

# CleanBC Industrial Incentive Program

## *General Application Reporting Guidance*

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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 funds the CIIP program.

If a facility's production emissions intensity is under the established product 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 product's emissions intensity is above the benchmark but still beneath the eligibility threshold, the facility may receive a partial payment. Product and activity specific benchmarks can be found on the [CIIP website](#).

### 1.2. Eligibility Criteria

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

- Has GHG emissions  $\geq 10,000$  tCO<sub>2</sub>e and/or is a reporting operation under the Greenhouse Gas Emission Reporting Regulation (GGERR);
- Has taken all reasonable measures to comply with its requirements under the *Greenhouse Gas Industrial Reporting and Control Act* (GGIRCA); and
- Does not operate in a sector listed as being ineligible within the sector eligibility table found on the [CIIP website](#).

### 1.3. Verification Requirements

The CIIP verification requirement for the 2021 application cycle is the same as it was for the 2020 application cycle.

CIIP applicants must have their emission report only verified by an accredited, third party verification body in accordance with the Greenhouse Gas Emission Reporting Regulation (GGERR) if they fall into the categories described below:

- CIIP applicants with reporting operations under GGIRCA that emitted  $\geq 25,000$  tonnes of CO<sub>2</sub>e, not including reporting-only emissions, in the 2020 reporting period.
- CIIP applicants who have been required to have their emission report verified within the past three reporting periods.

A more comprehensive verification policy is expected to be implemented for CIIP prior to the 2022 application cycle.

## 2. How to Apply for CIIP

There are two required application components for CIIP in 2021:

- Submit the facility’s GHG emissions report by May 31, 2021 through the Single Window Reporting System (SWRS system).
- Submit the facility’s CIIP application by July 31, 2021 through the online CIIP web application (“CIIP System”) at [CIIP.gov.bc.ca](http://CIIP.gov.bc.ca) (application window opens June 8, 2021).

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

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 website](#). 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.

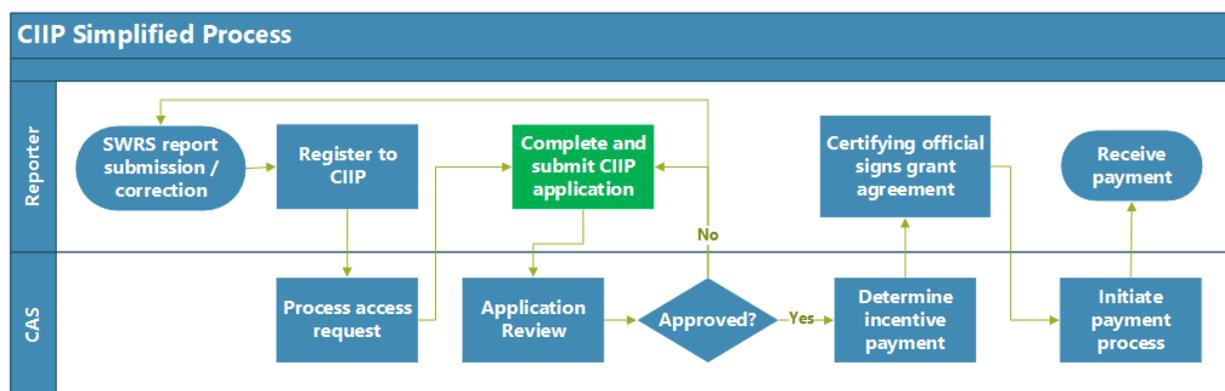


Figure 1: Overview of the CIIP Application Process

### 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 (e.g. 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 reporting operation'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 the purposes of determining the emissions intensity of applicable product(s) under CIIP, applicants may be required to quantify emissions associated with the production of electricity and/or heat purchased and used at the reporting operations (i.e. scope 2 electricity and heat emissions). Additionally, some information that is required to be reported under GGIRCA (e.g. 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 website](#)).

While some GGIRCA and CIIP requirements may differ, reporting operations that apply 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](http://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.

