty Credit Emission Reduction Ratio (RFA Response Template Section 8)	60 %
Project Schedule (RFA Response Template Section 5 and Schedule Attachment)	10 %
Business Case (RFA Response Template Sections 5 and 9)	30 %
<b>TOTAL:</b>	<b>100 %</b>



## Evaluation, Ranking & Selection

- Royalty Credit Emission Reduction Ratio (60%)
  - Royalty deduction requested divided by the estimated GHG emissions reduction (10 year period)
  - A higher point score will be assigned to applications with a lower Royalty Credit Emission Reduction Ratio
  - Example project with a total cost of \$10 million:

Deduction request (%)	Deduction request (\$)	Estimated reductions (tonnes CO <sub>2</sub> e)	RCERR (\$/tonne CO <sub>2</sub> e)
50%	5 million	500,000	\$10/tCO <sub>2</sub> e
35%	3.5 million	500,000	\$7/tCO <sub>2</sub> e



## Evaluation, Ranking & Selection

- Schedule (10%)
  - A higher point score will be assigned to projects that achieve GHG emissions reductions earlier
- Business Case (30%)
  - Description of project
  - Identified barriers and risks
  - Use of innovative technology,
  - Potential for future emissions reductions
  - Estimated industry payback period.



## Evaluation, Ranking & Selection



- Points are allocated to each application based on the three Evaluation Criteria and are indexed to 100% for a final application score
- Applications are ranked according to the final score
- For each Category, applications are approved in rank order until the available royalty deduction has been allocated



