



British Columbia's Clean Growth Infrastructure Royalty Program

**Oil and Gas Division
2022 Request for Applications – Web Guide**



Purpose

This document outlines and highlights some considerations for potential applicants under the Clean Growth Infrastructure Royalty Program (CGIRP) – 2022 Request for Application (RFA).

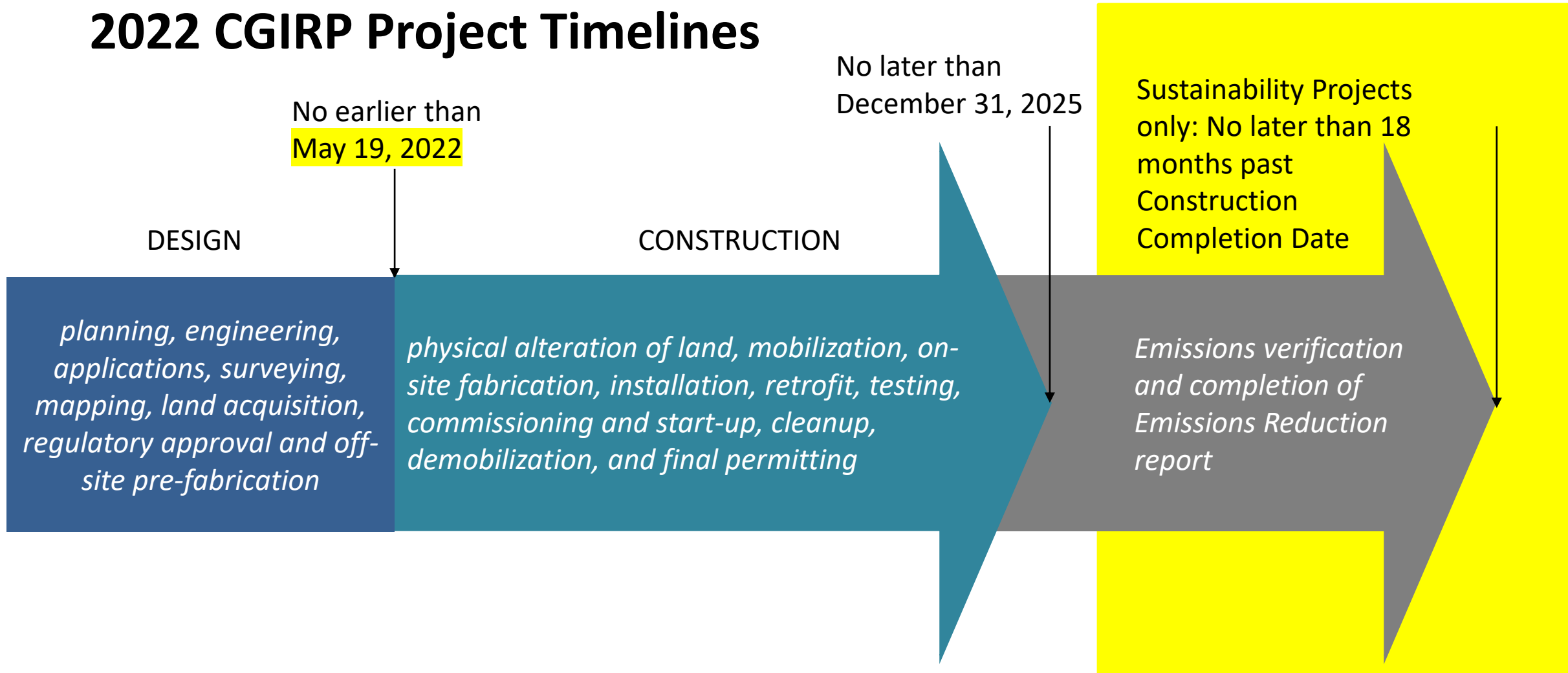


Context

- Proponents applying in the 2022 RFA should be aware that nothing in a Project Agreement made with the Province under the CGIRP would authorize or should be construed as the authorization to conduct oil and gas activities as defined under the *Oil and Gas Activities Act* or any other activities that may require permits or other authorizations under applicable law.
- The Province is working with First Nations in the northeast to develop an approach for new authorizations that manages cumulative effects and their impacts on Indigenous people's treaty rights in northeast British Columbia. Managing for cumulative effects is a high priority for the Province and the potential environmental and social impacts of a proposed project are considered in the CGIRP project evaluation process.



