

First Nations Clean Energy Business Fund

Guidelines for Funding



August 2023

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2023 Important Updates

1. The next FNCEBF intake deadline is now:

April 30, 2024

2. As of September 2021, The FNCEBF is resetting the Capacity Funding lifetime allocation per Nation.

Resetting the limits will enable communities that had previously maxed out their capacity funding to pursue additional initiatives or update previously completed clean energy projects while continuing to provide opportunities for Nations who have not yet accessed FNCEBF Capacity Funding to pursue clean energy initiatives in their communities.

Nations can now continue to apply for up to \$50,000 per project (\$30K for CEPs), regardless of previous FNCEBF Capacity Funding accessed.

Background

The [*Clean Energy Act \(CEA\)*](#) which received Royal Assent on June 3, 2010, enables the creation of a First Nation Clean Energy Business Fund (FNCEBF). Since an initial appropriation to the fund of \$5 million in 2011, 50%¹ of land tenure and water license revenues collected by the Province from new and eligible Independent Power Projects (IPPs) generating renewable energy have been deposited into the fund. The program is now self-sustaining.

The Ministry of Indigenous Relations and Reconciliation (MIRR) is responsible for managing the fund; however, it utilizes expertise from external partners and across the provincial government to assess applications to the fund.

¹ As per FNCEBF Regulation, this was increased to 55% of land tenure and water license revenues starting in fiscal year 2017/2018 until 2022/2023.

Objective

The FNCEBF aims to promote increased Indigenous community participation in the clean energy sector within their asserted traditional territories and treaty areas through agreements between the BC Government and the eligible applicant to:

- a) Provide capacity funding to support Community Energy Plans (CEPs), feasibility studies, community training or business/negotiation planning for the purposes of developing clean energy initiatives and opportunities within First Nations communities (Capacity Funding);
- b) Provide equity funding to assist in the undertaking of First Nations' own community clean energy projects for supply, help acquire equity positions in clean energy projects, or implement energy efficiency/demand-side management projects (Equity Funding); and
- c) Share in the revenues from clean energy projects based on new, net, incremental revenues to government derived from water rentals, land rents and eventually wind participation rents (Revenue Sharing).

In addition to the 50% of water license and land tenure revenues received into the FNCEBF annually since 2011, by regulation under the *Clean Energy Act*, the FNCEBF account presently receives an additional 5% of revenues of annual provincial rentals specifically to support diesel displacement projects in remote and rural communities.

By regulation under the *Clean Energy Act*, up to 68.18% of the revenue received into the FNCEBF supports Revenue Sharing Agreements with First Nations who have territory overlapping the IPP. The remaining revenue supports capacity and equity applicants through the applicant intake process, diesel displacement initiatives in remote communities, and the administration of the programs.

Capacity and Equity Applications

Funding Priorities

The FNCEBF will support planning and implementation of cost-effective clean energy initiatives that will provide positive benefits to First Nation communities including ownership, employment, and training while reducing greenhouse gas emissions.

Demand for FNCEBF funding is high and application intakes are competitive. Preference to be given to applicants that:

- Can leverage matching equity funding from other funding sources;
- Demonstrate readiness and viability through completed feasibility studies, assessments, community energy plans and/or community partnerships;
- Support clean energy developments in remote, off-grid, diesel dependent or end of line communities; and/or,
- Demonstrate a strong emphasis on energy efficiency and/or greenhouse gas reductions.

Applicant Eligibility

Fund eligibility criteria restricts applicants to Indigenous communities in British Columbia falling into one of the following categories:

- a) a First Nation “band” as defined by the *Indian Act* (Canada); or
- b) a First Nation governing body, representing exclusively one or more First Nations.

Project Eligibility

The proposed project must be located in B.C. and applicants should not have a current active FNCEBF Capacity or Equity Funding agreement.

Categories of project funding eligible under the FNCEBF include:

- A) Capacity Funding
 - a. Community Energy Plans (CEPs)
 - b. Pre-Feasibility and Feasibility Studies
 - c. Training for Community Members
- B) Equity Funding
 - a. Demand Side Management
 - b. Clean Energy Generation (small scale installation/non-utility scale)
 - c. Pre-Construction/Pre-Commercial Operational Date (COD)
 - d. Investment in existing Independent Power Project (IPP)