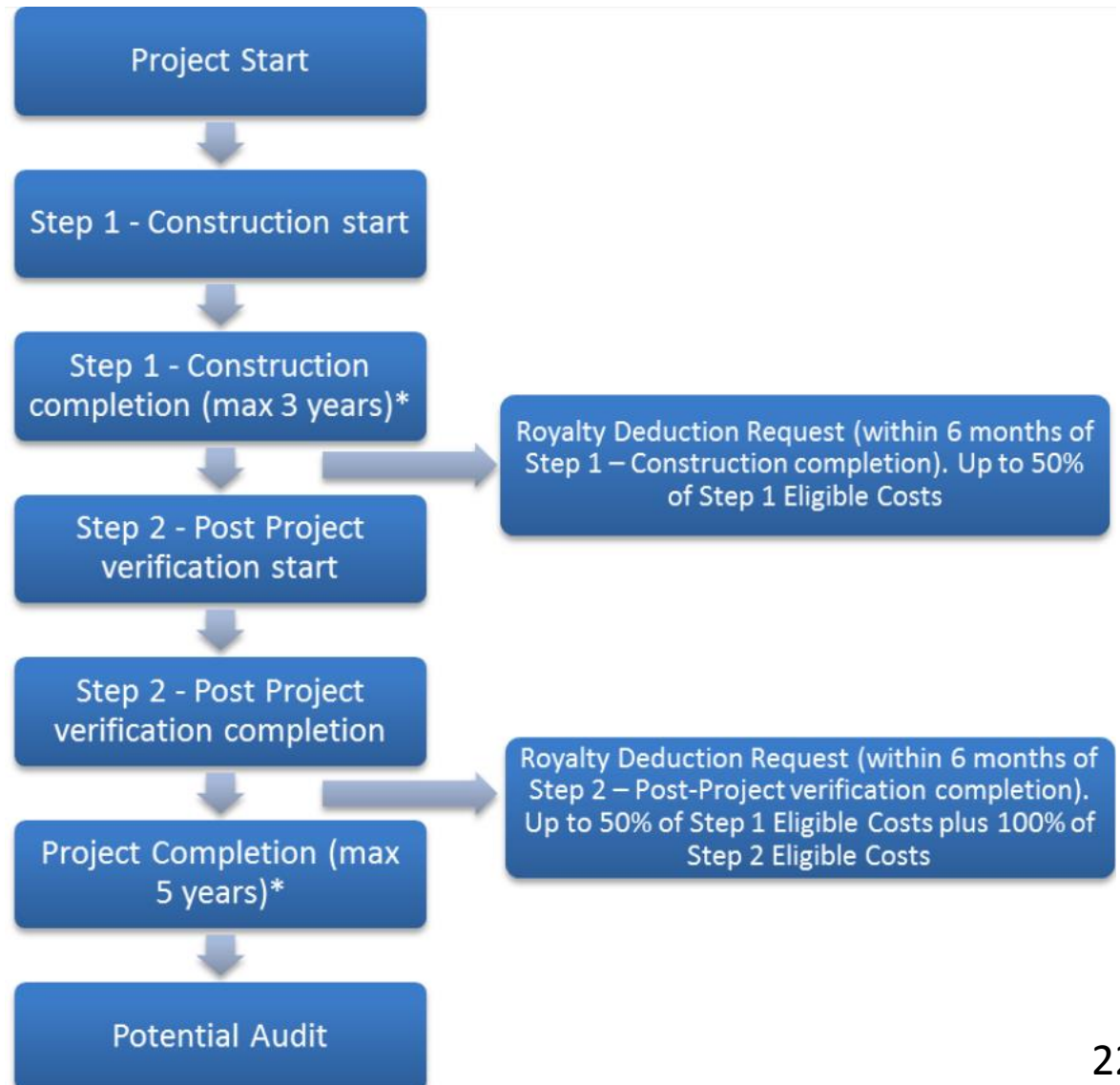


## Approved Projects

- Companies enter into a Project Agreement with the Province
- Project Agreement incorporates:
  - RFA Response Template Sections 5-8
  - Project Map
  - Project Schedule
- Projects are completed in 2 Steps



# Approved Project Flow Chart





## Release of Royalty Deductions

- Royalty deductions must be applied for within 6 months of completion of a Step
- Must submit documents listed in Schedule B of the Project Agreement. Note: Requirements for Step 1 and Step 2 are slightly different
- Requirements and templates for requesting the release of an approved royalty deduction are also provided online :  
<https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/oil-gas-royalties/clean-infrastructure-royalty-credit-program/royalty-submission-deadline>



## Audit Reviews

- An audit review may be carried out on any completed project, or step of a project.
- Review eligible costs under the project as noted on Schedule B submission.
- Is typically conducted by a third party on behalf of the Ministry.



## GHG Emissions Calculations

$$\text{Emissions}_{\text{Reduction}} = \text{Emissions}_{\text{Baseline}} - \text{Emissions}_{\text{Project}}$$