2022 CGIRP Project Timelines



Outline

- Project Timelines and Key Dates
- Key Documents
- Program Eligibility
- Application Requirements
- Evaluation Criteria
- Ranking and Selection Process
- Release of Royalty Deductions
- Additional Funding Opportunities





Key Dates

- **RFA Open Date:** March 8, 2022
- **RFA Closing Time:** Before 2:00 PM Pacific Time on May 19, 2022
- **Project Window:** Project construction can only begin after May 19, 2022, and projects must be completed by December 31, 2025.
- As was the case with the 2021 RFA, all applications for 2022 must again only be submitted by email as clearly indicated in the RFA materials



Key RFA Documents

Main CGIRP Webpage site:

- Contains the following documents:
 - RFA Document
 - RFA Q&A Document (coming soon)
 - RFA Response Templates
 - Sample Project Agreement Templates

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

CGIRP Webpage provides additional information for requesting the release of a royalty deduction for an approved project:

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



Program Funding and Payment Structure

CGIRP is offering up to \$150 million in royalty deductions and projects can apply for **up to 50% of capital costs**, which are reimbursed in the form of a royalty deduction.

- Eligible applicants include:
 - Producer (single Applicant)
 - Producers (joint Applicants)
 - Pipeline company, in contractual arrangement with one or more producers
- There are two categories of eligible projects:
 - Growth
 - Sustainability (Electrification and Greenhouse gas (GHG) emissions reduction)



Eligible Projects

Growth includes infrastructure projects related to:

- a. Roads
- b. Pipelines
- c. Value-add

Sustainability includes infrastructure projects related to:

- a. Electrification
- b. Greenhouse gas (GHG) emissions reductions



Growth Project Examples

- Construction of a facility that will increase extraction potential and value of existing wells as well as allow development of new wells in the area
- Construction of water management facilities that will reduce operating costs, reduce greenhouse gas emissions, and increase options for development of new wells in the area



Sustainability Project Examples

- Conversion of compressor stations from low-bleed pneumatic systems to compressed Instrument Air systems (zero bleed) with solar integration technology, and includes installation, facility modifications, and associated electrical upgrades.
- Constructing a new substation and a single circuit transmission line from facility to BC Hydro terminal to electrify facility.
- Demonstrate a novel, non-venting wellsite design.



Application Evaluation

- Mandatory documents and delivery of applications are listed in section 6 of the RFA.
- All applications must meet mandatory criteria listed under section 7.1 of the RFA.
- All applications will be reviewed under Eligible Project program requirements listed under section 7.2 of the RFA.



