



On July 13 and 15, 2010 respectively, the CCEMC held workshops in Edmonton and Calgary to provide information on its 2010 Energy and Efficiency Call for Proposals. During the workshops a number of questions were asked that fell into three basic categories; General, Technical and Cost Guidance. The questions and answers are provided here for your information.

General

Question: How does the CCEMC define a project?

- For funding purposes, a project's development must be completed within two years.
- For reporting purposes, the project includes an implementation period equivalent to the life of the technology as it relates to GHG reductions.

Question: Can universities be involved in a project?

- Yes, Universities can be involved but each project needs to be supported by a specified gas emitter.

Question: Will the project allocations percentages change in the future?

- The general funding allocations for each of our strategic investment areas are intended to be balanced on a three to five year basis. Annual allocations may vary depending on the current portfolio balance.
- The allocations are defined in the CCEMC grant agreement with the Minister of Environment and could change at the direction of the Crown.

Question: If I'm not successful in the 2010 Energy Efficiency Call for Proposals, can I resubmit in future calls for proposals?

- Yes, you can resubmit unsuccessful projects or make new project submissions. However, you must ensure that any project submission is consistent with the Expression of Interest (EOI) guidelines. Future calls for proposal may focus on other areas of investment, so your project may not fit the criteria.

- Question: The 2010 call for proposals focuses on Energy Efficiency, but the measures focus on green house gas emissions, can you explain?
- This EOI is focussed on energy efficiency which was underrepresented in our first EOI. Our intention is to balance our portfolio
 - In assessing energy efficiency projects, the most important metric is the anticipated reduction in green house gas emissions. Applicants must document their claim and provide the process logic that supports the assertion. This requirement is consistent regardless of what type of project you might be contemplating.
- Question: Will a project that starts in 2012 still qualify for the 2010 Energy Efficiency Call for Proposals?
- Project initiation is a matter for discussion with successful project proponents. The CCEMC could consider this request, if the initiation date makes sense. However, timely initiation after project approval is most desired.
- Question: Regarding the CCEMC's Innovation Chain Slide – will it be posted on the website?
- The slide is available for viewing now in our Business Plan which is posted on the CCEMC website <http://ccemc.ca/about-us>
- Question: Where can we find a list of the Specified Gas Emitters?
- They can be found in the annual summaries for Alberta Environment's greenhouse gas reporting program. Here is the link: <http://environment.alberta.ca/02166.html>
- Question: If a proponent is successful how will the funds be issued? E.g., in stages?
- Funds are provided based on project performance. A contribution agreement is developed that specifies the schedule, milestones and reporting requirements. The CCEMC will reimburse eligible expenses after they have occurred. The proponent must invoice the CCEMC for recovery of eligible expenses.
- Question: Is there room in your process for assessing support systems?
- Yes, proper accounting of the greenhouse gas emissions impact of your project would include identifying all related sources and sinks both upstream and downstream of the project itself, i.e. a life cycle type analysis. A project that reduces indirect emissions that actually occur upstream or downstream (such as electricity generation) and performs a similar or greater amount of work is within the scope of this EOI.

- Question: Will the CCEMC provide unsuccessful EOI proponents with information on how their projects ranked against the criteria?
- No we will not. Unsuccessful proponents will be provided a letter notifying them that their application was unsuccessful.
- Question: Does the CCEMC split the funding by industry sector?
- No we do not.
- Question: Why is there a different focus on Calls for Proposals every year if your fund is all about GHG reductions?
- The CCEMC is aligned with Alberta's Climate Change Strategy. The strategy identifies four areas where progress is required. Each of these areas contributes to GHG reductions. As a result, our Calls for Proposal will focus on different areas to ensure we address all opportunities.
- Question: How long did it take for the first round of proposals to go from EOI to Full Proposal Phase (FPP)?
- Approximately 11 months. Our goal is to reduce that to eight months.
- Question: Is there a minimum amount the CCEMC will fund?
- No, not at this time.
- Question: Do you fund projects at the level requested, or will you partially fund?
- We retain an option to fund all or a portion of the funds requested, based on our evaluation of the proposal.
- Question: Are there any liabilities if we claim twenty years of reductions but only get 7 years?
- No. We are aware that the technology changes faster than we can predict and there could be other reasons beyond the proponent's control.
 - In addition, validation and verification processes will provide the CCEMC independent analysis of the proponent's GHG claim, including any forecast.
- Question: Does the proponent organization have to be one of the specified emitters?
- Not necessarily, but one of the specified emitters has to be involved in the project. The level of involvement must be disclosed by the proponent organization.