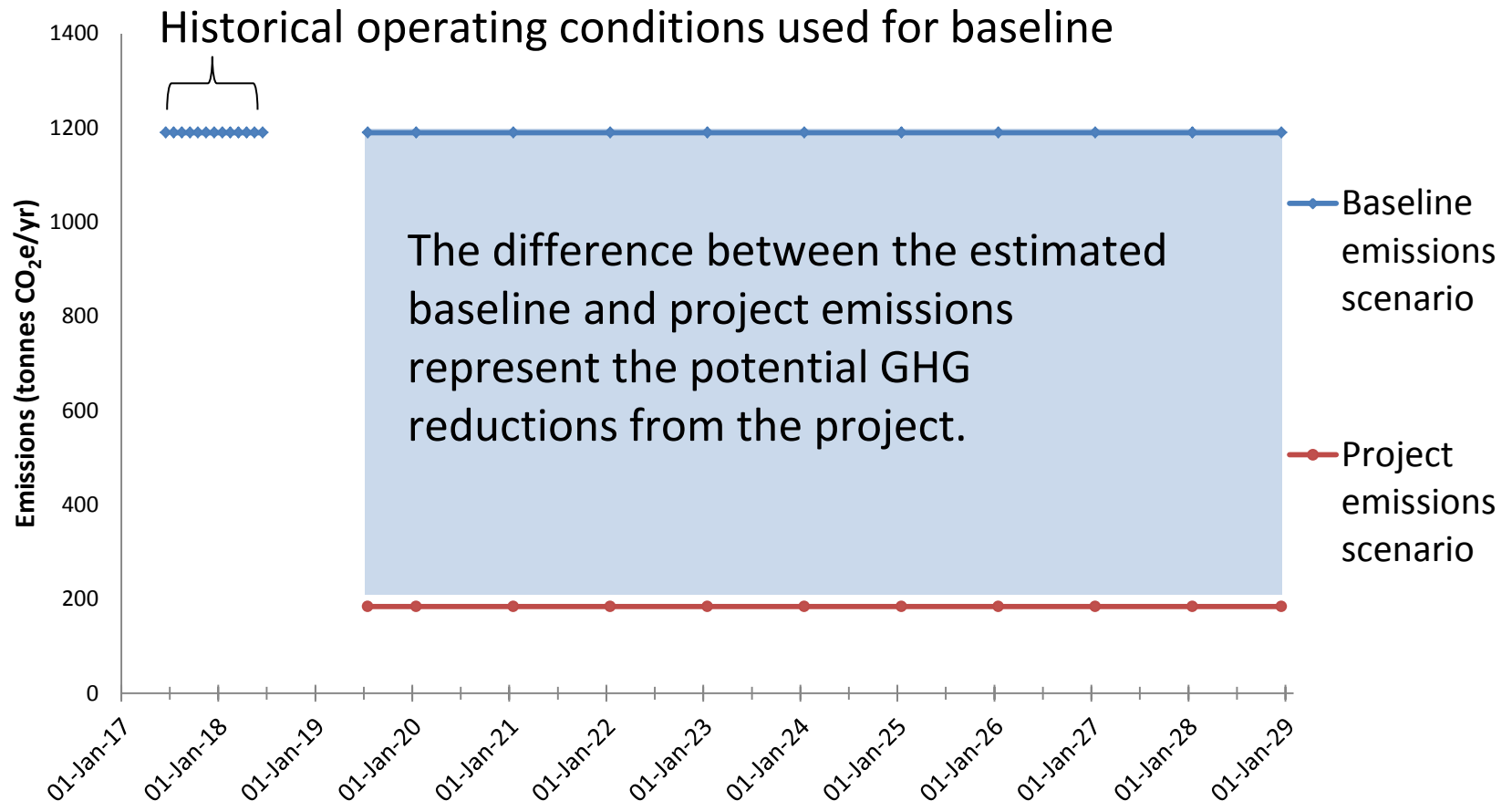
Applicants are required to use the most recent and relevant Western Climate Initiative (WCI) quantification methods (WCI.363 and others) from the following sources to develop their emissions estimates for the RFA:

**2012:** [Final Essential Requirements for Mandatory Reporting – Amended for Canadian Harmonization](#)

**2013:** [WCI Essential Requirements for Mandatory Reporting – 2013 Addendum to Canadian Harmonization Version](#)



# GHG Emissions Calculations







## GHG Emissions Calculations

Source type	WCI reference
High bleed/low bleed/intermittent pneumatic devices	Eqns 360-1, 360-2, 360-2a, 360-4, 360-5, 360-5a, 360-6
Pneumatic pump venting	Eqns 360-3, 360-3a, 360-3b
Dehydrator vents	Eqn 360-10
Compressor venting	Eqns 360-32, 360-33, 360-34, 360-35
Electrification	See WCI equations

Other relevant equations are also provided in WCI methodology, such as determining CO<sub>2</sub> and CH<sub>4</sub> emission rates (Eqn 360-41) and estimating the mass-based rate of GHG emissions from a volumetric rate (Eqn 360-42)