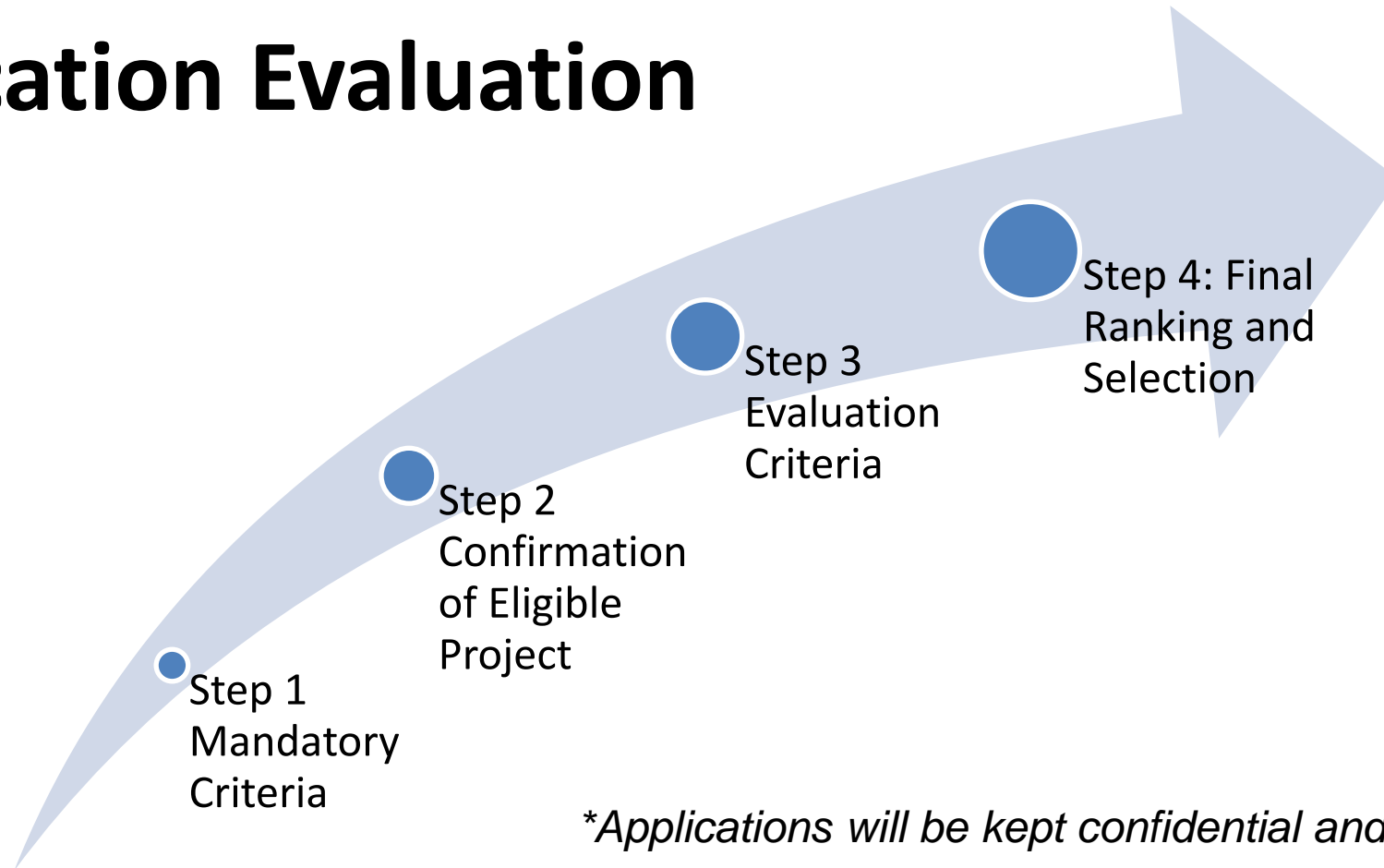
Application Submission

The following documents are required:

- Cover Letter
- Supporting Letter (if applicable)
- Completed RFA Response Form
- Cost Estimate Table
- Detailed Cost Breakdown Table
- GHG Emissions Reductions Calculation (Sustainability projects mandatory)
- Drilling and Production Table (Growth projects mandatory, Drilling Information Tab ONLY)
- Project Map
- Shape files



Application Evaluation



**Applications will be kept confidential and secure*



Application Evaluation

- Projects must be completed by December 31, 2025
- All calculations are provided using required methodologies
- Application excludes ineligible costs
- Applicant has a satisfactory record of royalty payments to Province
- Funding is not to maintain compliance with existing regulations
- Other funding sources are disclosed
- Sustainability projects have an Emissions Reduction Ratio less than 85



Evaluation Criteria

Evaluation Criteria	% Weight (Growth)	% Weight (Sustainability)
Company Business Case	10%	10%
Provincial Economic Impact	50%	10%
Local Economic Benefits	10%	10%
Emissions Reductions	10%	50%
Cumulative Environmental Effect	10%	10%
Social Impact	10%	10%
TOTAL	100%	100%



Evaluation Criteria

Company Business Case:

- Project description
- Identifies barriers and risks, and plan to manage risks;
- Stimulates additional oil and gas activity in the surrounding area, open up new areas;
- Creates operational efficiencies;
- Explores/uses emerging or innovative technology applications.



Evaluation Criteria

Provincial Economic Impact:

- Royalties generated;
 - Does project help competitiveness of BC resources;
 - Does project use clean BC energy sources;
 - Does project use BC workers and equipment and materials from BC.
- *Growth Projects include consideration of:*
 - *Estimated project cost*
 - *Royalty deduction requested*
 - *Estimated returns on well production tied to the project*



Evaluation Criteria

Local Economic Impact:

- Does project create local employment opportunities;
- Does this project improve existing local infrastructure;
- short-term and/or long-term benefits to the community/region associated with this project;
- Does project benefit other local economic sectors.



