Clean Growth Infrastructure Royalty Program
2020 RFA Questions and Answers

Question 1:
The RFA indicates that the project must be completed by December 31, 2023. What happens if the project originally targets a completion date before the end of 2023 but is delayed through unforeseen circumstances, such as regulatory permitting delays?

Answer 1:
Applications must have an intended completion date of December 31, 2023; however, the Ministry does realise that exceptional circumstances do arise, such as regulatory permitting delays, that are out of the proponent’s control. Proponents can apply for amendment(s) to their original agreement and these would be considered in light of each situation.

Question 2:
The last 3 years for emissions reduction projects (split across the 2019 CGIRP program (sustainability category) and the previous Clean Infrastructure Royalty Credit Program have been focused on electrification and emission reduction outcomes, but in the supporting information it's alluded to that water conservation could also become a focus area. Is there any indication for when the water conservation and other water-based projects might come into focus as a desired outcome of the program?

Answer 2:
Projects that focus on water conservation is one of the desired outcomes of the Program. Under the eligible pipeline infrastructure projects in the growth category, part b. specifically includes “construction of a pipeline or pipeline-related facility that recycles and/or reuses water associated with upstream development, including responsible disposal, alternatives to disposal and water clean-up.”

Additionally, questions in the Request for Application response form encourages applicants to consider improved techniques for water resources as well as conservation or reduction of fresh water usage irrespective of the project category they are applying under.

Question 3:
Could you reiterate the definition of "producer", as you did on Slide 7 in the 2020 CGIRP webinar?

Answer 3:
As defined in the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation a "producer" means

a) a holder of a location who markets or otherwise disposes of oil, natural gas or both, that has been produced by
   i. the holder of the location, or
   ii. a person authorized to do so by the holder of the location, and
b) a person authorized by a holder of a location to produce and market or otherwise dispose of, on the holder's behalf, oil, natural gas or both;

A producer is someone who pays oil and/or natural gas royalties. Refer to Question 11 to see why this is important.

**Question 4:**
Can you elaborate on value added projects?

**Answer 4:**
A value-add project would include projects that take raw products extracted from an oil and/or gas well and refines or creates new products to increase marketability of the extracted material(s). A detailed description of eligible value-add projects is provided in the RFA under section 5.1.3.

Examples of value-add projects could include, but are not limited to, pipelines or facility infrastructure for related products, such as natural gas enhanced liquids recovery, sulfur recovery units, deep cut plants, plastics, or methanol extraction or straddle plants that remove propane and ethane from the gas stream.

**Question 5:**
Is there a minimum length of road that will be considered for the application?

**Answer 5:**
No. The road could be any length.

**Question 6:**
What are the specific requirements of the third-party documentation required for greenhouse gas (GHG) emission reductions?

**Answer 6:**
A *Greenhouse Gas Emission Reduction Report Outline* has been provided by the Ministry and is available on the CGIRP website under *Royalty Deduction Submission*. The report submitted to the Ministry should follow the report outline provided.

A third-party verifier should be someone who is registered as accredited clients under Standards Council of Canada or as accredited bodies under American National Standards Institute. Refer to Question 10 for details on how to connect with these verifiers.
Question 7:
Has the program been fully subscribed in past?

Answer 7:
This is just the second year of the CGIRP program and yes, last year was fully subscribed.

Question 8:
Is there any overlap for CGIRP and CIIP (Clean BC Industry Fund) program this year?

Answer 8:
Yes, there is the potential for applying to both programs on the same project. Combining the two could allow for up to 75% of capital costs to be covered.

Question 9:
Would it be possible for you to email out a copy of this presentation?

Answer 9:
No; however, a copy of the presentation is posted on the RFA website under RFA Webinar.

Question 10:
Would you have a list of possible vendors that could provide a third party “Emissions Reduction Report”?

Answer 10:
The list of third-party vendors can be found on the following website:

https://www2.gov.bc.ca/gov/content/environment/climate-change/industry/reporting/verify

In the Links and Tools box on the right-hand side, there are two links that provide accredited bodies – Standards Council of Canada (SCC) and American National Standards Institute (ANSI).
Question 11:
Why does the Program require a producer as an applicant?

