

BIOENERGY PRODUCER CREDIT PROGRAM GUIDELINES

PURPOSE OF THE PROGRAM:

- To assist with the production of biofuel or biogas in Alberta.

A. PROGRAM ELEMENTS

ELIGIBLE COMMERCIAL PRODUCTION

- Biodiesel or syngas from agricultural or forest biomass
- Ethanol
- Methane from anaerobic digestion processes
- Electrical power that is a by-product of biorefining or biomass processes.
- The program commences effective April 1, 2007, and terminates March 31, 2011

FUNDING CRITERIA

- 9 cents per litre for production from plants with capacity of 150 Million (M) litres or more per year
- 14 cents per litre for production from plants with capacity of less than 150 M litres per year
- A project that produces 150 M litres or more per year will be eligible for credits from the program up to a maximum of \$20 million per year and a total of \$75 million for the project
- A project that produces less than 150 M litres per year will be eligible for credits from the program up to a maximum of \$15 million per year
- 2 cents per kilowatt hour (kWh) for production from capacity of 3 megawatts (MW) or more and six cents per kWh for production from capacity of less than 3 MW
- Funding will be determined by the budgetary allocation for the year and for the overall program

CONDITIONS FOR ELIGIBLE APPLICANTS INCLUDE:

- Producers of biofuel or biogas produced from facilities located in Alberta
- Production and sale on a commercial basis of eligible product has occurred on or after April 1, 2007. A credit will only be paid for actual production and sale.

- Fuel production must be certified as meeting fuel-grade ASTM specifications or Canadian General Standards Board standards.
- A qualifying project that is powered by dual or multiple sources of energy must record and report the energy content of each energy resource and calculate the corresponding net eligible production from the low-impact renewable (bio-mass) resource only.
- Records of the calculations of energy content used for each energy resource must be kept for the duration of the Grant Agreement.

PROGRAM ADMINISTRATION

- Payment of funding is subject to terms of an agreement with the Government of Alberta.
- The Agriculture Financial Services Corporation (AFSC) will administer contracts and funds, collect documents and verify invoices for commercial sales of eligible product.
- Producers must supply production and sales reports to AFSC at a minimum on a quarterly basis.

OTHER FUNDING CRITERIA

The Minister of Energy will have the discretion to determine product eligibility and amount of credit to be paid.

Applicants are encouraged to seek support from other government programs and sources.

Funding will only be provided to applicants who have entered into and comply with a Producer Credit agreement with the Government of Alberta.

The logo for the Government of Alberta, featuring the word "Alberta" in a stylized, bold, sans-serif font. The letter 'A' is significantly larger and more prominent than the other letters.

B. GENERAL GUIDELINES

Commitment of financial assistance cannot be made until an application has been approved in writing by the Minister of Energy.

All grants are subject to provincial audit as to the verification of production and commercial sales of eligible product.

Applicants or their authorized signing officer must complete the Producer Credit application form and supply whatever documents are required.

The information obtained under a Producer Credit agreement becomes the property of the Minister and will be subject to the provisions of the *Freedom of Information and Protection of Privacy Act*, 2000.

C. HOW TO APPLY

An authorized signing officer of the applicant should submit an *Application Form* and any *required supporting documents* to the Alternative and Renewable Energy Branch at:

6th Floor North Petroleum Plaza
9945-109 Street

Edmonton, Alberta, Canada
T5K 2G6

Phone: (780) 427-8929 or (780)415-1283

The application should include:

- Applicant's background and contact information
- Project description including a calculation of carbon displacement volume
- Copies of regulatory approvals and evidence that product meets ASTM or national biofuel product standards
- See application form for details.

Alberta Energy Grant Regulation (AR 103/2003)

Interpretation

1 In this Regulation, “Minister” means the Minister of Energy.

Authority to make grants

2 The Minister may, in accordance with this Regulation, make grants to any person or organization in respect of any matter that is under the Minister’s administration.

Applications for grants

3 An application for a grant must be made in the manner and form determined by the Minister.

Delegation of powers and duties

4 The Minister may delegate in writing to any employee of the Government any power conferred or duty imposed on the Minister by section 13 of the *Government Organization Act* or by this Regulation.

Agreements

5 The Minister may enter into agreements, and may make it a condition of any grants that applicants for them enter into agreements, with respect to any matters relating to the payment of grants under this Regulation.

Use of money and repayment

6 (1) The Minister and the recipient or prospective recipient of a grant may jointly in writing vary the purpose for which a grant was made.

(2) It is a condition of a grant that the recipient use the grant money

(a) only for the purpose for which the grant was made, or

(b) if that purpose is varied under subsection (1), only for the purpose as so varied.

(3) If the recipient of a grant uses any of the grant money for purposes other than for the purpose for which the grant was made, with any subsequent variations, if applicable, made under subsection (1), the Minister may require the recipient to repay to the Government all or any part of the grant money.

(4) If

(a) the recipient does not comply with any conditions of the grant other than those referred to in subsection (3), or

(b) any of the information provided by the recipient to obtain the grant is determined by the Minister to be false, misleading or inaccurate,

the Minister may require the recipient to repay to the Government all or part of the grant money.

(5) If the recipient of a grant does not use all of the grant money received, the Minister may require the recipient to repay to the Government the unused portion of the grant money.

(6) Money that the Minister requires to be repaid to the Government under this section constitutes a debt due to the Government and is recoverable by the Minister in an action in debt against the recipient of the grant.

(7) A certificate signed by the Minister stating that a grant was made under this section and that the Minister has required repayment of the money in accordance with this section is prima facie proof of the debt due by the recipient of the grant to the Government.

Accountability after grant made

7 (1) The Minister may require that the recipient of a grant

- (a) provide information satisfactory to the Minister to enable determination of whether the recipient is complying with all or any of the conditions of the grant,
 - (b) account to the satisfaction of the Minister for how the grant money or any portion of it was or is being used, and
 - (c) permit a representative of the Minister or of the Auditor General to examine any books or records that the Minister or the Auditor General considers necessary to determine whether the grant money or any portion of it was or is being used properly.
- (2) Without limiting subsection (1) and unless subsection (3) applies, the recipient of a grant shall, within one year of the date when the grant was made, account to the Minister, in the manner that the Minister determines, for the way in which expended grant money has been spent.
- (3) Without limiting subsection (1), if the Minister has entered into an agreement that contains terms that require the recipient to account for the way in which the grant was used, the recipient shall account to the Minister in accordance with those terms.

Methods of payment

8 The Minister may provide for the payment of a grant in a lump sum or by instalments at the times the Minister considers appropriate.

Set-off

9 (1) Where any grant money is or remains payable to a recipient or prospective recipient who is or who becomes indebted in any respect to the Government, the Minister may pay the whole or any part of that grant money into the General Revenue Fund in reduction or by way of elimination of the indebtedness.

(2) A certificate signed by the Minister stating

- (a) the amount of the indebtedness to the Government,
- (b) the amount of grant money applied towards reduction or elimination of the indebtedness,
- (c) the amount, if any, of the debt remaining after application of the grant money, and
- (d) the situation respecting interest, if any, due on the indebtedness,

is prima facie proof of the facts stated in the certificate.

Repeal

10 The *Energy Grant Regulation* (AR 309/86) is repealed.

Expiry

11 For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this Regulation expires on April 30, 2013.