#### If Access to an Operation was Granted in the Previous Program Year

For users who were granted access to an operator in the CIIP System in the previous program year, CAS will send an email to the Operation Representative (OR) of the operator to determine if the user's access to the operator should be maintained or revoked.

When the OR receives the email from CAS, they will be asked to respond to CAS either confirming access for the user mentioned in the email or request that the user's access to the operator be revoked.

Continued users will then be able to apply for the CIIP 2021 when the application period opens by visiting [CIIP.gov.bc.ca](http://CIIP.gov.bc.ca) and logging in with their existing user log-in credentials.

If the OR does not respond by June 7, 2021, CAS will revoke the user's access. Access to an operator can be requested again as described below.

### [Requesting Access to an Operator in the CIIP System](#)

#### *Registering for the CIIP Application*

- 1) Visit [CIIP.gov.bc.ca](http://CIIP.gov.bc.ca)
- 2) Click on "Register and Apply"
- 3) Complete all fields listed under "Register" and click on "Register"

#### *Requesting Access to an Operator*

This is required to apply for the CIIP for an operation

- 1) Click on "My Operators" on "My Dashboard"
- 2) Click on "Select an Operator"
- 3) 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 website](#). 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, agree to the legal terms, and submit the application. Note that sign-off by a ‘certifying official’ is no longer required at this stage of the process (as it was in the 2020 program year) – certification will now 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. Certification and 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. An [incentive estimator](#) is available to assist in calculations.

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

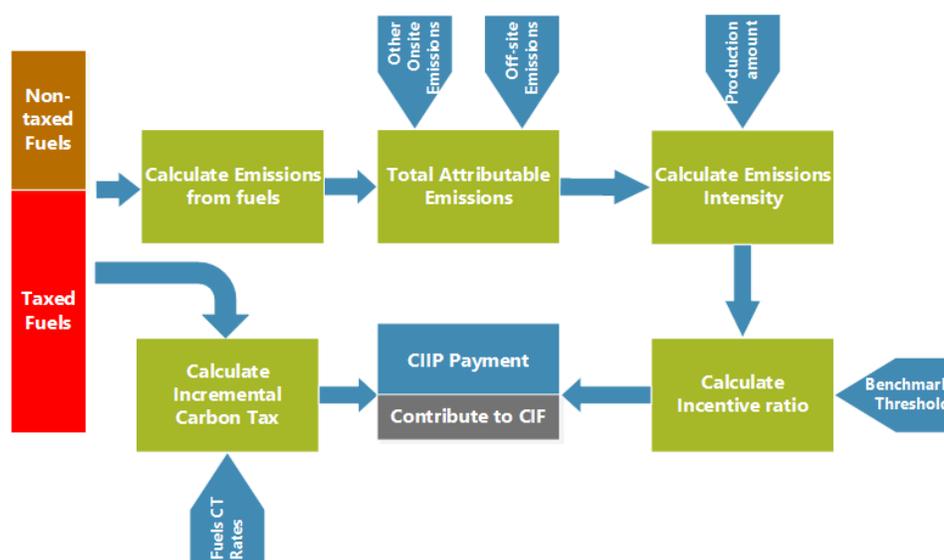


Figure 2: Process Map for CIIP Payment Calculation

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).

### 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 economic activity or 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 website](#). For some sectors, the threshold is not published for confidentiality reasons.

### 3.3. Incentive Ratio and Incentive Payment

**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 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:

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

Where:

$\text{Incentive Ratio}_i$  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

An incentive payment [estimator](#) is available in [CIIP website](#). 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 menu. For sectors with confidential threshold values, the threshold values must be entered by the reporter.

NOTE: For NAICS code 111419 (greenhouse sector, eligible plants) the incentive payment is multiplied by 0.2 since 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 non-biomass emissions annually; 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. (Note: Payments received for the 2019 CIIP year, in which all facilities received back 75% of incremental carbon tax, is counted as part of the NEP for facilities that were operating during this period.) 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 go 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.