Answer 11:
When applying for the Program, the deductions that are requested as part of the agreement are not paid in cash. Instead, the deductions that relate to the eligible capital costs are returned in the form of royalty deductions, which can only be used by a producer.

The deductions are applied to royalties owing, or as deductions to future royalty payments.

Question 12:
How can projects such as liquids extraction plants and straddle plants, access funding through CGIRP?

Answer 12:
CGIRP does not operate through providing direct cash funding. The incentive is a royalty deduction which can only be claimed by a producer. All applications must have at least one producer, this is clearly specified in the main RFA document in Section 4.1.

CGIRP allows a pipeline company to partner with a producer or producers, be part of CGIRP project agreement, and be part of a project. Pipeline companies and a producer or producers may have their own commercial agreement concerning the costs and benefits for their application project, which the Province is not part of.

Question 13:
Our company has technology that was used in applications by companies in the past. Can the Ministry promote our company to industry, especially smaller producers, through CGIRP?

Answer 13:
The Ministry does not promote specific companies or technologies to be used for CGIRP applications or projects. For companies that have products or technology that they consider would benefit a potential application, it is suggested that those companies read through the CGIRP RFA documents provided on the RFA website and directly discuss with a potential applicant to CGIRP.

Although CGIRP does not accept companies or persons that are not producers or pipeline companies as the main agreement-holders, the Ministry does encourage collaboration and does not discriminate against third-party agreements which the Province is not part of.
Question 14:
What is the required level of detail of information from associated producers well forecasts?

Answer 14:
The Drilling and Production Table (template provided) is used to forecast well production and royalties associated with the project. In applications involving a pipeline company with one or more producers, the producer(s) may confidentially and individually submit their own Drilling and Production Table directly to the Ministry, separate from the other application materials.

When filling out the drilling and production table, wells do not need to be approved and licensed prior to being added to the sheet. The wells can be planned to be drilled as a result of the project, but not yet approved and licensed. Of note, the total production value of these wells and the timing of start of production is also considered as part of the RFA evaluation process as this impacts the amount and timing of royalty returns to the Province which is considered captured under the Provincial Economic Impact evaluation criterion.

Please note that the drilling and production table is not required for projects that are submitted under the Sustainability Category. Electrification or Emission Reduction infrastructure projects under the Sustainability category require estimated GHG emissions reductions calculations to be provided. This is clearly indicated in the RFA materials.

Question 15:
I am unsure how to provide a detailed cost estimate given that the template only states “Design” and “Construction” cost break-down. Can the Ministry provide further detail on how to structure estimated costs?

Answer 15:
Basically, all activities from start of project to end of project should be included within either Design or Construction categories. These activities are clearly explained in section 4.1 of the RFA and within the sample template Agreements in the Definitions section.

Costs should be provided in as much detail as available at time of submission for activities that are captured under the definition of Design and Construction. Please note, construction includes general construction definitions as well as any final permitting and verification reports required, and end dates for construction should capture the intended completion dates for those permitting/reporting activities also.

There is no template for detailed cost estimates provided on the webpage as this is up to the applicant to provide the best suited costs breakdown to their individual project; however, the detailed cost breakdown should provide enough detail to show an estimated cost of each main project component (i.e. pipeline costs, compressor costs, clean up costs, verification reports and so on).
Question 16
What is the required level of detail to be provided for detailed costs?

Answer 16
Detailed costs submitted as part of an RFA submission should be in as much detail as available at the time of the submission. Details such as serial numbers would not be required as part of the application submission process. Please note, that estimated costs should reflect as closely the project scope as possible.

We would also suggest reviewing the Sample Project Agreements provided on the website to see where the detailed costs (which as based on detailed cost estimates provided by the company) feature in the agreement.

Question 17
Can you clarify whether our company fits into the category of “pipeline company”?

Answer 17
The definition of a pipeline company is defined under the Pipeline and Natural Gas Royalty and Freehold Production Tax Regulation and states a "pipeline company" means a person who owns, constructs or operates a pipeline.