Question: When completing the EOI, is the project defined as the project that the CCEMC is funding, even though it might go into full operation and continue for 10 years?

- The project includes two years for development and an implementation period when GHG reductions will be reported. When quantifying GHG reductions, please report the numbers for the expected life of the project/ technology, which will actually begin at the end of the project as defined in this EOI.

Technical

Question: What life span should we use for GHG reduction estimates?

- The life span should include the project development period (2years) and the anticipated life of the technology – i.e., from installation until it becomes obsolete.
- Our online system accommodates up to 20 years of forecasted emissions reductions, but your estimates should be based on your specific technology or process.

Question: Regarding Validation and Verification, must the Validators/Verifiers be independent? If so, what qualifications will they require?

- Yes, they must be independent third parties.
- The lead validator or verifier must be a chartered accountant or professional engineer in good standing and be trained in one of the three acceptable verification methodologies (ISO 14064 Part 3 – Greenhouse Gases: Specification with guidance for the validation and verification of greenhouse gas assertions; Standards for Assurance Engagements, Canadian Institute of Chartered Accountants (CICA) Handbook – Assurance Section 5025; International Standard on Assurance Engagements (ISAE) 3000 - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information). (See the Appendix 1 of the EOI Instructions for further details http://ccemc.ca/_uploads/CCEMC-166-Proposal-Guide6.pdf)

Question: What does substantive engagement with a specified emitter mean?

- Your proposal must have a specified emitter involved. These are the companies/facilities that are subject to the Specified Gas Emitter Regulation.
- The level of engagement is to be determined by you and the emitter. The more integrated the better.
- We will entertain proposals that range from project lead/funding partner to sponsor /participant in a novel idea.

- Question: What is the definition of Industrial Sector?
- The industrial sector is meant to include, any private company or group of organizations involved in industrial processing of which one is a specified gas emitter
- Question: Please clarify what you mean by Significant Specified Emitters – i.e., do you mean a company that emits the specified gases or a company that is subject to the regulation?
- Companies that are subject to the regulation.
- Question: Regarding Specified Gas Emitters – is it implied that only those that are paying \$15 per ton can be involved in a project, is that correct or does it reach beyond that?
- Any organization can be involved in a project, but the project must involve at least one of the Specified Gas Emitters in some capacity. The compliance option (fund payment, reduction on site, submission of offsets or EPCs) chosen by a company will not prejudice the CCEMC's decisions,
- Question: If a company is developing something that could benefit the Oil and Gas Industry but a specified gas emitter is not involved, are you saying you would not consider the project even though its technology could be used across the industry?
- In this Call for Proposals, a specified gas emitter must be involved in some capacity, perhaps as a first-adopter of the new technology or process.
- Question: Do you expect that projects that are decided in the spring of 2011 will get underway before the end of 2011? If so, don't you think your process is restricting applicants to find partners who have the money right now?
- As referenced in the current EOI documentation, the focus is on immediate and verifiable reductions in GHG emissions, i.e., we expect these projects to be able to move quickly and achieve real reductions in the short term.
 - Your proposal will not score well if you don't have the required human and financial resources to initiate implementation.
- Question: What does 'located in Alberta' mean? Does that mean you can't do work outside of Alberta?
- You can do the research/work wherever you choose, but the technology must have application in Alberta and GHG reductions must be achieved in Alberta.

Question: How will the CCEMC compare a new technology against a proven technology?

- This EOI is based on immediate and sustainable reductions.
- Therefore we expect that the technologies will be commercial/near commercial
- We make no judgment on the value of new vs. proven. Either one can achieve reductions although one may have higher risk than the other.
- Validation will be important in providing us the assurance we seek.

Question: How can we force a technology to be used when there isn't legislation/policy?

- That's outside the mandate of the CCEMC, and the purpose of this EOI. We do not have the ability to force utilization.
- Using a new or previously-underutilized technology in an innovative way is of interest to the CCEMC. If there are policy obstacles, they should be noted in your submission.