| | Project Funding Category | Funding Caps (up to)² | Activities Eligible for Funding |
|-------------------------|--|---|---|
| Capacity Funding | Community Energy Plans | \$30,000 | <ul style="list-style-type: none"> • Funding to support energy champion or training for community members • Home audits/energy assessment • Community engagement • High level overview of clean energy opportunities • Implementation plan |
| | Pre-Feasibility and Feasibility Studies | \$50,000 | <ul style="list-style-type: none"> • Feasibility studies • Site selection • Environmental review and permitting • Project design and engineering |
| | Training for Community Members | \$50,000 | <p>Examples of the training that might be supported include but are not limited to:</p> <ul style="list-style-type: none"> • Solar installation • Insulation • Draft proofing • Ventilation • Passive house training. <p>If a community is looking to fund a community member an outline of proposed projects should be included with the application.</p> |
| Equity Funding | Demand Side Management/Energy Efficiency | \$150,000 | <ul style="list-style-type: none"> • Implementing high efficiency heating technologies (i.e. for space and water heating, boiler replacements and heat recovery systems for offices/recreation centres) • Onsite Generation—small-scale energy technologies that will provide load displacement in the community (i.e. rooftop solar, net-metered projects) |
| | Clean Energy Generation (small scale installation) | \$150,000 | <p>Provincial equity contributions are intended to be on a “last in” basis. Activities may include but are not limited to:</p> <ul style="list-style-type: none"> • Final design & permitting • Financing • Procure equipment • Construction |
| | Pre-Construction/Pre-Commercial Operational Date | \$500,000 | |
| | Investment in existing IPP | \$500,000 | |

² Capacity and Equity projects submitted by communities that are remote, off-grid, and reliant on diesel power generation may be eligible for additional funding through the diesel displacement program. Please reach out to the FNCEBF contact for further information on eligibility and funding.

Application Process

Step 1:

Complete all fields of the FNCEBF Clean Energy Capacity Funding Application or the FNCEBF Clean Energy Equity Funding Application, found on the First Nation Clean Energy Business Fund website.

Applications must be submitted prior to the last day of the month of each intake period (listed below) to be considered for funding for that specified period.

- April 2024

Please develop your budget and timeframe to reflect that if your application is approved, it is likely that you will not receive your initial payment to begin the project for approximately 120 days after the intake deadline date.

Step 2:

Prepare supporting documentation to submit with FNCEBF Application; including

- Band Council Resolution, Tribal Council Resolution or Directors' Resolution approving the project;
- Additional supporting documents may include but are not limited to:
 - Detailed financial analysis
 - Material/Contractor quotes
 - Relevant feasibility or planning work already completed
 - Letters of support from Neighbouring communities or municipalities
 - Total project budget (if requested FNCEBF funding is for part of larger project)
 - Letter of Intent or proof of communication with BC Hydro if pursuing an Electricity Purchase Agreement
 - Permitting or license (water/land tenure) documents

Step 3:

Email application template and supporting documents as complete application package to FNCEBF.MIRR@gov.bc.ca.

Step 4:

Applications will be reviewed, and decisions made based on the strength of their application and the viability relative to other applications.

Step 5:

All applicants will be notified of a funding decision within 90 days of intake date.

Step 6:

Applicants who are selected to receive Capacity or Equity Funding will be required to sign a contribution agreement to receive funding. A MIRR representative will contact the applicant to explain the terms and conditions in the contribution agreement. The contribution agreement will include:

- i. a schedule of actual expenditures of the Capacity Funding; and
- ii. deliverables to be submitted, reviewed and approved in order to initiate payments.

Step 7:

Once the funding has been approved, payment will typically occur within thirty business days of signing a Contribution Agreement. Interim payments may also be provided throughout the project as interim deliverables are received and approved by the Province, and there will be a holdback for final payment capacity funding of up to 25%.

Revenue Sharing

Overview:

Revenue sharing with applicants will be based on provincial resource rents (land and water rentals), prescribed under the [First Nation Clean Energy Business Fund Regulation](#), that result from clean energy projects that receive land or water authorizations after the enactment of the *Clean Energy Act* (June 3, 2010). The term of the revenue sharing will last as long as the project is operating and generating the prescribed revenues to the provincial government.

Revenue Sharing will be based on the following:

- 55% of new incremental water and land rentals (as set out in above overview), for any one project will be deposited into the FNCEBF. A total of up to 68.18% of those deposited funds will in turn be directly shared with the applicants whose territory may be impacted by a clean energy project.
- Projects in overlapping territories will have associated provincial water and/or land rentals from a particular project shared between the overlapping applicants.

To qualify for Revenue Sharing under the FNCEBF:

When projects are identified as eligible for revenue-sharing MIRR staff will contact those First Nations whose asserted territories overlap the project to discuss the possibility of a revenue sharing agreement.

Contact Information

Ministry of Indigenous Relations and Reconciliation

Email: FNCEBF.MIRR@gov.bc.ca

Mail: PO Box 9100, Stn Prov Gov't, Victoria, BC V8W 9B1