Question 18
Is there a minimum length of pipeline that will be considered for the application?

Answer 18
No. The length of piping in a project application could be any length, there is no minimum length.
Question 19
Is there opportunity for flexibility in RFA submission delivery, i.e. via email or FTP vs. in person or courier?

Answer 19
On April 9, 2020 the Ministry has updated the 2020 CGIRP RFA and will now only accept electronically submitted applications by email. Due to the COVID-19 pandemic, all applications now must only be submitted by email, see revised instructions in Section 6 Submission Requirements, found on pages 12 and 13 of the updated 1a CGIRP 2020 RFA_revised April 8, 2020 document. This update and change to the main RFA document was posted on April 9, 2020.

Electronic submission by email with file attachments are to be emailed to - mngdinfrastructure@gov.bc.ca

Email size MUST NOT exceed 35 MB and files MUST NOT be sent in zip files. All submissions will receive an email confirmation that the submission has been received.

Question 20
Should my project be submitted under one or multiple RFA application submissions?

Answer 20
The Ministry does not advise on how applications should be structured (whether under single or multiple applications); it is up to the applicant company(s) on whether they want to submit single or multiple applications to the RFA.

Question 21
Can an emissions reduction type project be applied for and approved under both the CGIRP and the CleanBC Industry Fund (CIF)?

Answer 21
With CGIRP, the RFA response form asks and requires an applicant to reveal any provincial or federal funding that has been applied for by the project being submitted under CGIRP. CGIRP and CIF can be stacked up to 75% of the estimated eligible cost. Sustainability category applications to CGIRP take in consideration other BC provincial government funding that has been approved or received. This is used in calculating the Emissions Reduction Ratio, which is a significant factor under the evaluation criteria for sustainability category projects, and thus would impact such a CGIRP application’s overall evaluation score.
Question 22
Will water conservation be a project category in the future, or can it be submitted as a project under the 2020 RFA?

Answer 22
Proposed projects that focus on water conservation or recycling is one of the desired outcomes of the Program. Under the eligible pipeline infrastructure projects type in the growth category, part b. specifically includes “construction of a pipeline or pipeline-related facility that recycles and/or reuses water associated with upstream development, including responsible disposal, alternatives to disposal and water clean-up.”

Under the growth category, this RFA has three types of eligible projects. These are Road Infrastructure, Pipeline Infrastructure and Value-add Infrastructure. They are clearly defined on pages 10 and 11 of the 1a CGIRP 2020 RFA document.

Under the sustainability category, this RFA has two types of eligible projects. These are Electrification Infrastructure and Emission Reduction Infrastructure. They are clearly defined on pages 11 and 12 of the 1a CGIRP 2020 RFA document.

Questions in the Request for Application response form encourages applicants to consider improved techniques for water resources as well as conservation or reduction of fresh water usage irrespective of the project category they are applying under. For example, an application under the Electrification Infrastructure type to power a new water recycling facility with pipelines to enable new development wells, might be a project applied for under either category. It is applicant’s decision, who likely would take into the RFA evaluation criteria and weighting which are clearly specified in the RFA.

Question 23
Are royalty deductions for sustainability projects just applied to a company’s total royalties (as opposed to specific wells like growth projects)?

Answer 23
Royalty deductions are applied to a company’s total oil and gas royalties payable for both sustainability and growth category projects.
**Question 24**  
What happens if there are changes to a project’s timeline after approval and Step 1 is completed within the 3-year timeframe, but Step 2 isn’t and there are no wells drilled within the 3 year timeframe to deduct royalties from?

**Answer 24**  
Currently the 2020 CGIRP RFA requires that infrastructure project applied for and approved under the program “must be completed by December 31, 2023.” This is clearly indicated in the RFA.

If a project timeline changes to an approved project or to a Step of an approved project, an amendment request can be submitted for review to the Ministry.

