CleanBC Industrial Incentive Program

General Application Reporting Guidance

CleanBC Program for Industry

The Province implemented the CleanBC Program for Industry (the program) to facilitate industrial emission reductions while also supporting the competitiveness of B.C.’s industrial sector. The program is funded with the incremental carbon tax (i.e. the portion over $30/tonne) paid by large industrial facilities.

The program includes two initiatives: The CleanBC Industry Fund (CIF), which funds emission reduction projects at industrial facilities (more information about CIF can be found here); and the CleanBC Industrial Incentive Program (CIIP), which provides payments to facilities based on how their product/activity emissions intensity (i.e. tonnes of greenhouse gas emissions per unit of production/activity) compares to established performance benchmarks and eligibility thresholds.

CleanBC Industrial Incentive Program (CIIP)

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

- Has GHG emissions ≥ 10,000 tCO2e 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.

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 organizational representative must go to the Director...
listed in GGIRCA through 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 first product shipment from the facility.

**Global carbon price**

The CIIP was designed as a temporary program until other jurisdictions’ carbon price catches up with the price paid by B.C. industrial facilities. If, by 2025, the average global carbon price increases above $30/tonne, adjusted for emissions coverage and considering the size of each jurisdiction’s economy, future incentive payments will be reduced or removed to reflect the degree to which global carbon prices have “caught up” with those in BC.

**Resources to support completion of CIIP applications**

Guidance documents have been provided for each sector to assist calculations required for the CIIP application. In addition, for sectors with particularly complex applications, supplemental Excel spreadsheets incorporating key calculations have been developed. These will be available on the website and by request. Finally, staff are available to provide support with facilities’ CIIP applications through GHGregulator@gov.bc.ca.

**CIIP application process overview**

The CIIP application can be accessed at CIIP.gov.bc.ca.

See Figure 1 below for an overview of the steps required to apply for CIIP. Note, terms such as Operator, Reporting Operation and Operation Representative are defined in GGIRCA and GGERR.

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.

To submit an application, an applicant must register and request access to apply for CIIP on behalf of a Reporting Operation. If the applicant is not the Operation Representative, before access is granted, the CIIP team will email the Operator Representative listed on the company’s emissions reports submitted under GGERR requesting approval of the individual registering.

Prior to submission, a completed application must be approved by a ‘certifying official’ at the Reporting Operation. 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 that includes the terms below:

- **The Certifying Official warrants and represents that the Certifying Official has the authority to, on behalf of the Operator, enter into the following terms and provide the following consents and certifications.**

- **The Certifying Official and Operator certify that Certifying Official has reviewed the information being submitted, and has exercised due diligence to ensure that the information**
is true and complete, and that, to the best of the Certifying Official’s knowledge, the information submitted herein is accurate and based on reasonable estimates using available data.

c. The Operator agrees to repay any incentive amounts erroneously paid or which are, upon audit or review by the Province of British Columbia, are determined by the Province to be either inconsistent with CIIP Rules (available at the CleanBC Industrial Incentive Program website) or not supported by evidence related to fuel usage and tax paid, and acknowledges that any repayment amount may be deducted from a following year’s incentive payment, or other payments due to the Operator from the Province.

The applicant identifies the certifying official by requesting certification and providing their e-mail address within the CIIP application. The person identified as the certifying official is automatically granted access to the CIIP application for which their certification is being requested (i.e. CIIP team approval is not required).

Once certification is obtained, the application can be submitted by the applicant.

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**Figure 1: Overview of the CIIP Application Process**

- **Step 1**: Applicant registers on CIIP website
- **Step 2**: Applicant requests to apply for Operation
- **Step 3**: CIIP approves request
- **Step 4**: Applicant fills out application
- **Step 5**: Applicant specifies Certifying Official
- **Step 6**: Certifying Official reviews & signs application
- **Step 7**: Applicant submits application
- **Step 8**: CIIP reviews application & updates status
- **Step 9**: Applicant revises application & returns to Step 3
- **Step 10**: CIIP determines incentive payment
- **Step 11**: Operation receives grant letter for incentive payment
- **Step 12**: Operation provides banking information, if needed
- **Step 13**: Operation receives incentive payment

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*Please email any questions to GHRegulator@gov.bc.ca*
Information required to complete CIIP application

Facilities should have a copy of their Single Window Reporting System (SWRS) report for reference when applying to CIIP. The CIIP application builds on the emission and fuel related information from an operator’s SWRS report. The reporter must review this information to ensure it has been accurately uploaded and edit the information as necessary.

Facilities will need to include the following additional information:

- BC Corporate Registry number (this can be found at https://orgbook.gov.bc.ca/en/home by searching organization’s name. The Corporate Registry number will be listed as “Registration #” and will start with one or two letters followed by seven numbers);
- Production and/or activity amounts for relevant products/activities at the operation;
- (If applicable to sector) Grid or imported electricity usage at the facility (if electricity is included in calculating product emissions intensity for the sector);
- Purchased heat usage (if applicable);
- For facilities that have multiple product lines, information about how facility emissions are allocated across products. Further information about allocation is provided in sector-specific guidance documents.