Question Regarding broad industrial applicability, how would the maximum points be affected by an agreement that IP not be disclosed for a period of time? And, what if you have a patent on a technology?

- A confidentiality period is quite standard and is generally two years.
- After that period, the CCEMC would expect the IP to be made available on standard commercial terms. In the case of a patent, we would expect that patent to be licensed on standard terms.
- If neither of these occur, the CCEMC will make public, the findings of the project work after the confidentiality period.

Question: If you can switch from coal fired to natural gas generation will this type of project qualify?

- It would qualify from an emissions-reduction point of view, but switching would be considered standard practice in the industry, i.e., not considered innovative.
- The CCEMC is interested in transformative technologies (new technology or current technologies applied in new and creative ways)

Question: Regarding GHG reductions, are you looking for an actual number at the EOI stage?

- Yes, we are looking for a number. It may be a good estimate that will be refined if the EOI proceeds to a full proposal, but you ought to provide a number at this point. Note that at the full proposal stage your number and the methodology you used to reach that number must be validated by an independent third-party validator.

- Question: Is the CCEMC looking for an Energy and Efficiency target?
- We're not defining specific targets; we're interested in maximizing reductions compared to current practice.
- Question: Regarding the definition of using less energy. What qualifies as a process for using less energy?
- Any process where the amount of energy used is reduced but the output remains the same, e.g., it could be natural gas, or electricity, or coal. An example to consider is fluorescent vs. regular light bulbs – they use less electricity, but provide the same amount of light.
- Question: For GHG reductions are you asking for primary, secondary and tertiary emission reductions?
- It is important that we understand that the GHG reductions are additional and there is no leakage so a life cycle approach is necessary.
 - Our focus will be on the net GHG reductions – most of the time this includes both primary and secondary emissions (to make sure there is no CO₂e transfer up/down stream). Tertiary emissions are harder to quantify and verify, but we would like to know about those as well, especially if they are significant (e.g. more than ±5%?).
 - Where an approved offset protocol exists, facilities are encouraged to use this as a resource for quantifying projected emissions impacts. Where no offset protocol exists projects are encouraged to use the ISO 14064 method as well as the general offset guidance in quantifying the impact of their project.
- Question: If the Energy Efficiency GHG protocol is not in place yet, what are you using for your guiding principles?
- The energy efficiency protocol for the offset system is specific to commercial and industrial buildings. It is currently in the public posting phase.
 - Energy efficiency as defined for this EOI is a much broader scope of potential projects and would include projects that fit within some of the other offset protocols (such as waste heat recovery), as well as projects for which there is no currently approved protocol. The primary principles for evaluating the validity of projects responding to this EOI will be that they meet the definition of energy efficiency projects, and that they have a positive impact on greenhouse gas emissions as a result.
- Question: If a project is funded by the CCEMC, can we still claim offsets?
- Yes. However, you can't use the offsets as a part of your contribution to the project.

Question: How do you ensure confidentiality in this process?

- We're covered by FOIP (Freedom of Information and Privacy), which prevents us from releasing any information whose release would damage your business interests or unduly compromise your privacy.
- Our on-line Information management system was built with best practice security measures.
- Any third party used to evaluate projects is required to sign a non-disclosure agreement.

Question: Can the results of these applications be used for compliance? Can we claim it as a performance credit?

- Where projects are occurring at a regulated facility, the impact of the project will be accounted for in the Specified Gas Emitter regulation submission of the host facility and will usually flow through as either a reduced compliance obligation, or the generation of emissions performance credits, depending how the facility compares to its net emissions intensity limit. Where a project only affects indirect emissions, it is expected that the facility will see the benefits of the project in reduced operating costs. No additional credit will be given at regulated facilities (in the form of offsets or emissions performance credits) for changes in indirect emissions through energy efficiency projects. These impacts should still be quantified for the purposes of CCEMC reporting though.

Question: Are you limiting projects to existing facilities or can it apply to new facilities?

- Projects can be at existing or new facilities provided that they meet all of the requirements of the EOI (i.e. 2 year implementation, meets definition of energy efficiency projects, etc). Projects at new facilities should state how they exceed current industry best practices and demonstrate significant improvements over other comparable projects.

