

First Nations Clean Energy Business Fund

Guidelines for Funding



November 2013

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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). The fund has an initial appropriation of \$5M. Over time the fund is expected to receive additional revenue from new power projects based on a percentage of land and water rentals.

The Ministry of Aboriginal Relations and Reconciliation (MARR) is responsible for administering the fund; however, it will be utilising expertise from across the provincial government to assess applications to the fund.

Objective

The FNCEBF aims to promote increased Aboriginal 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 development funding to support applicants to undertake activities such as feasibility studies or to engage with proponents of clean energy projects (Capacity Funding);
- b) Provide grants to qualifying applicants to help acquire equity positions in clean energy projects or assist in the undertaking of their own community clean energy project (Equity Grant); 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).

Application Process

Applicant Eligibility

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

- a) a First Nation “band” as defined by the *Indian Act* (Canada);
- b) a person, other than a natural person, that is determined by the Government of British Columbia for the purposes of the FNCEBF Program to represent the collective interests of a community that is comprised of Aboriginal individuals; or
- c) a corporation that is wholly owned by one or more Aboriginal communities as described above.

In addition, the proposed project must be located in B.C.

Funding Categories

There are specific funding requirements for each of the different funding categories. Applicants should determine which category of funding they are applying to and then address the requirements under that category in their application.

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

Capacity Funding

Overview:

- Total Capacity Funding is limited to a maximum of \$50,000 per eligible applicant (e.g., \$12,000 - \$30,000 for Community Energy Planning or up to \$50,000 to pay for a feasibility study);
- Funding will be provided to enable an applicant to engage with Project proponents, including: undertaking financial analysis of potential projects prior to taking equity positions in a Project and reviewing development potential within their territories; and

- Consideration for increased support may be accepted where multiple projects are proposed for development within a single applicant's traditional territory.

To qualify for Capacity Funding:

- A Band Council Resolution, Tribal Council Resolution, or Directors' Resolution approving the project will be required; and
- The funding request must be for Eligible Costs (as defined in the Application and Annex A below);

Once the funding has been approved, payment will typically occur within thirty days. There may be up to a 15% holdback for final payment capacity funding.

Equity Grants

Overview:

- The maximum total Grant is \$500,000 per applicant – regardless of the number of potential Projects in the applicant's traditional territory;
- Provincial equity contributions are intended to be on a "last in" basis (i.e., a commitment letter will be provided to the applicant committing to the transfer of funds only after a project has been built and is ready for commercial operation.) However, once an application has been accepted for a Grant, consideration will be given to providing some portion of these funds prior to commercial operation provided key project tasks can be documented.

Key project tasks may include but are not limited to:

- Final design
- Permitting
- Financing
- Interconnection Agreement signed
- Major Equipment Ordered
- Commenced Construction
- Begin Commissioning

To qualify for Equity Grants:

- The applicant must demonstrate due diligence that a project is financially viable and that the Project developer has sufficient resources and experience to bring the Project to commercial operation;
- The applicant should provide a business plan and any other supporting material demonstrating the viability of the project. Specifically, the applicant should provide a detailed feasibility study document that examines all clean energy options and clearly identifies the proposed one as the best opportunity is highly recommended.
- The applicant's organisations must declare all sources of funding for the proposed clean energy project, inclusive of federal, provincial, or other government sources known at the time when the Application is submitted;
- A Band Council Resolution, Tribal Council Resolution, or Directors' Resolution approving the project will be required;
- A Project must have an Energy Purchase Agreement (EPA) in place with BC Hydro;¹
- Preference to be given to applicants that can leverage matching equity funding from other funding sources.

¹ Contact BC Program Administrator if you do not have an EPA.

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 only so long as the project is operating and generating the prescribed revenues to the provincial government.

Revenue Sharing will be based on the following:

- 50% of new incremental water and land rentals (as set out in above overview), for any one project will be deposited into the FNCEBF for sharing with applicants. A total of 75% of those deposited funds will in turn be directly shared with the applicants whose territory may be impacted by a clean energy project – for a total of 37.5% (or 50% times 75%);
- The remaining 12.5% (37.5% plus 12.5% equals the 50% deposited in the fund) will remain in the fund to further support capacity and equity grants to be made available by the fund; and
- 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 MARR staff will contact those First Nations whose asserted territories overlap the project to discuss the possibility of a revenue sharing agreement.

To finalise a Revenue-Sharing Agreement MARR must receive evidence that the First Nation has a Band Council Resolution, Tribal Council Resolution, or Directors' Resolution to act on behalf of the First Nation's community to share in the provincial revenues received in land and water rents of clean energy projects located with their asserted traditional territory or treaty lands.

Instructions and Information

1. As an applicant, you need to ensure all steps in the application process are completed, which includes filling out the *Application Worksheet* for each category of funding for which you wish to apply.
2. 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.
 - February*
 - May*
 - September*

*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 90 days after the intake deadline date.

3. Submit signed applications to Lindsay Wood, Climate Change Project Advisor.
4. Applicants will be notified in writing within 30 business days of each intake's deadline.
5. Applicants who are successful to receive Capacity Funding will be required to sign a contribution agreement to receive funding. A MARR representative will contact the applicant to explain the terms and conditions in the contribution agreement. The contribution agreement must include:
 - i. a schedule of actual expenditures of the Capacity Funding; and
 - ii. the delivery of a Final Report. In most cases, approved FNCEBF Capacity initiatives will fund the creation of a tangible product, such as a business plan or any other comparable document. This document will be the Final Report.²

To comply with the Terms and Conditions of the contribution agreement, the deliverable must be submitted.

² When data or information is proprietary, the Parties may agree to confidentiality regarding the use of that information.

6. Applicants who are successful to receive Equity Grants will be contacted by a MARR representative and the applicant will be provided with further information and direction to finalise: 1) funding arrangements by the provincial government, and 2) responsibilities of the applicant.

Contact Information

First Nations Clean Energy Business Fund Applications

Attention: Lindsay Wood, Climate Change Project Advisor

Ministry of Aboriginal Relations and Reconciliation

Toll-free information line: 1 800 880-1022

By email: Lindsay.Wood@gov.bc.ca;

By fax: 1-250-387-6073; or

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