Royalty deductions are applied to a company’s total oil and gas royalties payable, the deduction is not applied to royalties payable for individual wells. It is not a well-based deduction like the Deep Well deduction programs. Please review section 4.5.1 Release of Approved Royalty Deduction in the main RFA document and also review Sections 7 and 8 in the Sample Project Agreement Templates on the RFA website regarding the release of deduction details and requirements.

Also, refer to Question 14 for further information on how wells can be included in the RFA submission.

**Question 25**  
Can the same wells be used for multiple growth projects? If so, how are projects prioritized for payout?

**Answer 25**  
No. Wells that are provided should specifically relate to the project and can only be used for that one approved CGIRP project.

**Question 26**  
Can amendments be made to the road and pipeline locations for growth projects if capital and associated wells don’t change?

**Answer 26**  
Proponents can apply for amendment(s) to the original agreement of an approved project and these amendment requests would be considered in light of each situation.
Question 27
Can the Ministry confirm that the project category is the correct category for our project to be submitted under?

Answer 27
No. The Ministry does not direct companies on which category to submit under. The Ministry would suggest reviewing the eligible project types as well as the project evaluation criteria listed in the RFA document and seeing where the best fit may be.

Question 28
Our project does not include construction of new pipeline or road. How do we need to provide a shapefile for our project submission?

Answer 28
Where possible, a point file of the facility at which construction or upgrades should be provided in the format outlined in the RFA.

Question 29
What is meant by ‘East / West’ on the Drilling and Production spreadsheet, column H?

Answer 29
East / West selection in column H of the Drilling Information tab refers to the Deep Well Royalty Program and the bottom hole location of the well. Schedule 1b of the Ministry of Finance Oil and Gas Royalty Handbook outlines what is classified under East and West categories (see also page 63 of the document). Additionally, the link on the Deep Well Royalty Program provides a shapefile link that may be of further use in classifying east/west well locations:

https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/oil-gas-royalties/royalties-royalty-programs/deep-royalty-program

Question 30
What is the eligible start date for projects submitted under 2020 CGIRP?

Answer 30
There are two eligible ‘types’ of work defined under the Program: Design and Construction. Both of these work types are defined in the RFA (page 8 under Eligible Costs) and Agreement templates (under Definitions and Interpretation) on the Ministry website.

Work that is defined under Design can occur prior to May 14th 2020 and any time up to December 31, 2023. There is no restriction on when the Design work starts within that period. Work that is defined under Construction cannot occur prior to May 14, 2020 and must be planned to be completed by December 31, 2023. There is no restriction on when the construction work starts within that period.
**Question 31**
Can a project applied for under 2020 CGIRP have a start date that is later than January 2021?

**Answer 31**
There are two work ‘types’ in the Program: Design and Construction. Both of these work types are defined in the RFA (page 8 under Eligible Costs) and Agreement templates (under Definitions and Interpretation) on the Ministry website.

Work that is defined under **Design** can occur prior to May 14, 2020 and any time up to December 31, 2023. There is no restriction on when the Design work starts within that period.

Work that is defined under **Construction** cannot occur prior to May 14, 2020 and must be planned to be completed by December 31, 2023. There is no restriction on when the construction work starts within that period.

**Question 32**
Can we enter the details for already existing wells into the Drilling and Production table?

**Answer 32**
Yes. Details for already existing wells can be entered in the table where applicable. The older, original data for the wells can be input into the sheets; however, the project would be evaluated on the basis of new production from new wells resulting from the infrastructure or processes.

**Question 33**
Do projects within the Sustainability category require project maps to be included in the application?

**Answer 33**
Maps are required for sustainability category projects, but shape files are not required.

**Question 34**
Do we need to attach the quotes as backup for the cost revision?

**Answer 34**
No. Quotes are not required to be provided as backup for the cost revision to the Ministry.
Question 35
The company we commissioned to complete the emissions report verification recommended that we seek guidance from the Ministry if the virtual site visit is allowed for the CGIRP verification. Can you comment?

Answer 35
The Ministry is currently working on an information release that will provide direction on virtual site visits for verification reporting.

Question 36
Does the company need to wait until the emissions report and verification report are submitted before submitting any costs spent on the project?