Evaluation Criteria

Emissions Reductions:

- Emissions intensity and reduction strategies
- Reduces or removes GHG emissions;
- Emissions Reduction Ratio (ERR)*

**ERR is the sum of the Royalty Deduction requested, and any other provincial funding received, divided by the project's estimated GHG emissions reductions in tonnes CO₂e.*

Note: Sustainability project applications with an ERR of 85 or more are not eligible



Emissions Reductions Calculation

Example Project A:

- Estimated Greenhouse Gas emissions reduction: X (Jan. 1, 2021— Dec. 31, 2030, in tonnes CO₂e)
- Royalty deduction requested amount: \$Y
- Other provincial funding received: \$Z

$$\text{Emission Reduction Ratio (ERR)} = \frac{Y + Z}{X} \text{ (\$/tonnes CO}_2\text{e)}$$

$$29.19 \text{ (ERR)} = \frac{\text{Requested \$600,000} + \text{\$0.00 other funding}}{20,550 \text{ tonnes CO}_2\text{e GHG reduction}}$$



Evaluation Criteria

Cumulative Environmental Effects:

- Footprint consolidation;
- Land and freshwater conservation;
- Water recycling and reuse;
- Other environmental considerations, air quality, noise



Evaluation Criteria

Social Impact:

- Gender Based Analysis Plus (GBA-Plus+)
- Consideration of diverse groups (indigenous peoples , women, visible minorities, people with disabilities, gender diverse)
- Does the project support Indigenous economic development?
- Health, safety, employment and education impacts of diverse groups
- Have Indigenous peoples been involved in decision-making that involves any interests relating to the project?



Final Ranking & Selection

- Points awarded for each of the Evaluation Criteria will be indexed to 100%.
- Applications may include a combination of both project categories, but are evaluated under a single category (Growth or Sustainability).
- Applications are approved in rank order until available royalty deduction has been allocated or are lower than the category minimum project score.



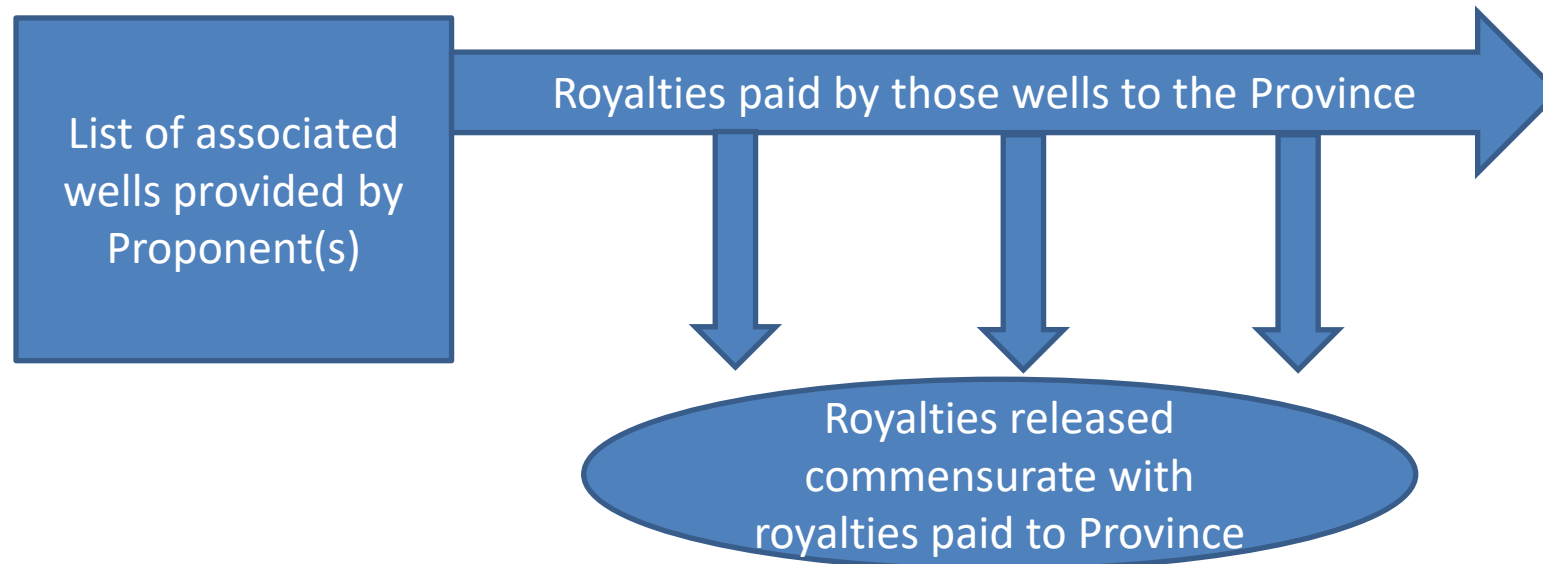
Agreement for Approved Projects

- Successful Applicants will be required to enter into a Project Agreement with the Province and to pay for all project costs up front.
- The Project Agreement sets out the requirements for an Approved Project.
- The following sample Project Agreement templates can be found on the CGIRP Website:
 - (a) Producer Agreement (Growth or Sustainability)
 - (b) Producer Partnership Agreement (Growth or Sustainability)



