

CIRCP Questions and Answers

The following questions and answers are from the CIRCP webinar that was held on September 7, 2016, in addition to questions that the Ministry has received at the MNGDInfrastructure@gov.bc.ca email account.

Q. Since innovative technologies or technologies that are not commercialized generally cost more to implement, therefore increasing the Royalty Credit Emission Reduction Ratio, is there additional weighting allocated to projects that incorporate innovative technologies?

A. The Clean RFA 2016 allocates 10% of evaluation points to the Business Case which includes an opportunity to describe the use of innovative technologies for the project. The focus of the 2016 program is to reduce GHG emissions from vented sources and the evaluation criteria have been chosen accordingly. Future iterations of the CIRCP may allocate a higher percentage of evaluation points to projects that incorporate innovative technologies.

Q. Will it be difficult to find third party verification bodies for Step 2 Post-Project Verification?

A. We do not anticipate challenges in terms of the lack of suitable verifiers for the purpose of the CIRCP given the staggered nature of project timelines for potentially approved projects. The BC Climate Action Secretariat website for the [GHG Reporting Regulation](#) provides a link to the Standards Council of Canada and the American National Standards Institute which list accredited verification bodies.

Q. The emission baseline calculation may be underestimated given current production levels. Must the most recent 12 months of baseline data be used in this calculation or is there an opportunity to use data which more accurately reflects current production?

A. As the use of the most recent 12 months of data will be consistent across all project applications, an assessment of the relative merits of different projects can be assessed based on the CIRCP evaluation criteria. Actual emissions reductions from the approved projects will be detailed in the GHG emissions reduction report during post-project verification.

Q. Is verification documentation an eligible project cost as well as actually conducting the physical verification work?

A. Yes, verification documentation is an eligible project cost.

Q. Will approved CIRCP projects be eligible to obtain offsets as well?

A. Currently, the Climate Action Secretariat is reviewing carbon offset protocols applicable to the oil and gas sector. Once that review is completed, further details will be available as to the types of projects that may be eligible for carbon offsets.

Q. If the program runs in future years, will the focus always be on GHG reductions?

A. The overarching program parameters, as described in the *Petroleum and Natural Gas Royalty and*

Freehold Production Tax Regulation aim to:

- avoid, reduce or sequester GHG emissions;
- avoid or reduce an adverse effect on water quality or quantity of water flow;
- avoid or reduce an adverse effect on the environment;

in respect of an oil and gas activity in BC. As this is a first year pilot program, we will evaluate the program uptake/feedback and provide additional recommendations for the focus of future phases of the program.

Q. In future iterations of the program, can more time be given from issuing the RFA to closing the RFA?

A. Feedback on the program design is always welcomed and as this is a first year pilot, feedback on program improvements is encouraged. Please email feedback to MNGDInfrastructure@gov.bc.ca.

Q. We understand that the 2016 program is focused on reducing vented greenhouse gas emissions. Are projects that would reduce flaring also eligible projects?

A. The 2016 iteration of the CIRCP is focused solely on vented emissions, and as such reductions in flaring emissions would not be considered an eligible measure for this year's program.

Q. Where is the price forecast in the 'Industry Payback Period' spreadsheet from? Are we able to use other price forecasts?

A. The Ministry periodically develops internal forecasts for revenue and royalty planning purposes, and these are used for our royalty deduction programs. Applicants must use the price forecast provided.

Q. The guidance does not specify if the verification should be completed to a limited or reasonable level of assurance. Can you confirm which level of assurance is expected by the program?

A. A limited level of assurance is required at a minimum for the verification reports of approved projects.