Please review sector-specific guidance documents and Excel spreadsheets for other information that may need to be included within the application.

Reporting purchased electricity and heat

In addition to the information required under GGIRCA and submitted through the SWRS, applicants from some sectors are required to report emissions associated with heat or electricity purchased by the facility. Sectors that are required to report one or both of these energy source types include:

- Oil and gas
- Wood products (excluding pulp and paper)
- Mining (coal, copper, gold and silver equivalent)
- Aluminum and lead-zinc smelting
- Forged steel balls
- Greenhouses
- Sugar refining
- Animal By-products

Purchased (and/or imported) electricity and heat are reported under the ‘Production’ tab in the CIIP application. From the ‘Product or Service’ dropdown menu, select ‘Purchased Electricity’ or ‘Purchased Heat’ as applicable. Enter the amount of electricity purchased (in gigawatt hours) or heat purchased (in gigajoules) and the emissions associated with the purchased electricity or heat.

To determine emissions associated with purchased electricity, go to the Electricity Emission Intensity Factors for Grid-Connected Entities website. Select the emissions intensity (in tonnes of carbon dioxide equivalent/GWh) for the electricity grid (i.e. integrated or Fort Nelson grid) and year of purchase. Multiply the total GWh purchased by emission intensity to determine total emissions. For electricity that
is imported from another grid, applicants should use the emissions intensity (in tonnes of CO2e/GWh) provided in their purchase agreement and report the electricity under “Emissions from EIOs” product.

Aluminum smelting will also be required to report electricity generated from its hydro-electric facility using the emission factor within the aluminum sector guidance document.

To determine emissions associated with purchased heat, multiply the amount of purchased heat in GJ by an industrial heat emission intensity factor of 0.063 tCO2e/GJ.

Calculation of incentive payment: Incentive Ratio

The incentive ratio is used to determine the level of incentive payment for a given product or activity. This amount may be adjusted by the adjustment factor as described below. An incentive calculator spreadsheet is available to assist in calculations. The incentive ratio is calculated as follows:

\[
Incentive\ Ratio_{i} = 1 - \frac{EI_{i} - B_{i}}{T_{i} - B_{i}}
\]

\(i = \text{Product}\)

\(EI_{i} = \text{Emission Intensity of Product } i\)

\(T_{i} = \text{Eligibility Threshold of Product } i\)

\(B_{i} = \text{Performance Benchmark of Product } i\)

Where:

_Emission Intensity of Product \(i\)_ is defined as Emissions (as calculated using methodology listed in sector’s Guidance Document) divided by Production (as calculated using methodology listed in sector’s Guidance Document.)

If:

\(Incentive\ Ratio_{i} > 1, \text{ then } 1\)

\(Incentive\ Ratio_{i} < 0, \text{ then } 0\)

A product emission intensity that is above the eligibility threshold results in no incentive payment. A product emission intensity that is lower than the benchmark results in a maximum incentive payment (e.g. the amount above $30 per tonne). A product emission intensity value that falls between the threshold and the benchmark results in a partial incentive payment that is determined by this ratio.

Please note that for the 2020 CIIP year, all products will receive a minimum payment of 75% of incremental carbon tax paid, or a higher percentage if its emissions intensity warrants it.
Calculation of Incentive Payment: Product’s Incentive Payment

The incentive payment for each benchmarked product or activity in the CIIP application is calculated as follows:

\[ \text{Incentive Payment} = \text{Incentive Ratio} \times \text{Incremental Carbon Tax Paid} \times \text{Adjustment Factor} \ (\text{if applicable}) \]

Where:

- **Incremental Carbon Tax Payment** is the estimated tax paid above $30/tCO2e allocated to producing that product\(^1\).
- **Adjustment Factor** is the multiplier that is applied to incentive payment for either global carbon price adjustment or to recognize carbon tax payments already returned (e.g. through the Greenhouse Carbon Tax Relief Grant).

Differences between SWRS and CIIP reporting

To calculate the emission intensity of a reporting operation’s product, applicants to CIIP may need to attribute and provide information in a different way than required by GGIRCA. For example, for the purposes of determining the emission 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, if directed by the Ministry of Environment and Climate Change Strategy, 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 your sector’s guidance document for more details.

While GGIRCA and CIIP requirements may differ, reporting operations that apply to CIIP must still meet all legal requirements of GGIRCA and its regulations and, separately, also meet the specific requirements of CIIP in order to be eligible to receive an incentive payment.

Alignment of GGIRCA and CIIP reporting

Applicants to CIIP must also ensure that greenhouse gas emissions attributable to their reporting operation(s) for a reporting period and all other information required under GGIRCA coincides with information provided in their corresponding CIIP application. All emissions provided in submitted emissions reports must be assigned to benchmarked and non-benchmarked products as described in their 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.

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\(^1\) Incremental carbon tax for a product is calculated by emissions assigned to product/total facility emissions x total facility incremental carbon tax paid based on fuel usage
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.