Question: If you have new energy efficiency technology for generating electricity can you use the baseline for existing energy generation

- Yes, that would be an appropriate baseline determination.
- With respect to your technology, you will need to clearly explain the assumptions and methodology you are using in making your calculations

Question: If you are a large emitter with a large facility and you also have a number of smaller facilities that you could claim Energy Efficiency achievements, can you combine and claim their reductions in this application?

- A project can occur at more than one facility (and report the aggregate reductions) but it should be clear that there is a common connection to call it one project, such as deploying the same piece of energy efficiency technology at multiple facilities. If the projects are of a very different nature and not connected other than having a common company then they should be submitted as separate applications. The link to a large final emitter is only important insofar as a project can show that there is interest in the reduction project from a company with 'skin in the game' of GHG reductions.

Cost Guidance Questions

Question: Regarding the project information that is uploaded to the CCIMS, if a project has four partners, does their information get included in the 10 page requirement or can I add that information separately.

- All information must be submitted as part of the 10 page requirement.

Question: Are only Corporate Employee salaries covered?

- No. Contractor rates are also eligible, Contractors must document the hourly or daily rate charged to the Project. Furthermore, salaries of individuals hired temporarily to relieve Public Bodies personnel of their regular duties (thereby allowing them more time for funded project business) are also eligible for CCEMC support.

Question: Is the time taken to write a project submission (EOI) considered an eligible expense?

- No, it is not.

Question : Is the time taken to prepare project reports considered an eligible expense

- Yes if it is part of CCEMC's reporting requirements – those expenses should be included under administrative expenses.
- However, note that if reports are intended for publications unrelated to the CCEMC's reporting requirements (e.g., journals, science magazines, etc) then the time taken is not an eligible expense.

Question: Would engineering costs be eligible?

- Yes, engineering costs are an eligible expenses, since they are integral to your project's design and implementation

Question: How do you deal with overhead?

- Contrary to the cost guidance on overhead in our first Call for Proposals, which was fixed at 5%, this time there is no cap. However, proponents have to disclose the overhead in their application. CCEMC will review overhead charges for reasonability and may fund all or part of the overhead.

Question: Will we have to fund the protocols required for verification?

- No, you are not responsible for developing verification protocols as part of your project submission.

Question: What cost should we embed in our proposal for validation and verification?

- These are costs that are borne by the proponent
- They should be considered as part of your cash contribution
- Costs will vary with the complexity of the project and should be determined by the proponent in consultation with a validator/verifier
- Alberta Environment can provide advice/information on qualified companies and/or individuals

Question: How do you define non-cash contributions?

- Things like land, equipment, infrastructure, etc you already own that will be made available to the specific project. Note that non-cash contributions may not constitute any part of the proponent's required 50% cash contribution.

Question: Can the work done in advance of signing the contribution agreement be considered part of the 'in kind' contribution?

- Yes, it can be but this does not qualify as part of the cash match.
- Any work done after you've received notice that your full project proposal has been approved can be considered an expense against the project – you don't have to wait for the contribution agreement to be signed. Note that these expenses must conform to Eligible Expenses as described in the Eligible Expenses and Cost Instructions, June 2010 document.
- Funds will not be made available until the contribution agreement is signed.

Question: Do we have to do reporting into the **EMIS** system?

- Facilities will continue to report through the Specified Gas Emitters Regulation and Specified Gas Reporting Regulation. Verification reports and project performance reporting will be directly to the CCEMC. If a project is being brought forward into the offset system it must meet all reporting requirements for the offset registry.

Question: What is the quality of the finance estimates you are looking for? Do you want plus or minus 50%?

- The more accurate the better. At the EOI stage we realize that budget numbers will be subject to further change. However, your estimates need to be reasoned and reasonable.
- Project budget information must be sufficiently detailed and realistic. Detailed information to be provided should include charge-out rates for any consultants/contractors, in-house labour rates including overhead allocation rates included in salary or labour costs, breakdown of any project related capital purchases including the estimated cost, how the estimated cost is determined and useful life of the capital item, identification and information for any parties included as sub-contractors, cost mitigation strategies and any other key assumptions used to create the budget.

Question: If the project is completed per the 2 year time limit, and there are ongoing operational costs for 2-3 years would those ongoing expenses qualify for funding.

- Ongoing expenses would not be eligible.
- There will be a requirement for ongoing reporting after project completion to continue to monitor reductions for the life of the project/technology.