Answer 36
Yes, the emissions report and verification report are included as part of the “construction” phase of the project and therefore is required for the project to be completed before a royalty deduction is released.

Question 37
Has the Ministry considered extending the deadline for May 14, 2020 considering the current COVID-19 environment?

Answer 37
The Ministry has considered a revision of the May 14, 2020 deadline and has chosen to not extend the closing date for Program applications.

Question 38
There appears to be no limit on the number and value of sustainability applications that a single producer can submit. Applications are simply evaluated according to criteria delineated in the RFA. Is this correct?

Answer 38
Correct. There is no limit to the number of applications that can be submitted.
Question 39
One of our potential applications is to eliminate all methane venting from well pads constructed between 2021 and December 2023. Does the OGC Drilling and Production Regulation Section 52.05(2) and CGIRP evaluation criteria “Funding is not to maintain compliance with existing regulations”, preclude eligibility of well pads constructed after January 1, 2021?

Answer 39
Yes. The Program is not designed to maintain compliance with existing in force date for Regulations.

Question 40
Our company wants to report a product that is not on the Drilling and Production Table to be considered for our project. Can we add this information?

Answer 40
Companies can always include information on additional products in their applications and the Ministry will consider the implications during the project evaluation.

Question 41
Are lease construction costs for well tie-ins eligible?

Answer 41
No, lease construction costs for the attached wells are not considered eligible under CGIRP. However, such costs directly associated with well drilling and completions are often eligible for royalty deductions under the Deep Well Royalty Program.

Question 42
What considerations would the Ministry apply to an application by the proponent to amend their original agreement due to regulatory delay?

Answer 42
Aspects such as change in timeline due to unexpected regulatory delays, change in location or scope in design or construction changes would be considered by the Ministry.

Question 43
Does transportation infrastructure, such as a rail spur and yard or truck terminal, that is ancillary to a facility qualify on its own as an “Eligible Value-add Project” under the Growth category?

Answer 43
No. Infrastructure associated with rail transport is not eligible. A truck terminal would have to be associated with a proposed pipeline or road for it to be an eligible cost.
Question 44
Would NGL extraction projects such as facilities that process raw gas or projects that straddle sales gas qualify as “Eligible Value-add Project” under the Growth category?

Answer 44
Yes.

Question 45
Is there a minimum pipeline diameter that will be accepted under a 2020 CGIRP application?

Answer 45
There is no minimum pipeline diameter that would be considered for an application.

Question 46
What does the Ministry consider to be examples of “emerging technology to create an improved product from upstream operations and/or improves marketability through use of emerging technology” (as stated in Section 5.1.3(c) of the RFA)?

Answer 46
“Emerging technology” includes pre-commercial technology (technology readiness levels 6 through 8) including field trials and commercial scale demonstrations, as well as innovative and new technologies that are not currently used in the oil and gas industry in British Columbia. With regards to an application under CGIRP this can mean applying emerging technology with the aim of improving operations and marketable value of a product that is mined in the upstream oil and gas sector.

Question 47
RFA Section 2 vs Section 3 Contact – Should this be the same person or should the Section 3 contact be a more day-to-day question type contact for questions about the application.

Answer 47
The contact under Section 2 should be a person of authorized level within the company(s) to submit the application on the company’s behalf. Section 3 contact should be the lead contact for the proposed project (day-to-day contact).
Question 48
RFA Section 5 – Project type specifies “select 1 only”; If we want to include Roads AND Pipeline infrastructure in one project should we be submitting 2 applications or is it possible for roads and pipeline infrastructure to be considered as part of a single application?

Answer 48
It is allowed for an application to have both road and pipeline infrastructure.

Question 49
Does lease construction costs count towards roads spending.

Answer 49
No. Lease construction costs for the attached wells are not considered eligible under CGIRP. However, such costs directly associated with well drilling and completions are often covered under the Deep Well Royalty Program.

Question 50
Does on-lease equipment and well tie in costs count as spend towards pipe infrastructure.

Answer 50
Yes. Eligible costs are outlined in the RFA under Section 4.3 and are also included in the Sample Agreements under the definitions section.

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