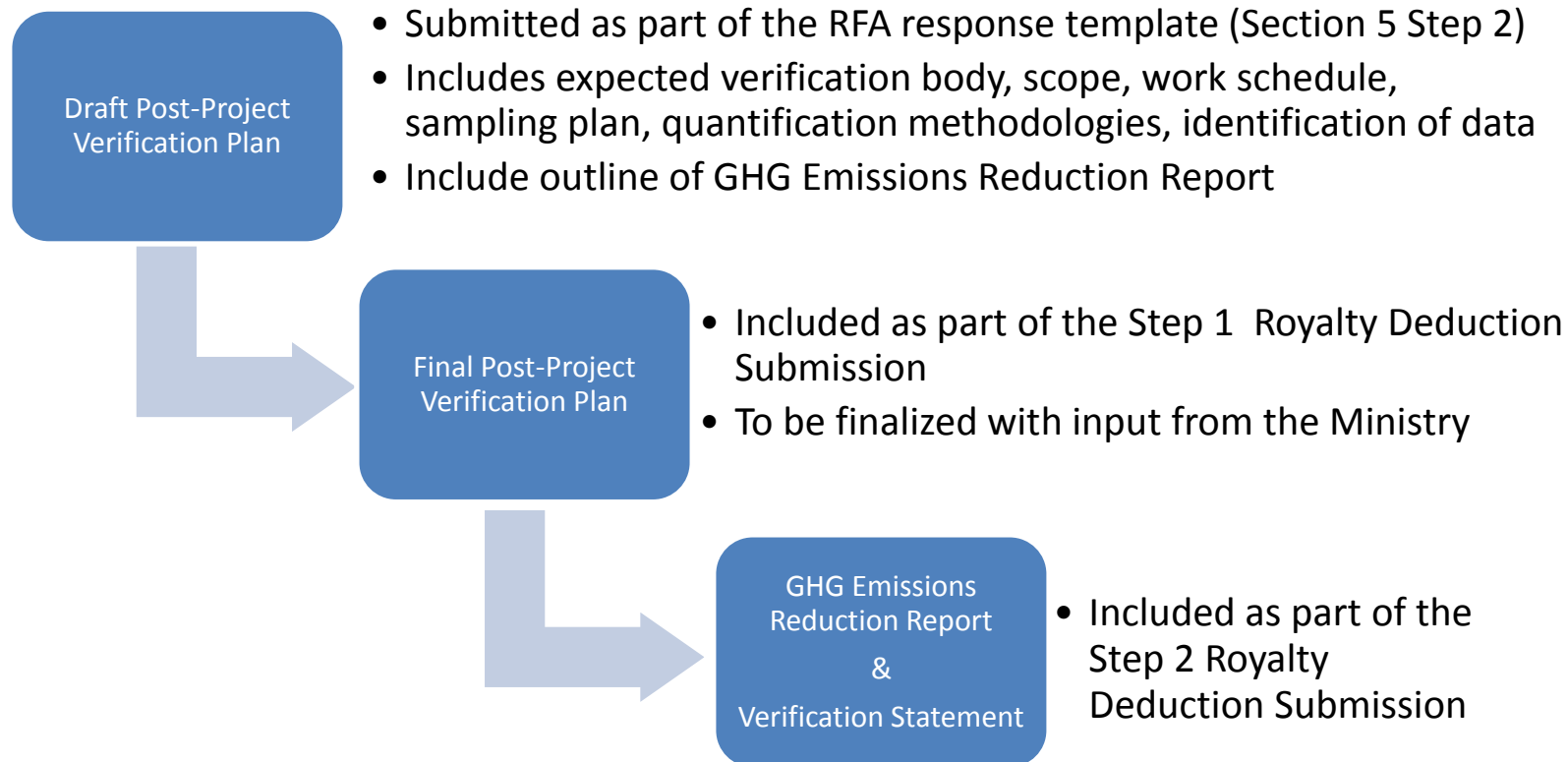


## GHG Emissions Verification

- Verification of GHG emissions reductions is required for all projects
- Verification costs are considered eligible costs
- Must be completed by an ISO accredited 3<sup>rd</sup> party organization
- Verification will typically require the use of one year of data



## GHG Emissions Verification





## GHG Emissions Verification

GHG Emission Reduction Report must contain:

- Project title, start date and period the report covers
- Amount and calculations for:
  - Baseline Project emissions
  - Emission reductions
  - Identification of any changes or differences
- Verification Statements
  - Statement that the project was carried out as described in the Application and Project Agreement
  - Statement that the measurements and calculations are in accordance with the Post-Project Verification Plan



## More Information

Refer to the CIRCP Website:

- Guidance Document
- Questions & Answers
- Webinar Presentation Slides

Or email the Ministry Contact:

[Jennifer.E.White@gov.bc.ca](mailto:Jennifer.E.White@gov.bc.ca)



## Questions?

We now invite participants to ask questions related to the RFA or other program documents via the phone or chat box.



**Thank you for your time today**