Release of Royalty Deductions

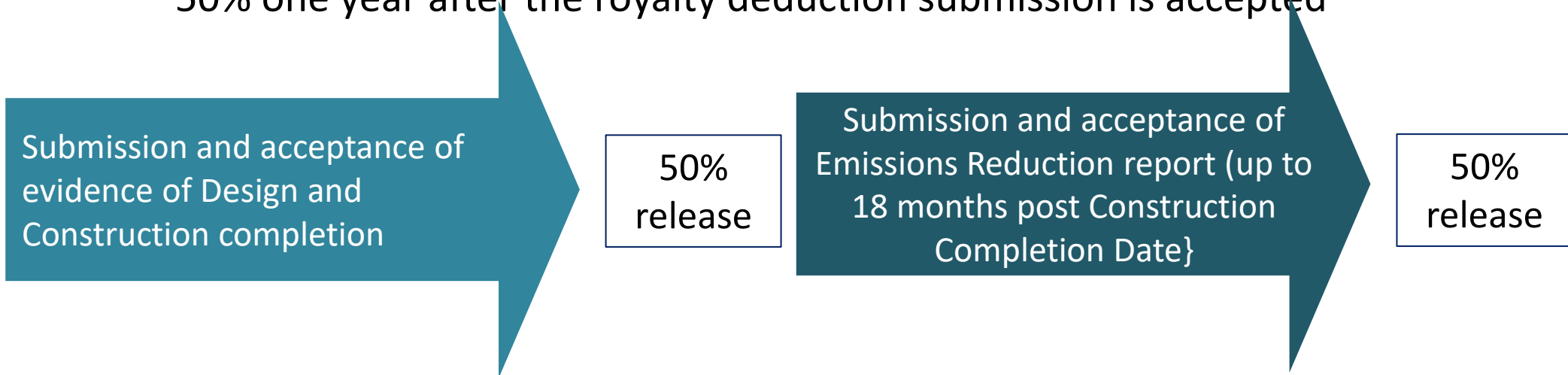
- Growth category
 - Deduction release is tied to revenue neutrality
 - Wells are specifically tied, associated and enabled by the project





Release of Royalty Deductions

- Sustainability category
 - Royalty release is released in two payments: 50% at completion of project and royalty submission is accepted with required documents, 50% one year after the royalty deduction submission is accepted





Release of Royalty Deductions

- Royalty deductions must be applied for within 6 months of completion of project.
- Companies must submit documents listed in Schedule B of the Project Agreement.
- Requirements and templates for requesting the release of an approved royalty deduction are provided online :
<https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/oil-gas-royalties/clean-growth-infrastructure-royalty-program/royalty-deduction-submission>



Compatibility with Other Funds

- CGIRP allows for stacking with other Federal and Provincial Programs.
 - Any additional funding from these sources must be disclosed (approved or applied for) at the time of application
 - For sustainability projects, any additional Provincial funding is accounted for when calculating Emissions Reductions Ratios (ERR)
 - ERR must be less than 85 to be an eligible project under the Program



Compatibility with Other Funds

- Additional funding options:
 - Greenhouse gas emissions reductions incentives
 - CleanBC Industry Fund
 - Emissions Reduction Fund (Federal)
 - Electrification incentives
 - BC Hydro Low Carbon Electrification Fund
 - CleanBC Facilities Electrification Fund



Government Contact

- All enquiries related to this Request for Application are to be directed, in writing, to the official Government Contact:
mdgdinfrastructure@gov.bc.ca
- Information obtained from any other source is not official and should not be relied upon. Enquiries and any responses will be recorded and may be distributed to all Applicants at the Province's option.
- The cut-off for submitting any questions related to this RFA to the Government Contact is May 5th, 2022 (10 business days before the Closing Time).
- Closing time is 2:00 PM Pacific Time on May 19th, 2022.